Quilter plc
Annual Report 2023

Quilter

Welcome to our Annual Report 2023

At Quilter, we are committed to be the UK's best wealth manager for our clients and their advisers.

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Quilter plc share register

Quilter plc listed on the London and Johannesburg Stock Exchanges on 25 June 2018. Quilter has a premium listing on the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange.

2023 Highlights

During 2023, the Group executed on its key areas of strategic focus, delivering profits ahead of market expectations and achieving its operating margin targets early.

Financial performance highlights

Assets under management and administration ("AuMA")*

£106.7bn +7%

Recommended total dividend per share

5.2p +16%

Net flows*

£0.1bn

Adjusted diluted earnings per share*

9.4p +19%

Adjusted profit before tax*

£167m +25%

Operating Margin*

27% +5ppts

IFRS profit after tax

£42m (76%)

Alternative Performance Measures ("APMs")
We assess our financial performance using a variety of measures including APMs, as explained further on page 174. These measures are indicated with an asterisk (*).

Strategic highlights

- Strategic priorities evolved to drive faster growth more efficiently. Focus on building distribution, enhancing our proposition and driving efficiency.
- Consumer Duty enhancements made across the business.
- Broad stabilisation in the number of Restricted Financial Planners.
- Growth in Client Facing Individuals.
- Became the largest Retail Advised Platform in the UK.
- Delivered 27% operating margin, ahead of 25% by 2025 target.
- Advice transformation programme initiated.

Operational highlights

- Enhancements to our proposition delivered in anticipation of Consumer Duty.
- Launched Quilter Partners.
- Jersey and Dublin High Net Worth offices built-out.
- Launched High Net Worth professional connections proposition.
- Launched CashHub and introduced tiered adviser charging on the Quilter Platform.
- WealthSelect surpassed £13bn in assets.
- £45 million Business Simplification Phase One annualised run-rate savings achieved, with £8m Phase Two savings delivered early.

Chair's statement

Ruth Markland
Chair

Dear shareholder

I am pleased to introduce the 2023 Quilter plc Annual Report.

2023 was a year of continued geopolitical uncertainty and domestic cost of living pressures from higher interest rates and inflation, with these factors driving a squeeze on discretionary saving. Despite these headwinds, we delivered a strong result for shareholders in 2023. Adjusted profit of £167 million is the highest level we have reported since we completed the disposals of Quilter International and Quilter Life Assurance. We also delivered an operating margin of 27%, which is ahead of our 25% by 2025 target.

Steven Levin, our Chief Executive Officer, discusses our business performance, strategic delivery and business transformation in detail on pages 5 to 7.

Shareholder returns

Weak market flows in 2023 led to investor reappraisals of the growth outlook for the wealth industry in general which, in turn, led to significant share price declines across the sector. In this context, Quilter delivered share price appreciation of just under 10% in 2023 and a total shareholder return of 17.2% (assuming dividend reinvestment).

The Board is pleased to recommend a Final Dividend of 3.7 pence per share for the 2023 financial year which, together with the Interim Dividend of 1.5 pence per share paid in September, takes the recommended full-year dividend to 5.2 pence per share, an increase of 16% over the 2022 level.

The Final Dividend will be paid on Tuesday 28 May 2024, subject to shareholder approval at our 2024 Annual General Meeting ("AGM") on Thursday 23 May 2024, to shareholders who are on the share register on Friday 19 April 2024.

The pay-out ratio for 2023 of 61% was just above the mid-point of our target pay-out range of 50%–70% of post-tax, post-interest adjusted profit.

Share register reduction

We undertook an Odd-lot Offer in 2023, with the intention of both reducing the cost of managing our shareholder base and allowing small shareholders to sell their holdings in a cost-effective manner. We made an offer to shareholders who held fewer than 200 shares to repurchase their shares at a modest premium to the then market price.

The offer completed in November 2023, with the Company acquiring just under 16 million shares at a price of 88.1 pence (ZAR 20.09) per share, representing a 5% premium to the Volume Weighted Average Price over the offer period. This reduced the number of shareholders on our register by around 126,000, representing a reduction of around 60% in the number of Quilter shareholders. These shares have been transferred into the Quilter Employee Benefit Trust ("EBT") and will be used to meet obligations under future staff share awards related to compensation plans.

Board matters

After the Board changes in 2022, 2023 was a year of stability for the Board. However, since the year end, we have announced the following Board changes.

We are looking forward to welcoming Chris Hill to the Board on Thursday 7 March 2024 and he will stand for re-election by Quilter's shareholders for the first time at the 2024 AGM. Chris is a Non-executive Director and will serve on the Board Audit Committee and Board Remuneration Committee. Chris' extensive experience across a range of sectors together with his considerable financial expertise and deep knowledge of the wealth management industry will enable him to make a significant contribution to the Board and the aforementioned Board Committees.

Recommended total dividend per share.

5.2p +16%

Chair's statement *continued*

Tazim Essani and Paul Matthews have both notified the Board that they will not seek re-election at the AGM and will both step down as independent Non-executive Directors of the Company at the conclusion of the AGM. Tazim and Paul have made significant contributions to the Board, bringing a particular focus on customers, advisers and colleagues. The Board is grateful to them both for their contribution to Quilter and wishes them well for their future endeavours.

Tim Breedon, Senior Independent Director and Chair of the Board Remuneration Committee, will assume the role of Workforce Engagement Director with effect from Thursday 23 May 2024.

We continue to monitor the skills and experience we need around the board table, including the balance between those Non-executive Directors who have longer tenure and those bringing fresh perspectives.

Diversity and inclusion

At the year end, Quilter met all three Board diversity targets as specified in the Listing Rules and as set out in our Board Diversity Policy which is published on our website at **plc.quilter.com**. 40% of the Board were women; as Chair, I serve in a senior Board position (being one of the Chair, Chief Executive Officer, Chief Financial Officer or Senior Independent Director) and Neeta Atkar and Tazim Essani are both from a minority ethnic background. The changes to our Board announced in January do impact our overall Board and Board Committee diversity. The Board remains committed to the Board Diversity Policy and will pay particular attention to it as the Board is further refreshed.

The targets for management diversity we set for ourselves were refreshed in 2023, and we report against our diversity targets on page 18.

Governance and culture

We recognise the importance of a healthy culture within a business to support the successful delivery of our strategic ambition. The Board takes an active role in shaping Quilter's culture and is pleased by the concerted effort by our executive team to embed good practice on responsible and sustainability metrics across the organisation.

Managing a business responsibly is key to an organisation's long-term success, and for Quilter that includes being a responsible investor. We recognise the role of investors, along with other parts of the economy, in supporting the transition to a low carbon economy which is vital for the long-term prosperity of us all. Quilter continued its approach to embedding environmental, social and governance ("ESG") considerations across the whole value chain of our business.

Quilter maintained a high level of engagement with existing and potential shareholders this year. I continued personally to engage extensively with our largest shareholders. In early 2024, I met with a number of our shareholders in both the UK and South Africa, covering topics including corporate governance, executive remuneration and Board composition, which has helped to shape the dialogue in the Boardroom.

Conclusion

2023 was a year of strong profit growth by Quilter in a challenging market for new business flows across the industry. Under Steven's leadership, strong progress has also been made on the key strategic areas he has identified: distribution, proposition and efficiency. I am confident that we are well positioned as market conditions improve.

On behalf of the Board, I would like to thank our management team and all colleagues for their effort, focus and commitment to achieving our goals. I would also like to thank our shareholders for their continued support.

Ruth Markland
Chair

Operating within a robust governance framework

The Board is the decision-making body for all matters of such importance as to be of significance to Quilter as a whole because of their strategic, financial or reputational implications or consequences.

A summary of the matters that are reserved for the Board's decision can be found at **plc.quilter.com** and includes:

- Board appointments;
- Quilter's strategy;
- financial statements;
- capital expenditure;
- any major acquisitions, mergers or disposals; and
- the appointment and removal of the Company Secretary.

In September, we changed our Board corporate governance model to give the Group Board a more direct line of sight to the Affluent segment. We are confident that the changes to the governance model introduced during the year will deliver greater speed, efficiency and accountability across the Group.

At the end of 2023, the Board approved a new management governance structure to support the Chief Executive Officer to run the business.

The Board

Chair
The Chair is accountable to shareholders for leading the Board and ensuring the Board receives timely accurate information to take good decisions for the benefit of all stakeholders. The Chair was independent on appointment.

Senior Independent Director
The Senior Independent Director supports the Chair on all governance issues and provides a communication channel between the Chair and Non-executive Directors.

Independent Non-executive Directors
The Non-executive Directors support and constructively challenge the executive team within a spirit of partnership and mutual respect. All the Non-executive Directors are considered to be independent.

- Board Corporate Governance and Nominations Committee
- Board Audit Committee
- Board Risk Committee
- Board Remuneration Committee

Executive Directors

The Quilter Board has delegated the day-to-day running of the Group to the Chief Executive Officer. The Chief Executive Officer and Chief Financial Officer (Executive Directors) make and implement operational decisions to run the Quilter business. To support the Chief Executive Officer in discharging his responsibilities, he is supported by the Quilter Group Executive Committee.

The Group Executive Committee members report to the Chief Executive Officer for their respective areas of responsibility and delivery of the Operating and Business Plans. Where appropriate, members of the Group Executive Committee chose to discharge their responsibilities via management committees.

Key management committees

Responsible for overseeing specific areas of responsibility such as the Group's risk management, operations, customers and colleagues.

Quilter Group Executive Risk Management Committee
Overseeing risk strategy, risk exposure, risk appetite and tolerance and the overall risk framework and risk system within the Group. Ensuring overall compliance of the Quilter Group, whilst promoting a strong risk and customer outcomes focused culture across the business.

Quilter Group Chief Operating Officer Committee
Overseeing delivery of the Group's Technology, Operational Resilience, Procurement, Third Party Management, Workplace strategies and strategic change delivery capability.

Quilter Group Customer Committee
Providing leadership of Quilter's Customer and Client strategies. Focused on the delivery of good customer outcomes and the avoidance of foreseeable harm.

Inclusion, Diversity and Wellbeing Steering Committee
Driving the Group's diversity, inclusion and wellbeing strategy and action plan.

As at 31 December 2023

Chief Executive Officer's review

Steven Levin
Chief Executive Officer

Business performance

A year ago, I set out my plans to deliver better returns and drive faster growth through building our distribution, enhancing our propositions, and improving our operational efficiency. We have made good progress against each of these targets but there is more to be done to deliver on Quilter's full potential, which I discuss further below. In summary, 2023 was a good year for Quilter. We delivered:

- record profitability under our current corporate perimeter (following disposals of Quilter International and Quilter Life Assurance);
- increased new business flows across the Quilter channel and improved our market share of new gross Platform flows in both the Quilter and IFA channels, despite a lower new business market overall for the industry; and
- improved efficiency, while investing to deliver faster growth and higher returns in the longer-term.

Although higher than expected interest rates in 2023 led to a squeeze in consumer incomes and reduced clients' propensity to invest, we benefitted from higher investment returns on shareholder funds. This, together with robust cost management, delivered a strong increase in adjusted profit of 25% to £167 million (2022: £134 million).

I am pleased to report another year of lower costs, despite inflationary headwinds. In 2022 we reduced costs by £8 million from the 2021 base level of £480 million, and this year we reduced costs by a further £14 million, taking the cost base to £458 million. That represents a decline of 3% in 2023 and contributed to an improvement in operating margin to 27% (2022: 22%), a level that exceeds our 2025 target. We are now focused on our medium-term goal of 30%.

Across our two segments:

- High Net Worth delivered steady income with higher costs reflecting business investment through new adviser and investment manager hires. This led to a decline in adjusted profit before tax to £41 million (2022: £45 million).
- Modestly higher revenues in our Affluent segment of £393 million (2022: £387 million) reflected the contribution from interest income on the shareholder capital which supports the business, partially offset by mix changes and the planned margin reduction on managed assets following the Cirilium reprice at the end of the first quarter of 2023. Strong cost management combined with a lower FSCS levy led to a 18% increase in adjusted profit to £124 million for the year (2022: £105 million).

Group adjusted profit before tax of £167 million represents the Group's IFRS profit, adjusted for specific items that management consider to be outside of normal operations or one-off in nature. The Group's IFRS profit after tax was £42 million compared to £175 million in 2022. Principal differences between adjusted profit and IFRS profit are due to non-cash amortisation of intangible assets, business transformation expenses (which are pre-funded and expensed as incurred), finance costs and the impact of policyholder tax positions on the Group's results. This latter item was negative in 2023 due to the gain in markets and was significantly positive in 2022 reflecting the market decline during that year. Business transformation expenses will remain elevated in 2024 and 2025, reflecting spend on anticipated change programmes, but are expected to reduce substantially thereafter.

Total Group adjusted diluted earnings per share were 9.4 pence, an increase of 19% (2022: 7.9 pence). On an IFRS basis, we delivered basic EPS of 3.1 pence per share versus 12.2 pence per share for 2022.

Flows and investment performance

Turning to flows, at an aggregate level, net flows in our core business were 1% of opening balances, with the reported Group position (after non-core outflows) broadly flat. Although the Group position reflected muted activity levels across the industry, we saw varied trends across the business. Notably, both our Quilter channel and the level of new business onto our Platform were good relative to market peers:

- Across the Quilter channel, we achieved a 16% increase in gross flows to £513 million (2022: £443 million) in our High Net Worth segment, and a 12% increase to £3.6 billion (2022: £3.2 billion) in our Affluent segment.
- New IFA flows in Affluent were around 7% higher, despite lower levels of new business across the market, and declined by a similar amount in our High Net Worth business. We saw net outflows in both segments reflecting higher levels of redemptions and acquisitions of IFA firms and a small number of larger corporate/charity accounts heavily influencing this outcome in our High Net Worth segment.
- Within Affluent, we were particularly pleased that we maintained our position as the leading advised platform for new business flows during the year and we attained the position of the largest UK Advised Platform by assets during the second quarter of 2023 (according to Fundscape).

In terms of investment performance, High Net Worth has been strong, outperforming the ARC PCI Steady Growth and Equity Risk peer groups over 1, 3 and 5 years. Within Affluent, we continued to deliver good performance from our WealthSelect managed portfolio range. Cirilium Passive and Blend also performed well. Pleasingly, since the change in manager for Cirilium Active towards the end of 2022, the performance has improved. We are confident that the fund is now much better positioned.

Business improvement

Distribution

In High Net Worth, we continue to build our advice capability across the UK and internationally in our Dublin and Jersey offices. We also launched a brand refresh in November to reinvigorate market awareness of our Quilter Cheviot proposition and to bring the Financial Planning business under the Quilter Cheviot name. We plan to grow our client facing professional headcount (investment managers and financial planners) to around 300 over time through developing existing staff and external recruitment. Where appropriate, we will look to take advantage of recent market dislocation by making modest bolt-on acquisitions to bolster our advice business or add teams of investment managers to accelerate our growth plans.

Within Affluent, our Quilter channel is building distribution on three fronts. We are targeting increased:

- adviser numbers, where the position has broadly stabilised versus the reductions seen in recent years. Total adviser headcount declined marginally over the year reflecting a combination of natural attrition and retirements. The loss of advisers directly as a result of market consolidation was significantly lower than in the prior year;
- adviser productivity, where in 2023 we achieved a 22% increase in annual gross flow per adviser to £2.8 million (2022: £2.3 million); and
- adviser assets managed within our propositions through back-book transfers, which totalled c.£750 million during the year.

We continue to improve our share of gross market flows in the IFA channel. Total new business flow from IFAs onto our Platform was up 7% year-on-year despite lower market volumes overall. That led to an improvement in our share of new IFA business to 8.0% from 7.4% in 2022. Notably, in the latter part of the year our share of new business was ahead of our share of total assets under administration for the first time in a number of years.

Proposition

Our Platform and investment solutions are both market-leading propositions. My focus is on ensuring both remain competitively positioned and continue to offer value to customers.

- The reprice of our Cirilium proposition coupled with improved performance in the Active range repositioned the product and we continue to see strong appetite for our Blend and Passive offerings.
- We meaningfully reduced our Platform administration fee to clients, with this partially offset through a clearly communicated sharing arrangement on the interest earned on Platform-held cash. We use our purchasing power to obtain better interest rates than individual clients can get themselves and pass the majority of this benefit onto clients. The overall cost to us over an interest rate cycle is expected to be in line with the basis point of Platform margin attrition that we guided to in March 2023 and while interest rates remain elevated, the net outcome will be better returns for clients and a broadly neutral impact on Platform margins for Quilter.

The nature of our business model meant we were well-positioned for the introduction of Consumer Duty in July 2023. Our unique breadth of distribution means that all our products and services are available across the market, to both our financial advisers and independent financial advisers. That means whether through investment performance or in terms of price/value/service trade-offs, our products and solutions need to be competitive with third-party alternatives. As such, the need to both demonstrate and deliver value is central to our approach. Our unbundled pricing approach is aligned with Consumer Duty principles and puts client choice at the heart of our business. Notwithstanding this, Consumer Duty, rightly, creates an expectation on firms to continuously improve how they deliver customer value. This is something which we are focused on and, as well as the above, some of the initiatives we implemented in 2023 included:

- Tiered Adviser Charging: A Platform upgrade to implement automated tiered adviser charging meets a need that advisers have wanted from industry players for some time. This makes it easy for advisers to put sliding scale advice fees in place, linked to the value of their customers' assets. Most importantly, it supports advisers as they adapt their own businesses to be fully aligned with Consumer Duty principles.
- CashHub: Higher global interest rates means that cash is now seen as an attractive investment alternative for retail clients. To support cash as an asset class we introduced CashHub on our Platform in late 2023 for our advisers and rolled it out to IFAs in early 2024. This allows clients to manage their cash holdings alongside their other Platform assets, with instant access, notice deposits and fixed deposits held at selected banks. This provides market-leading rates together with the ability to maximise depositor protection by parcelling deposits up into individual accounts across a number of institutions, depending on client preference.

Also, in early 2024, we implemented a Platform software upgrade that ensured that clients would not pay an administration fee on cash balances but also allowed those cash balances to count towards the aggregate assets held by a client group for tiered charging under our family linking arrangements. This potentially allows cash held to reduce the overall charge that all members of the family pay for their Platform administration services.

Strategic Transformation

We have strategic programmes underway in each of our principal franchises: the High Net Worth segment, and, in Affluent, our IFA and Quilter channels. This activity is underpinned at a Group level with the next stage of our Simplification programme. Taking each in turn:

1. High Net Worth evolution

Over the last few years, we have built a Quilter-branded advice business in our High Net Worth segment which has contributed significant incremental flows to our business. For historical reasons our advice and investment management businesses have been managed through different legal entities which complicates integrated client servicing. In 2024, we plan to bring both teams together in a single legal and regulated structure under the new Quilter Cheviot brand, having applied to extend Quilter Cheviot's regulatory permissions to include financial planning. Alongside the rebrand, this will unify our market proposition for clients with often more complex financial needs and allow us to manage client relationships in a far more seamless way. We will implement this change as soon as necessary regulatory approvals are in place.

2. Affluent: IFA Channel

One of the defining characteristics of Quilter is the breadth of the advice proposition and distribution we support. Our dual channel distribution allows our Platform and solutions to administer and manage flows generated by both our own advisers and independent firms. This ensures we are strategically well positioned for however the advice market evolves over time. Both our Platform and investment solutions businesses have capacity to deliver strong operating leverage and have operating metrics which are as good as any in the industry.

Chief Executive Officer's review *continued*

Our Platform administers c.£60 billion of assets on behalf of IFA firms which are invested in both our and third-party funds. We aim to grow these assets by increasing the active numbers of firms using our Platform and the share of assets we administer for those firms.

We also offer our leading WealthSelect managed portfolio solution to firms on our Platform, with a view to increasing the percentage of their assets we both manage and administer. From early 2024, we have made WealthSelect available on three third-party platforms which will also provide another source of new business flows into our solutions.

3. Affluent: Quilter Channel Transformation
Our advice business advises on c.£15 billion of assets on our Platform and in our solutions, and around £10 billion on third party platforms. This integrated business has the potential to deliver higher returns, and our plans to transform this channel are already delivering improved results. Our focus is on increasing assets on our Platform, improving adviser productivity, reducing support costs, and delivering a better customer experience. This work is on track, and we are currently in the process of selecting preferred suppliers to work with us on this programme.

We have been piloting Quilter Partners – a co-branded proposition with adviser firms where flows are fully aligned with our investment solutions and Platform. This allows us to participate in the growth of these firms while retaining the entrepreneurial drive and focus of self-owned businesses. We have been working with seven potential Quilter Partner firms and will undertake further transactions where there is mutual economic alignment for firms to partner with us under this structure.

Adding new advisers to our business is a key contributor to future growth and training new advisers will be an increasing contributor to that growth. We aim to transition our Financial Adviser School into a profession-leading financial advice Academy, and in 2024 we expect a marked step up in investment here. Our target is for the new academy, coupled with new external hires, to deliver net growth in restricted financial planners ("RFPs") in 2024 with momentum increasing from 2025 onwards.

4. Simplification Phase Two
Following the sale of Quilter Life Assurance and Quilter International, the initial stage of Simplification focused on reducing complexity in our business and decommissioning legacy IT infrastructure. Targeted cost saves of £45 million from this programme were achieved by the end of 2023, on a run-rate basis, a year earlier than originally planned.

Simplification Phase Two targets a further £50 million of annualised cost savings to be achieved by the end 2025 on a run-rate basis, with a cost to achieve of approximately £65 million, inclusive of spend on our Advice transformation plans and High Net Worth initiatives. These savings arise from the simplification of our governance and internal administration processes, property rationalisation, coupled with IT and Operations efficiencies from our investment in Advice technology. These additional cost savings will support delivery towards our 30% operating margin ambitions and £8 million of this target was delivered by end 2023 on a run-rate basis.

Ongoing advice
Delivering advice is core to how we operate, and we have policies in place that underline the need for advisers to meet their ongoing servicing obligations. Our complaints related to ongoing servicing have remained at a low and consistent level over the last four years.

Where our regular adviser oversight has determined that a customer may not have received the servicing they have paid for, or where we have received complaints from customers regarding ongoing servicing, this has been investigated, and, where appropriate, remediation has been undertaken and recognised as a normal business as usual expense.

Subsequent to the year-end, on 15 February 2024, the FCA wrote to around 20 advice firms, including Quilter, requesting information regarding ongoing servicing. Consistent with our focus on delivering good customer outcomes, we are commencing a review of historical data and practices across our network to determine what, if any, further action may be required. This may lead to remedial costs but it is too early to quantify.

Outlook
Market expectations are for a period of UK interest rate stability before rates begin to decline around the middle of 2024. While that will eventually lead to lower investment income, we welcome this transition as we expect lower interest rates will support market performance and increase consumer focus on longer-term savings products. With wage increases in the UK now outpacing retail price inflation, the environment for longer-term saving is more constructive than has been the situation for some time. Our expectation is that flows will continue to improve over 2024 as consumer and market sentiment returns to more normal levels.

We are focused on driving towards a 30% operating margin. We intend to increase growth investment spend in 2024 and also expect the FSCS levy to increase from current levels. While this will lead to a mid to high single digit increase in operating expenses, our current expectation is for a modest year-on-year increase in Adjusted Profit, excluding any potential costs associated with the aforementioned review of historical advice.

The structural need to save for retirement combined with our growth plans and focus on operational efficiency, supported by a strong balance sheet, means we are well positioned as market conditions improve.

Steven Levin
Chief Executive Officer

Future ready

Q&A with Chief Executive Officer, Steven Levin

Q. What are your reflections one year into the role as Quilter's Chief Executive Officer?

A. Coming into the role a year ago, I was fortunate to inherit a business with good foundations; Quilter is both a strategically well positioned business and has a strong balance sheet. However we were not performing as well as I know we can – we are on a journey to fix that and I have been delighted with the enthusiasm of our people to join me in accelerating the execution of our strategy. Our colleagues all know the importance of what we do for our clients: building their prosperity and wanting to do their part in making Quilter the best business for achieving that outcome.

The positive achievements this year have been the things within our control: cost management, improving our propositions and distribution reach. We have seen really good momentum against our strategic objectives. Our adjusted profit performance was a strong result, well ahead of market expectations, and our efficiency initiatives meant we have already exceeded our 2025 operating margin target of 25%.

The main negative was weak flows across the market, with our flows well below the level we target. A large part of that was due to the impact of higher interest rates and cost of living headwinds, limiting households' ability to save. Focusing efforts on building distribution and enhancing our proposition will lay the foundations to improve our share of flows when investor sentiment improves.

Q. Why the evolution of the strategic priorities?

A. Our industry has huge potential and I am very excited by that. We have a leading position in each segment of the market in which we operate. The Board and I are agreed that Quilter has the right overall strategy and the right business mix to deliver that strategy, and it is now about making the right strategic choices. We have not delivered the growth of which we are capable and so we are now absolutely focused on delivering faster growth and driving efficiency.

Q. Is progress on transforming business efficiency in line with expectations?

A. Simplifying Quilter and improving our operating margin is a key priority for me. The next stage of our transformation, Simplification Phase Two, is well underway. This work is focused on reducing organisational complexity and unnecessary bureaucracy, and transforming our Advice business so that it is both more profitable and allows our advisers to be more efficient and deliver a better experience to their clients.

In 2023, we delivered Phase One of our Simplification programme which reduced costs by £45 million on a run-rate basis a year early. We have already delivered £8 million of run-rate savings from the new programme and expect to deliver run-rate savings of £20 million per annum from this programme in each of 2024 and 2025.

Q. What are you doing to improve things?

A. Although total net flows are not at a level I would like, the underlying performance has been pleasing when you look at the detail. First, our Quilter channel has continued to deliver a strong performance both in the Affluent and High Net Worth segments. Notably, gross new business were higher in both segments than in the previous year and net flows were flat, despite the market being more difficult overall.

Overall numbers of RFPs are modestly lower than the prior year, with the modest decline largely due to advisers taking part in a retirement scheme we made available which allowed us to retain the assets they advised upon after their departure. Our longer-term focus is on growing our adviser numbers, improving their productivity and capturing back-books which are currently on other platforms. In High Net Worth, we continue to hire investment managers and launched an internship programme to develop future talent.

The IFA channel has been more challenging. While new business levels have been good in the context of the market, consolidation activity and higher levels of client drawdowns have meant we have experienced net outflows in this channel. We need to do better here and I have made some changes to my management team and our sales force structures to drive better performance. I expect to see positive results from those changes in 2024.

Q&A

Chief Executive Officer's review *continued*

Q. What have you done to improve Quilter's client propositions?

A. We were very busy on the proposition front during 2023.

Early in the year, we announced a reprice of our Cirilium Active fund range which has been coupled with improved investment performance since the change in investment team in late 2022. This repositioned the product and we continue to see strong appetite for our Blend and Passive offerings together with our WealthSelect managed portfolio range which crossed the £13 billion level during the year. WealthSelect was launched on three peer Platforms in early 2024, broadening its distribution and the reach of flows it can capture.

Quilter Cheviot's MPS launched two new strategies on platforms, helping to fill a gap in our High Net Worth range and provide additional portfolio choices to clients.

A repositioning of our Platform pricing went live for new customers at the end of the second quarter and was rolled out to existing customers in the third. The repricing, together with tiered adviser charging functionality, has been well received by advisers and is in line with Consumer Duty principles – good customer outcomes are always at the heart of our proposition.

The advent of higher global interest rates means that cash is now seen as an investment alternative for retail clients. To support the needs of clients and advisers, we introduced a CashHub on our Platform towards the end of 2023. While flows into the CashHub are expected to be modest initially, the functionality gives advisers greater visibility of a client's assets, provides the client with Easy Access, Notice Deposits and Fixed Term Deposits, and solidifies Quilter's full service Platform proposition.

Q. Consumer Duty has been a new development this year, how is Quilter positioned for that?

A. The Consumer Duty regulatory regime came into effect in July and there has been a lot of media coverage about its impact. We welcomed the introduction of Consumer Duty as it provided a validation of how we think about the industry and serving clients. We always believed that Quilter's unbundled pricing approach to serving clients, with no lock-ins, puts client choice at the heart of our business. Moreover, our unique breadth of distribution means that all our products and services are available across the market, to both our financial advisers and to independent financial advisers.

For further insight into our approach to Consumer Duty, see the case study on page 53.

Q. What is your focus for 2024?

A. My focus remains resolutely on building distribution, enhancing our proposition, and improving efficiency so we can capture the maximum available flows across the market and are well positioned when industry flows return.

Initiatives we have in the pipeline to progress in 2024 include: the full launch of our strategic adviser distribution affiliation, Quilter Partners, and the relaunch of the Financial Adviser Academy; continue evolution of our product proposition; leveraging new professional connections in High Net Worth; progressing our advice transformation programme; and, executing on Simplification Phase Two initiatives.

Q. Why invest in Quilter?

A. There is huge potential within a secular growth industry where an ageing population has to increasingly focus on self-provision for their retirement savings. Market forecasts suggest that over the next decade, assets under face-to-face advice will experience a six to seven percent compound annual growth rate driven by new customers entering the market, an increased uptake in advice from younger customers as well as underlying market growth. That's a pretty attractive industry to be involved in.

In the near-term, the key catalyst for investor sentiment will be improved industry flows. As inflation continues to decline and interest rates start to fall in response, we believe clients will return to long-term savings products as the rate of return on cash becomes less attractive. Our proposition is well received by advisers and their clients, and we are well placed to be a winner in the asset gathering space when flows return to more normal levels.

My focus is on driving faster growth in revenues and profits, by broadening our distribution, enhancing our proposition, and improving efficiency. The opportunity for operating leverage in our business is significant and all our efforts are focused on delivering good customer outcomes and improved returns for shareholders.

Our markets

Quilter is a UK focused business and provides services to the High Net Worth and Affluent segments of the UK population as they build their long-term savings during the accumulation phase, ahead of retirement.

We also support them during the decumulation phase, in retirement, to ensure the duration of their assets is matched with their expected lifestyle.

The market in which Quilter operates offers long-term growth potential given the savings and advice gap in the UK coupled with the need for individuals to take direct responsibility for their retirement savings. Despite broader industry challenges, an integrated business such as Quilter is well positioned as market conditions improve.

Key trends

Economic downturn amidst rising interest rates and inflation

While 2023 did not experience the significant market declines that were a feature of 2022, it presented a different set of challenges for the wealth management industry. Rising interest rates and the impact of inflation meant clients across the market were less inclined to invest their savings, preferring to either hold larger sums of assets in cash or to use savings to support their lifestyles in the face of inflationary cost increases in food, pay off mortgage debt, or manage payments for higher energy prices. While the consensus expectation is that interest rates have peaked in the UK given that inflation has roughly halved from its peak level, the uncertainty around these fiscal pressures, as well as the prospect of a General Election, may continue to weigh on investor confidence into 2024.

Making financial advice more accessible

There continues to be a need for access to financial advice to help consumers make effective investment and savings decisions. This means advice businesses continue to offer long-term secular growth potential within the UK wealth management industry. Building a hybrid advice proposition that widens existing reach and distribution by leveraging technology to address this advice gap provides a significant longer-term opportunity that will be relevant to full-service UK wealth managers such as Quilter.

Our markets *continued*

Key trends *continued*

Technology and digital innovation

We continue to embrace the adoption of digital innovation across the wealth management industry. Innovative technology allows us to improve productivity and deliver a more seamless, personalised customer experience, and one which empowers clients and their advisers to have a more collaborative relationship. Clients are more willing to engage with their wealth manager via digital technology, which can help enhance the efficiency of adviser relationships, making advisers more productive. Over 100,000 clients now use our Platform mobile app, enabling day-to-day engagement with their wealth management. Technological advances such as robotics can also help improve risk management and the cost effectiveness of back-office functions.

Large market with growth trends

The UK wealth management market is the fifth largest in the world (according to Global Data) and while macro-economic conditions were challenging in 2023, the market is expected to have grown 3.3% in 2023 (according to EY UK). An increasing need for individuals to take personal responsibility for retirement saving will support the long-term growth trends of the industry. Building relationships with those approaching retirement – to manage into decumulation – as well as those beginning to focus on their own saving for retirement, will support the maintenance of the current market as well as future growth.

Consolidation within the UK wealth management market

The UK wealth management industry has attractive attributes: strong structural growth, long-term relationships with customers, recurring revenues, and high customer retention rates. These are appealing characteristics to peers within the industry, including Banks and private equity firms, as demonstrated by M&A activity during 2023. The year also saw consolidation of wealth management peers as they sought to protect their positions. High barriers to entry into the wealth management industry offer existing participants a degree of protection from new entrants, as a consequence of brand recognition, scale and technological investment, and adviser recruitment.

Our strategy

Our strategy is focused on delivering faster growth, more efficiently. We will achieve this by: growing the number of advisers and clients we serve by broadening and deepening our distribution; enhancing the proposition we offer; and delivering greater efficiency of our operations.

We have made significant progress through the year against our three areas of strategic focus.

Strategic focus	Progress in 2023
Building our distribution In a consolidating industry, maintaining our strength in distribution is key. We will do this by: improving retention and alignment of the Quilter channel advisers, adding client facing individuals in our High Net Worth segment, and progressing clear plans to broaden and deepen relationships with IFAs.	– Broadly stable Quilter channel adviser numbers. – Launched Quilter Partners. – Reduced leakage and improved strategic alignment of adviser force. – Transferred c.£750m of Quilter advised assets onto our Platform from third party platforms. – Market share leader for advised platform gross flows. – Improved Platform's IFA market share. – Added five High Net Worth client facing individuals. – Built out Jersey and Dublin financial planning offices.
Enhancing our propositions In a highly competitive industry, we need to be agile, responsive and market-focused. This means delivering good investment performance to clients through the cycle, ensuring our platform and investment solutions remain market leading for adviser and client needs, and being competitive in the value we offer.	– Repriced Platform and Cirilium Active, sharing economies of scale and offering competitive pricing. – Experienced improvement in performance since change in Cirilium Active management. – Introduced tiered adviser charging on Platform. – WealthSelect launched on three peer platforms in early 2024. – Launched CashHub on Quilter Platform. – Launched new High Net Worth solutions strategies. – Bolstered our professional connections offering in High Net Worth.
Driving efficiency Since Listing in 2018, we have made very good progress at optimising and simplifying how we operate internally but there is more cost and complexity to rationalise. We will do this by achieving efficiencies from investment in technology and simplifying our governance structures.	– Accelerated Simplification Phase One, achieving £45m savings target a year early. – Delivered 27% operating margin. – Announced Simplification Phase Two, aiming to achieve £50m benefit by 2025, with £8m delivered early in 2023. – Advice technology and operating model transformation programme initiated. – Board corporate governance model changed to give the Group Board a more direct line of sight to the Affluent segment, delivering greater speed, efficiency and accountability across the Group.

Our business model

We are a modern UK-focused full-service wealth manager, providing advice-led investment solutions to high net worth and affluent clients and their advisers.

What we do

We serve wealth management clients in two segments

Our two client segments are...

Affluent clients
(with c£50,000+ of assets to invest)

High Net Worth clients
(with c£250,000+ of assets to invest)

How we do it

We do this in three ways:

1 We attract client assets

Financial advice on investments

Through Quilter advisers

Through Independent Financial Advisers ("IFAs")

2 We administer client assets

Quilter Investment Platform
a depositary for administering and holding investments efficiently, with an online portal that allows clients and their financial advisers to view and manage investments and monitor performance.

3 We invest and manage client assets

aligning with client ESG values and risk appetite of assets to invest.

Investment products and solutions
e.g. investment funds, pensions (held within 'wrappers': packaged in ways that make them tax-efficient for clients), and managed responsibly to deliver good investment performance for clients.

What differentiates us

Distribution, scale and solutions

Our broad network of advisers
Few of our peers have their own adviser force alongside supporting independent financial advisers (IFAs). Our model provides a matrix of products to our advisers which they are then able to offer to customers. This "restricted" model provides a range of choice, value for money and confidence in the suitability of products on offer. We also provide marketing, regulatory compliance and administration support to our restricted advisers, and a range of services to IFAs from a market-leading investment platform to back-office support, depending on what they need. This approach reinforces our position in a market that is seeing increasing levels of consolidation.

The size of our platform
With over £70 billion of assets under administration, we are the largest platform in the retail advised market, which means we can offer best-in-class technology with the benefits of our scale to clients at sustainable, fair prices.

Our own investment solutions
Our own investment solutions aim to provide good customer outcomes through the investment cycle and provide us with an additional revenue stream.

Regulatory resilient foundations

Quilter offers a differentiated model helping deliver value and clear benefits for all stakeholders.

Quilter's philosophy is to offer an open, unbundled service to clients and their advisers, with client choice at the heart of the proposition. Clients come to us through their independent financial adviser or one of our restricted advisers. With our platform and investment solutions available for use by independent advisers as well as our own, it means Quilter has had to remain competitive with third party market offerings in terms of pricing and proposition. We believe this ensures good client outcomes.

For further insight into our response to the Consumer Duty regime, see **page 53**.

How do we make money and create value

Financial advice
We earn revenues from the advice provided by our advisers. A client typically pays an ongoing fee, representing a percentage of their investment, and some may also pay a one-off initial advice fee.

Platform and wrapper fees
Clients pay administration fees on a quarterly basis, representing a percentage of the value of their investments under administration.

Investment fees
Clients pay an annual management charge based on their assets under management by Quilter.

We help customers secure their financial future

£11.2bn *gross inflows*

We help financial advisers to run a more successful, efficient business

Best *Platform Provider (AuM over £40bn) – Schroders Platform Awards*

We deliver attractive shareholder returns

50%+
of market cap value at Listing returned to shareholders

Key performance indicators

In evolving our areas of strategic focus, it was appropriate to review the appropriateness of the data points marked to monitor progress. The following KPIs seek to track the achievement of our strategic priorities and express the benefits delivered for all our stakeholders.

Financial KPIs

KPI	Number of clients	Number of Restricted Financial Planners (RFPs)	Number of Client Facing Individuals (CFIs)	Gross flow market share	Net flows as % of opening AuMA (reported)	Productivity (Quilter channel)
Definition	The number of High Net Worth clients are based on the number of households or client units served by Quilter Cheviot. Affluent client numbers are identified as individuals, or corporate or trust entities actively engaged with the Platform.	Number of advisers licensed to advise clients across Pensions, Investment and Protection solutions, but only permitted to recommend products and solutions from providers on the Quilter Financial Planning restricted panel.	Number of individuals who provide discretionary investment management services to clients and/or advisers who are licensed to advise clients of Quilter Cheviot in line with individual circumstances and investment objectives.	Total Platform gross sales as a percentage of the Retail Advised Platform market gross flows, reported by Fundscape.	Total net flows as a percentage of opening AuMA. This measure evaluates the level of flows during the period in relation to the asset base, excluding for market movements.	Quantum of new gross flows generated divided by the number of average RFPs.
2023 Performance	508,889 +1%	1,489 (1%)	244 +2%	12.6% +1.3ppt	0% (2ppts)	£2.8m +22%
	2023: 473,879/35,010 2022: 467,245/36,160 2021: 458,077/36,117 Affluent / High Net Worth	2023: 1,419/70 2022: 1,442/60 2021: 1,563/60	2023: 174/70 2022: 179/60 2021: 170/60 IMs / RFPs	2023: 12.6% 2022: 11.3% 2021: 11.0%	2023: 0% 2022: 2% 2021: 4%	2023: £2.8m 2022: £2.3m 2021: £2.3m
	– Affluent client numbers increased 1% in the year, with strong contribution from the Quilter channel (+11%). – HNW client numbers declined 3% as good growth in higher value Quilter channel clients was offset by reduction in lower value clients in the IFA channel.	– Affluent RFP numbers declined in the period as recruitment and trainee additions were offset by industry consolidation. – Quilter Cheviot Financial Planning ("QCFP") added ten advisers in the year, with QCFP advisers now in every Quilter Cheviot office.	– Total number of CFIs increased by five as we welcomed net ten new HNW advisers. – Investment manager numbers retracted on a net basis as recruitment was offset by retirees and other leavers.	– The Quilter Platform's share of the market improved year-on-year as our actions to enhance the Platform's proposition continued to bear fruit. – Market share improved across both the Quilter and IFA channels.	– While Reported (i.e. inclusive of non-core flows and assets) net flows were nil percent, Core net flows as a percentage of opening AuMA was +1%. – After a tough year across the industry, performance rebounded in the fourth quarter relative to the third.	– Productivity improved in the year as the 2021-2022's initiatives to improve strategic alignment, together with an improved process to transfer Quilter RFP back-books, benefitted gross inflows.
Outlook for 2024	– Aspire to grow number of clients served as broaden and deepen our distribution reach.	– Maintain a stable number of advisers and seek to grow numbers sustainably. – Continue to improve productivity through a combination of growing the numbers of RFPs, buying books of business to accelerate productivity of newly graduated RFPs, and investing in technology to support efficiency improvements.	– Continue to grow number of CFIs towards our 2025 target of c.300. – Build out investment management proposition.	– Aspire to continue to grow share in both the Quilter and IFA channels.	– Target building net flow growth to c.4-5% per annum as markets normalise, with aspirations to build momentum further.	– Continue to improve productivity through a combination of growing the numbers of RFPs, buying books of business to accelerate productivity of newly graduated RFPs, and investing in technology to support efficiency improvements.

Key performance indicators *continued*

KPI	Financial KPIs			Non-financial KPIs			
	Operating margin	Adjusted profit before tax	IFRS profit	Employee engagement	Female representation in senior management	Ethnic minority representation in senior management	Scope 1 & 2 Greenhouse Gas (GHG) emissions
Definition	Represents adjusted profit before tax divided by total net fee revenue. Operating margin is an efficiency measure that reflects the percentage of adjusted profit before tax generated from total net fee revenues.	Adjusted profit before tax represents the Group's IFRS profit, adjusted for specific items that management consider to be outside of the Group's normal operations or one-off in nature, as detailed in note 7(b) in the financial statements. The exclusion of certain adjusting items may result in adjusted profit before tax being materially higher or lower than the IFRS profit after tax.	IFRS profit after tax from continuing operations.	'Overall engagement' score as captured in the all-employee engagement survey, measured by "Peakon".	Number of females within our senior management team.	Ethnic minority representation within our senior management team.	Level of direct emissions from owned or controlled sources (Scope 1) and indirect emissions from the generation of purchased energy (Scope 2).
2023 Performance	27% +5ppts 2023 27% 2022 22% 2021 22%	£167m +25% 2023 £167m 2022 £134m 2021 £138m	£42m (76%) 2023 £42m 2022 £175m 2021 £23m	7.6/10 +0.2/10 2023 7.6/10 2022 7.4/10 2021 7.0/10	43% +7ppts 2023 43% 2022 36%	9% +5ppts 2023 9% 2022 4%	1,085 tCO_2e (19%) 2023 1,085 tCO_2e 2022 1,344 tCO_2e 2020 (baseline) 2,720 tCO_2e
	– Target to achieve 25% operating margin by 2025 achieved as a result of continued strong cost management and the benefits of Simplification Phase 1.	– Revenue increased 3% supported by revenue generated on corporate cash balances. This was coupled with strong expense discipline, delivering a third consecutive year of lower costs despite inflation.	– The 2023 vs 2022 decrease in IFRS profit was largely due to market valuation changes in the policyholder tax charge.	– Communication activity supported the score improvement, including all-employee conferences designed to engage colleagues on strategy, key priorities and culture. 84% of attendees rated these events as informative.	– At 31 December 2023, Quilter had achieved its gender targets within the senior management team.	– At 31 December 2023, Quilter had achieved its ethnicity targets within the senior management team.	– Scope 1 and 2 emissions were 60% lower than the 2020 baseline, with the primary driver the continued consideration of our office footprint in relation to changing workspace demands.
Outlook for 2024	– Continuing the Simplification Phase Two programme, enhancing efficiency and reducing complexity, with total benefit of £50 million of annualised cost savings expected by 2025. – We continue to believe an operating margin in excess of 30% is an appropriate goal for our business in the medium term.*	– Accelerating growth in the medium term as investor sentiment and Quilter's operating leverage improves.*	– IFRS profit after tax from continuing operations can vary significantly year-on-year depending on the change in policyholder tax. Business Transformation expenses will remain elevated in 2024, reflecting expense towards our Simplification Phase 2 programme and investment in advice transformation, but are expected to reduce substantially from end-2025.	– Aim to maintain high engagement levels as we transition to the target culture agreed by the Board in 2023, which is critical to the successful delivery of Quilter's strategy. Through the culture transformation programme, colleagues will be engaged on the key drivers of the target culture: ambition, accountability and learning.	– Maintain our long-term target of 40% female representation in senior management by the end of 2025, in line with the recommendations in the FTSE Women Leaders Review as set out in our Board Diversity Policy.	– Having achieved our targets in 2023, we revised our ethnicity target to 13% for ethnic minority representation in senior management by the end of 2027 in line with the recommendations in the Parker Review, as set out in our Board Diversity Policy.	– Anticipate a continuation of incremental reductions year-on-year towards our target. – Initiatives include acting on opportunities to make our offices more energy efficient and continuing to review our office locations in line with changing workspace demands.

* Excluding any potential costs associated with the review of historical advice.

Section 172 (1) statement

Delivering for our stakeholders: Section 172 (1) statement

The Companies Act 2006 (the "Act") and the UK Corporate Governance Code 2018 require the Annual Report to provide information that enables our stakeholders to assess how the Directors of Quilter have performed their duties under section 172 of the Act.

The Act provides that Quilter Directors must act in a way that they consider in good faith and would be most likely to promote the success of Quilter for the benefit of shareholders as a whole. In doing so, Quilter Directors must have regard, amongst other things, to the factors set out below:

- the likely consequences of any decision in the long term;
- the interests of Quilter colleagues;
- the need to foster the Company's business relationships;
- the impact of Quilter's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly for all our members.

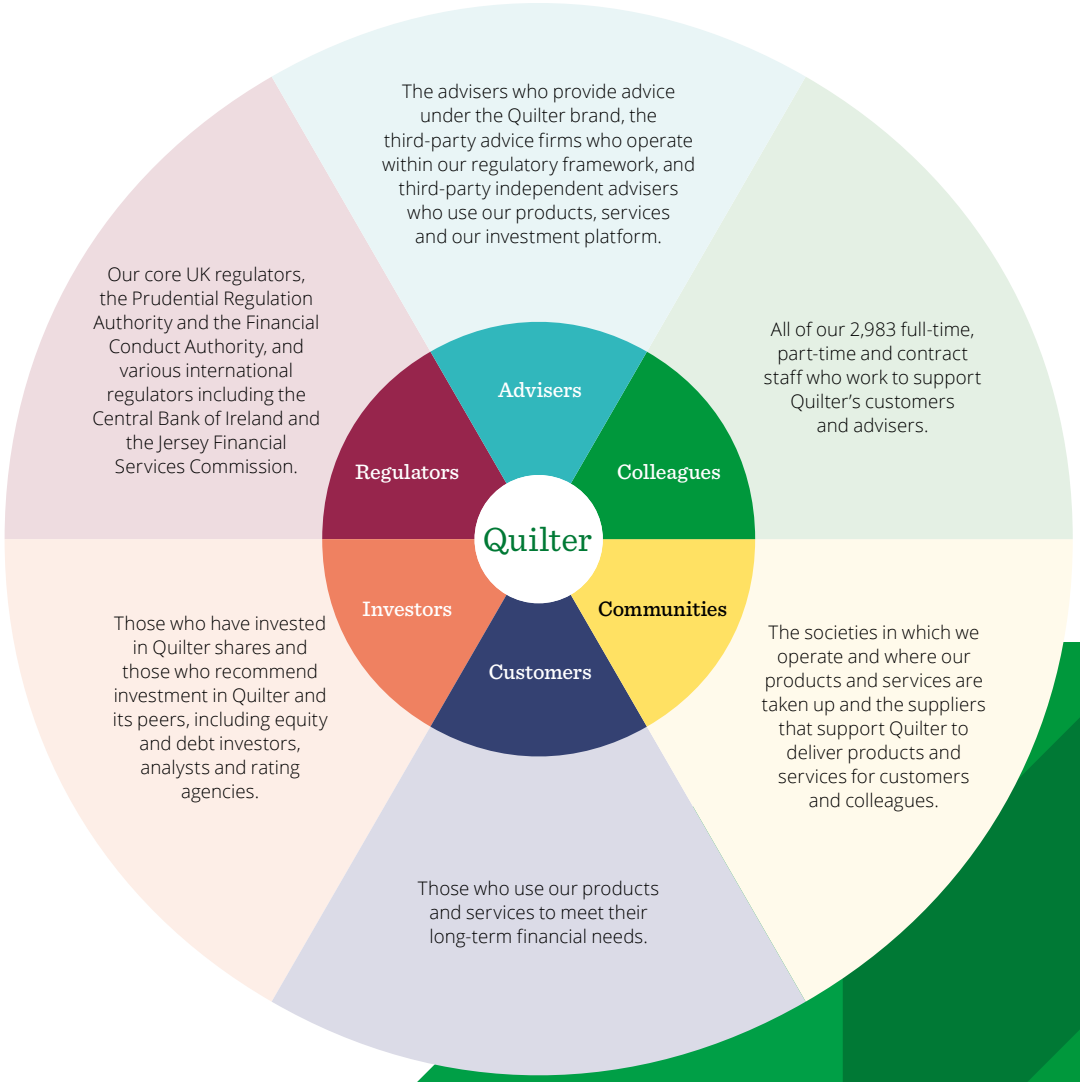
Building Quilter to deliver long-term success for all our stakeholders

To ensure that Quilter achieves its purpose of helping create prosperity for the generations of today and tomorrow, it is critical for the Board to balance the needs, interests and expectations of our key stakeholders. At times these competing stakeholder views can be contradictory and in order to achieve long-term success, it is the Board's role to navigate these complexities. The Board has a comprehensive stakeholder engagement programme and seeks to act in the best interests of the Group, whilst being fair and balanced in its approach.

In addition to direct engagement with our stakeholders, papers submitted to our Boards and Board Committees across the Group identify for their consideration where stakeholders could be impacted by the proposals. At all times, the Boards remain focused on ensuring good customer outcomes and preventing customer harm. Some of the ways the Board engages with our stakeholders, including examples of how our Board has considered stakeholders when it made key strategic decisions in 2023, can be read on pages 50 to 53.

Quilter's stakeholders

The Board has identified six key stakeholder groups whose interests and needs it regularly considers:



Stakeholder engagement

Advisers

Advisers expect Quilter to:

- Provide an investment platform that facilitates the provision of a high-quality service to advisers and their customers.
- Have a wide range of compelling investment propositions that meet the needs and expectations of customers.
- Provide a high-quality control environment that enables advisers to be productive within an effective control environment with tools that support their business.
- Support advisers in providing high-quality, trusted advice to their customers which complies with all regulatory and best practice standards of conduct.

How does the Board engage with advisers?

- Our Chief Executive Officer, and other members of the Executive Committee, regularly brief the Board on key issues impacting all advisers.
- The Board and Board Risk Committee scrutinise and challenge the activities that align to our risk appetite to identify how effectively and safely Quilter is supporting advisers in serving customers.
- Members of the Board engage with advisers to understand their perspectives and priorities and their interactions are subsequently reported to the Board.
- The Board receive regular updates on the quality of the service provided to advisers.
- We work with Quilter Financial Planning's advisers to enhance the cultural alignment.
- The Chief Executive Officer attended adviser syndicate events throughout the year. The data and feedback from these initiatives continue to be reported to the Board.

What was the result of that engagement?

- Following feedback from the Board, Quilter Partners was launched during the year to complement our existing offerings. Quilter Partners will deliver a franchise-style model where firms will operate under a co-branded arrangement, using our well-regarded investment and platform propositions, whilst maintaining the entrepreneurial drive of an owner-operated business model. The proposition has received positive initial engagement with certain adviser firms.
- Quilter offers support to provide access for people to enter the financial advice profession, with routes to qualification including a graduate support programme.

Colleagues

Our colleagues expect Quilter to:

- Create a values-led culture that is open and inclusive.
- Invest in the development of its people and its technology so that its people can deliver excellent service to our customers.
- Offer an attractive reward structure and a compelling colleague proposition.
- Provide support within and outside the workplace, particularly in the context of the ongoing cost of living challenges.
- Listen to ideas, suggestions and concerns, and take action as appropriate.

How does the Board engage with colleagues?

- The Board receives biannual reports from the Human Resources Director on the Group's people, culture and ways of working, and closely monitors colleague engagement survey scores.
- The Board oversaw a Talent Engagement programme during 2023, in which Non-executive Directors met with cohorts of colleagues at various stages of their careers. This enabled them to gain a deeper insight into the Company's talent pipeline and hear directly from colleagues on their views of Quilter's purpose and strategic priorities.
- Tazim Essani is the designated Non-executive Director for Workforce Engagement and plays an active role in ensuring that the views of our colleagues are conveyed to the Board. Tazim attended certain Quilter Employee Forum meetings, and held monthly meetings with the elected Chair of the Employee Forum.

What was the result of Board engagement?

- During 2023, the Board assessed the current culture and agreed a new target culture for Quilter which the Chief Executive Officer is responsible for implementing, with support from the Human Resources Director. This culture transformation programme demonstrates the Board's clear understanding of the critical role culture plays in the successful delivery of Quilter's strategy. The target culture agreed by the Board has a specific focus on ambition, accountability and learning drivers in order to support improved business performance.
- The Board endorsed management's decision to ensure that pay increases made in 2023 were targeted to more junior colleagues to help them through the cost of living crisis.

Workforce engagement

In response to colleague feedback, in 2023 the Quilter colleague conferences were used to help colleagues understand Quilter's strategy. In addition, the Chief Executive Officer provided updates on strategy, company performance and business priorities (including external factors), with events rated highly by attendees (84% rated events good and informative). Engagement scores rose marginally in the year.

Overall engagement

How likely is it you would recommend Quilter as a place to work?

2023 2022
(2023 employee engagement survey average)

Stakeholder engagement *continued*

Insight into Colleagues

Inclusion, diversity and wellbeing

Quilter's Inclusion and Diversity Action Plan (the "Action Plan") has been in place for over a year and good progress has been made against its five key strategic pillars. The Action Plan is underpinned by certain guiding principles, including prioritising solutions with measurable impact, valuing difference and focusing on people's values. The Action Plan is also designed to help bridge the inequality gap by investing in future generations and ensuring that underrepresented groups have a future at Quilter.

Diverse representation

The Action Plan was designed to drive proactive action to improve the diversity of Quilter. We continue to make progress in collecting colleagues' personal data. Our diversity data disclosure response rates exceed industry norms in some areas.

Diversity data disclosure response rates

Gender	Gender identity	Sexual orientation	Ethnicity
100%	55%	76%	91%
100%	46%	72%	90%

Disability	Age group	Religion	Socio-economic background
56%	100%	83%	65%
61%	100%	80%	60%

2023 2022

At 31 December 2023, Quilter had achieved both its gender and ethnicity targets for its senior management team (defined as the Executive Committee and their direct reports, excluding business managers and personal assistants). The Company achieved 43% female representation and 9% ethnic minority representation within this community (increases of 7% and 5% respectively compared to 2022). The workforce had the following profile as at 31 December 2023:

Gender representation

Senior management[1]

40	Male, 57%	Female, 43%	30
32	Male, 64%	Female, 36%	18

All colleagues

1,621	Male, 55%	Female, 45%	1,345
1,676	Male, 56%	Female, 44%	1,329

2023 2022

Ethnic representation

	Asian[2] %	Black[3] %	Mixed[4] %	White[5] %	Other[6] %	N/A[7] %
Senior management	0%	3%	3%	90%	3%	1%
	2%	0%	2%	92%	0%	4%
All colleagues	6%	3%	2%	85%	2%	2%
	6%	2%	2%	87%	1%	2%

2023 2022

[1] Senior Management is defined as the Executive Committee and their direct reports, excluding business managers and personal assistants.
[2] Colleagues who identified as belonging to one of the following ethnic groups: Bangladeshi, Chinese, Indian, Pakistani or Asian other.
[3] Colleagues who identified as belonging to one of the following ethnic groups: Black African, Black Caribbean, Black other.
[4] Colleagues who identified as belonging to one of the following ethnic groups: Mixed White/Asian, Mixed White/Black African, Mixed White/Black Caribbean, Mixed other.
[5] Colleagues who identified as belonging to one of the following ethnic groups: White British. White Irish, White Gypsy/Traveller, White other.
[6] Colleagues who identified as belonging to one of the following ethnic groups: Arab, Any other.
[7] Colleagues who responded but opted not to disclose their ethnic group.

At the end of 2023 Quilter exceeded its target for there to be 40% female representation in senior management by the end of 2025. We also exceed the target for there to be 5% ethnic minority representation in senior management by the end of 2023. During the year, we increased our target on minority ethnic representation in senior management to 13% by the end of 2027. We will continue to keep our targets under review and are committed to sustainable change in line with the targets set by the Listing Rules, and the voluntary recommendations in the FTSE Women Leaders Review and the Parker Review. Our targets are set with a view to being representative of the demographics of Quilter's locations, our diversity aspirations and our commitment to making long-term sustainable change in our industry.

Gender and ethnicity pay gaps

We continue to monitor our mean Gender Pay Gap closely, which for 2023 was 29%, a reduction of 1% from 2022. We have also continued to voluntarily publish our Ethnicity Pay Gap, of which the fixed pay gap has marginally increased relative to 2022.

Gender pay gap	2023	2022
Mean hourly pay gap	29%	30%
Median hourly pay gap	30%	31%
Mean bonus gap	57%	62%
Median bonus gap	39%	44%
Female colleagues receiving a bonus	94%	90%
Male colleagues receiving a bonus	94%	92%

Ethnicity pay gap	2023	2022
Mean hourly pay gap	15%	12%
Median hourly pay gap	8%	5%
Mean bonus gap	48%	48%
Median bonus gap	30%	35%
Colleagues from an ethnic minority group receiving a bonus	83%	82%
White colleagues receiving a bonus	94%	92%

2023 2022

The pay gaps are fundamentally a structural issue, reflecting lower female and ethnic minority representation in senior management and revenue generating roles that attract comparatively higher rates of pay than other roles in the organisation. Where individuals are performing the same or similar roles, the Company operates robust equal pay analysis with management oversight to ensure that any pay gaps are checked and can be justified.

Inclusive culture

During 2023, a number of activities linked to the Action Plan have been delivered to drive increased colleague awareness and education on inclusion and diversity matters, such as educational sessions on inclusive language, suicide prevention, LGBT+ inclusion and celebratory events to promote Diwali, Black History month and Movember.

Our inclusion and diversity forum acts as the voice of Quilter colleagues on all inclusion and diversity matters. It elevates both global and local issues within Quilter, serving as a visible body that all colleagues can approach. The forum educates and empowers colleagues to drive change, share insights and champion diversity in all its forms. We have seen an increase in attendance, effectiveness ratings and positive feedback in respect of the forum's events in 2023, as well as improvements in the wider workforce's view of inclusion and diversity at Quilter as measured through our engagement survey on page 19.

In accordance with section 414C(8)(c) of the Companies Act 2006 (the 'Act'), Quilter is required to report the gender balance of our employees, our "senior managers" and the Quilter plc Directors. The breakdown by gender of our employees can be found above and that of our Board on page 49. For the purposes of the disclosure under the Act, the definition of "senior managers" adopted is the Executive Committee, excluding the Executive Directors, and including Directors serving on our consolidated legal entities but excluding Directors of Quilter plc. Where these individuals hold multiple directorships, they are only counted once. As at 31 December 2023, there were 28 male and 10 female senior managers.

Stakeholder engagement *continued*

Inclusion and diversity forum events

Events	Attendees	Playbacks	Ave. rating
It's Good to Talk and Listen – Suicide Prevention	205	30	9/10
Inclusive Language Training Part 1	314	35	8/10
Inclusive Language Training Part 2	485	296	8/10
Paralympic Champions and Being a Carer	70	19	9/10
Imposter Syndrome	148	5	8/10
Woke and Cancel Culture with John Amaechi	159	209	–

2023 2022

A diverse workforce is a clear priority at Quilter

2023 2022
(2023 employee engagement survey average)

Talent and growth

Early careers

Through Quilter's Early Careers programme we have targeted external partnerships that will help to increase Quilter's overall diversity. During 2023, we launched a work experience programme working with local schools. We also partnered with the charity Girls are Investors ("GAIN"), as part of their spring insights programme, hosting six students in our London and Edinburgh offices. In July 2023, the Company launched its first internship programme with a number of interns from diverse backgrounds joining our High Net Worth business

Developing professional careers

Our early careers programme enabled 30 people to undertake apprenticeships with Quilter in areas such as data and digital, customer service, Human Resources and facilities management, supporting our talent pipeline and inclusion and diversity strategy. We continue to see our flagship management development programmes providing value, with 82 colleagues completing the Aspirational Leadership and Transformational Leadership Programmes in 2023. Both programmes are funded via the apprenticeship levy and accredited by global learning organisation Future Talent, with 80% of Quilter colleagues achieving a distinction and 90% stating it had helped to develop their skills.

Leadership development

For our most senior leaders we have run development sessions with the Forward Institute, a non-profit organisation focused on responsible leadership. This has been paired with commercial-focused working sessions to support senior leaders in their roles. A small number of senior leaders identified through our Executive succession planning join the Forward Institute's Fellowship Programme each year to continue to drive responsible leadership at the heart of the organisation.

I feel that I'm growing professionally

My manager encourages and supports my development

2023 2022
(2023 employee engagement survey average)

Our Code of Conduct

Our Code of Conduct sets out the duties of all colleagues and includes acting with integrity and respect, treating customers fairly, managing conflicts of interest, good market conduct, information, data and communications, use of Company assets, prevention of financial crime and working with regulators and governments. Colleagues are required to undertake annual mandatory training to ensure they fully understand the requirements of the Code of Conduct.

Our people policies support our aim to create an inclusive culture that embraces diversity and enables our people to thrive. They also reflect relevant employment laws, including the Universal Declaration of Human Rights and International Labour Organisation Declaration on Fundamental Principles and Rights at Work. All employees and suppliers providing onsite services in the UK are paid no less than the real Living Wage. In October 2023, the Living Wage was increased to £12.00 within the UK and £13.15 in London. As a Living Wage employer, we ensured that all colleagues and contracted service providers earn in excess of these amounts.

We promote equal opportunities and ensure that no job applicant or colleague is subject to discrimination or less favourable treatment on the grounds of gender, marital status, nationality, ethnicity, age, sexual orientation, socio-economic background, responsibilities for dependents or physical or mental disability. We are committed to continuing the employment of, and for arranging training for, employees who have become disabled whilst employed by Quilter. We select candidates for interview, career development and promotion based on skills, qualifications, experience and potential.

At Quilter, we want to promote a culture of 'speaking up', where colleagues feel able to raise any concerns they may have about acts of misconduct, malpractice or wrongdoing. Quilter's whistleblowing policy and channels provide colleagues with avenues to raise concerns in good faith without fear of retribution. Colleagues are able to raise such concerns anonymously via the confidential and independent ethics hotline or directly to their line manager, Human Resources or Risk and Compliance. All whistleblowing reports are treated confidentially, seriously and are fully investigated. A grievance procedure is available for colleagues to raise a complaint or problem about any issues relating to their work, working environment, pay and benefits, working hours or any other concern about employment issues.

Stakeholder engagement *continued*

Communities

Our communities and suppliers expect Quilter to:

- Contribute to the communities in which Quilter is located and where our products and services are used.
- Seek to mitigate the environmental impact of our operations and to create products and services which facilitate our customers' desire to invest responsibly.
- Treat suppliers fairly and professionally.

How does the Board engage with its suppliers?

- The Board Risk Committee receives updates on the performance of our key suppliers and Quilter's third party risk management. Material matters are reported to the Board. In 2023 areas of focus included the consideration of technology developments provided by our strategic outsourced providers and the impact this has for our advisers, customers and colleagues.
- Throughout the year the Board regularly receives updates on the performance of our strategic partners.

What was the result of this engagement?

- In 2023, the Investment Platform was routinely upgraded to provide additional functionality for advisers, clients and all colleagues.
- Ensuring that we have a proactive dialogue regarding geopolitical events, disasters and/or conflicts that may have an impact upon our suppliers' resilience. The quick response by Quilter and a key supplier following an incident at a third party premises during 2023 minimised the impact to our operations and customers.

How does the Board engage with its communities?

- By endorsing and providing regular oversight of Quilter's strategy as a provider of investment solutions and as a responsible investor.
- By overseeing the Quilter Corporate Sustainability agenda, which affects customers, colleagues, communities and the environment.
- The Board were updated on the Quilter Foundation (the "Foundation") and the successes and progress made in 2023 in support of the Foundation's objectives.

What was the result of this engagement?

- In 2023, the Foundation completed three employment focused strategic partnerships. Active strategic partners were awarded a total of £650,000 in grants, including The Brokerage, which is a new three-year strategic partner from 2023. The Brokerage is a social mobility charity connecting talented young people with employers to break down barriers to a more diverse and talented workforce. Our partnership aims to impact over 4,000 young people, working with over 100 schools and universities.
- Our partnership with financial education charity MyBnk continued to evolve, and now includes opportunities for employee and adviser populations, a mentoring programme for young people which is commencing this year with Quilter providing facilities for workshops, meetings and events.
- The Quilter Foundation Charity Network was created in 2023 as the mechanism to provide funded charities with additional support beyond funding. The network provides the opportunity for organisations to access peer-to-peer support, expert training and support delivered by Quilter staff and complimentary space at Quilter offices.
- Twelve organisations have been funded through "Local Community Fund" grants. Through this initiative, any colleague or adviser can nominate a local cause that is aligned to the Foundation's objectives, for grants of up to £10,000. 29 organisations have been funded since inception in 2022, including food banks and mental health charities.

£100k+

Over £100k raised for the Quilter Foundation.

Stakeholder engagement *continued*

Insight into Communities

Human rights and modern slavery

We recognise our responsibility to not only respect the rights and freedoms of those that work for Quilter but also of those in our supply chain. Our human resource and supplier policies and processes prohibit Quilter from doing business with parties involved in modern slavery, forced labour, compulsory labour and child labour. These policies also promote equal opportunity and eschew any form of discrimination or unfair treatment on the grounds of protected characteristics, or because of any other personal factor. We respect the right of employees to associate for the purposes of collective bargaining and colleagues are free to join a union of their choice.

Working with suppliers

Our Third-Party Risk Management Policy sets out requirements with respect to our procurement, outsourcing and supplier management activities. Our Supplier Code of Conduct applies to all suppliers and their sub-contractors that provide goods and services to Quilter. It sets out the minimum standards we expect our suppliers to adhere to when doing business with Quilter in addition to the contractual terms agreed. The Code covers legal and compliance, ethical standards, conflicts of interest, anti-bribery and corruption, brands, trademarks and intellectual property, information and data protection, labour standards, living wage, discrimination, health and safety, and environmental management. We also expect our suppliers to promote these standards in their own supply chain where practical.

Tax

We are committed to full compliance with our tax obligations, paying the right amount of tax at the right time. We have zero tolerance for tax evasion and we do not promote tax avoidance or aggressive tax planning arrangements to our customers or to other parties. Our Tax Risk Policy sets out high-level requirements to ensure that tax calculations and filings comply with all applicable tax law and are prepared on a timely basis.

Customers

Customers expect Quilter to:

- Provide consistently high-quality service and access to products and services that meet their needs and expectations, within their risk appetite and with the flexibility to reflect their investment preferences.
- Provide personalised customer propositions, through supporting long-term advice-based relationships.
- Deliver good investment performance.
- Adhere to relevant regulatory requirements, including the Consumer Duty, in ensuring good customer outcomes and the avoidance of foreseeable harm.

How does the Board engage with customers?

- The Board scrutinises a regular Customer Report which includes feedback on the perceived quality of Quilter products and services to ensure the business is continually learning from the feedback received from customers and their advisers. Quilter currently has three main sources of customer feedback: Trust Pilot, InMoment Surveys and customer complaints, in addition to feedback from advisers through our distribution teams and customers via our contact centre.
- All Board and Committee papers include, where appropriate, analysis of the impact on customers of business proposals.
- The Board receives regular updates from the Chief Executive Officer covering customer considerations. These include product and propositional developments, customer-facing technology implementations, communication and branding strategy and the status of any customer remediation programmes.
- The Board Risk Committee receives regular updates from the Chief Executive Officer and Chief Risk Officer, on the progress of activity to address customer complaints.
- The Board Remuneration Committee receives reports on how the business has served its customers as part of its oversight of the executive scorecard that drives the remuneration outcomes for our Senior Management.
- The Board appointed the Chair of the Board Risk Committee, Neeta Atkar, as its first Board level Consumer Duty Champion. The Consumer Duty Champion supports the Chair, the Chief Executive Officer and the whole Board to raise the Consumer Duty regularly at Board meetings and in other relevant discussions, in line with regulatory requirements. The Consumer Duty Champion seeks input from management, including the second and third lines of defence, in order to inform the discussion at the Board on the effectiveness of how the Consumer Duty is embedded at Quilter. More information on the work that Quilter has completed when implementing the Consumer Duty can be found on page 53.

What was the result of that engagement?

- The Board and the Board Risk Committee oversaw the development of implementation plans for the new Consumer Duty which was implemented in July 2023. The new Duty aligns with a core part of the Company's strategy to deliver good outcomes for customers.
- Customer reports have been refreshed to provide the Board with enhanced metrics. These will continue to be refined during the year as our ability to report customer metrics improves.
- The Board reviewed and challenged material product and proposition proposals. Assessing, for instance, the repricing decisions in relation to Quilter Platform and Quilter Investors funds, and overseeing the introduction of enhanced Platform functionality such as the CashHub.

Stakeholder engagement *continued*

Insight into Customers

Customer service and engagement

During 2023 we have continued to drive initiatives to improve customer service and ensure our proposition continues to meet customer needs.

In July 2023, we reviewed our products and services to enhance how we support vulnerable customers or those who find themselves in such circumstances. This included being clearer in our literature and through our contact centre on how we can help customers. Quilter hosted the vulnerable customer conference run by the Investment Savings Association and will continue to support that initiative in 2024.

To ensure we are continually listening to our customers, we introduced a new Customer Panel (the "Panel") during 2023 and are pleased that over 400 customers have already joined the Panel. The Panel will allow Quilter to consult directly with customers on future improvements we can make to our proposition. It also assists with testing of key communications, to ensure they are easy to understand. The Panel complements the customer feedback channels we already have in place across the Group, which are an essential tool in ensuring we stay connected with how customers want to do business with us.

During the course of 2023 we rolled out our new customer app, with 20% of our customers now registered and using the app.

Our service, products and proposition was recognised in industry awards, including Defaqto Gold Service Awards, the Charity Times Investment Management Award, Money Marketing Awards Best Retirement Provider, and the Defaqto Diamond Rating for the WealthSelect Managed Portfolio Service.

Trustpilot Score

Overall Customer Satisfaction

2023 2022

Customer policies

Our Product Governance Policy sets minimum standards for the Group and its subsidiaries in manufacturing and distributing financial products appropriately to meet customer needs. The policy is implemented to support compliance with various regulatory frameworks, including the UK implementation of the Markets in Financial Instruments Directive ("MiFID II"), the underlying regulation on markets in financial instruments ("MiFIR"), and the Insurance Distribution Directive ("IDD"). The Product Governance Policy is subject to an annual attestation process managed by the Quilter Risk Function. Our Product Governance Policy outlines minimum requirements for product charging structures and marketing materials. The policy requires that charging structures must be fair and appropriate for the intended target market. Marketing materials should be sufficient to ensure that customers can make informed financial decisions in relation to the product. All communications must consider our customers' information needs and comply with applicable regulations, including the Financial Conduct Authority's ("FCA") Consumer Duty requirements.

Data privacy and IT security

The collection and use of customers' and advisers' personal data is governed by our Privacy Policy and supporting standards and overseen by a Group Data Protection Officer ("GDPO") with the support of a formal committee, the Quilter Privacy Forum. The Board oversees Quilter's IT strategy, including our approach to information and data security. At an executive management level, the Group Chief Operating Officer is responsible for IT strategy and is supported by the Director of Information Security & Technology and their team, with input also from the GDPO and Data Guardians embedded in our businesses. All colleagues and full-time contractors are required to complete mandatory annual training on data privacy and IT security.

Financial crime, anti-bribery and corruption

As a financial services company we recognise the potential risk of being a target for financial crime, including money laundering, terrorist financing, tax evasion and fraud. We also acknowledge the potential risk of bribery and corruption which could result in financial loss, regulatory fines and/or censure and damage to our reputation. We have zero tolerance for financial crime, bribery or corruption and have a robust control environment and policies in place. All colleagues are required to complete mandatory training on these topics annually to ensure that they understand their role in preventing financial crime, bribery and corruption.

Stakeholder engagement *continued*

Investors

Our investors expect Quilter to:

- Deliver a strategy that creates long-term shareholder value, delivering sustainable earnings and dividends supported by cash flow and capital generation.
- Have in place a resilient business model which generates growth and long-term sustainable returns for shareholders and reliable cash flow for debt investors.
- Maintain financial strength and resilience that enables the business to withstand market volatility.
- Uphold robust corporate governance to ensure effective oversight and control of the business.
- Ensure responsible and sustainable approaches are embedded in both how we act as a business and invest on behalf of our clients.

How does the Board engage with its investors?

- Maintaining regular and constructive dialogue with investors and other market stakeholders to communicate the Company's strategy, governance and performance.
- Providing regular updates on the Group's trading and financial performance to the market.
- Maintaining active electronic communication on results and trading updates together with relevant dividend information to our shareholders who have provided consent for e-communications.
- The Chair, Chief Executive Officer and Chief Financial Officer, with support from the Head of Investor Relations, have conducted nearly 200 meetings in 2023 with shareholders, debt holders and prospective investors.
- Participating in investor conferences to engage with existing and prospective investors. The Chair also hosts an annual corporate governance roadshow with our largest investors to ensure a direct Board conversation on strategy, succession matters and remuneration.
- Ensuring private shareholders received excellent support from our Share Registrars in the UK and South Africa. We closely monitor the performance of our Registrars to ensure the service our shareholders receive globally is appropriate.
- Holding an Annual General Meeting ("AGM") that was accessible for all shareholders, including those based overseas. This allows them to listen to the meeting by telephone and ask a question on the business of the meeting if they so wish. We also strongly encourage shareholders to engage with us by voting before the meeting if they were unable to attend in person.
- As part of our commitment to engage with our investors, Directors are available to meet with shareholders at our AGM, and our standing Board Committee Chairs are available to answer questions on the activities and matters within the scope of their Committee's remit.

What was the result of this engagement?

- The Board considers investor feedback on an ongoing basis, both from management feedback and via our corporate brokers. In 2023, an external analyst met the Board and shared his feedback directly.
- We received more than 99% of votes cast in favour of the majority of resolutions voted on by shareholders at the 2023 AGM.
- To drive further simplification, during the year, the Company completed an Odd-lot Offer in November 2023. The Odd-lot Offer provided small private shareholders holding fewer than 200 shares with a cost-effective way to sell their shares in Quilter and lowered the cost of maintaining our share register by reducing the number of private shareholders by circa 60%. We will see an ongoing benefit from lower administrative costs, including, for example, the costs of printing and distributing financial statements, circulars and notices.

99%

of votes cast in favour of majority of 2023 AGM resolutions.

Our shareholder base

There are some differences in views around some core corporate governance matters that differ between the UK and South Africa where we have a large shareholder base. We engage with these shareholders directly but recognise that they may be unable to support certain AGM resolutions which are regarded as being standard in the UK. For example, we maintain a continuing dialogue with certain of our large South African shareholders who are unable to support a precautionary enabling authority at each AGM regarding political donations and will continue to engage to explain our rationale for continuing to seek this authority.

Stakeholder engagement *continued*

Regulators

Our regulators expect Quilter and its subsidiaries to:

- Operate in an open and transparent manner with its regulators, its customers and the financial markets both as an investment manager and a listed company in its own right.
- Ensure customers' interests are central to the firm's culture and purpose, and that this is embedded throughout the organisation.
- Run Quilter's operations in a prudent manner, being appropriately capitalised and with sufficient liquidity to enable it to discharge its obligations.
- Manage its conduct risk and internal controls.
- Be aware of Quilter's regulatory footprint, the regulatory landscape and expectations and the Directors' responsibilities in meeting these requirements, incorporating these into any decisions.
- Fulfil regulatory responsibilities through the application of policies and practices.

How does the Board engage with the Group's regulators?

- Transparent and open regulatory relationships are fundamentally important and Quilter engages regularly with its regulators to ensure business is conducted in line with their expectations and the evolving regulatory framework.
- The Board Risk Committee monitors key regulatory matters and areas of interest, and receives updates on the status of material regulatory relationships and matters under discussion.
- Quilter routinely shares certain Board and other relevant papers with the FCA and the PRA.
- Certain Directors, Executive Committee members and other senior leaders meet regularly with our main UK regulators to update them on key business developments and changes. Matters discussed in 2023 include regulatory changes such as the Consumer Duty and the Advice Guidance Boundary review, Dear CEO letters, changes in the Board and management governance structure and the Odd-lot Offer. We also responded to specific information requests on specific areas of our business.
- During the year the Directors oversaw and guided the business on the conclusion of the FCA enforcement investigation in relation to certain defined benefit to defined contribution ("DB to DC") pension transfer advice by Lighthouse Advisory Services Limited, "Lighthouse", prior to Quilter purchasing Lighthouse. The FCA issued a public Final Notice to Lighthouse, finding that it provided unsuitable DB to DC pension transfer advice but imposed no financial penalty. The FCA acknowledged in its Final Notice decision that Quilter had provided very high levels of co-operation in relation to the FCA's investigation and promptly paid redress to customers.
- The Board received regular updates on regulatory developments in 2023, including in relation to a number of Dear CEO letters and FCA Portfolio Strategy letters.
- Management responded to a number of consultations and discussion papers, including in relation to the Future Disclosure Framework, updating and improving the UK regime for asset management, Sustainability Disclosure Requirements, a review of the Senior Managers and Certification Regime and a review of Solvency II: Adapting to the UK insurance market, amongst others.

What was the result of this engagement?

- Consideration of the views and expectations of our regulators were core to the Board's decision making during 2023, including our preparations for the FCA's Consumer Duty regime that came into force in July 2023.
- The Directors considered their obligations under the Consumer Duty. After approving the implementation plan, the Board monitored the successful execution of it. The Board has appointed a Board level Consumer Duty Champion to support the Chair, Chief Executive Officer and the whole Board in raising the Consumer Duty in all relevant Board discussions and to challenge management on embedding the Duty and focusing on consumer outcomes and the prevention of foreseeable harm. The Directors recognise and support the regulators' higher standards of consumer protection and has enhanced how Quilter protects vulnerable customers.

Responsible investment

Investing responsibly

The United Nations backed Principles for Responsible Investment ("PRI") define responsible investment as a strategy and practice to incorporate environmental, social and governance ("ESG") factors in investment decisions and active ownership. We believe that incorporating ESG factors into our investment decision-making processes and exercising active ownership through voting and engagement, helps mitigate risk and identify potential opportunities.

Within our investment management businesses, Quilter Investors and Quilter Cheviot, we have dedicated teams focused on ESG integration and active ownership, as well as investment teams who manage our responsible and sustainable investment solutions.

For more information on our approach please visit: **www.quilter.com/investments/responsible-investment**

UK Stewardship Code

Quilter is a signatory to the UK Stewardship Code. In order to be a signatory, we submit a report that outlines our stewardship activity on behalf of our customers. Stewardship includes engagement with the companies and funds we invest in, using our voting rights and the consideration of environmental, social and governance factors within investment decision making.

The report for 2023 will be submitted to the Financial Reporting Council by 30 April 2024.

Signatory to the United Nations backed Principles for Responsible Investment ("PRI")

Quilter is a signatory to the PRI, which is a global network organisation that works to:

- Understand the investment implications of ESG factors.
- Support its international network of investor signatories in incorporating these factors into their investment and ownership decisions.

The annual assessment of how an organisation implements responsible investment was reinstated for 2022, and the Group completed this in August 2023 and received its outcomes in late 2023. The Assessment Reports*, which are produced using signatories' reported information, relate to the investment management activities within, Quilter Investors and its investment solutions, and Quilter Cheviot. For the 13 Modules completed, we received a score above the PRI median for eight, and a score below the median for five.

*The Assessment Reports present information reported directly by signatories in the 2023 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf.

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Across Quilter Cheviot and Quilter Investors we have 11 dedicated responsible investment professionals, working in collaboration with other teams within the businesses.

Priorities 2022-4	2023 progress	Onward Priorities in 2024
Continue to support customers, advisers and colleagues to engage with and understand responsible investment	Ongoing internal training across the business, as well as external education and anti-greenwashing training for advisers. Developed an animation video explaining responsible investment to reach a wider audience.	Ongoing programme of engagement with customers, advisers and colleagues. Launch of training focused on helping our customers and advisers navigate responsible investment related regulatory change.
Embed responsible investment practices where relevant	Continued progress in identifying customers' responsible investment preferences through advice and suitability processes. Continued enhancement of data and systems to drive efficiency and improve data quality within our active ownership and ESG integration activity.	Continue evolving our responsible investment activities across the business.
Deliver reporting in line with regulatory change	Delivered Quilter Life & Pensions Limited entity and product reporting.	Deliver Quilter Cheviot Limited and Quilter Investors Limited entity and product reporting. Integrate Sustainability Disclosure Requirements ("SDR") across Quilter where appropriate.
Ensure our proposition caters to the responsible investment preferences of our customers	We paused development on specific responsible or sustainable products whilst awaiting the new regulation, Sustainability Disclosure Requirements.	Tracking the trend of customers' responsible investment preferences in order to identify the areas of interest to develop our proposition further.

Corporate sustainability

Sustainability in our operations

At Quilter, we believe in the importance of playing our part in the global effort to create a more sustainable world and consider our exposure to climate-related risks. In 2023, we continued to act and monitor impacts against our reduction target for the emissions associated with our direct and indirect operations (Scope 1 and 2) and began engagement with suppliers to understand the impact in this area further. Excluding our investments, the biggest contributor to our Scope 3 emissions is those associated with third-party spend. In 2023, we developed and implemented a supplier engagement strategy to enable understanding of the trajectory of impact from our spend. Continuing to engage and monitor the impact of our suppliers will be a priority in 2024 and we remain committed to building out our approach further.

Further details can be found in our Task Force on Climate-Related Financial Disclosures ("TCFD") report which is summarised on pages 28 to 30.

Priorities 2022-4	2023 progress	Onward Priorities for 2024
Contribute to a just transition to net zero by 2050	We developed and implemented a supplier engagement strategy to enable understanding of the trajectory of impact from our spend on Purchased Goods and Services.	Setting targets for Purchased Goods and Services. Establishing Climate Action Plans for the investments we manage on behalf of our customers.
Enable our people to take tangible action to address the climate crisis	Implemented findings from the first colleague sustainability survey. Increased collaboration with facilities department to ensure infrastructure for culture change.	Engage with colleagues to inform and develop our onward sustainability plans.
Assess the action required of Quilter on biodiversity		Assess Task Force for Nature-related Financial Disclosures recommendations and determine actions.

Colleague engagement

In October 2023, we ran our second Quilter sustainability survey to allow us to update our office specific emission factors, thus enabling us to produce more refined estimations for our emissions from employee commuting for the second year in a row. In the 2023 survey, we modified the question set to be able to analyse small habitual changes colleagues had made to their behaviours. This highlighted where colleagues had made incremental changes to their journeys, and will help us understand, going forward, the impact of our support for colleagues. As a result of the colleague feedback, we were able to make considered adaptations of the office environment to make sustainable behaviours easier, including producing recycling guidance and education for all offices, and increasing the promotion of sustainable commuting initiatives. The feedback helped create a focused plan of action for the year ahead, and we intend to repeat this survey annually to both track the impact of our improvements and reflect on engagement.

To foster a culture of sustainable commuting, we offer colleagues a range of benefits aimed at enabling behaviour change for the better, including an electric car salary sacrifice scheme, free car sharing portal and electric charging on site at our largest office. In 2023, we held six bike doctor sessions in one of our locations, enabling colleagues to have their bicycles repaired and serviced whilst having the opportunity to increase confidence in repairing their bicycles themselves. Accessibility and active transport opportunities are also considered in the lease tendering process to further enable a culture of sustainability.

Workspace optimisation

In working towards a more energy efficient future, we have considered the workspaces we have available to colleagues, ensuring they are fit for purpose in line with the hybrid working. We have optimised our office spaces, analysing where space is required and what this looks like in the new working world, and have implemented energy efficient upgrades within our offices where possible, including LED lighting, improved heating and ventilation systems and improved insulation where needed. We are also working together with the landlords of our office locations to ensure the spaces are suitable for a sustainable working culture and factor in sustainability and environmental credentials in our office acquisition process. In addition to this, we are now incorporating Green Lease clauses to new leases wherever possible to minimise environmental impact.

Quilter's operational greenhouse gas emissions

Our operational greenhouse gas emissions and energy use data (tCO_2e)

Greenhouse gas emissions as at 31 December		2023	2022	Baseline
Scope 1 emissions[1]	Global	307	438	
	UK	302	432	
Scope 2 (location-based) emissions[2]	Global	778	906	
	UK	729	858	
Scope 2 (market-based) emissions	Global	474	562	
	UK	399	477	
Total Scope 1 & 2 emissions[3]	**Global**	**1,085**	**1,344**	**2,720**
(Baseline: 2020)	**UK**	**1,031**	**1,290**	**2,573**
Scope 3 emissions (excluding Investments)[4]	**Global**	**21,684**	**34,760**	**67,912**
(Baseline: 2021)[5]	**UK**	**21,667**	**34,753**	**67,898**
Total operational emissions	**Global**	**22,769**	**36,104**	
	UK	**22,699**	**36,043**	
Operational carbon intensity (tCO_2e per Full Time Equivalent (FTE))[6]	**Global**	**7.71**	**12.31**	
	UK	**7.77**	**12.41**	

Streamlined Energy and Carbon Reporting (SECR)[2]	2023	2022
Global energy usage (kWh)	6,352,309	7,868,644
UK energy usage (kWh)	6,168,555	7,684,909

All figures presented have been calculated in line with the Greenhouse Gas ("GHG") Protocol standards. Global emissions and energy usage are inclusive of UK and offshore figures. Due to an update in our estimation methodology, there may be slight difference from previously published figures.

[1] Our data collection methodology is reliant on third parties supplying accurate data regarding our leased office space activity. In 2023, we were able to gain better visibility of data regarding movements of refrigerants in our regional offices, leading to an increase of 51.4 tCO_2e in 2022.
[2] We are continually seeking opportunities to source accurate data to avoid the need for estimations. This can lead to restatements where data becomes available at a later date. In 2023, we were able to source a higher percentage of actual data from our leased offices, enabling us to replace data estimated from previous years with accurate data supplied by landlords, thus causing a restatement of emission and energy figures.
[3] This is calculated as the total of Scope 1 and Scope 2 (location based) emissions.
[4] Our disclosed Scope 3 emission metrics (excluding investments) contain some estimates and reliance on externally provided data. Following refinements in methodologies and boundaries for accuracy in representation, we have restated our Purchased Goods and Services figures for 2021 onwards, and our Employee Commuting emissions figures from 2020 onwards.
[5] Our baseline year for Scope 3 has been set at 2021 due to insufficient granularity in data from our value chain in previous years.
[6] Calculated as total operational emissions divided by the average number of FTE employees as at year-end. This metric is provided as a comparison against other organisations.

Greenhouse gas emissions

Our 2023 Scope 1 and 2 emissions were 60.1% lower than the 2020 baseline indicating good progress towards our reduction target of 80% by 2030. The primary driver of this was the continued consideration of our office footprint in relation to changing workspace demands.

Moving forwards, we anticipate a continuation of incremental reductions year on year towards our target. In 2023, we evaluated our methodologies for calculating Scope 3 emissions for Purchased Goods and Services and Employee Commuting, to make these more granular, and as a result we have restated figures below.

Breakdown of Scope 3 (excluding investments) emissions

The figures below represent the breakdown of our Scope 3 (excluding Investments) emissions at a global level.

Greenhouse gas emissions as at 31 December	2023	2022	2021
Total Scope 3 (excluding investments) emissions	**21,684**	**34,760**	**67,912**
1. Purchased Goods and Services[4]	18,667	31,903	65,019
3. Fuel and energy related emissions	61	72	114
5. Waste	4	5	8
6. Business travel	892	570	253
7. Employee commuting (including working from home)[4]	1,868	1,995	2,299
8. Upstream Leased Assets	192	215	219

All emissions data calculated according to the Greenhouse Gas ("GHG") Reporting Protocol – Corporate Standard.
The GHG protocol categorises emissions according to 'Scope', as follows:

- **Scope 1** (Direct GHG) These are emissions from sources that are owned or controlled by an organisation. This includes fuel combustion on site e.g. gas boilers, fleet vehicles and air-conditioning leaks.
- **Scope 2** (Energy – Indirect GHG) These are emissions from the consumption of purchased electricity, heat and steam, or other sources of energy (e.g. chilled water) generated upstream from the organisation. For purchased electricity, organisations are required to report Scope 2 emissions according to a 'location-based' method and a 'market-based' method (see below):
- **Scope 2 – Location-Based** This reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data).
- **Scope 2 – Market-Based** This reflects emissions from electricity that organisations have purposefully chosen and therefore includes where they may have renewable energy contracts in place or generate their own energy.
- **Scope 3** (value chain – indirect) These are all indirect emissions (not included in Scope 2) that occur in a company's value chain, including both upstream and downstream emissions (e.g. business travel, waste).

Due to data availability, Quilter's calculations do not take into account the emissions generated by self-employed advisers who use our platform or asset management services. Our Scope 3 disclosures do not include data for the impact generated by our investments. There were no notable energy efficiency measures undertaken in 2023.

Task Force on Climate-Related Financial Disclosures Statement

For accounting periods on or after the 1 January 2021, the FCA required premium listed companies, such as Quilter plc, to include a statement of consistency with the TCFD's recommendations and recommended disclosures within their Annual Report. Where the relevant disclosures are provided in a separate report, listed companies must provide a description of where that document can be found. Whilst material and significant climate-related information can be found in the Annual Report, the climate-related financial disclosures produced are fully consistent with the TCFD Recommendations and Recommended Disclosures with the exception of metrics and targets (b) and (c) where we are partially consistent are in a separate standalone report. The report is intended to supplement the Annual Report and these disclosures as indicated in the cross references. This approach has been taken given the significant length of the disclosures. See page 30 for more information.

Our 2023 Group TCFD report can be found here: **plc.quilter.com/tcfd/**

Theme	TCFD recommended disclosure	Our disclosure
Governance Disclose the organisation's governance around climate-related risks and opportunities **TCFD report pages:** **10 to 14**	– Describe the Board's oversight of climate-related risks and opportunities. – Describe management's role in assessing and managing climate-related risks and opportunities.	The Board Audit Committee has been briefed on the approach for climate-related reporting and the Board Risk Committee has reviewed climate related risks and opportunities during the year. Following challenge, the Board approved the TCFD report. The TCFD Working Group is responsible for the identification and assessment of climate-related risks and opportunities. The group comprises representatives from Responsible Investment, Risk, Finance and Corporate Sustainability. The TCFD Steering Committee meets regularly to monitor and approve progress. During 2023, Andrew McGlone (Chief Executive Officer at Quilter Cheviot and Quilter Cheviot Financial Planning) extended his remit to be the executive sponsor for Corporate Sustainability and Responsible Investment across Quilter and chairs the TCFD Steering Committee. Mark Satchel (Chief Financial Officer) was appointed the Senior Management Function ("SMF") for the oversight of the management of financial risks arising from climate change.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning, where such information is material **TCFD report pages:** **27** **11 and 14** **30 to 31** **28 to 29**	– Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term. – Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. – Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	We have disclosed how climate-related risks and opportunities are now incorporated as part of the business/strategic planning process. We have created a new working group and we have reviewed our approach and have reconfigured this into three categories which represent our business: operations, investments, and advice and distribution. This now includes the impact of climate-related risks and opportunities within our advice and distribution business. Climate-related risks and opportunities are considered at a Group and subsidiary level to inform our management of these. – We have undertaken and disclosed a quantitative investment climate-related scenario analysis for our direct equity holdings in Quilter Cheviot based on four different scenarios. This is based on actual holdings and will be undertaken on an annual basis. This includes scenarios based on 1.5°C (orderly and disorderly), 2.0°C and 3.0°C. – The qualitative operational climate-related scenario analysis included within the TCFD report is a long-term scenario and therefore conclusions of these three scenarios are not expected to change significantly from year to year, unless there is a significant change in the business or the external environment. For this reason, long-term scenarios will be considered periodically, or following a significant change in the business or external environment. In considering the impact of these climate-related risks through the climate scenario analysis we have performed; we believe that these are currently not material to the Group. We have a strong and resilient balance sheet and sufficient capital and liquidity to withstand all of the scenarios tested. However, the risks relating to financial emissions (investments) may increase over time, hence we are working on Climate Action Plans for our investments.

Task Force on Climate-Related Financial Disclosures Statement *continued*

Theme	TCFD recommended disclosure	Our disclosure
Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks **TCFD report pages:** **33 to 34** **18 and 27**	– Describe the organisation's processes for identifying and assessing climate-related risks. – Describe the organisation's processes for managing climate-related risks. – Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	Climate-related risks have been integrated into our Risk Management Framework, with responsible investment and corporate sustainability incorporated into a refreshed risk taxonomy. Risks relating to climate change are identified, assessed and managed using the risk management framework outlined in the risk review section. Disclosure on how we manage climate-related risks and opportunities for our investments will be detailed in the entity reports for Quilter Life & Pensions Limited, Quilter Cheviot Limited and Quilter Investors Limited. To assess climate-related risks and opportunities we have considered four factors. 1) Timeframe: given the long-term trajectory of how we approach climate-related risks and opportunities we set these timeframes to reflect this. Short term is 0-5 years, medium term 5-15 years, long term 15 years+. 2) Type of climate risk: transitional risk relates to the global transition to a lower carbon economy and physical risk is associated with the physical impacts of climate change. 3) Risk/opportunity type: idiosyncratic risk refers to implicit risks exclusive to a company. Systemic risk refers to broader trends that could impact the overall market or sector. Opportunity: efforts to mitigate and adapt to climate change also produce opportunities for organisations, for example, through resource efficiency and cost savings, the adoption of low-emission energy sources, the development of new products and services, access to new markets, and building resilience along the supply chain. Climate-related opportunities will vary depending on the region, market, and industry in which an organisation operates. 4) Business area: Operations, Investments and Advice and Distribution. Within operations we have considered risks relating to government policy, building maintenance, workplace (these are medium-term), extreme weather (long-term) and Purchased Goods and Services (short-term). For investments we have considered the following risks: government policy (medium-term), greenwashing (short-term), product and strategy development (short and medium-term) and stranded assets (medium and long-term). For advice & distribution we have considered the following risks: greenwashing (short-term) and advice & suitability processes (short-term). In considering the impact of these climate-related risks we believe that these are currently not material to the Group. However, the risks relating to financial emissions (investments) may increase over time, hence we are working on Climate Action Plans for our investments.
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material **TCFD report pages:** **28 to 31**	– Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. – Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse ("GHG") emissions, and the related risks. – Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	With regard to our operational activities, we: – use greenhouse gas emission metrics to assess, monitor, and manage our exposure to climate-related reputational risks; – have disclosed our Scope 1 and Scope 2 greenhouse gas emissions; – have estimated our Scope 3 greenhouse gas emissions (excluding investments); and – have a target to reduce our Scope 1 and Scope 2 greenhouse gas emissions by 80% by 2030, from a 2020 baseline. The disclosure of Scope 1.2 and 3 (excluding investments) GHG emissions are contained within the operational greenhouse gas emissions table on page 27. From an investment perspective we have included the emissions relating to the direct equity investment held within Quilter Cheviot's centrally monitored universe. In 2024 we will be publishing Climate Action Plans for investments which will include metrics and targets.

Task Force on Climate-Related Financial Disclosures Statement *continued*

In producing the TCFD report, we have taken into account the following guidance:

- The Financial Conduct Authority's ESG Sourcebook.
- TCFD all sector guidance as well as the additional guidance for asset managers.
- The Financial Reporting Council's review of TCFD reporting.

This disclosure is consistent with the 11 recommendations set by the TCFD. Whilst we have made good progress becoming consistent with the TCFD Recommendations and Recommended Disclosures, we are not yet able to disclose the full Scope 3 (category 15) emissions for the Group which relate to the investments we manage on behalf of our customers. A significant proportion of our investments are held in third-party funds, and not all asset classes have relevant available data, leading to gaps in the data that we need to produce accurate Scope 3 emissions, therefore, the disclosures are partially consistent with the TCFD recommendations.

We are working on a long-term solution to produce better quality Scope 3 (category 15) emissions data for the Group. This is part of the Climate Action Plans for investments. Within the TCFD report, we disclose the relevant metrics for our centrally monitored direct equities held within Quilter Cheviot Limited. Our product reports disclose the required metrics in line with the ESG Sourcebook and for 2023 these will be published by 30 June 2024. Quilter does not engage in all the activities linked to the categories as defined under Scope 3 as outlined in the Greenhouse Gas Protocol, and has reported figures for all relevant and applicable categories excluding emissions from investments. On the basis of this we believe the disclosures are partially consistent with metrics and targets (b) and (c).

Non-financial and sustainability information statement

The responsible investment, corporate sustainability and Task Force on Climate-Related Financial Disclosures Statement sections from pages 26 to 30 constitutes Quilter's non-financial and sustainability information statement which complies with sections 414CA and 414CB of the Companies Act 2006.

The table below sets out where to find details on specific matters relevant to these requirements within this section and elsewhere in our Annual Report:

Reporting requirement

	Page number(s)
Anti-bribery and corruption	22
Climate-related financial disclosures (covering s414CB(2A)(a)-(h))	28 to 30
Business model	13
Colleagues	18 and 19
Environmental matters	27 to 30
Human rights	21
Non-financial KPIs	15
Principal Risks	39 to 40
Social matters	20

Financial review

Mark Satchel
Chief Financial Officer

Review of financial performance

Overview

The Group achieved a strong improvement in adjusted profit performance in 2023 against the backdrop of ongoing geopolitical and macroeconomic uncertainty. Inflationary and interest rates pressures continued to weigh on consumer confidence and disposable income, resulting in a significant headwind to flows as consumers held off on discretionary investment and drew down on savings to service the increased cost of debt.

The Group's reported AuMA was £106.7 billion at the end of the year, a 7% increase on the opening position (2022: £99.6 billion), representing positive market movements towards the year-end of £7.0 billion and net inflows of £0.1 billion. Average AuMA of £102.1 billion for 2023 was 1% lower than prior year (2022: £102.8 billion). Adjusted profit before tax increased by 25% to £167 million (2022: £134 million) despite the subdued flow environment, reflecting the continued delivery of cost management through our Simplification programme and higher interest revenue earned on cash and capital resources. This was partially offset by a 3% decline in net management fee revenue due to lower average AuMA and a 1 bp decrease in revenue margin predominantly due to planned pricing reductions.

Alternative Performance Measures ("APMs")

We assess our financial performance using a variety of measures including APMs, as explained further on pages 174 to 175. In the headings and tables presented, these measures are indicated with an asterisk: *.

Key financial highlights

Quilter highlights	2023	2022
Assets and flows – core business		
AuMA* (£bn)	**103.4**	96.2
Gross flows* (£bn)	**11.1**	10.4
Net inflows* (£bn)	**0.8**	2.1
Net inflows/opening AuMA*	**1%**	2%
Productivity: Quilter channel gross sales per Quilter Adviser* (£m)[1]	**2.8**	2.3
Asset retention*	**89%**	92%
Assets and flows – reported		
AuMA* (£bn)	**106.7**	99.6
Gross flows* (£bn)	**11.2**	10.5
Net inflows* (£bn)	**0.1**	1.8
Net inflows/opening AuMA*	**0%**	2%
Profit and loss		
IFRS profit before tax attributable to shareholder returns (£m)	**12**	199
IFRS profit after tax (£m)	**42**	175
Adjusted profit before tax* (£m)	**167**	134
Operating margin*	**27%**	22%
Revenue margin* (bps)[2]	**47**	48
Return on equity*	**8.5%**	7.0%
Adjusted diluted EPS* (pence)	**9.4**	7.9
Recommended total dividend per share (pence)	**5.2**	4.5
Basic earnings per share (pence)	**3.1**	12.2
Non-financial		
Total Restricted Financial Planners ("RFPs") in both segments[3]	**1,489**	1,502
Discretionary Investment Managers in High Net Worth segment[3]	**174**	179

[1] Quilter channel gross sales per Quilter Adviser is a measure of the value created by our Quilter distribution channel.
[2] Revenue margin includes interest income on customer cash and cash equivalents previously presented within "Other revenue" and now included within "Net management fees".
[3] Closing headcount as at 31 December.

Financial review *continued*

Net inflows for the core business of £0.8 billion for 2023 were lower than the prior year (2022: £2.1 billion). Gross flows were 7% higher than the prior year at £11.1 billion (2022: £10.4 billion), whilst higher outflows reflected increased levels of client drawdown to offset pressures from higher inflation and interest rates coupled with market consolidation activity.

In the **Affluent segment** core business, net inflows in the Quilter channel of £1.6 billion were in line with the comparative year. Gross flows of £3.6 billion were 12% higher than the prior year (2022: £3.2 billion), demonstrating the continued strength of our integrated channel. We continued our focus on generating back book transfers in 2023, with c.£750 million of assets under advice by Quilter Financial Planning transferring onto our Platform from external platforms. Productivity, representing Quilter channel gross sales per Quilter Adviser, increased to £2.8 million (2022: £2.3 million), in line with our objectives of increasing alignment in our Advice business. Quilter channel gross outflows increased to £2.0 billion (2022: £1.6 billion) primarily due to higher levels of client drawdown during the year.

The IFA channel on Quilter Investment Platform recorded gross inflows of £5.3 billion, up 7% year-on-year (2022: £4.9 billion) reflecting our continued performance in gaining market share of new business despite lower levels of new business flow across the industry. The Quilter Investment Platform continues to maintain the leading market share of gross sales against our Retail Advised Platform peers, based on the latest available Fundscape data (Q3 2023). Net outflows of £0.2 billion (2022: net inflow of £0.4 billion) reflect higher levels of client led redemptions and headwinds from the impact of industry consolidation. Our Platform has continued to win net positive flows from competitor platforms over 2023. Net inflows as a percentage of opening AuMA for the IFA channel on Quilter Investment Platform was nil% (2022: 1%).

Fund flows via third-party platforms reported net outflows of £0.3 billion (2022: net outflows of £0.6 billion), predominantly due to planned fund closures.

Asset retention for the Affluent segment of 89% was below prior year (2022: 91%) due to increased withdrawal activity, inflationary pressure and interest rate headwinds.

Within the **High Net Worth segment,** gross inflows of £2.2 billion were broadly in line with the previous year (2022: £2.3 billion). Net flows were an outflow of £0.1 billion (2022: net inflow of £0.9 billion) primarily due to the slowdown in IFA flows and a small number of larger charity and corporate account losses, which were offset by steady net inflows from the Quilter channel. Asset retention fell 4 percentage points to 91% (2022: 95%) reflecting the higher interest rate environment where some clients have opted to redeem existing investments to repay debt obligations.

The Group's core business AuMA ended the year at £103.4 billion, up 7% from the opening position (2022: £96.2 billion), due to positive year-end market movements of £6.4 billion and net inflows of £0.8 billion. The Affluent segment AuMA increased by 8% to £77.5 billion (2022: £71.5 billion) of which £25.5 billion is managed by Quilter, versus the opening position of £22.7 billion. The High Net Worth Segment AuM was £27.0 billion, up 6% from the opening position of £25.5 billion, with all assets managed by Quilter.

In total, £52.2 billion, representing 50% of core business AuMA, is managed by Quilter across the Group (2022: £48.0 billion, 50%).

The Group's revenue margin of 47 bps was 1 bp lower than the prior year (2022: 48 bps). For assets administered within the Affluent segment, the revenue margin was 27 bps in line with prior year. The revenue margin on assets managed in the Affluent segment decreased by 6 bps to 41 bps as a result of product mix changes, the planned reprice of the Cirilium Active range that occurred at the end of the first quarter of 2023, and the introduction of AuM scale discounts in the second half of the year. The High Net Worth segment's revenue margin decreased by 1 bp to 71 bps primarily due to lower commission revenue, partially offset by revenue from interest margin generated on client balances.

Adjusted profit before tax increased by 25% to £167 million (2022: £134 million). Net management fees of £477 million were lower by 3% (2022: £490 million) primarily as a result of a decline in average AuMA year-on-year of 1% to £102.1 billion (2022: £102.8 billion) and the planned reduction in net management fee margins. Interest revenue generated on client funds included within net management fees were £23 million (2022: £7 million). Other revenue of £86 million decreased by 14% (2022: £100 million) reflecting lower mortgage and protection business levels, reduced activity within the market and slightly lower adviser headcount.

Investment revenue increased from £16 million in 2022 to £62 million in 2023, due to an increase in interest income earned on shareholder cash and capital resources. This level of resources is expected to gradually decline as a result of investment in the business and planned spend on business transformation. Operating expenses decreased by 3% on the prior year to £458 million (2022: £472 million) primarily due to continued strong cost management, lower FSCS levies and Simplification cost initiative savings offset by higher inflation. The Group operating margin improved by 5 percentage points to 27% (2022: 22%).

The Group's IFRS profit after tax was £42 million compared to £175 million for 2022. The year-on-year decrease in IFRS profit is largely attributable to variances in policyholder tax outcomes which moved to an expense of £76 million in 2023 (due to net market gains) from a credit of £134 million (due to net market declines) in 2022.

Adjusted diluted earnings per share increased 19% to 9.4 pence (2022: 7.9 pence).

Financial review *continued*

Total net revenue*

Total net revenue 2023 (£m)	Affluent	High Net Worth	Head Office	Quilter plc
Net management fee*[1]	292	185	–	477
Other revenue*	70	20	(4)	86
Investment revenue*	31	6	25	62
Total net revenue*	**393**	**211**	**21**	**625**

Total net revenue 2022 (£m)	Affluent	High Net Worth	Head Office	Quilter plc
Net management fee*[1]	300	190	–	490
Other revenue*	79	21	–	100
Investment revenue*	8	1	7	16
Total net revenue*	387	212	7	606

[1] Net management fee includes the interest earned on client holdings in Quilter Cheviot and Quilter Investment Platform.

Total net revenue for the Affluent segment was £393 million, an increase of 2% year-on-year (2022: £387 million). Net management fees of £292 million were 3% lower than the prior year (2022: £300 million), primarily due to lower average AuMA, the Cirilium Active reprice and the introduction of AuM scale related discounts. A revised Platform pricing policy was introduced in the second half of the year, coupled with an interest sharing arrangement on cash balances held on the Platform. Interest margin generated on cash balances held on the Platform reported within net management fees, amounted to £10 million in 2023 (2022: £nil million). Other revenue predominantly reflects our share of income from the provision of advice within Quilter Financial Planning. Recurring charges and fixed fees were lower than the prior year, predominantly as a result of lower average levels of assets under advice and reduced volumes of new mortgage business. Investment revenue of £31 million (2022: £8 million) represents interest earned on shareholder capital held to meet the regulatory capital requirements of the business.

Total net revenue in the High Net Worth segment was broadly unchanged at £211 million (2022: £212 million). Net management fees, which include interest margin earned on cash balances of £13 million (2022: £7 million), were 3% lower at £185 million (2022: £190 million) largely due to lower average AuM. Investment revenue of £6 million earned on regulatory capital to support the business (2022: £1 million) was higher than prior year due to higher interest rates. Other revenue of £20 million (2022: £21 million), predominantly reflects revenue generated in Quilter Cheviot Financial Planning, and was broadly in line with prior year.

Operating expenses*

Operating expenses decreased by 3% to £458 million (2022: £472 million). Our focus on embedding sustainable cost savings through business simplification activities enabled us to achieve a lower cost base whilst absorbing significant inflationary headwinds.

	2023		2022	
Operating expense split (£m)	Operating Expenses	As a percentage of revenues	Operating Expenses	As a percentage of revenues
Support staff costs	115		118	
Operations	21		22	
Technology	32		35	
Property	30		31	
Other base costs[1]	29		30	
Sub-total base costs	227	36%	236	39%
Revenue-generating staff base costs	96	15%	92	15%
Variable staff compensation	74	12%	75	12%
Other variable costs[2]	45	7%	46	8%
Sub-total variable costs	215	34%	213	35%
Regulatory/professional indemnity costs	16	3%	23	4%
Operating expenses*	**458**	**73%**	472	78%

[1] Other base costs includes depreciation and amortisation, audit fees, shareholder costs, listed Group costs and governance.
[2] Other variable costs includes FNZ costs, development spend and corporate functions variable costs.

Total base costs reduced by 4% to £227 million (2022: £236 million). Base costs as a percentage of revenues reduced 3 percentage points to 36% (2022: 39%). This reduction reflects the impact of the Business Simplification programme which continued to deliver sustainable savings across support staff, operations, technology and property. This is partially offset by the impact of inflation during the year.

Revenue-generating staff base costs increased by 4% to £96 million (2022: £92 million) and remain at a similar proportion of revenues as we continue to invest in our people and proposition across our business segments to drive growth.

Variable staff compensation of £74 million were at a similar level to 2022 (2022: £75 million).

Other variable costs remained stable at £45 million (2022: £46 million) with increased development spend, which includes costs associated with enhancing our proposition and the implementation of regulatory change such as the FCA's Consumer Duty, offset by lower operating expenses associated with our Platform.

Regulatory and professional indemnity costs decreased by 30% to £16 million (2022: £23 million) predominantly reflecting the lower industry FSCS Levy in 2023. We expect these costs to increase again in 2024 and 2025.

Financial review *continued*

Taxation

The UK corporation tax rate increased to 25% from 19% on 1 April 2023, resulting in a UK blended corporate tax rate of 23.5% for the 2023 financial year. The effective tax rate ("ETR") on adjusted profit before tax was 23% (2022: 14%). The Group's ETR is broadly in line with the UK blended corporation tax rate of 23.5% and there are no material movements for the year. The Group's ETR is dependent on a number of factors, including future changes in the UK corporation tax rate.

The Group's IFRS income tax expense was a charge of £46 million for the year ended 31 December 2023, compared to a credit of £110 million for the prior year. The income tax expense or credit can vary significantly year-on-year as a result of market volatility and the impact market movements have on policyholder tax. The recognition of the income received from policyholders to fund the policyholder tax liability (which is included within the Group's IFRS revenue) can vary in timing to the recognition of the corresponding policyholder tax expense, creating volatility to the Group's IFRS profit or loss before tax attributable to shareholder returns. An adjustment is made to adjusted profit before tax to remove these distortions, as explained further on page 35 and in note 7(b) to the consolidated financial statements.

Business Simplification

At our Capital Markets Day in November 2021, we announced a target of £45 million of annualised run-rate savings by the end of 2024. We delivered this a year early. As announced at the half-year results in 2023, the Group expects to achieve a further £50 million of annualised run rate savings by the end of 2025. Approximately £8 million of these additional savings were achieved during 2023 on a run-rate basis.

As at 31 December 2023, the Simplification programme had delivered £53 million of annualised run-rate savings. An incremental £30 million of annualised run-rate savings were achieved during 2023 largely through the continued rationalisation of the Group's technology and property estates together with a reduction in support costs as we simplify our structures and organisation to support our two business segments, Affluent and High Net Worth. During 2023, the Group spent £25 million on Simplification initiatives (2022: £17 million). The implementation costs to deliver the remaining annualised run-rate savings are estimated to be £78 million.

Lighthouse Defined Benefit to Defined Contribution ("DB to DC") pension transfer advice provision

As reported previously, a provision was recognised in relation to DB to DC pension transfer advice provided by Lighthouse advisers prior to our acquisition of Lighthouse and their subsequent transitioning to our systems.

In 2020, the FCA commenced an enforcement investigation and required Lighthouse to commission a skilled person review in relation to certain DB to DC pension transfer advice by Lighthouse. The skilled person's review concluded in December 2022 and, in May 2023, the FCA issued a public Final Notice to Lighthouse setting out its findings. The FCA found that Lighthouse had provided unsuitable DB to DC pension transfer advice but imposed no financial penalty on Quilter. The FCA agreed that the remaining review work can be conducted as a Group-managed past business review. At 31 December 2023, a provision of £6 million (2022: £5 million) remains for the potential redress of DB to DC pension transfer cases as part of the Group-managed past business review.

Reconciliation of adjusted profit before tax* to IFRS profit

Adjusted profit before tax represents the Group's IFRS profit, adjusted for specific items that management considers to be outside of the Group's normal operations or one-off in nature, as detailed on page 120 in the consolidated financial statements. The exclusion of certain adjusting items may result in adjusted profit before tax being materially higher or lower than the IFRS profit after tax.

Adjusted profit before tax does not provide a complete picture of the Group's financial performance, which is disclosed in the IFRS consolidated statement of comprehensive income, but is instead intended to provide additional comparability and understanding of the financial results.

Financial review *continued*

Reconciliation of adjusted profit before tax to IFRS profit after tax (£m)	2023	2022
Affluent	**124**	105
High Net Worth	**41**	45
Head Office	**2**	(16)
Adjusted profit before tax*	**167**	134
Adjusting items:		
Impact of acquisition and disposal-related accounting	**(39)**	(42)
Business transformation costs	**(28)**	(30)
Finance costs	**(19)**	(10)
Customer remediation	**(6)**	12
Voluntary customer repayments	**-**	(6)
Exchange rate movement (ZAR/GBP)	**(2)**	4
Policyholder tax adjustments	**(62)**	138
Other adjusting items	**1**	(1)
Total adjusting items before tax	**(155)**	65
Profit before tax attributable to shareholder returns	**12**	199
Tax attributable to policyholder returns	**76**	(134)
Income tax (expense)/credit	**(46)**	110
IFRS profit after tax	**42**	175

The impact of acquisition and disposal-related accounting costs of £39 million (2022: £42 million) include amortisation of acquired intangible assets.

Business transformation costs of £28 million were incurred in 2023 (2022: £30 million). Simplification costs, as already noted in this financial review, amounted to £25 million for 2023 (2022: £17 million).

The customer remediation expense of £6 million in 2023 (2022: income of £12 million) reflects an estimate of redress payable and additional legal, consulting and other costs in 2023 related to the Group-managed past business review of Lighthouse. In 2022, insurance proceeds in relation to claims in respect of legal liabilities arising in connection with Lighthouse's DB to DC pension transfer advice cases were received, contributing £12 million to the Group's profit before tax. These impacts are excluded from adjusted profit on the basis that the advice activities to which the charge and benefit relates were provided prior to the Group's acquisition of the business.

Exchange rate movements for 2023 were an expense of £2 million (2022: £4 million income) which relate to foreign exchange movement on cash held in South African Rand in preparation for payments to shareholders.

Policyholder tax adjustments to adjusted profit were a credit of £62 million for 2023 (2022: charge of £138 million) in relation to the removal of timing differences arising from market volatility that can, in turn, lead to volatility in the policyholder tax charge between years. The recognition of the income received from policyholders (which is included within the Group's IFRS revenue) to fund the policyholder tax liability can vary in timing to the recognition of the corresponding tax expense, creating volatility to the Group's IFRS profit before tax.

Cash generation*

Cash generation measures the proportion of adjusted profit after tax that is recognised in the form of cash generated from operations. The Group achieved a cash generation rate of 82% of adjusted profit after tax over 2023 (2022: 75%).

Review of financial position

Capital and liquidity

Solvency II

The Group's Solvency II surplus is £972 million at 31 December 2023 (31 December 2022: £820 million), representing a Solvency II ratio of 271% (31 December 2022: 230%). The Solvency II information for the year to 31 December 2023 contained in this results disclosure has not been audited.

The Group's Solvency II capital position is stated after allowing for the impact of the foreseeable dividend payment of £50 million (31 December 2022: £45 million).

Group Solvency II capital (£m)	At 31 December 2023[1]	At 31 December 2022[2]
Own funds	**1,540**	1,451
Solvency capital requirement ("SCR")	**568**	631
Solvency II surplus	**972**	820
Solvency II coverage ratio	**271%**	230%

[1] Filing of annual regulatory reporting forms due by 17 May 2024.
[2] As reported in the Group Solvency and Financial Condition Report for the year ended 31 December 2022.

The 41 percentage point increase in the Group Solvency II ratio from the 31 December 2022 position is due to a number of favourable developments including the reduction to risk margin as a result of changes to the UK Solvency II rules, positive market variances, business initiatives, and the surpluses recognised by the asset management and advice businesses. The increase in solvency is partly offset by the effect of dividends to shareholders and the capital movements associated with the Odd-lot Offer.

Composition of qualifying Solvency II capital

The Group's own funds include the Quilter plc issued subordinated debt security which qualifies as capital under Solvency II. The composition of own funds by tier is presented in the table below.

Group own funds (£m)	At 31 December 2023	At 31 December 2022
Tier 1[1]	**1,336**	1,249
Tier 2[2]	**204**	202
Group Solvency II own funds	**1,540**	1,451

[1] All Tier 1 capital is unrestricted for tiering purposes.
[2] Comprises a Solvency II compliant subordinated debt security in the form of a Tier 2 bond, which was issued at £200 million in January 2023.

The Group SCR is covered by Tier 1 capital, which represents 235% of the Group SCR of £568 million. Tier 1 capital represents 87% of Group Solvency II own funds. Tier 2 capital represents 13% of Group Solvency II own funds and 21% of the Group Solvency II surplus.

Financial review *continued*

Final Dividend

The Quilter Board recommended a Final Dividend of 3.7 pence per share at a total cost of £50 million. Subject to shareholder approval at the 2024 Annual General Meeting, the recommended Final Dividend will be paid on Tuesday 28 May 2024 to shareholders on the UK and South African share registers on Friday 19 April 2024 (the "Record Date"). For shareholders on our South African share register, a Final Dividend of 89.02751 South African cents per share will be paid on Tuesday 28 May 2024, using an exchange rate of 24.06149.

Holding company cash

The holding company cash statement includes cash flows generated by the three main holding companies within the business: Quilter plc, Quilter Holdings Limited and Quilter UK Holding Limited. The flows associated with these companies will differ markedly from those disclosed in the statutory statement of cash flows, which comprises flows from the entire Quilter plc Group including policyholder movements.

Holding company cash (£m)	2023	2022
Opening cash at holding companies at 1 January	**392**	756
Return of capital to shareholders	**–**	(328)
Share repurchase and Odd-lot Offer	**(14)**	(28)
Cost of disposal of Quilter International	**–**	(23)
Single Strategy business sale – price adjustment provision	**(4)**	–
Debt issuance costs	**(2)**	–
Dividends paid	**(65)**	(78)
Net capital movements	**(85)**	(457)
Head Office costs and Business transformation funding	**(43)**	(52)
Net interest received	**13**	4
Finance costs	**(18)**	(9)
Net operational movements	**(48)**	(57)
Cash remittances from subsidiaries	**176**	163
Capital contributions, loan repayments and investments	**(86)**	(15)
Other net movements	**–**	2
Internal capital and strategic investments	**90**	150
Closing cash at holding companies at the end of the year	**349**	392

Net capital movements

Net capital movements in the year totalled an outflow of £85 million. This includes £65 million of dividend payments made to shareholders and £14 million relating to the Odd-lot Offer, £2 million relating to the issuance of new debt, plus £4 million in final settlement following the disposal of the Single Strategy business.

Net operational movements

Net operational movements were an outflow of £48 million for the year, which includes £43 million of corporate and transformation costs, finance costs of £18 million relating to coupon payments on the Tier 2 bonds and non-utilisation fees for the revolving credit facility, and £13 million of net interest received on money market funds, Group loans and cash holdings.

Internal capital and strategic investments

The net inflow of £90 million is principally due to £176 million of cash remittances from the trading businesses, partially offset by £86 million of capital contributions to support business operational activities and further investment in the underlying business.

Mark Satchel
Chief Financial Officer

Risk review

Priti Verma
Chief Risk Officer

Introduction

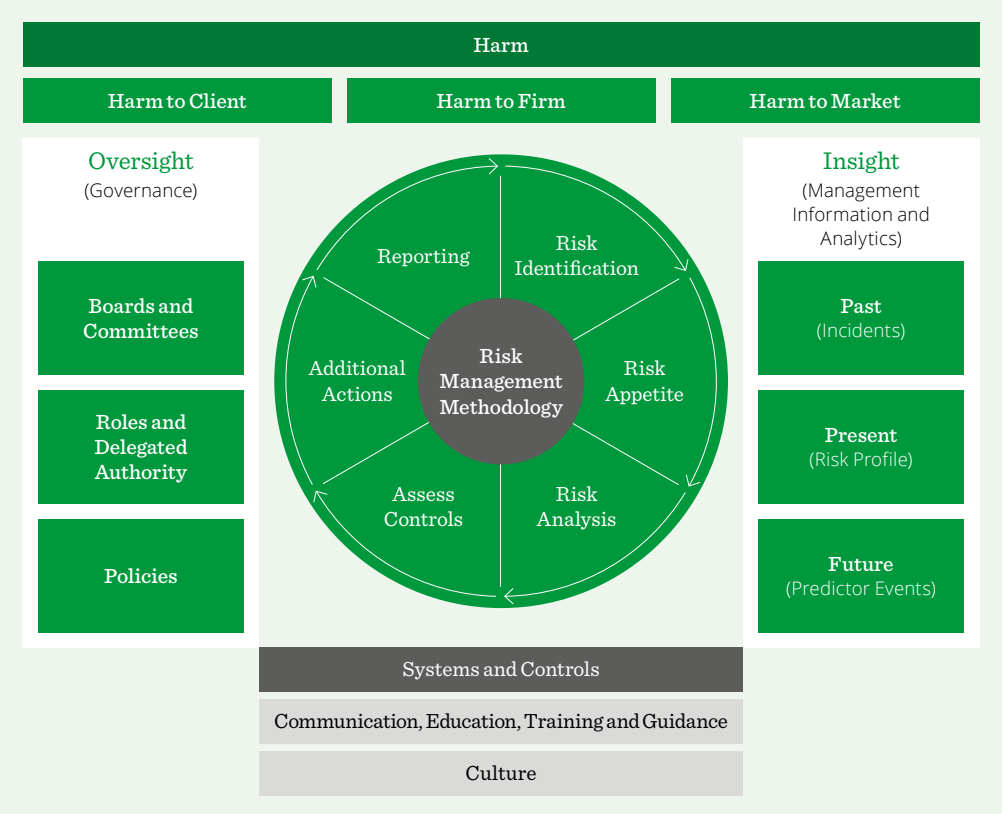
The external environment has remained challenging throughout 2023 with continued cost of living pressures faced by UK households and ongoing geopolitical tensions. With this backdrop, effective risk management remains key to generating value safely to support Quilter in managing through these difficult times.

Quilter has remained focused on its strategic priorities and successfully implemented the new Consumer Duty requirements in July 2023, embedding higher and clearer standards of consumer protection across our products and services.

My arrival as the new Chief Risk Officer in April 2023 provided an opportunity to further evolve the Risk Management Framework, strengthening the links between the component parts of the framework to support a clear focus on the right risks in the most efficient and effective manner in order to prevent harm. This supports Quilter's continued drive to embed a strong risk culture within the business, becoming more data-led and evidence driven in its risk approach and analysis, and ensuring lessons are learnt when risks crystallise. A strong and embedded risk culture is vital in ensuring that Quilter's risk profile is understood across the business in order to ensure that decisions are risk-based.

Risk management framework

Quilter's Risk Management Framework has been refined to enable the development of a more data-led risk intelligence strategy that enables the firm to take a more quantitative approach to the understanding and management of risks. This supports the evaluation and management of business opportunities, uncertainties and threats in a structured and disciplined manner.



Oversight
Quilter's governance structure has been reviewed and streamlined to facilitate risk-based discussions and decisions and to ensure that effective actions are taken, removing duplication and complexity where appropriate. Quilter's risk policy framework will be reviewed in 2024 to ensure that it aligns with our revised risk taxonomy and providing staff with further clarity on how to manage key risks.

Insight
Quilter uses a combination of key risk indicators and operational risk data to measure and manage key risks in line with appetite. Risk insight and analytics help us to monitor and act upon changes to the firm's risk profile and inform risk-based decisions.

Risk management methodology

Risk identification

The Quilter plc Board have carried out a robust assessment of the principal and emerging risks facing Quilter, including those that would threaten its business model, future performance, solvency and liquidity, as well as the risks that could lead to potential harm to customers. In 2023, the Quilter Board agreed a revised set of Level 1 and underlying Level 2 risk categories which describe the key risks that Quilter is exposed to. Risk identification is carried out throughout the business, through regular reviews, and when changes to operating model, or new products and services are introduced, or a significant internal or external event is experienced, all of which is challenged and overseen by the second line.

Risk appetite

Risk appetite statements have been refreshed for the material risks that Quilter faces, which define the amount of risk the Board is willing to take in the pursuit of our strategic priorities. This risk appetite approach is applied consistently across Quilter, with Level 1 statements being supported by a series of more granular risk appetite statements and measures at Level 2. Quilter's position against risk appetite is measured on a regular basis through the monitoring of underlying key indicators and management information reported to the Board. The Board expects management to maintain controls to ensure that risk exposures remain within appetite, or where indicators show Quilter is outside of risk appetite, to put in place actions to reduce exposure to acceptable levels. Quilter's risk appetite statements for Level 1 risk categories are shown in the table on the right.

Risk analysis

All material risks are assessed to consider their likelihood of occurrence and potential impact on Quilter's business. This includes the assessment and quantification of potential harms to customers, the firm and the wider market. This analysis informs Quilter's capital and liquidity requirements through the Internal Capital Adequacy and Risk Assessment ("ICARA") and Own Risk and Solvency Assessment ("ORSA"). We perform a range of stress tests and scenarios, covering a broad range of potential events, including; market stresses, events which could damage Quilter's reputation, and operational risk events.

Assess controls

Effective controls are essential for either supporting prevention of risks, or mitigating the effects once a risk has crystallised. We assess the effectiveness of our controls through Risk and Control Self Assessments (bottom up risk maps) which are facilitated by our risk management system and challenged by the second line.

Additional actions

Where there are differences between residual risk assessment and our risk appetite and it is not possible to further mitigate the risk, we take appropriate action to either accept, transfer or avoid the risk, or will reassess the risk appetite if appropriate. Remedial action tracking is facilitated and monitored through our risk management system and is regularly monitored and reported.

Reporting

The Quilter Group Executive Risk Management Committee is the primary committee overseeing the risk profile of Quilter. This committee is chaired by the Quilter Chief Risk Officer, with representation from across Quilter. Ongoing oversight of the risk profile and of risk management arrangements is undertaken by the Board Risk Committee, with relevant matters also being considered by the Board. On a quarterly basis, the Quilter Chief Risk Officer formally reports the second line perspective on the risk profile of the firm, performance against risk appetite and perspectives on the effectiveness of management responses.

Risk appetite statements

Business strategy and performance	We aim to ensure the business pursues sustainable and responsible growth and profitability in line with strategic priorities to enhance shareholder value.
Business operation	We aim to maintain an appropriately controlled and resilient operating environment, both internally and through our critical outsourced service providers, which is proportionate to the nature, scale and complexity of our business to ensure good customer outcomes.
Technology and security	We aim to manage the availability, integrity, functionality and security of our critical business processes, supporting systems and data, both internally and where managed by third parties. We acknowledge that moderately disruptive business or technology/security events will occur but aim to minimise their impact within pre-agreed thresholds designed to protect our customers.
Customer and product proposition	We aim to avoid foreseeable harm to clients, reputational issues and financial loss through ensuring that products and services are appropriately designed and maintained. We ensure that our advice proposition and the way that products and services are distributed is aligned to their target market, suitable to customer needs and delivers good customer outcomes.
Regulatory, tax and legal	We aim to maintain appropriate relationships with our regulators, comply with all relevant rules and legislation, and adopt a proportionate approach to the interpretation of rules and guidance that reflects the intent of the rules and protects against foreseeable harm to clients, firm and wider market.
People	We aim to attract and retain sufficient competent and diverse resource which is aligned to the business strategy. We aim to foster a positive and open culture where staff feel supported and able to speak up.

Principal risks and uncertainties

During 2023, the Quilter Board approved in principle a revised set of Level 1 risk categories which describe the main areas of risk exposure for Quilter. The table below sets out this revised list of Quilter's principal risks and uncertainties throughout 2023, including Executive Committee member ownership and key mitigants being implemented by management. The risk trend noted is the overall residual risk trend (after the application of risk controls) throughout 2023.

Risk trend key

→ Stable ↘ Decreasing ↗ Increasing

Business strategy and performance	Quilter's principal revenue streams are related to the value of assets under management and, as such, Quilter is exposed to the condition of global economic markets. Geopolitical risk remains high due to ongoing conflicts in Ukraine and the Middle East. Throughout 2023, external economic conditions have remained challenging and this has impacted flows, AuMA and revenues. Quilter has continued on its transformation journey during 2023, through strategic initiatives relating to business efficiency, cost reduction and proposition enhancement. Quilter's focus is to maintain pace of strategic delivery and agility in order to continue to provide a compelling proposition in a rapidly changing industry.	**Risk owner:** Chief Executive Officer Chief Financial Officer	**Mitigation in 2023** – Continued successful cost reduction and maintenance of operating margin within target. – Initiation of Wealth and Advice transformation programmes. – Launch of the Quilter Partners initiative. **Planned and ongoing activity** – Activities to support adviser and investment manager retention. – Further enhancement of adviser and investment manager services. – Ongoing management and delivery of business transformation programmes.	**Risk trend:** →
Business operation	Operational complexity and the efficacy of controls and processes related to the day-to-day running of the business pose an inherent risk to Quilter. This includes those processes which have been outsourced to third parties and where oversight is critical for Quilter to gain assurance over activities delegated outside of its direct control. Quilter's operations provide services to customers and, as such, need to be effective and resilient to ensure that good customer outcomes are delivered and maintained. Quilter has continued to work towards simplifying its operational environment, particularly in the Affluent segment where team synergies are being harnessed to support a reduction in duplication, inconsistency and complexity.	**Risk owner:** Chief Operating Officer Chief Financial Officer	**Mitigation in 2023** – Ongoing business simplification activity. **Planned and ongoing activity** – Operational transformation programme to further align and streamline operational processes across the Affluent segment. – Stress-testing activities and development of playbooks for significant resilience events.	**Risk trend:** →
Technology and security	A stable, reliable and up-to-date technology environment underpins the delivery of our services to customers and advisers and ensures that Quilter has technical resilience proportionate to its risk appetite. Disruption to the stability and availability of Quilter's technology, or that of its third parties, could result in damaging service outages and a potential breach of impact tolerances for Quilter's Important Business Services. The risk of an information security incident is a constant and evolving risk which has the potential to impact Quilter's reputation, regulatory standing, and the services it provides to customers. During 2023, Quilter completed the technical transition of the previously divested Quilter International business, and as a result reduced the complexity of Quilter's technical estate which drives an improved outlook for this risk.	**Risk owner:** Chief Operating Officer	**Mitigation in 2023** – Transfer of legacy infrastructure following the sale of the International business. **Planned and ongoing activity** – Ongoing activity to modernise and simplify our IT estate. – Implementation of enhanced supplier management framework to ensure consistent technical and security oversight of Quilter's suppliers. – Continued improvement of Information Security controls in response to Quilter's threat analysis and an ever-changing external threat landscape.	**Risk trend:** ↘

Risk review *continued*

Customer and product proposition	Quilter's purpose is underpinned by having a suite of product propositions which drive good customer outcomes and processes in place to ensure that foreseeable harm is identified and addressed. Delivery of quality advice, including the delivery of ongoing servicing and a high level of adviser conduct and competency, is essential. A lack of robust oversight by Quilter could lead to delayed identification of unsuitable advice or products resulting in poor outcomes for customers. As such, Quilter continually looks to improve its control environment in relation to the oversight of advice and remains focused on ensuring that products and services are designed and maintained in line with the Consumer Duty.	**Risk owner:** Chief Distribution Officer Quilter Cheviot Chief Executive Officer	**Mitigation in 2023** – Defined benefit transfer advice remediation activity close to completion in compliance with the FCA published section 404 compensation scheme. – Reprice of the Quilter Platform. – Reprice of the Cirilium fund range. **Planned and ongoing activity** – Continue to strengthen financial advice processes and supporting controls. – Continued evolution of the proposition with a focus on our cash and retirement propositions.	**Risk trend:** →
Regulatory, tax and legal	Quilter is subject to conduct and prudential regulation in the UK, provided by the FCA and PRA and in the other jurisdictions in which it operates. This includes the Consumer Duty, which sets a higher standard of consumer protection in financial services. Quilter is also subject to the privacy regulations enforced by the Information Commissioner's Office and international equivalents. Quilter faces risks associated with compliance with these regulations, and changes to regulation or regulatory focus in the markets in which Quilter operates and other statutory requirements. Failure to manage regulatory, tax or legal compliance effectively could result in censure, fines or prohibitions which could impact business performance and reputation.	**Risk owner:** Chief Risk Officer Chief Financial Officer	**Mitigation in 2023** – Successful implementation of activity to meet the Consumer Duty. – Enhanced Risk Management framework. – Refreshed approach to Compliance monitoring programme. **Planned and ongoing activity** – Ongoing activity to embed compliance with the Consumer Duty. – Delivery of refreshed Compliance monitoring programme. – Ongoing regulatory engagement management and regulatory horizon scanning.	**Risk trend:** →
People	Quilter is reliant on its talent to deliver its service to customers and to drive strategic enhancements. Failure to attract and retain talented and diverse colleagues can result in impacts to Quilter's strategy and business growth. A competitive labour market and a high inflation environment has resulted in a challenging environment for staff retention during 2023.	**Risk owner:** HR Director	**Mitigation in 2023** – Review of Quilter's People Strategy 2023-2025 to ensure it remains relevant to the changing needs of the business and its employees. – Dependency and resource mapping to support strategic initiatives in order to identify and retain key capabilities. – Review of performance management process. **Planned and ongoing activity** – Ongoing talent management and succession programme. – Ongoing regular employee engagement surveys. – Ongoing staff wellbeing initiative, 'Thrive'.	**Risk trend:** →

Emerging risks

Within Quilter, we monitor risks which are less certain in terms of timescales and impacts. This assessment is carried out regularly and the emerging risk profile is subject to regular review by management committees and the Board. The identification of these risks contributes to our stress and scenario testing, feeding into our strategic planning process. The table below sets out the most significant emerging risks to Quilter.

Geopolitical landscape Conflicts and political instability impact market risk, client sentiment and therefore strategic risk.	The UK General Election is likely to be held during 2024. Whilst party policies have not yet been defined nor an election date agreed, we recognise that any change in UK Government is likely to have some impact on customers' circumstances and may therefore affect attitudes toward financial investments. Shifts in the global political landscape are also expected in the near term. While the Ukraine crisis and conflict in the Middle East continue, the global economic impacts may be increased by elections in the US, Russia, Ukraine and Taiwan.
Cyber threats Malicious attempts by individuals or organisations to access, damage or disrupt networks.	There is increased malicious cyber activity in conflict zones and around upcoming elections. The rapid growth of artificial intelligence is likely to increase the nature and sophistication of attacks.
Disruptive competition and technology New technologies and changes in the competitive landscape increase margin pressure.	The potential entrance of "big tech" firms into financial service delivery, coupled with the white labelling of platforms and the alignment of private equity firms could see competitors acquire skills and technology, accelerating their digital capabilities. This, alongside advancements in Digital/Hybrid Advice, could see new players in the already highly competitive market, having the potential to erode Quilter's market share and increase fee pressure across the value chain.
Generational shifts Ageing population and intergenerational wealth transfer changes customer expectations.	A significant proportion of UK household wealth is held by the over 45s. The likelihood of intergenerational inequality increases as this population engages in inheritance planning and institutions (employers, the State and financial service providers) transfer pensions risk to individuals. Attitudes towards wealth management are shifting, with younger generations being increasingly attracted by digital propositions and by funds with greater positive social and environmental impacts. These trends present both opportunities and threats to Quilter in the form of changing consumer demands and expectations.
Advice evolution Changes in advice market impacting margin risk.	Increased demand from younger generations for digital propositions and Digital/Hybrid advice, and the potential increase in advice accessibility as a result of the FCA consultation on Advice Guidance Boundary, presents opportunities and threats for the advice market as consumers demand more advice at lower cost. Adviser consolidation is likely to continue, given the Consumer Duty and the ageing demographic of financial advisers, provided the macroeconomic landscape is relatively stable.
Climate change Transitional and physical risks.	To avoid a climate catastrophe, global emissions must reach net-zero by 2050. The speed of this transition to a greener economy impacts certain sectors and financial stability. For Quilter's customers, this is likely to impact the desirability of investment in sectors such as coal, oil, gas and manufacturing. Opportunities exist in the shift to a greener economy. Physical climate risks continue to crystallise and are expected to become more extreme and more frequent in future, threatening the stability of the UK's infrastructure. This poses challenges to both Quilter's and its critical third parties' operations which must be considered as part of operational resilience planning.

Viability statement and going concern

Risk management and internal control

The Directors are responsible for ensuring that management maintains an effective system of risk management and internal control and for assessing its effectiveness. Such a system is designed to identify, evaluate and manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

Quilter is committed to operating within a strong system of internal control that enables business to be transacted and risk taken without exposing itself to unacceptable potential losses or reputational damage. The Board's role is to set and oversee the delivery of the Group's strategy, establishing an appropriate tone from the top. The Quilter Group Governance Manual sets out the Group's approach to internal governance and establishes the mechanisms and processes by which management implements the strategy.

Quilter's principles of internal control (covering financial, operational and compliance areas) are to maintain:

- clearly defined delegated authorities;
- clearly defined lines of responsibility;
- robust recording and reporting of transactions to support the financial statements;
- financial reporting controls procedures and systems which are regularly reviewed;
- protection of assets; and
- financial crime prevention and detection.

The Risk Management Framework is overseen by the Board Risk Committee and aims to align strategy, capital, processes, people, technology and knowledge in order to evaluate and manage business opportunities and threats in a structured, disciplined manner. The Group's principal risks and uncertainties are set out on pages 39 to 40.

Further information on the Directors' review of Risk and internal control can be found on pages 65 to 67.

Viability statement

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Directors have assessed the prospects of the Group for a period longer than the 12 months required in the Going Concern Statement.

Quilter's Risk Appetite Framework supports the delivery of Quilter's strategy and Business Plan with risk appetite playing a central role in informing decision making across the Group.

Every year, the Board considers the longer-term viability of the Group by reviewing the three-year Business Plan, the Own Risk and Solvency Assessment ("ORSA") and the Internal Capital Adequacy and Risk Assessment ("ICARA") for the Group. The three-year plan period is considered appropriate because it aligns with the timeframe focused on for the annual strategic review exercise conducted within the business and reviewed by the Board. The Business Plan makes certain key assumptions in respect of the competitive markets and the economic and political environments in which the Group operates, the level of support provided to companies within the Group and the impact of key strategic initiatives. This year, the Business Plan assumptions have been set with due consideration of the prevailing economic and geopolitical climate, and the risks and challenges this presents to the Group. In particular, the Business Plan includes a range of downside and upside sensitivities which consider variances in equity and bond values and net flows which would impact the Group's forecast AuMA, revenue and profitability.

The first year of the Business Plan has the greatest certainty and is used to set detailed budgets across the Group. Although three years is regarded as an appropriate period for the assessment of the Group's viability, the Board also regularly considers other strategic matters that may affect the longer-term prospects of the Group. This includes the Board's assessment of the principal risks and uncertainties facing the Group in the longer term, including climate change and emerging risks, such as evolving cyber threats and disruptive competition and technology. The Board's longer-term view is that the Group will continue to grow as a wealth manager, serving clients throughout their lives encompassing their accumulation and decumulation phases.

The Board's assessment included reviews of capital and liquidity and an assessment of the principal risks over the three-year planning period. A large portion of the Group's revenue is correlated to the Group's AuMA, which can move materially when there is significant volatility in global financial markets.

The ORSA and ICARA processes include an assessment of a range of stresses and scenarios. These are performed in order to assess capital and liquidity requirements and to test the impact of severe stresses on the Group. Certain scenarios are tested at severity levels which would be expected to occur once in every 50 and once in every 200 years. These scenarios are tested in order to confirm whether the Group and underlying operating entities have sufficient capital and liquidity to meet their financial risk appetites.

Quilter has a documented recovery plan which sets out the management actions and recovery options available to manage the impacts of severe stresses.

In all the severe but plausible adverse scenarios tested, the Group had sufficient capital and liquidity after allowing for management actions. This demonstrates the Group's resilience to adverse conditions. The management actions which were assumed included the cessation of dividend payments in the most extreme scenarios, as well as actions to reduce costs, including reductions in variable compensation costs and discretionary spending, and staff recruitment freezes, similar to the tactical cost savings made during 2020.

Reverse stress tests have been performed to identify idiosyncratic and market events which would make the current plan unviable. The results of these tests indicate that the stress events which could make the current plan unviable are extreme events which would be expected to occur less frequently than once in every 200 years. Therefore, the Group can reasonably expect to have sufficient capital and liquidity to be able to meet its liabilities over the planning period.

The Board regularly monitors performance against a range of predefined key performance indicators and early warning thresholds, which will identify if developments fall outside of the Group's risk appetite or expectations, allowing timely management action to be taken.

The Strategic Report, on pages 1 to 43, sets out the Group's financial performance, business environment, outlook and financial management strategies. In addition, details of the Group's principal risks and risk management framework are set out on pages 37 to 41.

Viability statement and going concern *continued*

Conclusion on viability

Considering the Group's current capital and trading position, its principal risks, and the remaining three-year period of the Business Plan, with due consideration of the impact of the current economic climate, the Board has a reasonable expectation that the Company and the Group can continue in operation and meet their liabilities as they fall due over the period to 31 December 2026.

Going concern

The Directors have considered the resilience of the Group, taking into account its current financial position, the principal risks facing the business and the effectiveness of the mitigating strategies which are or will be applied. As a result, the Directors believe that the Group is well placed to manage its business risks in the context of the current economic outlook and has sufficient financial resources to continue in business for a period of at least 12 months from the date of approval of these consolidated financial statements, and continue to adopt the going concern basis in preparing the consolidated financial statements.

This Strategic Report was approved by the Board on 6 March 2024.

Ruth Markland
Chair
On behalf of the Board

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Chair's governance overview

Ruth Markland
Chair

Dear shareholder

I am pleased to be able to introduce my second Governance Report as Chair of the Board. I set out in my Chair's Statement on page 2 a summary of some of the external challenges facing our industry and Quilter in 2023 which provides some general context for the Board's deliberations. Despite the difficult geopolitical and economic environment, the Board has remained focused on delivering for our stakeholders and our governance framework enables us to make considered decisions to respond to the challenges faced.

The Board has overseen, challenged and supported management to execute the Group's strategy for the benefit of all our stakeholders. In this report I want to share with you some of the principal decisions made by the Board in 2023 and how these support the delivery of our strategy.

The Board is mindful of the impact our decisions can have for all our stakeholders, and of these, customers were particularly at the forefront of our discussions in 2023. Quilter has always endeavoured to put our customers at the centre of our business decisions and the implementation of the FCA's Consumer Duty sharpened this further as we assessed and implemented our plans to ensure that we deliver good outcomes for our customers. More detail on how the Board oversaw the implementation of the Consumer Duty can be found on page 53.

In September, we changed our Board corporate governance model to give the Group Board a more direct line of sight to the Affluent segment. We are confident that the changes to the governance model introduced during the year will deliver greater speed, efficiency and accountability across the Group.

The Board also had regard to proposed changes in external regulation and how these would impact how Quilter does business. The FCA's focus on diversity and inclusion and the wider changes being made to the UK Corporate Governance Code are kept under review by the Board, as are the ongoing changes in ESG related reporting. Responding to the changing environment, the Board has engaged both internal and external experts to help complement our knowledge in emerging and new business matters to add perspective to the discussions. There is a summary of Board engagement on topical matters during the year on page 54.

During the year, the Board has continued to review its own composition to ensure it remains appropriate to oversee the delivery of the Group's strategy. You can read more about the skills and experience of the Board on pages 46 to 48 and the changes we announced in January 2024 in the Board Corporate Governance and Nominations Committee report which starts on page 55.

The Board and its Committees have continued to perform effectively during the year as confirmed by our Board effectiveness review. The approach and a summary of the outcomes of the review are on page 59.

Listening to our colleagues is fundamental. During the year, the Board, supported by the Workforce Engagement Director, Tazim Essani, approved a change in how we engaged with colleagues who have been identified as current or future talent. Further insights into the work of the Workforce Engagement Director are shared on page 54.

The Board also recognises the importance of culture in delivering our purpose and strategy and, as explained on page 17, we agreed some changes to our desired target culture. A programme to deliver that target culture will be initiated in 2024.

Understanding the needs of our stakeholders is key to understanding the broader impact of our business decisions. In January 2024, I met with representatives of many of our larger institutional shareholders to discuss directly with them and hear their views on Quilter. All shareholders are invited to join the Board at our Company's AGM and given so many of our shareholders are overseas we make arrangements for them to be able to join and ask questions directly to the Board by telephone. Direct engagement with investors remains invaluable to the Board and management.

Further information on our stakeholder engagement can be found on pages 16 to 24.

Finally, I would like to thank my fellow Directors, Quilter colleagues and our stakeholders who continue to show their strong support for our Company and I look forward to providing you with an update on our progress in 2024.

Ruth Markland

Ruth Markland
Chair

Chair's governance overview *continued*

Compliance with the UK Corporate Governance Code 2018

UK Corporate Governance Code 2018 (the "Code")
Quilter is subject to the Code and complied with all of its provisions during the year. Details of our Corporate Governance framework are available on page 4 and our website at **plc.quilter.com**. The Code is publicly available at **www.frc.org.uk**. The new 2024 UK Corporate Governance Code ("2024 Code") was published in January 2024. The 2024 Code will begin applying to Quilter from 1 January 2025. We are already considering the changes introduced in the 2024 Code and will report on progress at the appropriate time.

Disclosure Guidance and Transparency Rules ("DTRs")
By virtue of the information included in this Governance section of the Annual Report including our Directors' Report (pages 89 to 93) we comply with the corporate governance requirements of the FCA's DTRs.

Johannesburg Stock Exchange (the "JSE")
Quilter has a secondary listing on the JSE and is permitted by the JSE Listing requirements to follow the corporate governance practices of our primary listing market, London. Quilter is, however, mindful of the provisions of the King IV Governance principles and the expectations of our South African shareholders.

UK Corporate Governance Code 2018	More information
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Reporting to the Board

The Chair of each Board Committee briefs the Board on key discussions and, where timing allows, provides a written report to the Board after each Board Committee meeting. Board Committee papers and reports presented to the Board Committees are made available to all Quilter Non-executive Directors.

Board of Directors

The Quilter Board comprises the Chair, the Senior Independent Director, Chief Executive Officer, Chief Financial Officer and independent Non-executive Directors. All Directors are subject to re-election annually by shareholders at the Company's Annual General Meeting. The skills and experience and how our Directors contribute to the long-term sustainable success of the Company are set out in their biographies on the following pages.

Upcoming Board and Board Committee changes

Chris Hill, who has a deep knowledge of the wealth management industry and experience as a financial services Chief Executive Officer and Chief Financial Officer, is joining the Board as an independent Non-executive Director on Thursday 7 March 2024. He will serve as a member of the Board Audit Committee and Board Remuneration Committee.

Tazim Essani and Paul Matthews have decided not to seek re-election at the 2024 AGM and will be stepping down from the Board at the conclusion of that meeting.

Tim Breedon, Senior Independent Director and Chair of the Board Remuneration Committee, will assume the role of Workforce Engagement Director with effect from the conclusion of the AGM on Thursday 23 May 2024.

Ruth Markland
Chair

Appointed: June 2018
Committee membership:
– Board Corporate Governance and Nominations Committee C
– Board Remuneration Committee

Skills and experience: Ruth, a former solicitor and previously Managing Partner of Freshfields Bruckhaus Deringer's Asia business, has a wealth of FTSE 100 Board experience. She spent over ten years on the Boards of Standard Chartered plc and The Sage Group plc, where she served as Senior Independent Director and Chair of the Remuneration Committees. Ruth was also an independent Non-executive Director of Deloitte LLP for five years until May 2020 and was a member of the Supervisory Board of Arcadis NV until April 2021. Ruth became Chair in May 2022. Her extensive experience in senior board roles provides her with the skills and experience to chair the Quilter Board.

External Appointments: None.

Tim Breedon CBE
Senior Independent Director

Appointed: June 2020
Committee memberships:
– Board Corporate Governance and Nominations Committee
– Board Remuneration Committee C

Skills and experience: Tim is an experienced Non-executive Director and Board Committee member. He has had a distinguished career in financial services, with past appointments including Group Chief Executive Officer of Legal & General, being a Member of the Takeover Panel, and holding Non-executive Director roles with Barclays Bank plc, the Association of British Insurers and the Financial Reporting Council. Tim's extensive business leadership and knowledge of governance best practice enables him to provide challenge, advice and support to Quilter management on business strategy, performance, decision making and governance matters. In May 2022, Tim was appointed as Senior Independent Director and Chair of the Remuneration Committee. His experience enables him to act as a helpful sounding board for the Chair and other Board members as Senior Independent Director.

External Appointments: Non-executive Director of Barclays plc, Chair of Barclays Bank Ireland PLC and Chair of Apax Global Alpha Limited.

Board of Directors *continued*

Steven Levin
Chief Executive Officer

Appointed: November 2022

Skills and experience: Steven has deep industry knowledge, having worked in asset management, investments, platform and distribution roles. He joined the Group in 1998, the Executive Committee in 2011 and the Board in November 2022 when he was appointed as Chief Executive Officer. Steven has played a leading role in delivering several high-profile strategic initiatives for the Group, including the implementation of Quilter's investment platform and supporting the development of Quilter's proposition. Steven's broad industry and leadership experience allows him to effectively drive strategic delivery.

External Appointment: Member of the Investment Association Advisory Council.

Mark Satchel
Chief Financial Officer

Appointed: March 2019

Skills and experience: Mark brings deep finance, corporate and business experience to the Board. He joined Old Mutual in the UK in January 2000 and held a number of leadership positions within the finance function and businesses, during which time he played key roles in the acquisitions of Quilter Financial Planning and Quilter Cheviot. This experience has been invaluable in ensuring that Quilter effectively executes its strategy, including leading successful business disposals. Mark joined the Board as Chief Financial Officer in March 2019, having served as Corporate Finance Director from August 2017 to March 2019. Mark is qualified as a Chartered Accountant in South Africa and worked for KPMG in both South Africa and Canada prior to moving to the UK.

External Appointment: Trustee of The Grey Foundation in the UK.

Neeta Atkar MBE
Independent Non-executive Director

Appointed: August 2022
Committee memberships:
- Board Audit Committee
- Board Corporate Governance and Nominations Committee
- Board Risk Committee C

Skills and experience: Neeta has extensive experience in the financial services industry, having worked initially at the Bank of England and subsequently the Financial Services Authority before taking on roles with Andersen Consulting, Abbey National, Royal & Sun Alliance, Lloyds Banking Group and, latterly, with TSB Bank as Chief Risk Officer. Neeta has broad experience of chairing risk committees, gained previously at Yorkshire Building Society and currently at Nomura Europe Holdings plc and at the British Business Bank plc. This experience, together with her deep understanding of customers, risk and regulation, enables Neeta to make significant contributions to the Board as it continues to ensure that Quilter's risk management framework is integrated with its strategy. In October 2022, Neeta was appointed as Chair of the Board Risk Committee and, in July 2023, she was appointed as a member of the Board Corporate Governance and Nominations Committee and as the Board level Consumer Duty Champion.

External Appointments: Non-executive Director of Nomura Europe Holdings plc, Non-executive Director of British Business Bank plc and Senior Independent Director at British Business Bank plc.

Tazim Essani
Independent Non-executive Director

Appointed: March 2021
Committee memberships:
- Board Audit Committee
- Board Remuneration Committee

Skills and experience: Tazim's experience in senior executive roles at regulated financial services businesses over the last 30 years equips her well to provide strategic guidance and constructive challenge to Quilter's leadership team. Her executive career focused on strategy and business development to drive growth and transformation, with her previous roles including a business strategy role at Santander UK, Group Head of Corporate Development at Close Brothers Group plc and leadership roles at GE Capital and Royal Bank of Scotland. Tazim has developed a deep understanding of corporate finance, transformational change and business development, enabling her to contribute strongly to the Board's deliberations. Tazim is a designated Workforce Engagement Director with a particular interest in promoting diversity and inclusion. Tazim will step down from the Board at the conclusion of the 2024 AGM.

External Appointments: Non-executive Director of City of London Investment Group plc, a Council Member of the Royal Horticultural Society and an executive coach at The Alliance.

Board of Directors *continued*

Moira Kilcoyne
Independent Non-executive Director

Appointed: December 2016
Committee membership:
– Board Risk Committee

Skills and experience: Moira has extensive technology and cyber security leadership experience, having spent much of her executive career working in senior technology roles at Morgan Stanley and Merrill Lynch, latterly executing global change management and transformative IT implementation as Co-Chief Information Officer for Global Technology and Data at Morgan Stanley. Moira previously served as a Non-executive Director of Citrix Systems Inc and Elliot Opportunity II. Her experience, gained as both an executive and a non-executive, together with her understanding of business operations, operational resilience, management of data and supplier oversight, equips her to oversee and challenge the design and delivery of Quilter's technology and operations strategies.

External Appointments: Non-executive Director of Arch Capital Group and a member of the Board of Governors at FINRA.

George Reid
Independent Non-executive Director

Appointed: February 2017
Committee memberships:
– Board Audit Committee (C)
– Board Corporate Governance and Nominations Committee
– Board Risk Committee

Skills and experience: George has extensive financial experience having spent over 20 years in the accounting profession. This knowledge, gained during lengthy tenures at PwC, and, latterly, Ernst & Young LLP as managing partner and Head of Financial Services for Scotland and UK regions, provides George with a deep understanding of accounting and audit matters, and the control environment required for a wealth management business. Such experience allows him to critically assess key accounting and financial considerations. George is a Fellow of the Institute of Chartered Accountants in England and Wales.

External Appointment: Chair of FIL Life Insurance Limited.

Paul Matthews
Independent Non-executive Director

Appointed: August 2018
Committee memberships:
– Board Remuneration Committee
– Board Risk Committee

Skills and experience: Paul is an experienced FTSE 100 Board Director having spent over four decades in the savings and pensions industry. During a career spanning nearly 30 years at Standard Life, Paul served as Group Executive Director, Chief Executive Officer UK & Europe and finally Chair of Standard Life Wealth. Paul's experience enables him to identify and support management to understand the opportunities and risks facing Quilter, particularly in its distribution businesses. This insight enables him to effectively assess and challenge the executive's strategy proposals, execution and risk management. Paul served as Quilter's Workforce Engagement Director until May 2023. Paul will step down from the Board at the conclusion of the 2024 AGM.

External Appointment: Executive mentor at Merryck & Co.

Chris Samuel
Independent Non-executive Director

Appointed: July 2021
Committee membership:
– Board Risk Committee

Skills and experience: As an experienced Chair and Non-executive Director, Chris' expertise in the financial services industry enable him to challenge, advise, and support Quilter's management team on a wide range of business, investment, distribution, finance, and operational matters. As Chief Executive of Ignis Asset Management, Chris led the successful transformation, and then sale, of the business. Chris also held other Board-level executive positions at a number of asset management businesses including Gartmore, Hill Samuel Asset Management, and Cambridge Place Investment Management. Prior to that he worked at Prudential-Bache and KPMG, where he qualified as a Chartered Accountant. Chris' non-executive experience includes his current Chairmanship of BlackRock Throgmorton Trust plc and previous roles as Chairman of JP Morgan Japanese Investment Trust plc and as a Director of Alliance Trust, Sarasin and UIL.

External Appointment: Chair of BlackRock Throgmorton Trust plc.

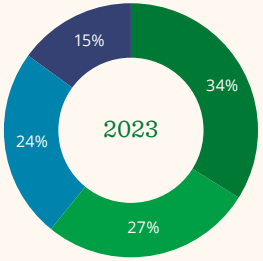
Governance at a glance

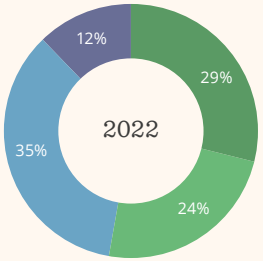
Board meeting attendance during 2023

	Scheduled Board meetings	Ad hoc Board meetings
Chair		
Ruth Markland	8/8	2/2
Executive Directors		
Steven Levin	8/8	2/2
Mark Satchel	8/8	2/2
Independent Non-executive Directors		
Neeta Atkar	7/8	2/2
Tim Breedon (Senior Independent Director)	7/8	1/2
Tazim Essani	8/8	2/2
Moira Kilcoyne	8/8	2/2
Paul Matthews	8/8	2/2
George Reid	8/8	2/2
Chris Samuel	8/8	2/2

In addition to the meetings reported above, sufficient time was provided, periodically, for the Chair to meet privately with the Senior Independent Director and the Non-executive Directors. The Board had access to briefings during the year and further detail on how the Board stayed up to date can be found on page 54. Where a Director was unable to attend a meeting due to illness or a long-standing conflicting commitment, they reviewed the Board papers and provided comments to the Chair in advance of the meeting. Some ad hoc Board meetings were held at short notice.

Board activity





Board activity	2023	2022
Strategy and Delivery of Strategy	●	●
Business Performance Oversight	●	●
Risk Management and Governance	●	●
Stakeholder Management	●	●

Board skills and experience*

Length of tenure for Chair and Non-executive Directors

	2023	2022
0-1 years		1
1-3 years	3	3
3-4 years	1	
4-5 years		2
5-6 years	2	1
6 or more years	2	1

Industry knowledge and experience

	2023
Accounting and finance	4
Asset management	2
Distribution	2
Governance	2
International financial services	4
IT and operations	4
Legal	1
Risk	3
Wealth management	3

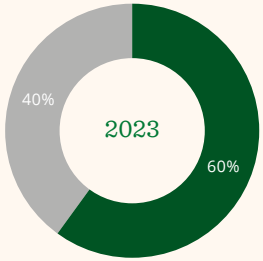
Figures represent number of Board members with relevant experience.

*As at 31 December 2023

Board composition*

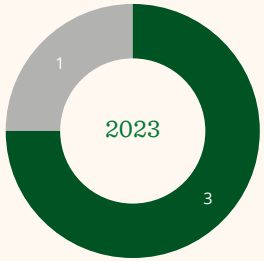
Gender identity

Number of Board Members



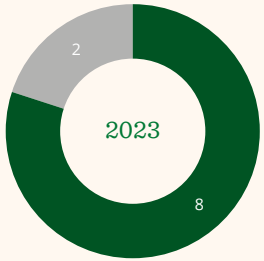
● Female
● Male

Number of senior positions[1] on the Board



● Female
● Male

Ethnic background



● White British or other White (including minority-white groups)
● Asian/Asian British

[1] Chair, Chief Executive Officer, Chief Financial Officer or Senior Independent Director.

Principal decisions of the Board in 2023

Delivery of our strategic objectives

With our new Chief Executive Officer in place, 2023 saw the pace of change in reshaping our business accelerate. The Board's role is to guide, challenge and support management to deliver the strategy and ensure that we remain relentlessly focused on delivering the right outcomes for our customers and returns for our shareholders. As reported in the 2022 Annual Report and Accounts, the Board asked our then new Chief Executive Officer to perform a business review and to share with the Board at our Strategy Day in May 2023 his assessment of how best to deliver the Group's strategic priorities. As this was Steven's first Strategy Day as Chief Executive Officer there was significant engagement with the Board in preparation for the Strategy Day to ensure that the Board's time was focused on the key issues.

The Board tested and challenged the strategy and confirmed the key strategic priorities based on the three pillars of building our distribution, enhancing our propositions and driving efficiency underpinned by a culture of expedient execution.

A summary of the work the Board performed to oversee the delivery of these priorities, together with an overview of where the Board focused its time during the year, is set out under each pillar.

1. Building our distribution

The Board considered how Quilter can best work with advisers and customers to simplify the customer journey whilst ensuring that the advice is provided in a robust and safe manner.

The Board approved changes in the management governance structure to bring distribution together under the Chief Distribution Officer, with more centralised support from operations and technology for customers brought together under the Chief Operating Officer.

The Board approved the launch of Quilter Partners, which provides a bridge between our Network and National model. Quilter Partners was launched in July 2023.

Driving flows remains a key area of focus and the Board urged management to improve distribution in our IFA channel. The Board were briefed on changes in the leadership team and with approval from the Board Remuneration Committee, the remuneration schemes were adjusted.

The Board have further approved arrangements to support adviser firms who join or are part of the Quilter network.

2. Enhancing our propositions

The Board received regular updates on the continuous improvements being made to our platform. The functionality changes are designed to improve the customer and adviser experience and include supporting the holding of cash on the platform alongside their investments.

During the year, the Board routinely scrutinised the investment products that Quilter offers and oversaw a refinement of the fund ranges and prices.

The Board monitored the progress in making WealthSelect available on platforms other than Quilter's platform, with further progress planned in 2024.

The Board considered how to make the customer journey in Quilter Cheviot more efficient and simpler for customers. Accordingly, the Board approved in principle that Quilter Cheviot should apply to become directly authorised by the FCA.

The Board considered the trends in the industry and determined its approach to the technology to support advisers which will ensure that the operational processes followed are performed effectively and efficiently.

3. Driving efficiency

The Board has been routinely updated on management's initiatives to manage the cost base where good progress has been made to date. There is more work to be done with robust plans in place which will continue to be monitored by the Board.

Following regulatory engagement, and on recommendation of the Board Corporate Governance and Nominations Committee, the Board has strengthened the governance structure such that Quilter Directors are now directly accountable to the regulator as they serve on the Boards of our main regulated Affluent segment subsidiaries. This change in Board corporate governance has been supported by a simplification of the management governance which enables the business to be run in a safe and controlled manner.

The Board has also been updated on the progress being made to reduce the Group's legal entities, which are no longer required, to support the simplification of our operations and reduce unnecessary bureaucracy.

The Board approved a further Odd-lot Offer to give shareholders who held fewer than 200 shares the opportunity to sell them at a 5% premium to the market price. This has reduced our share register by around 60% and we anticipate it will halve the costs of running our share register. You can read more about the Odd-lot Offer on page 51.

Progress has also been made on reducing our cost base in other areas with significant improvements made with the implementation of more modern technology solutions unlocking cost savings in our support areas. These also, importantly, have the additional benefit of enabling our customer facing colleagues to support customers more effectively whilst the enhancements in our Customer App mean customers can monitor their investments quickly and simply.

Principal decisions of the Board in 2023 *continued*

Macroeconomic and geopolitical environment and investment performance

The year experienced continuing political macroeconomic uncertainty with war in Ukraine and more recently fighting between Israel and Hamas in the Middle East. Early in 2023, events in the banking industry in the US and Switzerland impacted market confidence. The UK has witnessed higher interest rates and persistent inflation with reduced consumer confidence as customers were impacted by the rising cost of living. Market sentiment and investor confidence impact directly on Quilter's customers and their ability to save and invest.

The Board received quarterly updates on the macroeconomic trends with a focus on how the changes in inflation, interest rates and the broader economy impact both investor sentiment, fund performance and flows. In addition, the Board were briefed on the performance of our funds, and an overview of actions taken by management to improve investment performance, and in particular, the progress being made to rebalance the Cirilium funds safely over time.

Corporate sustainability including responsible investing

The Board has ensured it has kept up to date in corporate sustainability initiatives. This has included overseeing how Quilter supports customers who wish to make responsible investing decisions, ensuring our advisers are trained to give appropriate advice, and monitoring the range of solutions provided by Quilter to meet customers' needs. The Board has been kept appraised on the FCA's Sustainability Disclosure Requirements ("SDR"), and changes in reporting requirements.

You can read more about the Board's oversight of societal matters, including how we make a positive impact in the communities we serve via the Quilter Foundation, on page 20.

Consumer Duty

Underpinning all of the discussions at the Board is the impact Quilter has for our stakeholders and, in particular, our customers and advisers. The Board's focus this year has been sharpened by considerations of the impact the FCA's new Consumer Duty has on our business and our sector. This is relevant for Quilter in both how we do business, and how we can demonstrate that this is appropriate. At Quilter, we have always strived to put customers and customer outcomes at the heart of our business. This is enshrined in our purpose and values, and built into our remuneration mechanisms. The new Consumer Duty has made us think even more deeply about what that means and how we can demonstrate that we are living up to the standards we set ourselves.

In May 2023, the Board considered and approved a role profile for our new Board level Consumer Duty Champion and the Board asked the Chair of our Board Risk Committee to assume that role. The role profile sets out the responsibilities for her and for the whole Board to help ensure that we remain acutely focused on our responsibilities as we oversee the execution of our strategy. To support the Board in understanding how we deliver for our customers and our advisers, the Chief Executive Officer has asked the Chief Operating Officer to take on responsibility for reporting directly to the Board on customer matters across the Group.

You can read more about how the Board has overseen the implementation of the Consumer Duty and what it means for Quilter on page 53.

The Board has continued to monitor the payment of customer redress where products were wrongly advised by Lighthouse prior to Quilter's acquisition of that company. The Board were pleased to note that the FCA closed their investigation into Lighthouse in May 2023 and as part of their decision noted the good co-operation and engagement with Quilter who had acted promptly to proactively provide redress. Since that time, management have continued to work with the regulator and customers to ensure that customers are compensated where appropriate.

In addition, the Board has monitored management's review of where Appointed Representatives of the firm's subsidiary companies have continued to receive fees after they leave the network. The Board were briefed on the industry practice and strategies underway to address this timing issue.

Delivery of our financial and operating targets

Following the approval of our Group strategy, the Board oversee our setting of the Business Plan for the next three years, and the Operating Plan, which sets out in more detail how the Business Plan will be delivered. This year, the Board reviewed the assumptions underpinning the Business Plan prior to a detailed review of the Business Plan itself. The Board approved the Business Plan for 2024 in principle in November 2023 but asked that management review the market assumptions in the Business Plan in January 2024 to validate that they remained appropriate.

The Board have been regularly updated on progress against the operating targets for 2023 and were pleased with the progress being made, particularly on continued strong expense discipline.

Shareholder feedback

The Board receives quarterly updates on investor and financial market sentiment, providing insight into recent share price movements and key changes in the share register. The Board are also kept abreast of shareholder feedback following the full-year and half-year results. This year, the Board were briefed directly by a sell-side analyst who shared his perceptions of the industry and his thoughts on areas of focus for Quilter. We are also aware that there are some differences in shareholder views around some corporate governance matters that differ between the UK and South Africa where we have a large shareholder base. You can read more about how we engage with our shareholders on page 23.

Governance in action

Odd-lot Offer

On Monday 18 September 2023, as part of our continued drive for efficiency in how we run our business and consistent with our desire to act in the best interests of all our shareholders, the Board announced the launch of an Odd-lot Offer for shareholders registered on the London and Johannesburg Stock Exchanges.

The Odd-lot Offer provided shareholders who held fewer than 200 shares the opportunity to sell their shares at a 5% premium to the market price, without incurring any dealing costs. Shareholders could choose to sell or retain their shareholding in Quilter.

In addition to regulatory approval, we sought the approval of our shareholders at the 2023 Annual General Meeting to launch the Odd-lot Offer within 18 months of the meeting. The relevant resolutions were overwhelmingly supported by our shareholders with over 99% of all votes cast in favour.

The Odd-lot Offer completed on Friday 10 November 2023. Around 1.13% (15,798,423 shares) of the issued share capital was bought by Quilter from over 126,000 shareholders. This resulted in our share register reducing by nearly 60%.

Following the Odd-lot Offer, we have around 70,000 shareholders and this smaller share register enables us to run the share register in a simpler, more cost-effective way.

Principal decisions of the Board in 2023 *continued*

Capital and dividend policy management

The Chief Financial Officer updates the Board at each meeting with his assessment of the Company's financial performance, including the Group's capital and liquidity position. This enabled the Board to consider and approve the Group's financial results which are released to the market at the full year and half year. Despite challenging external conditions impacting flows, the Group's capital, liquidity and cash continue to be strong and the Board is comfortable that prudent oversight is being exercised.

Following detailed review by the Board Audit Committee, the Board considered and approved the Company's Interim and Final Dividend payments.

As noted in our 2022 Annual Report, the Board approved the new capital funding arrangement and a new Tier 2 Bond was launched in January 2023 with a coupon rate of 8.625% and a maturity date of 18 April 2033 with an initial call option between 18 January 2028 and 18 April 2028.

In the latter part of the year the Board considered the approach to the renewal of the Revolving Credit Facility ("RCF") implemented ahead of Listing and agreed that it was in the best interests of stakeholders to put in place a new RCF in 2024. The new RCF was approved by the Board in January 2024.

Material risk matters

In the year, the Board welcomed Priti Verma as our new Chief Risk Officer. Under Priti's guidance, a review of the Risk Management Framework and function has been undertaken and in Q4 2023, the Board reviewed and approved a new risk management framework and refreshed risk appetite statements as recommended by the Board Risk Committee.

After each Board Risk Committee meeting, the Board were updated by the Chair of the Board Risk Committee on principal and emerging risks against agreed risk appetite.

During the year, the Board received a report from the Chair of the Board Risk Committee on Quilter's participation in the PRA's cyber test, which assessed Quilter's ability to respond to and recover from a severe but plausible cyber attack. The results of this test, and how management are addressing the findings, will be kept under review by the Board Risk Committee. In February 2024, the Board received a briefing on Cyber Risk and intends to consider the potential opportunities, threats and challenges from Artificial Intelligence and its impacts for Quilter in 2024.

Colleagues and culture

As mentioned in our 2022 Annual Report, the Board has led the refresh of Quilter's culture to ensure that this supports the delivery of our strategy by being more ambitious, accountable and promoting a culture of learning. Whilst the culture change programme is at an early stage, there has been constructive dialogue with management about what this means for Quilter and the building blocks underpinning future change have been implemented ahead of fuller colleague engagement in 2024. The Board have challenged management to consider whether Quilter's Purpose and Values effectively summarises Quilter's ambitions in a way that our stakeholders can easily relate to. We will update stakeholders on the outcomes of this work in our next Annual Report.

On page 53 you can read more about how the Board oversaw activity to implement the FCA's Consumer Duty. This included ensuring that Quilter's culture was appropriate and supported the delivery of the heightened expectations under the Consumer Duty. Whilst training and awareness will remain an on-going requirement, particularly as new processes embed, the Board was satisfied that there were no areas of concern.

The Board also receives a colleague update biannually, which includes insights into engagement and culture. You can read more about the outcomes of the Board's engagement with colleagues on page 17.

Diversity and Inclusion

Following an update in December 2022, the Board, on the recommendation of the Board Corporate Governance and Nominations Committee, approved a refresh of the Board Diversity Policy to set new targets on diversity for senior management. You can read more about these targets on page 18.

Executive succession

Given the importance of ensuring appropriate focus is given to promoting a strong talent pipeline, and that executive succession plans are in place, one outcome of a prior Board effectiveness review was to ensure that the whole Board is directly involved in overseeing executive succession planning. To that end, in January 2023, the Board reviewed the talent and executive succession update.

With input from the Workforce Engagement Director, the Board changed how they engaged with colleagues who have been identified as talent. Representatives from the Board met cohorts of high potential colleagues, including future potential successors to the Executive Committee.

As promotions to senior management roles have been made from within the Group, including the enactment of the succession plan for the Chief Executive Officer and the Chief Internal Auditor, the Board Corporate Governance and Nominations Committee has recommended that the Board spend additional time in 2024 on executive succession planning.

Board succession

The Board was briefed on the work led by the Board Corporate Governance and Nominations Committee on routine succession planning for the Board.

You can read more about progress on page 56.

Principal decisions of the Board in 2023 *continued*

Governance in action – the implementation of the FCA's Consumer Duty

In July 2022, the Financial Conduct Authority ("FCA") confirmed the final details of its new Consumer Duty. The new rules set a higher standard of consumer protection in financial services and require firms to embed key behaviours across all relevant aspects of a business that impact customers, with a focus on delivering good outcomes and avoiding causing foreseeable harm.

The Board asked the Board Risk Committee to work with our impacted regulated subsidiary boards to oversee work across the Group to ensure that Quilter was compliant with the heightened standards by the first implementation deadline which was on 31 July 2023.

Having overseen how Quilter proposed to implement the new Consumer Duty, the Board received regular updates during 2023 on how the work was progressing and this is summarised in the timeline below.

Whilst many of the standards set in the Consumer Duty are aligned with Quilter's existing culture and business model, management mobilised work in 2022 and throughout 2023 to check and challenge ourselves that our products and services meet the new standards. Management assessed what we do, how we do it and how we can demonstrate this to ourselves and our customers. This work identified a range of enhancements, including:

- improved processes to better support potentially vulnerable customers;
- a reduction in Platform charges and the introduction of tiered adviser charges;
- launched new adviser and customer engagement panels; and
- the introduction of a communications toolkit to help make how we write to our customers and our marketing clear and understandable.

Key milestones in the Board's oversight of the implementation of the Consumer Duty in 2023

March 2023

- The Board confirmed it was content with the governance framework providing oversight of the Consumer Duty programme.
- Building on the planning and analysis performed in 2022, the Board Risk Committee considered the progress being made to implement the planned enhancements for customers. They assessed the assurance activity that had been undertaken to date by our Risk and Internal Audit Functions and with support from external advisers validated the scope and approach adopted.
- Our impacted regulated boards reviewed the Assessment of Value reports that were being produced for customers to assess whether they were clear and informative in assessing the value of an investment, and its suitability for the customer.

May 2023

- The Board was provided with a detailed update on progress and the appropriateness of the Assessment of Value reports.
- The Board considered and approved a role profile for our new Board level Consumer Duty Champion and appointed the Chair of our Board Risk Committee as our first Champion. Consumer Duty Champions were also appointed for our regulated subsidiaries.
- The need for enhanced customer metrics and reporting to the Board was identified in order for the Board to be able to evidence the delivery of good customer outcomes at each stage of the customer journey.
- Colleague training on their responsibilities under the new Duty continued.

July 2023

- The Board received a detailed update on implementation readiness from management along with a Risk opinion and Internal Audit observations, providing reasonable assurance that the programme was on track to materially deliver the requirements of the Duty in advance of the 31 July 2023 implementation date.
- The Board discussed the evolution of Quilter's culture and the effort required. A plan to ensure the Consumer Duty is embedded fully into Quilter was agreed.

November 2023

- The Board Risk Committee considered the assurance activity and supporting evidence that Quilter is delivering good customer outcomes and is fulfilling its obligations in relation to the Consumer Duty.
- With input from the Board Consumer Champion, the Board reviewed in detail management's proposal for new metrics and key performance indicators.

Plans for 2024

In addition to the time the Board spends overseeing customers, the Board has allocated increased time in 2024 to oversee the second phase of the Duty on closed products and to ensure that the Board is ready to provide its first Consumer Duty assessment in July 2024.

Governance in action

How the Board has stayed up to date

In addition to formal scheduled meeting time, the Board has met during the year to consider informally a number of topics of interest. The briefings have included the following topics:

Operations	Operations in our Distribution business, Quilter Financial Planning, which focused on the steps we are taking to improve how we support advisers and customers during the advice process and the steps we take to ensure that we operate within risk appetite.
Responsible Investing	Responsible Investing is a core part of Quilter's proposition and so the Board asked for a deep dive on Quilter's approach to oversight of the investment process and how we get comfortable that our products offer the characteristics customers demand. The update also considered how Quilter mitigates the risk of greenwashing and how we manage our reporting obligations.
Quilter Partners	In addition to the formal discussions at the Board, management provided a comprehensive update on the new franchise model from an adviser perspective. The briefing demonstrated how the Quilter Partners model would enhance our existing offering and support both advisers and customers.
Consumer Duty	Building on training provided in 2022, the Board was briefed both in and out of formal Board meetings on the rules, opportunities and risks for Quilter of the new Consumer Duty Regime. The Board discussed and asked management to focus on the necessary changes in culture to ensure that we support customers, including vulnerable customers, and that the steps we take can be measured and demonstrated. You can read more about Quilter's approach to the Consumer Duty on page 53.
Cyber Risks	In addition to updates at the Board on IT security and phishing, in February 2024 the Board participated in a briefing session from internal and external experts on cyber risks facing businesses in general and Quilter specifically.
CASS Training	Each year, Directors are offered an update on their responsibilities under the Client Asset Rules. The training this year was led by management with input from PwC. It included the Quilter Cheviot European operations and the responsibilities for the Directors on that Board under the Client Asset Rules as our European business grows.

Report from the Workforce Engagement Director

Tazim Essani
Independent Non-executive Director

Why is the role of Workforce Engagement Director important to the Board and what does it mean to you?

Our colleagues are one of our most valuable assets and critical to our success. In the year, the Board has debated how best to ensure that our colleagues' voices are heard in the Board room. We concluded that the mechanism to most effectively achieve this is through the role of the Workforce Engagement Director, which is valued by both the Board and by colleagues.

Whilst it is incumbent on all Directors to engage with our colleagues, as Workforce Engagement Director, I have been privileged to attend network events and meet with colleagues in the business. This has enabled me to gain a better understanding of our Company culture and hear directly from colleagues on the importance of attracting, retaining and developing talent within the business. A vital part of this role is to listen to feedback from colleagues and to ensure that what matters to them is communicated to the Board, including listening to how changes in the Quilter leadership team early in the year were perceived. I provide a report on activity and feedback for the Board every six months. The Board also gains insights about colleague matters through the Human Resources Director and Chief Executive Officer, who share engagement scores and metrics routinely.

What has your role entailed during the year and what have been your key highlights?

I have attended events during the year, including the Quilter Employee Forums, as well as meeting with Chairs of our Cultural Diversity Networks and attending a talent engagement session with colleagues identified through our talent programme.

Topics have been wide ranging from Inclusion and Diversity, to support on having difficult conversations in the workplace. I also heard about the effectiveness of the Quilter conference as a means of bringing colleagues together on key topics of strategy and culture. An outcome of this engagement was that the Forum were able to help drive the conference agenda to ensure that matters of importance to colleagues are appropriately covered. In addition, I have been able to share with colleagues the Board's deliberations when appropriate.

How do you see this role developing to support Quilter's future strategy?

I will continue to make sure that the views of our colleagues across all levels within the organisation are heard by the Board. There are a number of challenges in the current economic environment which impact our colleagues and we are committed to ensuring all our colleagues are supported.

Future plans for 2024

As announced in January, I am stepping down from the Board in May 2024 and I will be handing over this important responsibility to Tim Breedon. The Board agreed that Tim's deep understanding of the importance of culture, his role as Chair of the Board Remuneration Committee and his seniority as Senior Independent Director fully equips Tim to ensure that colleagues' voices are heard at the Board table. You can read more about wider workforce engagement on page 17.

Board Corporate Governance and Nominations Committee Report

Ruth Markland
Chair

Committee membership and attendance

	Scheduled Meetings	Ad hoc Meetings[1]
Ruth Markland (Chair)	3/3	5/5
Neeta Atkar[2]	1/1	1/1
Tim Breedon	3/3	5/5
George Reid	3/3	5/5

[1] The ad hoc meetings held related to succession matters.
[2] Neeta Atkar joined the Committee with effect from 1 July 2023.

Committee gender diversity

Dear shareholder

A key focus of the Committee is to ensure that our Board and Executive management team have the right skills and experience to be effective and the composition supports the long-term sustainable success of the Company. Even though the Board composition has not changed during 2023, it has been a busy year for the Committee with planned succession changes announced on 10 January 2024. Tazim Essani and Paul Matthews have decided not to seek re-election at the 2024 Annual General Meeting ("AGM") and will be stepping down from the Board at the conclusion of the AGM. I and my fellow Board colleagues are grateful to Tazim and Paul for their significant contributions to the Board, bringing a particular focus on customers, advisers and colleagues. We wish them well in the future. Tim Breedon, our Senior Independent Director and Chair of our Board Remuneration Committee, will assume the role of Workforce Engagement Director when Tazim leaves the Board.

The Committee also oversaw the process to appoint Chris Hill who will join the Board as an independent Non-executive Director on 7 March 2024. You can read more about the process to appoint a new Non-executive Director later in this report.

The Committee continues to assess the Board's skills, experience, tenure and diversity as part of our routine succession planning. A summary of the key skills and experience we believe the Board needs to support the delivery of Quilter's strategy is set out on page 49.

The change in Chief Executive Officer in November 2022, and subsequent changes Steven Levin has made to his Executive management team early in the year, have given the Committee and the Board the opportunity to step back and ensure that we have the right people in senior roles and an appropriate talent pipeline in order to deliver our ambitious agenda. As a result, 2023 has seen a specific focus on executive talent and succession planning, including the appointment of the new Chief Risk Officer. On the recommendation of this Committee, the Board has agreed that additional time will be spent on executive succession matters in 2024 as we recognise that there is more to do in this important area.

On page 49 we have set out a summary of the Board composition at year end. You can see from this that Quilter met all three Board diversity targets specified by the new Listing Rules, as 40% of the Board are women, there is at least one woman in a senior Board position (being the Chair, Chief Executive Officer, Chief Financial Officer or Senior Independent Director) and at least one Board member is from a minority ethnic background. The Committee also considers that chairing Board Committees and undertaking the Board positions of Workforce Engagement Director and Consumer Duty Champion are prominent roles, which benefit from diverse perspectives. As required by the UK Corporate Governance Code (the "Code"), I confirm that, as at 31 December 2023, 47% of senior management (Executive Committee and the Company Secretary) and their direct reports were female (2022: 39%).

The appointment of Chris Hill in March, and the announced departures of Paul and Tazim at the conclusion of the 2024 AGM, will impact how we measure up against our targets. The Board remains committed to our Board Diversity Policy and will pay particular attention to this, and to the benefits of diversity, as we further refresh the Board.

In November 2023, the Committee also recommended to the Board a change to the Board Diversity Policy in relation to our senior management team. Our policy is that 13% of our senior management team will be from a minority ethnic background by the end of 2027. The progress made on diversity in the senior management team is summarised on page 18.

In line with the recommendations of the Code, we conducted an internally facilitated Board effectiveness review in 2023. An overview of the process and the key outputs are set out on page 59.

I am grateful to my fellow Committee members and management for their support during the year.

Ruth Markland
Chair

At a glance

Committee responsibilities

- Reviews the composition of the Board and recommends the appointment of new Directors.
- Considers succession plans for the Chair and other Board positions.
- Considers succession plans for key executive leadership positions and ensures a robust recruitment framework.
- Monitors corporate governance standards and practices in place.
- Oversees the annual Board effectiveness review.

Committee governance

Following feedback from the 2022 Board effectiveness review, the Board Corporate Governance and Nominations Committee membership was revised during the year and currently comprises the Chair of the Board, the Senior Independent Director, who is also Chair of the Remuneration Committee, and the Chairs of the other standing Board Committees.

Details of the skills and experience of the Committee members can be found in their biographies on pages 46 to 48.

Committee evaluation

As part of the 2023 Board effectiveness review, the Board has assessed that the Committee membership is appropriate in providing challenge and oversight and that the Committee is operating effectively.

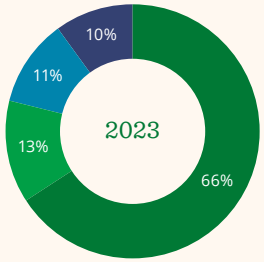
Discharging our responsibilities

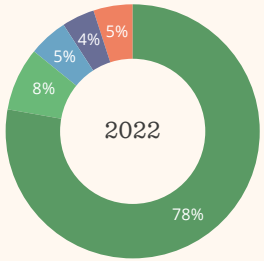
In January 2023, the Board assumed direct oversight of responsible investing and corporate sustainability and accordingly, approved a change to the Committee Terms of Reference. The activity of the Committee over the previous 12 months against its Terms of Reference was reviewed by the Chair. The Committee had fully discharged its responsibilities in line with its remit. The Terms of Reference are available at **plc.quilter.com**.

Attendance

The Chief Executive Officer and Human Resources Director regularly attend Committee meetings, except when it would not be appropriate for them to do so.

Committee activity





Committee activity	2023	2022
Board & Board Committee Succession Planning	●	●
Corporate Governance	●	●
Executive Succession Planning and Talent	●	●
Board Evaluation	●	●
Responsible Business framework	–	●

Key Areas of Committee focus

Board and Board Committee succession planning

A key area of responsibility for the Committee is to consider the skills and composition of the Board and Board Committee membership with a view to ensuring that the Board can oversee the delivery of Quilter's strategy safely and soundly given the ever changing external environment.

The accountabilities, competencies and expectations required of the holder of each role on the Board, including those required by the Code, have been documented in our Board Charter, which is reviewed annually. This includes the responsibilities of the Directors as a whole, including their responsibilities under section 172(1) of the Companies Act 2006, and the role profiles of the Chair, Senior Independent Director, Committee Chairs, Non-executive Directors and Executive Directors as well as the Workforce Engagement Director and Consumer Duty Champion. The Chair considered each Director's individual contribution to the Board together with feedback from the 2023 Board effectiveness review. The Chair provided feedback to the Non-executive Directors on their performance and Tim Breedon, as Senior Independent Director, provided feedback to the Chair. It was confirmed that all Directors were discharging their roles effectively. The Chair took the findings of the individual Director performance review into consideration when recommending the re-election of the Directors at the AGM. The time commitment expected of the Non-executive Directors is set out in the Board Charter.

The Committee is also responsible for reviewing and making recommendations to the Board on succession planning for the Board and key leadership positions within Quilter. With the exception of Moira Kilcoyne and George Reid, the Chair and all the Non-executive Directors have served on the Board for six years or less. Heightened focus is applied in the assessment of independence where Non-executive Directors have served for more than six years. All the Directors are subject to annual re-election by shareholders and the specific reasons why each Director's contribution is, and continues to be, important to the Company's long-term sustainable success are set out in their biographies on pages 46 to 48. The Committee is satisfied that, throughout the year, all Non-executive Directors remained independent in accordance with the Code, and the Chair was independent on appointment to that role in May 2022.

In line with best practice, the Committee has also agreed emergency succession arrangements for all of the key Board positions, including the Chair, the Senior Independent Director and the Board Committee Chairs. Although strong candidates are available for each position on an emergency basis, it is still likely that some external recruitment would be sought for permanent successors.

Whilst there were no changes to the Board composition during 2023, the Committee remained focused on succession planning and oversaw the process leading to a number of directorate changes, which were announced in January 2024.

Key Areas of Committee focus

Appointment of a new Non-executive Director

The search process to appoint a new Non-executive Director was led by the Chair.

Following an assessment of shortlisted external search firms, Russell Reynolds (who were only retained for this search and have no other connection with Quilter or any individual Director) were appointed to support the search. In line with our Board Diversity Policy, Russell Reynolds comply with our policy and approach on diversity and inclusion.

The Committee agreed a search brief which set out the criteria and characteristics for the search. The Committee reviewed the initial list of candidates with Russell Reynolds against these criteria and a diverse short-list of candidates were interviewed by the Chair and other members of the Committee.

The preferred candidate, Chris Hill, met with other Board members and certain senior leaders.

Chris' appointment was confirmed by the Board and announced on 10 January 2024.

As is the practice at Quilter for all new directors, Chris will participate in a comprehensive, formal and tailored induction into the Company's operations. This includes briefings on the Company's business strategy, constitution and decision-making process, the roles and responsibilities of directors and the legislative and regulatory framework. New directors also meet with the Chief Risk Officer and Chief Internal Auditor as well as key advisers to the Board and executive management.

Executive succession and talent management

A robust executive management succession pipeline is key to ensure stability and provides assurance to stakeholders that the Board and Executive Committee will continue to include the required skills to allow it to maintain high standards in line with the interests of all stakeholders.

Overseen by the Committee, a programme of talent engagement has been conducted by the Board, which covers the talent cohorts across Quilter. Executive management readiness and succession is considered on an immediate basis over certain time horizons and takes into consideration our diversity targets set out in our Diversity Policy. Further details on how Quilter supports the development of a diverse pipeline is set out on page 19.

The Committee delegated to a Sub-Committee, Chaired by the Board Audit Committee Chair, and composed of the Senior Independent Director and the Chair of the Board Risk Committee, the oversight of the process for the appointment of the new Chief Risk Officer ("CRO") and Chief Internal Auditor ("CIA"). Following the appointment of Priti Verma as CRO and Daniel Baynton as CIA, the Sub-Committee concluded its work.

Corporate sustainability

Early in 2023, the Committee recommended to the Board that Quilter's Responsible Business agenda was strategically important and so should be overseen directly by the Board. At the same time, Quilter renamed our ambitions in this area to corporate sustainability as this more appropriately reflects our role as a responsible investor and the impact we can have as a listed company. Further information on how the Board oversees our responsible investing in our Corporate Sustainability framework can be found on pages 25 to 27.

Corporate governance

The Committee has been instrumental in overseeing and recommending to the Board a simplified board and management governance framework that has regard to the legal and regulatory responsibilities for our companies, whilst ensuring our governance is simple, proportionate and appropriate. The new Board governance structure was implemented on 1 September 2023 and management governance changes followed on 1 December 2023. The Board and management governance framework is summarised on page 4.

The Committee considered the impact of the Consultation proposed by the Financial Reporting Council ("FRC") on the 2018 UK Corporate Governance Code and will assess and recommend any necessary changes now the FRC have published the 2024 Code and associated guidance.

Conflicts of interest

In accordance with the Companies Act 2006 and the Company's Articles of Association, the Board may authorise conflicts of interest. Directors are required to declare any potential or actual conflicts of interest that could interfere with their ability to act in the best interests of Quilter. The Company Secretary maintains a Conflicts of Interest Register, which is reviewed by the Board and the Board Corporate Governance and Nominations Committee on an annual basis.

Board members hold external directorships and other outside business interests. The Board is mindful of the benefits that this can bring. However, noting the recommendations of the Code, the Committee considers any potential impact on Quilter of any proposed new external appointment that a Director wishes to take on and, where appropriate, recommends the proposed new external appointment to the Board for its advance approval. During the year, the Committee carefully reviewed requests to approve new external appointments for a number of our Non-executive Directors and concluded that these additional responsibilities would not impact their time commitment or cause any potential conflicts of interest for Quilter. Details of Directors' external appointments can be found in their biographies on page 46 to 48.

Key Areas of Committee focus

Diversity and inclusion

Quilter recognises the importance and value of diversity and inclusion in driving good decision making and the Board's role in leading a culture where everyone can thrive. The Board and management believe that having a diverse Board and diverse workforce offers a blend of perspectives that is key to achieving our purpose and continues to be an important area of focus for this Committee to oversee. This is a key subject matter for our stakeholders and a topic of conversation with investors and consequently is carefully monitored.

The Committee has identified that there is work to be done in respect of the three-year time horizon to ensure that our talent pipeline is ethnically diverse and that we remain on track to meet our target that 13% of our senior management team will be from a minority ethnic background by the end of 2027.

Board Diversity Policy

The Committee is responsible, on behalf of the Board, for the implementation and delivery of the Board Diversity Policy (the "Policy"), which was last updated in November 2023. The purpose of the Policy is to set out the approach to diversity and inclusion on the Board, Board Committees and senior management. It reflects our commitment to creating an organisational culture and environment where diversity and inclusion in its broadest sense is nurtured and celebrated. The Policy states that in considering the composition of our standing Board Committees, due regard is given to diversity in its broadest sense. The Policy sets a number of objectives and incorporates the targets in the FCA's Listing Rules and the recommendations of the FTSE Women Leaders Review and the Parker Review. The results against these targets and the Policy at Board level for the year ended 31 December 2023 are set out below. Reporting against the senior management targets in the Policy can be found in the Strategic Report on page 18.

Listing Rule 9.8.6(9)

FTSE Women Leaders Review

Parker Review

As at the chosen reference date, 31 December 2023, all three targets specified by Listing Rule 9.8.6(9) have been met:

- At least 40% of the individuals on the Board are women.
- At least one of the senior Board Positions (being the Chair, Chief Executive Officer, Chief Financial Officer or Senior Independent Director) is held by a woman.
- At least one individual on the Board of Directors is from a minority ethnic background.

The disclosure required by provision 23 of the 2018 UK Corporate Governance Code in relation to the gender balance of senior management and their direct reports can be found on page 55.

Board and Executive Management diversity

Prepared in accordance with Listing Rule 9.8.6R(10) and set out in the format contained in Listing Rule 9 Annex 2. The reference date is 31 December 2023 and no Board changes have occurred between that date and the date on which this report was approved. Details of upcoming Board changes are included on page 46.

Gender identity

	Number of Board Members	Percentage of the Board	Number of senior positions on the Board[1]	Number of Executive Management[2]	Percentage of Executive Management
Men	6	60%	3	5	50%
Women	4	40%	1	5	50%
Not specified/prefer not to say	–	–	–	–	–

Ethnic background

	Number of Board Members	Percentage of the Board	Number of senior positions on the Board[1]	Number of Executive Management[2]	Percentage of Executive Management
White British or other White (including minority-white groups)	8	80%	4	9	90%
Mixed/Multiple Ethnic Groups	–	–	–	1	10%
Asian/Asian British	2	20%	–	–	–
Black/African/Caribbean/ Black British	–	–	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

[1] Chair, Chief Executive Officer, Chief Financial Officer and Senior Independent Director.

[2] The Executive Committee and the Company Secretary.

The data collated is based upon the guidance published by the FCA in Policy Statement 22/3. The Company Secretary collated data on behalf of the Chair and Non-executive Directors and executive management provide their data via Workday. All data is provided with consent and anonymity is protected.

Board effectiveness review

Background

The Board is committed to transparency in assessing its own performance and strives for continuous improvement of its effectiveness. In May 2023, building on the work of the externally facilitated review conducted by Manchester Square Partners ("MSP")[1] in 2022 (the "2022 Review"), the Board invited MSP to perform an informal follow up assessment to check on progress made under the new Chair. Following this positive review, it was agreed that it was appropriate to conduct an internally facilitated review for 2023 to enable the Board to reflect on its performance and the quality of its decision making. In line with the UK Corporate Governance Code 2018 (the "Code") recommendations, it is anticipated that the next externally facilitated review will be conducted in 2025.

Process

At the request of the Board, the Senior Independent Director led the review in accordance with an approach agreed with the Board:

Stage 1
September 2023
Comprehensive questionnaires were agreed by the Board on the recommendation of the Board Corporate Governance and Nominations Committee and published to all Directors. The questions built on the themes from the 2022 Review and focused on four key areas: strategy, the role of the Board, the structure of the Board and governance.

Stage 2
October 2023
Questionnaires were completed by the Directors on a confidential and non-attributable basis and the Senior Independent Director subsequently met individually with the Directors. The compilation and evaluation of the Directors' responses was carried out by the Company Secretary.

Stage 3
November 2023
The report and a suggested action plan, setting out a number of actions, was discussed by the Board Corporate Governance and Nominations Committee. They recommended the report and the action plan to the Board. The Board approved the action plan.

Stage 4
November 2023 to date
Progress against the action plan is monitored by the Board Corporate Governance and Nominations Committee. Each Board Committee oversees its own action plan. The Board was updated in December 2023 on progress made against the agreed actions and the Board will be kept updated regularly in 2024.

[1] MSP has no connection to any individual Director. They do provide coaching to a small number of executives but, other than this, they have no other connection with Quilter.

Outcomes and actions

The review concluded that the Board and Board Committees continue to operate effectively. Recognising the progress that had been made under the leadership of the new Chair, the Board identified a small number of additional areas where improvements could be made:

Matter to be addressed	How the issue will be addressed
Strategy	
Following the change in leadership and renewed focus on delivery at pace, the Board is keen to ensure the long-term planning is enhanced to support strategic initiatives.	Updates to be provided to the Board on a regular basis including additional engagement ahead of the planned Board Strategy Day in May 2024.
Culture	
Oversight and embedding of a new target culture framework.	Having set the target culture in 2023, the Board continue to receive regular updates on the implementation of the plan, including the development of new culture metrics.
Executive performance and succession	
Further insight into the executive talent and succession pipeline.	The Non-executive Directors will continue to review the effectiveness of the talent engagement sessions. Additional Board time has been allocated in 2024 to focus on executive succession.
Risk	
Review of risk appetite in line with the wider strategic considerations.	The Board will continue to be briefed on the new risk management framework, with updates presented during 2024 as it embeds.
Governance	
Once the new board governance structure has embedded, a further review of possible efficiencies will be undertaken.	Feedback will continue to be sought on the new governance model, which will drive further enhancements.

You can read more about the reviews of the individual Board Committees in the Board Committee Reports, which form part of this Governance Report. The evaluation and assessment of individual Directors, including the Chair, is set out on page 56.

Update on 2022 Board effectiveness review

The Board regularly reviewed the status of the 2022 action plan and concluded that all matters had been satisfactorily addressed. As the Board composition changed in the latter part of 2022, the Board decided it would be appropriate to ask MSP to perform an additional check in May 2023 to assess the progress being made on the 2022 Review findings. The check concluded that the 2022 action plan was an appropriate response to the original findings and good progress had been made. The actions taken have led to an improvement in the overall effectiveness of the Board including Board dynamics and the understanding of Quilter's strategic direction under the leadership of the Chair.

Board Audit Committee Report

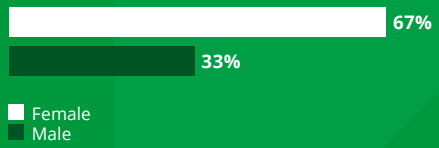
George Reid
Chair

Committee membership and attendance

	Scheduled Meetings
George Reid (Chair)	9/9
Neeta Atkar[1]	8/9
Tazim Essani	9/9

[1] Neeta Atkar was unable to attend one meeting due to a prior commitment. She reviewed the papers and provided comments to the Committee Chair in advance of the meeting.

Committee gender diversity



Dear shareholder

As Chair of the Board Audit Committee, I am pleased to update you on the work of the Committee for the year ended 31 December 2023.

On behalf of the Board, the Committee's key focus continues to be to challenge and monitor the integrity of the Company's financial reporting and its other core duties and responsibilities remain unchanged. The Committee has assisted the Board in monitoring the Group's financial control environment, providing strong governance over the Group's financial reporting, and challenging the judgements made by management and the estimates and assumptions on which they are based, whilst ensuring appropriate, balanced disclosures are made. The Committee has also reviewed and challenged the Group's climate-related disclosures and ensured that management has challenged itself appropriately in respect of how we report this to our stakeholders.

I reported to you last year that the Committee will remain focused on ensuring that the Group's financial disclosures are simplified where appropriate and I am pleased to report that further progress has been made in this regard, supported by the removal of the Quilter International business from the Group's comparative numbers. This has resulted in a significant reduction of the number of required disclosures, and the Committee has also worked to ensure that unnecessary duplication is removed. We continue to strive to ensure our reporting is as clear, balanced and understandable as possible.

The Committee considered the letter from the Financial Reporting Council ("FRC") in relation to our Task Force on Climate-Related Financial Disclosures ("TCFD"), for the year ended 31 December 2022. The FRC confirmed they were content with the Group's reporting last year and suggested some minor improvement areas for 2023 reporting. Further details on TCFD reporting can be found on pages 28 to 30.

With regular input from Internal Audit, the Committee remains focused on overseeing continuing enhancements to strengthen the financial control and reporting environment and is pleased to see the resulting improvements across the Group. Further information on how the Committee has overseen the Group's financial reporting and controls can be found on pages 61 to 64 and how we oversee controls more broadly with the Board Risk Committee on page 67.

Towards the end of the year, the Committee commissioned internal effectiveness reviews of both our external auditors and the Internal Audit function. These reviews produced satisfactory results, with both reviews demonstrating effective performance. Particularly pleasing were the outcomes for independence, objectivity and effectiveness. Further details on the process and outcomes of these reviews and the Committee's oversight of the work of the external auditor can be found on page 64.

The Committee has been briefed on external factors that relate to Quilter's reporting and controls. This included the proposed developments with regards to the UK audit and corporate governance reform initiatives including the FRC's consultation on changes to the UK Corporate Governance Code (the "Code") and the Minimum Standard for Audit Committees. The Committee has, and will continue to, closely monitor the potential impacts of the new UK Corporate Governance Code published on 22 January 2024 and any further updates from the government in relation to proposals to establish a new Audit, Reporting and Governance Authority ("ARGA") to replace the FRC.

Finally, I would like to draw to your attention to the announcement released on 10 January 2024, which confirmed that the Committee membership will change later in the year. With effect from 7 March 2024, Chris Hill will join the Board and the Committee, and Tazim Essani will step down from the Board at the conclusion of the 2024 Annual General Meeting. My thanks go to Tazim for her contribution to the Committee and to Quilter colleagues for their on-going support.

The following pages provide further information on how the Committee has discharged its responsibilities during the year. Looking ahead, the Committee will be focused on continuing to discharge its responsibilities particularly in light of external developments.

George Reid
Chair

At a glance

Committee responsibilities

- Reviews the Group's accounting policies and the contents of financial statements.
- Monitors disclosure controls and procedures.
- Considers the adequacy, scope of work and resourcing of the external and internal audit functions.
- Oversees the relationship with our external auditors.
- Monitors the effectiveness of internal financial controls.

Committee governance

The Board Audit Committee currently comprises three independent Non-executive Directors. The Chair of the Committee has recent and relevant financial experience and the Committee as a whole has competence relevant to the business sectors that Quilter operates in.

Details of the skills and experience of the Committee members can be found in their biographies on pages 46 to 48.

Committee evaluation

As part of the 2023 Board effectiveness review, the Board has assessed that the Committee membership is appropriate in providing challenge and oversight and that the Committee is operating effectively.

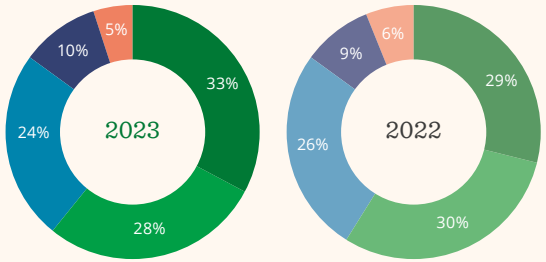
Discharging our responsibilities

The Committee reviewed its activities over the previous 12 months against its Terms of Reference and confirmed that it had fully discharged its responsibilities in line with its remit. The Terms of Reference are available at **plc.quilter.com.**

Attendance

The Chief Internal Auditor, the Chief Financial Officer, the Chief Risk Officer and representatives of PwC, the external auditors, attend all meetings of the Committee. On occasion, other Non-executive Directors and the Chief Executive Officer attended Committee meetings for matters as desired. The Committee holds regular private sessions with the Chief Internal Auditor and the representatives of PwC, without management present.

Committee activity



Committee activity	2023	2022
Internal and External Audit	●	●
Review of Financial Statements	●	●
Internal Controls	●	●
Regulatory Compliance and Reporting	●	●
Governance	●	●

Key areas of Committee focus

Financial reporting

The Committee reviewed and challenged the Annual Report and Accounts, Preliminary Results Announcement and Interim Results for 2023. The Committee's reviews were supported by analysis and discussion from the Finance and Actuarial teams, reports from the second line on the solvency position and reports of the external auditors. It considered these documents against 'fair, balanced and understandable' requirements and whether the reporting reflected the Group's strategy. It further considered the impacts of the external environment on the Group's results, including the inflationary conditions, and the impact on markets and flows resulting from the conflict in Ukraine and more recently the Middle East. The Committee challenged whether these were properly assessed, recognised and disclosed. Having considered these inputs and the Committee's own independent judgements, the Committee concluded that the disclosures fairly represented the Group's results and business performance. The Committee therefore recommended to the Board the approval of each of these reports.

Alternative performance measures

The Group's accounts are prepared in accordance with International Financial Reporting Standards as adopted in the UK ("IFRS"). Certain alternative performance measures ("APMs") are used to aid the understanding of the Group's financial statements by Quilter's shareholders and other stakeholders. The Committee has continued its close scrutiny of APMs and care has been taken to ensure that where they are used, they are necessary, clearly highlighted and explained and are reconciled to statutory performance measures in line with the guidance from the FRC.

The Committee has reviewed the Group's IFRS Accounting Policies and confirmed that they are appropriate to be used for the 2023 financial statements.

Going concern and viability statement

The Committee has also reviewed the basis of accounting, the appropriateness of adopting the going concern basis of preparation for the Group's financial statements, and the Group's assessment of viability for a period longer than 12 months. In doing so, the Committee considered:

- the Group's three-year Business Plan which includes consideration of the economic, regulatory, competitive and risk environment; and
- the latest Group Own Risk and Solvency Assessment, and Internal Capital Adequacy and Risk Assessment reports, which cover current and future risk profile and solvency positions based on a series of core assumptions, stress tests and scenario analysis.

The form of the viability statement and period covered by the statement were specifically considered by the Committee, particularly in light of recent proposals to strengthen company disclosures on corporate resilience to help investors and other stakeholders. The Committee was satisfied with the content of the viability statement and supported the time period for the statement which is aligned with the Group's three-year business planning cycle. The going concern and viability statement can be found in the Strategic Report on pages 42 and 43.

Key areas of Committee focus

Fair, balanced and understandable

There has been a comprehensive review process to support the Board in reaching its conclusion that the 2023 Annual Report is fair, balanced and understandable and provides the necessary information for shareholders to assess the Group's position, performance, business model and strategy.

The process which enabled the Board to reach this conclusion, on the advice of the Committee, included:

- the production of the 2023 Annual Report and Accounts, managed closely by the Chief Financial Officer, with overall governance and co-ordination provided by a cross-functional team of senior management;
- cross-functional support for the drafting of the 2023 Annual Report and Accounts which included input from Finance, Risk, Investor Relations, Corporate Secretariat, Human Resources and wider business leaders;
- a robust review process of inputs into the 2023 Annual Report and Accounts by all contributors to ensure disclosures are balanced, accurate and verified, with further comprehensive reviews by senior management;
- a review by the Company Secretary of all Board and Board Committee minutes to ensure all material matters considered at Board level meetings have been disclosed in the 2023 Annual Report and Accounts;
- a specific management paper detailing the 2023 year-end assessment of fair, balanced and understandable;
- a review of an advanced draft by the Board Audit Committee with feedback provided and areas that would benefit from further clarity ahead of the final review and approval highlighted.
- a formal review by the Board Audit Committee of the draft 2023 Annual Report and Accounts in advance of the final sign-off; and
- a final review by the Quilter plc Board of Directors.

Having evaluated all relevant information, the assurances by management and underlying processes used to prepare the financial information, the Committee is satisfied that, taken as a whole, the 2023 Annual Report and Accounts are fair, balanced and understandable and has confirmed this to the Board. The process outlined was also undertaken in respect of the Group's 2023 Interim Results.

Climate-related disclosures

Disclosures on climate-related matters are set out on pages 27 of the Strategic Report and in a separately published Task Force on Climate-related Financial Disclosures Report ("TCFD Report"). The Committee considered the approach to the Report and improvements made to the disclosures following the 'Dear Chair' letter received from the FRC. In particular, the Committee challenged management to be thoughtful as to the continuing developments in climate-related disclosures and how these can be presented in a way that helps inform the reader of these reports. The Committee discussed with management and PwC the form of assurance that would be appropriate for the Group's TCFD Report. The Committee reviewed the TCFD Report which is published on our website at **plc.quilter.com/tcfd/** and a summary of the disclosures made in the Annual Report and Accounts. The Committee satisfied itself that the TCFD Report meets the requirements for such reports.

Accounting judgements and estimates

The Committee received regular updates on the Group's key accounting judgements and estimates to enable the Committee to consider and discuss these with management and the external auditor in advance of the end of each reporting period. Critical accounting judgements and material accounting estimates deliberated by the Committee during review of the 2023 Annual Report and Accounts included the treatment of:

Area of focus	Issue/role of the Committee
Provisions for the cost of defined benefit pension advice	The Committee reviewed the estimates involved in the provisioning for DB to DC pension transfer cases which are subject the FCA's British Steel redress scheme and other Group-led past business review cases. The Committee's work included consideration of regulatory developments and correspondence received from the independent expert who has reviewed the cases. The disclosures in the Group's financial statements were reviewed by the Committee to ensure compliance with IFRS and transparent presentation.
Goodwill and intangibles	The Committee considered the appropriateness of the key assumptions underpinning the Group's goodwill impairment testing, and the sensitivities modelled. In particular, the Committee considered whether the carrying amounts of goodwill and intangibles remained appropriate in the context of changes in the UK and global economy during 2023. The Committee reviewed the associated disclosures in both the interim and annual financial statements to ensure these met the requirements of IFRS and provided relevant information to the readers of the financial statements.
Deferred tax	The approach taken to the recognition and measurement of deferred tax assets, and the estimations and assumptions used, were reviewed by the Committee. In particular, the Committee considered the impact of changes in the economic climate during 2023 on the recoverability of deferred tax assets. In addition, the Committee reviewed the deferred tax disclosures in the Group's financial statements to ensure compliance with IAS 12 (Income Taxes).

Key areas of Committee focus

Financial controls

The Committee has continued to focus on ensuring the Group's internal controls over financial reporting operate effectively. Management provided regular reports on the state of the financial control environment throughout the year, confirming that, overall, the financial control environment operates satisfactorily. Where areas for improvement have been identified, processes are in place to ensure that the necessary actions are taken and resulting improvement plans were monitored by the Committee. Time was also spent monitoring the progress made against the internal control recommendations from PwC and the Committee is content that adequate progress is being made towards closing these agreed actions. The Committee discussed with management and the external auditors controls over privileged access to IT systems and data management.

As part of the process to review and challenge the 2023 financial statements, the Committee considered the processes and controls in place to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements.

Regulatory reporting

During the year, the Committee scrutinised, challenged and recommended to the Board for approval, the Group's 2022 annual Solvency II reporting having received detailed reports on the disclosures from management, the Actuarial function and the external auditors. Towards the end of the year, the Committee also reviewed and approved the methodology and assumption changes to be applied to the 2023 year-end Solvency II reporting.

Capital and distributions

The Committee is responsible for reviewing and advising the Board on the affordability and suitability of any capital returns and distributions, including any Interim and Final Dividends.

CASS compliance

Compliance with the FCA's Client Assets Sourcebook ("CASS") rules and the Central Bank of Ireland's Client Asset Regime ("CAR") regulations by the Group's permissioned regulated subsidiaries is essential to protecting the interest of Quilter's customers. The Committee monitors compliance with these regulations by reviewing reports on CASS produced by the internal and external auditors, the second line Risk function and by management. These reports provide management information on any breaches of significance and remedial actions taken. The Committee also monitors the CASS Control Framework in place to maintain appropriate CASS Controls and improvements made with regards to greater consistency in CASS Controls and collaboration across the business.

Whistleblowing

Quilter continues to be committed to promoting a culture that encourages employees to speak up and recognises the importance of having effective and trusted whistleblowing arrangements in place to ensure ethical and fair business conduct.

The Committee oversees the Group's whistleblowing arrangements and understands the importance of these not only being effective in practice but that they are viewed by employees and all other stakeholders as being fair, rigorous and effective in resolving concerns.

Challenge provided by the external auditors on the most appropriate function to hold responsibility for whistleblowing resulted in the Committee requesting Internal Audit to consider whether it would be more appropriate for a function other than Human Resources to be responsible for whistleblowing. The Committee subsequently approved a proposal for the Risk function to adopt responsibility for whistleblowing.

The Committee has received six-monthly reports on whistleblowing from management and has considered the details of specific whistleblowing complaints, the outcome of management's investigations and the effectiveness of the whistleblowing processes in place. The reports have included metrics from the Peakon colleague surveys which relate to colleagues' levels of comfort in raising concerns about possible misconduct or wrongdoing.

The Committee has also reviewed data on grievances and other indicators that the Group has a transparent and open culture where employees feel able to raise concerns. George Reid, the Chair of the Board Audit Committee, is the Whistleblowing Champion for Quilter.

Internal Audit

The Committee works closely with the Chief Internal Auditor and throughout the year the Committee continued to monitor closely the outputs and progress of the Internal Audit function. The Chief Internal Auditor presented regular reports to the Committee, which drew the Committee's attention to the key audit findings together with management's response, the extent to which management has self-identified the issues being raised by Internal Audit, as well as the progress and effectiveness of associated remediation by management to address audit findings. These measures are tracked closely as they provide an indication of the maturity of the Group's control framework. Where necessary, the Committee has escalated matters to the Board.

The Committee also received updates on progress against the Audit Plan and proposed changes to the Plan as the year progressed. While the consideration of customer risk and issues were already a key part of the Internal Audit methodology and Charter, the Committee also considered and approved some revisions to the Charter and rating definitions to strengthen the alignment with the new Consumer Duty responsibilities and principles. Internal Audit reports regularly to the Committee on its overall assessment of the internal control environment and where action is needed to enhance internal controls. During the year, the Committee followed up to ensure that management actions from internal audit reports were being addressed.

As it does each year, the Committee met jointly with the Board Risk Committee to consider together the Risk Function Plan and the Internal Audit Plan. The Committee approved an Internal Audit Plan for 2024 focused on the most critical areas for the Quilter business and designed to support the safe delivery of the organisation's strategic priorities as well as recognising the importance of considering the Consumer Duty throughout all reviews. The Chief Internal Auditor has confirmed that the necessary resources, skillsets and budget are in place to deliver the 2024 Internal Audit Plan, including having appropriate contingency to ensure that the Internal Audit function can adjust and react to unexpected demands.

Key areas of Committee focus

The Committee regularly monitors the effectiveness of the internal audit function using a balanced scorecard, which is reviewed periodically to ensure it remains appropriate. Towards the end of the year, the Committee commissioned an internally facilitated effectiveness review of Internal Audit which sought views from key stakeholders across the business. The results concluded that the function operates effectively, ensured its focus remains current and continues to make a strong contribution to the control environment across the Group. Importantly, the function scored highly for independence, objectivity and integrity. In line with its Terms of Reference, the Committee expects to commission an external quality assessment ("EQA") of the Internal Audit function in 2024. The last EQA was conducted in 2021.

External Audit

The Committee is responsible for overseeing the Group's relationship with the external auditors and the effectiveness of the audit process. PwC have served as the Group's statutory auditor since the 2020 year-end reporting period, following a formal tender process conducted in 2019. The Company has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 for the financial year ended 31 December 2023. Quilter has no current intention of tendering for an alternative statutory auditor before the end of the current required period of ten years, but the Committee will keep this under review, as appropriate.

In advance of each Committee meeting, the Chair of the Committee meets separately with PwC's lead audit partner, Mark Pugh, to ensure the discussions at Committee meetings are appropriately focused, challenging the conclusions reached by management as well as the audit work performed thereon. Under regulation, Mr Pugh's term as the lead audit partner should not normally exceed a maximum duration of five years.

To support a robust and high-quality external audit, the Committee ensured the external Audit Plan was appropriate and has received regular and detailed reports from PwC throughout 2023 covering all aspects of their work. The Committee has reviewed these reports and has considered the level of professional scepticism and challenge of management assumptions and PwC's judgements. The Committee has also reviewed PwC's internal control recommendations and assessed management's response to these internal control findings. PwC has continued to contribute strongly to discussions on Quilter's financial statements, the Group's financial reporting processes and key accounting judgements as well as providing challenge with regards to removing duplicative disclosures.

In response to a request from the Committee, PwC provided an update in H1 2023 in relation to non-financial reporting and assurance. The Committee has also received technical updates from the external auditors to keep them abreast of the latest accounting, auditing, tax and reporting developments.

Monitoring the provision of non-audit services by the external auditors is an essential element of the Committee's responsibility to ensure the independence and objectivity of the external auditors. In addition to the reports provided by PwC on their independence, the Committee has also received reports from management providing details of the non-audit services provided by PwC and consultancy support provided by other leading audit firms. The policy adopted by the Committee on non-audit services requires that non-audit services provided by the statutory auditor will not exceed 25% of the fees charged for audit and audit-related services. The Group's total fees for non-audit services remain well within the 25% limit set out in the policy.

Following the successful use of Audit Quality Indicators ("AQIs") on the audits of the previous two years, use of these as a tool to inform the assessment of the effectiveness of the external audit function has continued this year. The measures agreed remain consistent with those used in the prior year as these remain the most relevant audit areas important to an effective audit. The AQIs have been reported on by PwC to the Committee throughout the course of the audit which has provided the Committee with more in-depth information about factors that influence the external audit quality.

Towards the end of the year, an internally facilitated review was conducted which considered the views of key stakeholders on the effectiveness of the external auditors and the 2022 audit process across a range of criteria, including independence, objectivity, industry knowledge, sufficiency of resources and service quality. Views were sought using a questionnaire which was broadly similar to that used in the prior year and had been reviewed against PwC's practice tool for assessing the quality and effectiveness of external audit. The results concluded that PwC's performance continues to be satisfactory and the firm had delivered an effective service overall for the Group with a small number of areas for continued focus identified. PwC scored highly for independence, integrity and objectivity which provides further assurance over audit quality.

PwC will be recommended for re-appointment by shareholders at Quilter's AGM to be held in May 2024.

Auditors' remuneration

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Fees payable to the Group auditors and its associates for the audit of Parent Company and Group consolidated financial statements	1.5	1.3
Fees payable to the Group auditors and its associates for other services:		
Audit of the financial statements of the Group subsidiaries	1.9	2.1
Audit-related assurance services	1.1	1.2
Fees for other assurance services	0.5	0.2
Total Group auditors' remuneration	**5.0**	**4.8**

Board Risk Committee Report

Neeta Atkar MBE
Chair

Committee membership and attendance

	Scheduled Meetings
Neeta Atkar (Chair)[1]	7/8
Moira Kilcoyne	8/8
Paul Matthews	8/8
George Reid	8/8
Chris Samuel[2]	7/8

[1] Neeta Atkar was unable to attend the joint Board Audit and Board Risk Committees meeting and this meeting was chaired by the Board Audit Committee Chair. The papers were reviewed and comments provided to the Chair of the meeting in advance.
[2] Chris Samuel was unable to attend one meeting due to a prior commitment. He reviewed the papers and provided comments to the Committee Chair in advance of the meeting.

Committee gender diversity

Female
Male

Dear shareholder

I am pleased to provide my second report to you as Chair of the Board Risk Committee and update you on the work that the Committee has undertaken during 2023.

The purpose of the Committee is to oversee management's delivery of the strategy within the agreed risk appetite. As we monitor and review the internal and external risks that the business faces, we provide guidance, support and challenge to management on how these risks are managed and mitigated.

2023 has seen the continuing challenges of the external economic environment, with interest rate increases and persistent high inflation resulting in UK households facing further cost of living pressures. In addition, both ongoing and emerging geopolitical conflicts have impacted investor confidence, with the net result being reduced flows into the business. Given these challenges, it is important as ever that management ensures that the cost base is being managed in a way that supports effective risk management. I am pleased to confirm Quilter has operated within risk appetite and continues to maintain strong capital and liquidity positions.

The Committee continued to review internal risks to our strategy, with management increasing its capacity, focus and control on the development and delivery of strategic and transformational initiatives. Management actions, including improved prioritisation and a matured resource allocation process, continue to reduce the risk associated with the strategic initiatives, and we will continue to oversee this in the coming year. Internal controls continue to be assessed and management challenged to further enhance, where required, controls in order to reduce the risk of harm to customers.

2023 saw significant external regulatory change with the introduction of the new FCA Consumer Duty. The Committee oversaw the delivery of management's implementation plan for the new requirements and reviewed the risks that arose from the changes management made. The Committee challenged management to produce metrics that allow us to demonstrate that all reasonable steps are being taken to avoid causing foreseeable harm to customers and expected outcomes are being achieved. Work continues to appropriately embed the new Duty in Quilter's day-to-day processes and ensure it is well understood by our advisers and all colleagues. More information on how Quilter has implemented the new Consumer Duty can be found on page 53.

One significant change during the year was the appointment of a new Chief Risk Officer, Priti Verma, who succeeded Nick Sacre-Hardy in April 2023. I would like to thank Nick for his diligence and leadership of the Risk function during his tenure as the Interim Chief Risk Officer.

The Committee is supportive of the enhancements made to the Risk Management Framework during the year, which will continue to drive the embedding of risk culture within the business and enable the Committee to more clearly analyse risk events. A revised set of Level 1 Risk Categories describe the main areas of risk exposure for Quilter and are supported by more granular Level 2 risk appetite statements and measures. The refined framework, details of which can be found in the Risk Review on pages 37 to 41, supports a data-led risk intelligence strategy and will enable a more quantitative approach to the management of internal and external risks to Quilter.

The Committee has approved a calendar of business for 2024 to enable it to continue to meet its responsibilities. I will work closely with the Chief Risk Officer to further enhance the reporting the Committee receives and to ensure that any matters requiring our attention are given appropriate scrutiny. We will focus on the identification and mitigation of new and emerging risks, ensuring that the Board's strategy and transformation plans are delivered within our agreed risk appetite.

As announced on 10 January 2024, Paul Matthews will step down from the Board at the conclusion of the 2024 Annual General Meeting. I would like to thank Paul for his support and service to the Committee since being appointed in 2018.

Finally, I am grateful to the Quilter team for their continuing focus and to my fellow Board colleagues for their support.

Neeta Atkar MBE
Chair

At a glance

Committee responsibilities

- Oversees risk strategy.
- Recommends the total level of risk Quilter is prepared to take (risk appetite).
- Monitors the risk profile.
- Assesses the top and emerging risks.
- Monitors and reviews the internal control framework.
- Oversees the effectiveness of the Risk and Compliance function.

Committee governance

The Board Risk Committee currently comprises five independent Non-executive Directors

Details of the skills and experience of the Committee members can be found in their biographies on pages 46 to 48.

Committee evaluation

As part of the 2023 Board effectiveness review, the Board has assessed that the Committee membership is appropriate in providing challenge and oversight and that the Committee is operating effectively.

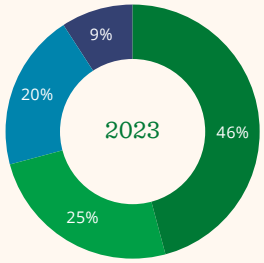
Discharging our responsibilities

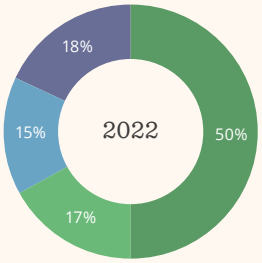
The Committee reviewed its activities over the previous 12 months against its Terms of Reference and confirmed that it had fully discharged its responsibilities in line with its remit.

Attendance

The Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Chief Risk Officer and Chief Internal Auditor regularly attend Committee meetings. The Group Chair and, on occasion, other Non-executive Directors attended Committee meetings for specific matters.

Committee activity





Committee activity	2023	2022
Top Risk Oversight	●	●
Risk Appetite, Profile and Capital & Liquidity	●	●
Risk Governance and Remuneration	●	●
Regulatory Change	●	●

Key areas of Committee focus

Risk management framework

During the year, the Committee spent time reviewing the Risk Management Framework that has been refined to support a more data-led risk appetite strategy and recommended the changes to the Board. The framework improves the evidencing of the provision of good outcomes for our customers and supports the early identification of, and action to prevent, potential harm. Changes have been staggered, starting with changes to the risk categorisation structure, risk appetite, the top-down risk map process and policies.

Risk appetite

Aligned with the refined Risk Management Framework, Quilter's approach to risk appetite has evolved to become more data-driven and embedded in the organisation. Overarching Level 1 risk categories have been put in place, complemented with a suite of risk appetite statements and key indicators for each of the Level 2 risk categories.

Top risks

You can read about the Group's assessment of our top risks and how these are identified, managed and mitigated on pages 39 and 40 in the Chief Risk Officer's Report. The Committee receives quarterly updates from the Chief Risk Officer on her assessment of these risks.

New and emerging risks

As part of the quarterly Chief Risk Officer's Report, updates on the emerging risks to Quilter are considered by the Committee. Such risks are less certain in terms of timescales and impacts from the external environment and the Committee reviews management's assessment of emerging risks and advises on proposed mitigating actions.

Detail of the near, medium and longer-term emerging risks identified for Quilter can be found in the Risk Report on page 41.

Business strategy and performance

The Committee received six-monthly reviews of the strategic risk profile associated with delivery of the Operating Plan. The risk landscape has improved during the course of the year, reflecting the maturing of transformation programmes and their associated governance and controls processes. The Committee asked management to include an indication of future trend in its reporting in order to assess the medium-term outlook of the risk profile.

We were regularly updated on the Group's capital, cash and liquidity positions against our risk appetite. Quilter remains strongly capitalised and has operated within capital and liquidity risk appetites during the year.

Business operation

The Committee reviewed the annual Operational Resilience Self-Assessment and the progress being made towards meeting regulatory compliance by March 2025.

We were briefed on the progress that had been made to Quilter's operating model with regards to Third Party Risk Management. The Committee acknowledged the importance that holding our third parties to account has on ensuring good outcomes for our customers, and challenged management to further enhance reporting from suppliers, service delivery and risk management.

Key areas of Committee focus

During the year we received regular updates on the activities to support the migration of clients and services of Quilter International to Utmost. The Committee were pleased with management's focus on ensuring minimal impact for our former customers. An additional benefit of the work is that it will unlock the further simplification of our IT architecture, reducing risks and costs for the Group. The migrations completed in Q4 2023.

Technology and security

An update on the Information Security environment was provided to the Committee, with the decommissioning of several significant applications and related infrastructure enabling a reduction in risk profile.

The Committee was briefed on the results of the cyber security stress-testing exercise that was completed during the year. Both the Committee and the Board remain cognisant of the importance of cyber controls to minimise the risk of an attack.

Suitability and product proposition

An area of continued focus for the Committee is the risk of poor outcomes or harm to our customers from the performance of Quilter's products. We monitor our ongoing management of conduct risk and receive regular updates through the quarterly Chief Risk Officer's Reports on conduct risk matters including complaints, advice and suitability and post advice arrangements and servicing.

The Committee received three updates during the year on progress of the implementation plans for the new FCA Consumer Duty, challenging management to ensure that the requirements are embedded in Quilter's day-to-day processes and are understood by our advisers and employees in order to protect our customers from foreseeable harm. The work of the Committee complemented the work of our regulated subsidiary boards and committees in this area. Further information on the work of the Committee regarding the Consumer Duty can be found on page 53.

Regulatory, Tax and Legal

The Chief Risk Officer provides analysis and commentary on the interactions with our regulators through her quarterly report for the Committee to consider. The reporting covers regulatory change that impacts the business, clients and customers. It includes an assessment of likely change and the impact for Quilter, as well as expectations from Quilter's supervisory teams in the UK and other jurisdictions within which our Group entities operate.

The Group Data Protection Officer presented bi-annual reports to the Committee with his assessment of the data privacy risk. This assessment details the adequacy of data protection policies, procedures and governance arrangements to mitigate data protection risks and comply with data protection legislation, including the General Data Protection Regulation.

The Committee considered an annual update from the Group's Money Laundering Reporting Officer which gives a pan-Quilter view of the Anti-Money Laundering and Counter Terrorist Financing control environment and associated risks. There has been a rise in the volume of fraudulent attempts throughout the year and an increase to the risk profile. The Financial Crime Team continue to enhance anti-fraud procedures and protect our clients.

The Committee dedicated significant focus to reviewing and challenging the component parts of the Own Risk and Solvency Assessment and Internal Capital Adequacy and Risk Assessment, including the capital allocations and stress and scenario testing. We approved changes to the scenarios that were tested. The assessments, together with the recovery and wind-down plans, were discussed and challenged by the Committee during the year.

People

The Committee reflected upon regular updates on People Risk through the quarterly Chief Risk Officer's Report. Updates have focused on culture and the risks and mitigating actions management are taking in relation to Quilter's ability to attract and retain skilled colleagues.

Committee oversight of the Risk and Compliance function

A review of the Risk and Compliance function was completed during the year, following the appointment of the new Chief Risk Officer, and resulted in changes to the structure of the Risk function, aligning it better to how Quilter is organised and managed now.

The Committee approved the Risk and Compliance function plans in a joint meeting with the Board Audit Committee and receives regular updates on progress through the year. Monitoring of the plans includes an assessment of the quality and appropriateness of resourcing and overall delivery of key activity. Adjustments to the plans are brought back to the Committee for approval if necessary.

Looking forward

As we look forward to 2024, geopolitical risk remains heightened and both the macroeconomic and political landscape are uncertain. The Committee will continue to pay close regard to the impacts of the external environment for our customers and advisers and focus on oversight of the risks related to delivery of strategic and transformation activities and the embedding of the Consumer Duty.

Internal controls

The Board Audit Committee and the Board Risk Committee regularly review internal controls on behalf of the Board and receive regular reports from management, Internal Audit and the Finance function. The Chairs of the Board Audit Committee and the Board Risk Committee regularly brief the Board on the key matters discussed by these Committees. Throughout the year ended 31 December 2023 and to date, the Group has operated a system of internal control that provides reasonable assurance of effective operations covering all controls, including financial and operational controls and compliance with laws and regulations. Processes are in place for identifying, evaluating and managing the principal risks facing the Group in accordance with the 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' published by the Financial Reporting Council. The Board Risk Committee received management's assessment of the effectiveness of internal controls and concluded that, based on their assessment, they were effective. The Board also considered and endorsed this assessment as well as the Board Audit Committee's review of the internal controls over financial reporting. The Chair of the Board Audit Committee reports on the review of controls over financial reporting and how the Board Audit Committee has monitored the independence and effectiveness of the internal and external auditors on pages 63 and 64.

Board Remuneration Committee Report

Tim Breedon CBE
Chair

Committee membership and attendance

	Scheduled Meetings
Tim Breedon (Chair)	7/7
Ruth Markland	7/7
Tazim Essani	7/7
Paul Matthews	7/7

Committee gender diversity

Female
Male

Dear shareholder

On behalf of the Board, I am pleased to present the Remuneration Report (the "Report") for the year ended 31 December 2023. The Report sets out what the Directors of the Company were paid in respect of 2023 and aims to ensure high levels of disclosure regarding remuneration policy in accordance with the UK Corporate Governance Code and transparency in respect of the Board Remuneration Committee's (the "Committee") decision making. I trust you will find the Report clear and informative, and I welcome your views on the Report and the Policy more broadly.

Quilter's business model is aligned with the principles of the Consumer Duty regime, which came into effect during 2023, and the Company has continued to invest in customer experience and proposition enhancements to support the delivery of good customer outcomes.

Overall, the business performed well in 2023. The Adjusted Profit result of £167 million (up 25% on £134 million in 2022) exceeded the maximum target for STI purposes. This result was driven by a combination of higher interest income and strong expense management that offset the negative impact on net management fees of lower market levels than assumed when the targets were set. The Committee considered carefully whether a maximum outcome for the profit measure fairly and appropriately reflected underlying business performance and concluded that no adjustment was required.

The challenging market conditions for new business that we experienced for the majority of 2022 persisted in 2023, with macroeconomic and geopolitical factors continuing to impact investor confidence. As a consequence, net flows in our core business of £0.8 billion, equal to 1% of opening AuMA and down from £2.1 billion in 2022, were below our threshold target for Short-term Incentive ("STI") purposes, despite representing resilient performance in a subdued environment for flows across the industry.

The Committee approved a 2023 STI outcome of £745,000 (65% of maximum) for the Chief Executive Officer, Steven Levin, and £595,000 (64% of maximum) for the Chief Financial Officer, Mark Satchel. Each Executive Director also received an outcome of 66% of maximum for the vesting of the 2021 Long-term Incentive ("LTI") award. The Committee reflected corporate activity in the period in line with previous awards, with this discretionary adjustment reducing the vesting outcome. Full details are set out in the Report.

In granting 2023 LTI awards to the Executive Directors, the Committee considered carefully the impact of market volatility and the reduction in the Company's share price since the prior year's grant. The Committee decided to scale back the level of LTI awards as a proportion of salary by 23 percentage points and included a provision in the award conditions to adjust down the outcome further at vesting for any windfall gains if and to the extent it deems necessary.

The Committee reviewed the Executive Directors' salaries against relevant market data and approved an increase of 3.5% for the Chief Executive Officer from 1 April 2024. This is less than the salary increase budget approved for the wider workforce.

For 2023, we have reported a median gender pay gap of 30% and a median gender bonus gap of 39%. Our pay gaps continue to come down gradually but remain significant, driven primarily by representation in senior and higher paid, revenue generating roles. At the end of 2023, the proportion of females in senior management roles was 43%, meeting the STI target, whilst the proportion of ethnic minorities was 9%, exceeding the STI target of 7%.

To reinforce our commitment to reducing our gender and ethnic pay gaps and driving an inclusive culture, the Company is in the process of refreshing its Inclusion and Diversity Action Plan with updated targets for diverse representation within our senior management population (further details are contained in the Insight into Colleagues section of the Section 172 (1) statement on pages 17 to 19). These targets have been incorporated into the Executive Directors' STI scorecards for 2024, as well as specific culture and engagement targets for the wider workforce.

The Committee continued to monitor the remuneration conditions of the wider workforce closely and approved a salary budget of 5% for 2023, which was weighted to the Group's lower earners where the impact of cost of living pressures were most significant. I look forward to further engagement with our employee representatives on pay conditions across the Group and other matters important to the workforce as I take on the Workforce Engagement Director role from my Committee colleague, Tazim Essani, after she steps down from the Board at the 2024 AGM.

Looking ahead, we will undertake a full review of the Company's Directors' Remuneration Policy (the "Policy") during 2024, ahead of seeking shareholder approval for a new Policy at the 2025 AGM. I look forward to the opportunity to engage with shareholders and investor bodies during that process to ensure that our Policy proposals appropriately align Executive Director and shareholder interests for the long-term benefit of all stakeholders.

Lastly, I would like to thank my Board colleagues, Tazim Essani and Paul Matthews, for their service on the Committee ahead of them stepping down from the Board at the conclusion of the 2024 AGM.

Tim Breedon CBE
Chair

At a glance

Committee responsibilities

- Sets the overarching principles and parameters of remuneration policy across Quilter.
- Considers and approves remuneration arrangements for Executive Directors, senior executives and the Company Chair.
- Considers the impact of risk matters on remuneration.
- Approves individual remuneration awards.
- Agrees changes to senior executive incentive plans.

Committee governance

The Committee currently comprises three independent Non-executive Directors and the Chair of the Board, who was independent on appointment.

Details of the skills and experience of the Committee members can be found in their biographies on pages 46 to 48.

Committee evaluation

As part of the 2023 Board effectiveness review, the Board has assessed that the Committee membership is appropriate in providing challenge and oversight and that the Committee is operating effectively.

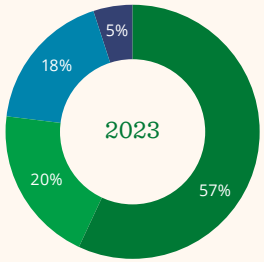
Discharging our responsibilities

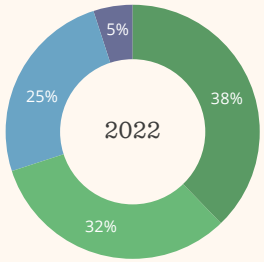
The Committee reviewed its activities over the previous 12 months against its terms of reference and confirmed that it had fully discharged its responsibilities in line with its remit. The terms of reference are available at **plc.quilter.com**.

Attendance

The Chief Executive Officer, Chief Financial Officer, HR Director, Reward Director and the Committee's independent remuneration adviser regularly attend Committee meetings, except when it would not be appropriate for them to do so. Attendees do not take part in decisions relating to their own remuneration and potential conflicts are suitably mitigated.

Committee activity





Committee activity	2023	2022
Remuneration schemes, including all employee schemes	●	●
Risk and Governance	●	●
Specific remuneration arrangements	●	●
Group Remuneration Policy	●	●

Key areas of Committee focus

Key performance highlights

- Adjusted Profit was £167 million for 2023, up 25% on £134 million in 2022, with an operating margin of 27%, up from 22% in 2022.
- Management action to constrain costs helped to offset a weak revenue environment, with full-year expenses of £458 million being £14 million lower than 2022 and £22 million lower than 2021 despite inflationary pressures.
- In addition, the business had delivered £53 million of run-rate Simplification cost savings by the end of 2023, exceeding its initial target of £45 million a year early.
- On revenues, investment interest income was higher than expected at the start of the year due to higher than anticipated Bank of England base rate increases, which offset lower than expected net management fees due to lower market levels at the start of the year and lower net flows than originally targeted.
- Core net flows of £0.8 billion were down 62% on 2022 (£2.1 billion). This reflected reasonably robust performance in a challenging market for new business, with strong flows from the Quilter channel and steady growth in the Platform's share of IFA flows over the year.
- The business is aligned with the new Consumer Duty that came into effect during 2023, and has not had to make any material changes to products or pricing to comply with the principles of the Duty. The introduction of the Duty has reinforced the advantages of Quilter's customer-led business approach, with several further service and proposition enhancements delivered during the year.
- Investment performance was strong across the flagship WealthSelect range with first or second quartile performance over one year in 28 of its 40 portfolios. It also continued to see strong inflows, surpassing £13 billion in assets under management for the first time. The Cirilium Blend and Passive solutions also performed well, with actions to improve performance of Cirilium Active starting to show results, whilst Quilter Cheviot's discretionary and managed portfolios achieved steady performance.

Short-term incentive outcome

The Adjusted Profit outcome of £167 million exceeded the maximum target of £140 million and, noting in particular the materiality of the level of outperformance, the Committee were comfortable that a maximum outcome was justified. Conversely, net flows of 1% of opening AuMA was below the threshold target of 2%. As a result, the outcome for both Executive Directors for the financial element of the STI scorecard was 58% of maximum, which accounts for 60% of the total scorecard.

In terms of non-financial performance, the business made good progress against its strategic priorities, whilst managing risk prudently and effectively. The new Consumer Duty was implemented successfully and the business's customer-led model served it well in supporting good customer outcomes. The Company also achieved its three key people objectives in respect of diverse representation in senior roles and colleague engagement.

Overall, this resulted in STI outcomes of 65% of maximum for the Chief Executive Officer, Steven Levin, and 64% of maximum for the Chief Financial Officer, Mark Satchel. Full details of the STI awards are set on pages 78 to 80 of the Report.

Key areas of Committee focus

Long-term incentive outcome

The 2021 LTI award for the three-year performance period that ended on 31 December 2023 was weighted 70% on compound annual earnings growth and 30% on TSR relative to the FTSE 250 (excluding investment trusts).

In determining the vesting outcome, the Committee exercised discretion to adjust the calculation of earnings growth for the impact of corporate activity. In line with the approach taken on prior awards, the Committee decided to exclude the earnings of Quilter International from the base year, net of certain stranded costs, and neutralise the effect of the share consolidation programme linked to the sale of Quilter International, to provide a consistent measure of underlying earnings growth over the period. This adjustment had the effect of reducing the LTI outcome from 70% of maximum to 66.1% of maximum. A breakdown of the earnings growth calculation is set out on page 81 of the Report.

On the TSR metric, Quilter was ranked 102nd out of 155 companies from the FTSE 250 (excluding investment trusts) over the period, reflecting the challenging market conditions for wealth and asset managers relative to other sectors. As this was below the median of the comparator group, it contributed nil to the outcome.

Overall, this resulted in an LTI outcome of 66.1% of maximum for both Executive Directors. The awards will vest on 27 March 2024, with the net vested shares subject to a minimum two-year post-vesting holding period and subject to clawback during that period.

Long-term incentive grant

At the time 2023 LTI awards were due to be granted to Executive Directors, the Quilter share price was materially lower than the prior year grant price and historical averages.

Following careful consideration, the Committee decided to scale back the level of LTI awards to recognise the fall in the share price. The awards were granted on 3 April 2023 over a number of shares equal to 177% of base salary for each Executive Director, a reduction in award value of 11.5%, or 23 percentage points, from the regular award level of 200% of base salary. The Committee also retains discretion to adjust further at vesting for windfall gains should it consider it necessary to do so.

Inclusion, diversity and culture

Within the personal element of the STI scorecard, the Committee set targets to increase the proportion of female and ethnic minority colleagues in our senior management population (defined as the Company's Executive Committee and their direct reports (excluding business managers and personal assistants)) by the end of 2023. Both of these targets were achieved, with the proportion of females standing at 43%, in line with target, and the proportion of ethnic minority colleagues standing at 9% against a target of 7%.

The Committee also set a minimum Group-wide colleague engagement target of 7.6/10 by the end of 2023 to underpin the importance of an inclusive culture and engaged workforce. At the end of 2023, the Company's engagement score stood at 7.6, in line with the target.

For 2023, we reported a median gender pay gap of 30% and a median gender bonus gap of 39%, both of which represent small improvements on the prior year.

Increasing the diversity of our senior leadership, improving access and development within our industry for people of all backgrounds and driving an inclusive culture all form core elements of our broader Inclusion and Diversity Action Plan. You can read more about this, as well as our gender and ethnic pay gaps, in the Insight into Colleagues section of the Section 172 (1) statement on pages 17 to 19.

Considerations for the year ahead

There are no changes to the Policy or its application for the 2024 financial year.

The targets for the 2024 LTI award are set out on page 82 and the targets for the 2024 STI award will be disclosed retrospectively in next year's Report, in line with normal practice given the commercial sensitivity of annual targets.

As the next binding resolution on the Policy will be due at the Company's 2025 AGM, the Committee intends to undertake a full review of Policy and practice during 2024, taking into account shareholder views as well as market practice and regulatory and corporate governance developments. Full details of any changes proposed to the Policy will be set out in the 2024 Report, ahead of the 2025 AGM.

Fixed remuneration

With regard to fixed remuneration, the Committee decided to increase the base salary of the Chief Executive Officer, Steven Levin, to £595,000 from 1 April 2024, an increase of 3.5% which is lower than the average increase expected for the wider workforce of 4% and reflects strong performance and continued market alignment. The Committee decided not to apply an increase to the salary of the Chief Financial Officer, Mark Satchel, following an adjustment in the prior year.

A review of Non-executive Director fees, excluding the Company Chair, was also undertaken in light of changes to the Group governance structure. Non-conflicted members of the Board agreed certain adjustments to Board and Committee fees to recognise changes in time and regulatory responsibilities. The aggregate fees of independent Non-executive Directors across the Group are expected to be lower following this reorganisation.

Remuneration Policy

- The current Policy was approved by shareholders at the AGM on 12 May 2022, with 96% votes in favour.
- The Policy is intended to operate for three years and will next be put to a shareholder vote for formal approval no later than the 2025 AGM.
- The Policy has had only minor evolutionary updates since the Company listed in 2018 to ensure it continues to align to market and corporate governance best practice.
- The application of the Policy continues to align management incentives to the Company's strategic priorities, as set out in the chart on page 73.
- The alignment of Company performance with remuneration outcomes through the operation of the Policy in 2023 was in line with expectations.
- In 2024, we will be reviewing the Policy to ensure it continues to be fit for purpose in incentivising and rewarding stretch performance. As part of this review, we will be consulting with our shareholders during the year to hear their views on our current Policy, and to get specific input and feedback should the Committee be minded to make any changes to the remuneration approach.

At a glance – 2023 remuneration

Key Performance Indicators

Short-term Incentive

Adjusted profit
£167m
2022: £134m

Core net flows
£0.8bn
2022: £2.1bn

Core net flows as percentage of opening AuMA
1%
2022: 2%

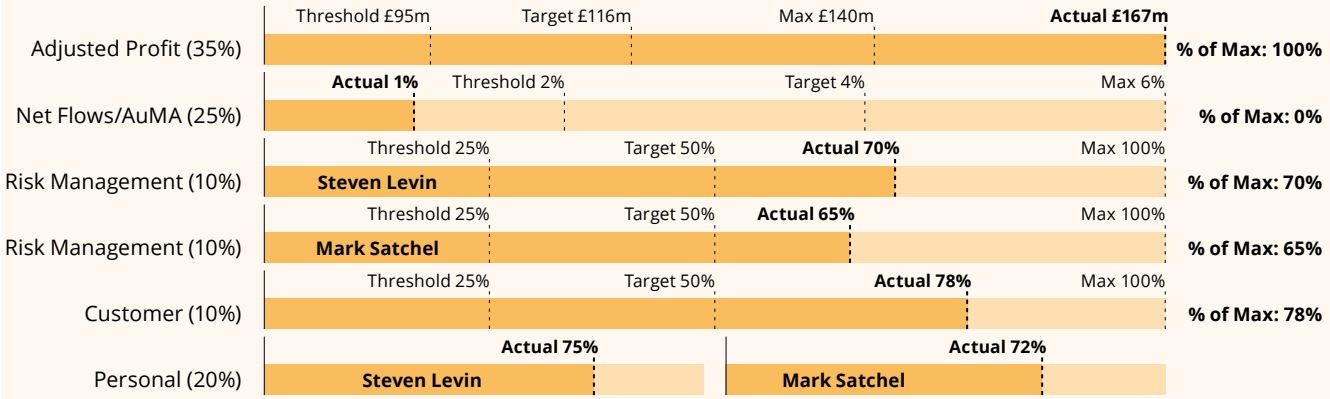
Long-term Incentive

3-year earnings per share CAGR
19%
2022: 9%

Total shareholder return ranking
3rd quartile
2022: 3rd quartile

Single figure

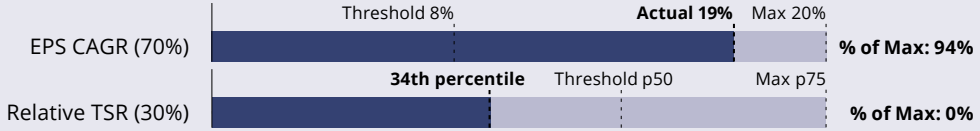
Short-term Incentive



Steven Levin
£745,000
65% of max (130% of salary)

Mark Satchel
£595,000
64% of max (127% of salary)

Long-term Incentive

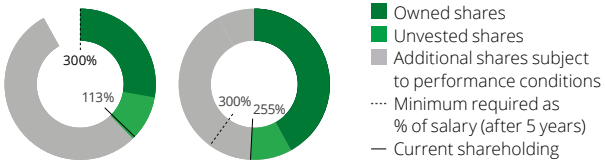


Vesting outcome
66.1%
of maximum

Shareholding

Steven Levin
113%

Mark Satchel
255%



Wider workforce

Annual salary review (April 2023)
5%
2022: 4%

Company Pension contribution
10%
2022: 10%

STI eligibility
99%
2022: 98%

SAYE new plan uptake
43%
2022: 32%

SIP Free Shares
1,282 colleagues
celebrated 5-year anniversary of award

At a glance – Implementation of the Remuneration Policy in 2024

Strategic priorities for 2024

Building our distribution
Grow our adviser and financial planner numbers and grow our IFA market share.

Enhancing our proposition
Be more responsive to customers, clients and the market to capture greater flows when markets improve.

Driving efficiency
Modernise our processes by investing in new technology and removing complexity and legacy costs.

Inclusion and Diversity
Create an inclusive and unified culture where all colleagues have the opportunity to thrive.

Culture and engagement
Drive a high-performance culture with strong colleague engagement.

Fixed pay

Steven Levin salary
£595,000
3.5% increase for 2024

Mark Satchel salary
£472,500
Unchanged for 2024

4% average increase expected for all employees from 1 April 2024.

Market competitive **benefits** package aligned to other employees and including private medical insurance, life assurance and income protection. **Unchanged for 2024.**

Employer **pension** contribution and/or allowance of 10% of base salary, in line with the contribution level for other employees. **Unchanged for 2024.**

Short-term incentive ("STI")

2024	2025	2026	2027	2028
Performance period	Vesting period	1/3	1/3	1/3

35% Adjusted Profit
25% Net Flows/Opening AuMA
Key measures of the Group's financial performance providing strong alignment with shareholders' interests. As an indicator of future AuM and revenues, net flows are a key growth driver.

10% Customer
10% Risk
20% Personal
Essential to the Group's long-term success, a range of non-financial metrics reflecting our commitment to deliver good outcomes for our customers, effective risk management and to drive strategic initiatives including our Inclusion and Diversity Action Plan and culture and engagement in the wider workforce.

- Maximum opportunity of 200% of base salary.
- 50% paid in cash in Q1 following the end of the performance year.
- 50% deferred in an award of conditional shares vesting in equal tranches over three years.
- Subject to malus and clawback. See page 126 of the 2021 Annual Report and Accounts for more details.

Long-term incentive ("LTI")

2024		2027	2029
Vesting period			
Performance period		Additional holding period	

40% EPS Growth
A key indicator of underlying operational performance providing focus on increasing profitability.

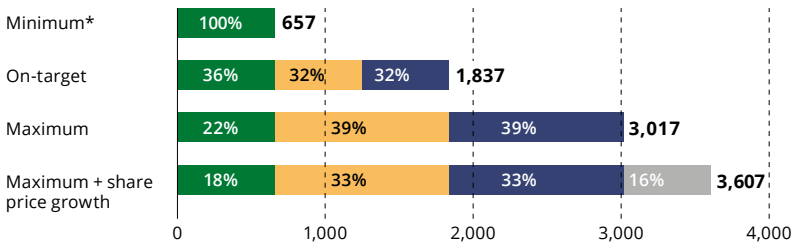
25% Operating Margin
Reflecting the Group's long-term strategic priority to drive efficiency and improve profitability.

25% TSR – relative to FTSE 250 (excluding investment trusts)
An important measure of shareholder value creation providing close alignment with shareholders' interests.

10% ESG – carbon emissions reduction & responsible investing
Integral to our role as a responsible investor and the long-term sustainable growth of our business.

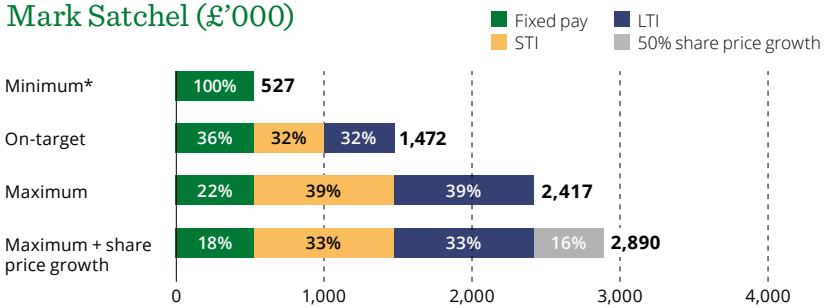
- Maximum opportunity of 200% of base salary.
- Award of nil-cost options subject to a three-year performance period.
- Award vests in Q1 following the end of the performance period and is subject to a further two-year holding period.
- Subject to malus and clawback. See page 126 of the 2021 Annual Report and Accounts for more details.

Steven Levin (£'000)



*Includes base salary, core benefits and pension funding.

Mark Satchel (£'000)



Directors' Remuneration Policy (summary)

The Policy is summarised below. The full details of the Policy are on pages 119 to 131 of the 2021 Annual Report and Accounts, which can be found in the investor relations section of the Quilter website. The Policy was approved by shareholders at the Company's Annual General Meeting on 12 May 2022 and it is intended that the Policy will apply for three years from that date.

The Committee continues to assess the Policy against the principles of clarity, simplicity, risk management, predictability, proportionality and alignment to culture, as set out in the Corporate Governance Code 2018.

The key drivers of our Remuneration Policy

Alignment to culture	– to align the interests of the Executive Directors, senior executives and employees with the long-term interests of shareholders and strategic objectives of the Company; – to incorporate incentives that are aligned with and support the Group's business strategy, align executives to the creation of long-term shareholder value, and promote the long-term sustainable success of the Company for the benefit of all stakeholders, within a framework that is sufficiently flexible to adapt as our strategy evolves; – to reinforce a strong performance culture, across a wide range of individual performance measures, including behaviours, risk management, customer outcomes and the development of the Company's culture in line with its values over the short and long term; – to ensure that remuneration practices are consistent with and encourage the principles of gender neutrality, equality, inclusion and diversity; and – to align management and shareholder interests through building material share ownership over time.
Clarity	– to clearly communicate our Remuneration Policy and reward outcomes to all stakeholders.
Simplicity	– to ensure that our Remuneration Policy is transparent and easily understood; and – to operate simple and clear remuneration structures across the Company.
Risk	– to provide a balanced package between fixed and variable pay, and long and short-term elements, to align with the Company's strategic goals and time horizons whilst encouraging prudent risk management; and – to ensure reward processes are compliant with applicable regulations, legislation and market practice, and are operated within the bounds of the Board's risk appetite.
Predictability	– to set robust and stretching performance targets which reward exceptional performance; and – to set remuneration within the limits established under the Remuneration Policy.
Proportionality	– to attract, retain and motivate the Executive Directors and senior employees by providing total reward opportunities which, subject to individual and Group performance, are competitive within our defined markets both in terms of quantum and structure for the responsibilities of the role; and – to consider wider employee pay when determining that of our Executive Directors.

How we create value for our stakeholders

How we align our incentive schemes

Our strategic priorities	Short-term incentive	Long-term incentive
Building our Distribution	Net flows Customer outcomes	EPS growth Relative TSR
Enhancing our propositions	Net flows Customer outcomes	ESG (responsible investing)
Driving Efficiency	Adjusted Profit	Operating margin EPS growth Relative TSR
Culture	Creating an inclusive culture where all colleagues can thrive Inclusion and Diversity Engagement	

Directors' Remuneration Policy (summary) *continued*

Remuneration Policy for Executive Directors

The tables on the following pages summarise the key components of Executive Director remuneration arrangements, which form part of the Policy.

Elements		Purpose and link to strategy	Operation	Maximum opportunity
Fixed elements of pay	Base Salary	Attract and retain talent with the calibre, personal skills and attributes to develop, lead and deliver the Group's strategy.	Base salaries are normally paid in equal monthly instalments during the year and reviewed annually with increases usually effective 1 April. In reviewing base salaries, the Committee takes into account a number of factors and considers the direct and indirect impacts of any base salary increases on total remuneration. Individual and Company performance will be taken into account in determining any salary increases.	There are no prescribed maximum salary levels, but any salary increases will normally be in line with percentage increases across the wider employee population.
	Benefits	To aid retention and attract the best talent for the business, whilst ensuring the total package is competitive in the market.	To provide Executive Directors with a market competitive level of benefits. Benefits currently provided to Executive Directors are in line with other Quilter employees and include private medical insurance, life assurance and income protection. Executive Directors are eligible to participate in the UK all-employee share plans on the same terms as other employees, including the Company's Share Incentive Plan and Sharesave Plan. Any reasonable business-related expenses (including tax thereon if determined to be a taxable benefit) can be reimbursed.	In line with other employees, there is no maximum monetary level for benefits as this is dependent on the individual's circumstances, market practice and the cost to the Company.
	Pension	To provide a market-competitive contribution that helps to attract and retain the best talent for the business.	Executive Directors are eligible to receive employer contributions to the Company's pension plan (which is a defined contribution plan) or a cash allowance in lieu of pension benefits, or a combination. Contributions and/or a cash alternative are paid monthly.	This is currently 10% of base salary, which is in line with the wider workforce.
Short-term Incentive		To align remuneration with performance against financial and non-financial business plan targets and personal goals, within the Group's risk appetite and taking into consideration the Company's culture and values, on an annual basis.	Performance targets and weightings are normally reviewed and set annually by the Committee taking into account business plans and the Company's risk appetite. Pay-out levels are determined by the Committee following the year end, based on performance against objectives. Performance is usually measured based on a mix of financial, non-financial, strategic and personal targets. The splits between the performance measures and relative weighting of the targets are reviewed by the Committee at the start of each year and set out in the Annual Report on Remuneration. STI pay-out for threshold performance is set at 25% of maximum, on-target performance is set at 50% of maximum and maximum is set at 100%. At least 50% of any STI awarded to an Executive Director is normally deferred in the form of conditional awards under the Share Reward Plan, which vests annually in equal annual instalments over a three-year period subject to the rules of the Share Reward Plan. Malus and clawback provisions apply to both cash and deferred portions of the STI awards as described in further detail in 'Risk adjustments, malus and clawback' on page 126 of the 2021 Annual Report and Accounts.	The maximum STI opportunity is 200% of base salary.

Directors' Remuneration Policy (summary) *continued*

Elements	Purpose and link to strategy	Operation	Maximum opportunity
Long-term incentive	To incentivise and reward Executive Directors for achieving superior long-term business performance that creates shareholder value and maximises sustainable shareholder returns.	Performance is usually measured based on a mix of financial and non-financial targets. The splits between the performance measures and relative weighting of the targets are reviewed and set annually by the Committee, taking into account business plans and the Company's risk appetite. The LTI targets are set out prospectively in the Annual Report on Remuneration. LTI pay-out for threshold performance is set at 25% of maximum and maximum is set at 100%. LTI awards are made under the Quilter plc Performance Share Plan ("PSP"). Awards are normally granted annually as nil cost options, which are subject to performance conditions. Awards normally vest after three years, subject to the achievement of performance conditions and continued employment, and are normally subject to a minimum two-year holding period after vesting.	An award over Company shares with a face value of 200% of base salary at the date of grant.
Share-holding requirement	To align Executive Directors' interests with those of shareholders.	The Group operates a mandatory shareholding policy under which Executive Directors are required to build up and maintain a shareholding in the Company with a value at least equal to 300% of base salary. Executive Directors are expected to meet the requirement within five years of appointment. At least 50% of any shares vesting under Quilter's share plans (on a net-of-tax basis) are expected to be retained until the shareholding requirements are met. Vested and unvested (net of tax) awards under the Share Reward Plan are included in the calculation of a Director's shareholding for this purpose. Vested awards no longer subject to performance conditions (net of tax) under the PSP are also included. Executive Directors are normally required to hold shares for at least two years following cessation of their appointment at the lower of the minimum shareholding requirement of 300% of base salary or the value of shares held at the point of departure (if the Executive Director is still in the five-year accumulation period).	n/a

Directors' Remuneration Policy (summary) *continued*

Termination of office policy

If the employment of an Executive Director is terminated, any compensation payable will be determined by reference to the terms of the service agreement in force at the time. As variable pay awards are not contractual, treatment of these awards is determined by the relevant plan rules. Bad leavers are not entitled to any payment. The Committee may structure any compensation payments beyond the contractual notice provisions in the contract in such a way as it deems appropriate as set out in the table below and taking into account the best interests of the Company.

Policy element	Details
Notice Normally six months' notice.	– In certain cases, Executive Directors will not be required to work their notice period and may be put on garden leave or granted pay in lieu of all or part of their notice period ("PILON"). PILON may be paid monthly or in a lump sum, depending on circumstances. – Holiday does not accrue when PILON is paid. During a period of garden leave, holiday that has accrued is deemed to have been taken during the garden leave. – Executive Directors will be subject to annual re-election at the AGM.
Treatment of annual incentive awards Annual incentive awards will be made to good leavers (see below) based on an overall assessment of corporate and personal performance and (normally) pro-rated for the period worked in the performance year of termination.	– Delivered in line with normal Policy and timeline, including the application of deferral into shares.
Treatment of unvested legacy LTI and deferred annual incentive share awards All awards lapse except for good leavers (see below).	– LTI awards continue to the normal vesting date for good leavers[1] unless (exceptionally) the Committee applies discretion to accelerate the vesting to the termination date. In each case, the number of shares released shall be based on the achievement of performance conditions over the performance period (or curtailed performance period, if applicable). The number of shares that vest would typically be calculated on a pro-rata basis, based on time served during the vesting period. – Deferred annual incentive share awards for good leavers[1] continue to the normal vesting date unless the Committee applies discretion to accelerate the vesting to the termination date. – Any post-vesting retention periods on share awards for good leavers continue to apply as normal.
Compensation for loss of office Settlement agreements may provide for, as appropriate: – Incidental costs related to the termination, such as legal fees for advice on the settlement agreement. – Provision of outplacement services. – Payment in lieu of accrued, but untaken, holiday entitlement. – Exit payments in relation to any legal obligation or damages arising from such obligation. – Settlement of any claim arising from the termination. – Continuation or payment in lieu of other incidental benefits. – In the case of redundancy, in line with the Company operated enhanced redundancy policy.	– Terms are subject to the signing of a settlement agreement.

[1] Subject to further adjustments which may be applied to discretionary good leavers. An executive will be treated as a good leaver under certain circumstances such as death, illness, injury, disability, redundancy, retirement, their employing company ceasing to be a Group company or any other circumstances at the discretion of the Committee.

Annual Report on Remuneration

Audited
Content within an 'Audited' tab indicates that all the information is audited.

Application of the Policy in 2024
Content within a shaded box reflects the implementation approach for 2024.

The Report sets out how the Policy of the Company has been applied in 2023 and how the Committee intends to apply the Policy going forward. An advisory shareholder resolution to approve this Report will be proposed at the 2024 AGM.

The table below sets out the single figure of remuneration for the full financial year 2023 together with 2022 comparator figures.

Audited

Executive Director	Base £'000	Benefits £'000	Pension[1] £'000	Total Fixed £'000	STI £'000	LTI[2] £'000	Other[3]	Total Variable £'000	Total Reward £'000
2023									
Steven Levin	575.0	8.6	57.5	641.1	745.0	162.6	7.5	915.1	1,556.2
Mark Satchel	466.9	7.2	46.7	520.8	595.0	365.8	7.5	968.3	1,489.1
2022									
Steven Levin	95.8	1.5	9.6	106.9	89.0	4.7	–	93.7	200.6
Mark Satchel	450.0	7.1	45.0	502.1	417.5	216.3	7.5	641.3	1,143.4

[1]Pension includes contributions made under the Group defined contribution pension scheme plus amounts received as a pension allowance.
[2]LTI is a vesting value determined as a result of the achievement of performance conditions for the 2021 LTI award, the performance period for which ended on 31 December 2023 (see pages 80 to 81 for further details). The value of the 2021 LTI is calculated using the average share price over the final three-month period of the year ending 31 December 2023, which was £0.9054. The actual vesting date is 27 March 2024 and the actual value will be reflected in next year's Report. The amount of this figure, which includes share dividend equivalents, attributable to share price depreciation is valued at £126.8k for Steven Levin and £285.3k for Mark Satchel as at 31 December 2023. The vested value of the 2020 LTI, shown in the 2022 outcomes, has been updated to reflect the share price on the actual vesting date, 27 March 2023, which was £0.8170. For Steven Levin, the value of his 2020 LTI outcome was pro-rated for qualifying services only. As he was an Executive Director for the whole of 2023, the full value of his 2021 LTI outcome is included (notwithstanding that the award was granted in 2021 on Steven Levin's package at the time, prior to his appointment as Chief Executive Officer on 1 November 2022).
[3]Represents the value of the 20% market discount awarded on Save As You Earn options granted during 2023.

Components of the single figure

The Committee agreed for Mark Satchel to receive a 5% base salary increase at the 1 April 2023 review date, which was in line with the average increase for the wider workforce, with no adjustment to Steven Levin's base salary at that time.

From 1 April 2024, Steven Levin's base salary will be increased by 3.5%, which is lower than the average increase of 4% expected for the wider workforce, and Mark Satchel's base salary will remain unchanged.

Audited

Executive Director	Annual base salary as at 1 April 2023 £'000	Total base salary paid in 2023 £'000	Total base salary effective 1 April 2024 £'000
Steven Levin	575.0	575.0	595.0
Mark Satchel	472.5	466.9	472.5

Benefits

Benefits include life assurance, private medical cover and income protection.

Audited

Name	Life assurance £'000	Medical £'000	Income protection £'000
2023			
Steven Levin	2.8	1.3	4.5
Mark Satchel	2.3	1.3	3.6
2022			
Steven Levin	0.5	0.2	0.8
Mark Satchel	2.2	1.3	3.6

Benefits for 2024
No changes to the approach.

Annual Report on Remuneration *continued*

Pension

Pension includes contributions made under the Group defined contribution pension scheme and/or amounts received as cash in lieu of pension contributions due to the impact of HMRC limits, for qualifying services only. The pension provisions of Executive Director appointments are aligned to the pension arrangements of the wider workforce, which is currently set at 10% of base salary.

Audited

Name	Cash in lieu of pension contribution £'000	Contribution to pension scheme £'000	Total contribution £'000
2023			
Steven Levin	49.0	8.5	57.5
Mark Satchel	38.2	8.5	46.7
2022			
Steven Levin	8.9	0.7	9.6
Mark Satchel	41.0	4.0	45.0

Pension for 2024

No changes to the approach.

2023 STI awards

For the purpose of determining the 2023 STI outcome, the Committee assessed the performance of the business and the individuals by reference to a balanced scorecard of Adjusted Profit (35%), net flows as a percentage of opening AuMA (25%), Customer (10%), Risk Management (10%) and Strategic Personal performance objectives (20%) in line with the Policy. Each Executive Director had a maximum 2023 STI opportunity of 200% of base salary received during the year.

The summary below reflects the Committee's assessment of performance for the year ended 31 December 2023.

Financial performance

The basis of the profit measure for 2023 was updated from IFRS profit to Adjusted Profit, with the Committee retaining discretion to override the outcome if transformation costs exceeded Board approved budgets. The net flow measure reflects the year's core business gross inflows less gross outflows, divided by the opening AuMA as at 1 January 2023, which is in line with our Group reported KPI for net flows.

The financial targets and outcomes for 2023 are set out below:

Audited

Group financial performance measures	Weighting as % of total STI opportunity	Threshold (25% of max)	Target (50% of max)	Maximum (100%)	Outcome	Outcome as % of max
Adjusted Profit before tax	35%	£95m	£116m	£140m	£167m	100%
Net flows as a percentage of opening AuMA[1]	25%	2%	4%	6%	1%	0%

[1] Reflects the core business only, excluding non-core assets in run-off related to legacy business disposals.

The Adjusted Profit result reflects a combination of tight expense control, with costs for 2023 of £458 million being 3% lower than 2022, despite inflationary headwinds, and higher than anticipated interest income due to base rate rises over the year, which largely offset the impact of negative market movements. The Committee considered carefully whether a maximum outcome for this metric fairly and appropriately rewarded underlying performance. In recognition of the level of outperformance relative to the targets, the Committee concluded that the outcome was fair and appropriately aligned the Executive Director and shareholder experience.

The Committee also noted that total below-the-line expenditure of £53 million, including £28 million of Business Transformation costs, was materially less than originally budgeted and decided, therefore, that it was not necessary to apply an override.

Group Customer and Risk Management performance

Customer and Risk Management performance measures represented a maximum of 20% of the total STI opportunity, with each metric accounting for up to 10% of maximum.

The risk measure assesses the effectiveness of risk management at an overall corporate level for each of the Executive Directors by considering quantitative and qualitative indicators of tone from the top and risk culture, management of risk profile with framework tools, management of key risks against risk appetite, the understanding of risk in strategic and tactical decision making and regulatory relationships.

Performance in respect of the Customer element of the scorecard was assessed against key customer risk and performance indicators covering governance, customer contact, complaints, satisfaction, service, advice suitability and oversight and an assessment of value, as measured by the Company's Customer Strategic Risk Appetite Principles ("SRAP"), as well as customer outcome and satisfaction indicators including Trust Pilot scores and InMoment surveys, investment performance data and a qualitative assessment of how the Company is acting more broadly to support good customer outcomes and mitigate the risk of foreseeable customer harm in accordance with the Consumer Duty principles.

Annual Report on Remuneration *continued*

Audited

Customer and Risk Management measures	Executive Director	Weighting as % of total STI opportunity	Key achievements in the year	Outcome as % of max
Risk Management Effectiveness	Steven Levin	10%	– Targets met across all risk management indicators and exceeded on managing key risks against risk appetite, demonstrating firm grasp of the Group's risk profile. – Decisive action to address areas of elevated risk, reflected in key transformation programmes. – All targets met or exceeded for risk event and risk control metrics. – Strong tone from the top on managing risk and ensuring good customer outcomes. – Evidence of a strong risk culture through audit findings and actions, and employee opinion scoring on raising risk issues and risk awareness.	70%
Risk Management Effectiveness	Mark Satchel	10%	– Targets fully met across all risk management indicators. – Positive position on financial risk appetite measures, including effective monitoring and reporting of capital and liquidity against appetite through relevant fora. – Proactive and open engagement with regulators, notably the FCA SREP and PRA annual firm visit – Promotes a positive risk culture and proactive. consideration of risks to balance commercial ambition with managing risks appropriately.	65%
Customer Outcomes	Steven Levin and Mark Satchel	10%	– Customer performance assessed positively against the principles of the Consumer Duty, underlining the alignment of the Company's open and unbundled business model with the Duty. – Quilter's Trustpilot score ended the year at 4.2 with 81% of reviews being 4 or 5 stars and an overall satisfaction score of 82%. This performance compared favourably to peers. – Investment performance was strong across Quilter Investors' flagship solutions and steady across Quilter Cheviot's discretionary portfolios. – Significant progress on customer service, proposition and value, including fee reductions across the Group, launch of the CashHub allowing customers to earn enhanced interest rates on cash deposits and extended support for vulnerable customers.	78%

Strategic and personal performance

Personal objectives represented a maximum of 20% of total STI opportunity.

Audited

Executive Director	Weighting as % of total STI opportunity	Key areas of focus	Achievements in the year	Outcome as % of max
Steven Levin	20%	– Lead overall corporate delivery against the Group's strategic priorities. – Build presence and confidence as the new Chief Executive Officer across key stakeholder groups, including the investor community, the Board and employees. – Maintain a customer-led approach, ensuring the Consumer Duty is implemented effectively. – Drive an inclusive and meritocratic culture in which employees can thrive, enabling diversity of thought leadership and diversity of representation.	– Quickly established the three strategic priorities for the business, developing plans to accelerate strategic execution. – Developed important strategic initiatives to set the Group up for long-term success, including the pilot of Quilter Partners. – Strong focus on the customer, delivering Cirilium and Platform repricing initiatives and many propositional enhancements. – Day 1 programme for the Consumer Duty successfully implemented, reinforcing the benefits of Quilter's customer-centric approach. – Strong leadership, building trust and credibility with the market and providing clear and visible leadership to employees. – Achieved key diverse representation and employee engagement targets, making significant progress from the prior year.	75%
Mark Satchel	20%	– Deliver and communicate a strong set of preliminary and interim results, with particular focus on expenses. – Working in partnership with ExCo colleagues, deliver Simplification targets. – Support the Chair and Chief Executive Officer with effective shareholder engagement, whilst seeking to expand and diversify the investor base. – Drive an inclusive culture across the Group in which employees can thrive, focusing on talent and succession within Finance.	– Strong cost management amid a weak revenue environment, achieving profit and expenses ahead of market expectations. – Contributed significantly to Simplification initiatives and the over-achievement of cost saving targets. – Led the successful reissue of the Tier 2 subordinated debt in challenging market conditions for debt financing. – Oversaw implementation of changes to streamline the corporate governance structure and rationalise the number of legal entities. – Delivered a thorough programme of shareholder engagement, including some significant new investors. – Implemented the Company's second Odd-lot Offer, reducing the number of shareholders by approximately 60%.	72%

Consideration of risk

As part of its performance assessment, the Committee considered whether the overall STI outcomes were appropriate in the context of business performance and individual strategic/personal objectives, and whether any material ex-post and/or ex-ante risks were, in the Committee's opinion, appropriately reflected in the STI outcome. The Committee, jointly with the Board Risk Committee, also considered an annual risk report and the recommendations of the Chief Risk Officer in respect of the incidence and materiality of any risk issues arising during the year and an overall assessment of risk management relative to the Board's risk appetite and risk culture across the business. The Committee concluded that no risk-based adjustments were required to the STI outcomes.

Audited

Deferral policy

In line with our Policy, 50% of the Executive Directors' 2023 STI awards will be deferred into a conditional award of Ordinary Shares under the Company's Share Reward Plan and will vest in equal annual instalments over a three-year period, subject to continued employment and malus and clawback provisions in accordance with the rules of the Share Reward Plan.

	Total		Deferred bonus		To be paid in cash	
Executive Director	**£'000**	**% of salary**	**£'000**	**% of salary**	**£'000**	**% of salary**
Steven Levin	745.0	130%	372.5	65%	372.5	65%
Mark Satchel	595.0	127%	297.5	64%	297.5	64%

Each Executive Director held the following deferred STI awards under the Share Reward Plan during 2023:

Executive Director	Outstanding shares at 1 January 2023	Shares vested during the year	Shares granted during the year[1]	Dividend equivalents accrued during the year[2]	Outstanding shares at 31 December 2023
Steven Levin	224,494	119,607	223,000	18,452	346,339
Mark Satchel	347,633	191,517	247,745	22,728	426,589

[1] Shares granted in 2023 were the deferred portion of 2022 STI, granted on 3 April 2023 at an award price of £0.8426 and face value of £187,900 for Steven Levin and £208,750 for Mark Satchel. The grant price was the closing share price on the day preceding grant.
[2] Share-settled dividend equivalents accrue on awards during the vesting period on an assumed reinvestment basis.

STI for 2024

No changes to the approach. Each Executive Director will have a maximum STI opportunity equal to 200% of salary, with outcomes to be determined against a balanced scorecard comprised of the metrics and weightings set out in the following table. The targets will be disclosed retrospectively in next year's Report due to commercial sensitivity, in line with normal practice.

2024 STIP Performance Metrics	Weighting
Adjusted Profit	35%
Net Flows as a percentage of opening AuMA	25%
Risk Management Effectiveness	10%
Customer Outcomes	10%
Strategic and Personal Performance	20%

Vesting of 2021 LTI awards

On 31 December 2023, the 2021 LTI awards granted under the PSP reached the end of their performance period. These awards will vest on 27 March 2024, with the vested shares subject to a further two-year post-vesting holding period. The performance conditions which applied to the 2021 LTI award and the performance achieved are set out below.

Audited

Performance condition	Weighting	Threshold[1] (25% vesting)	Maximum[1] (100% vesting)	Performance Achieved[2]	Weighted Percentage of Award Vesting
EPS CAGR (2020-23)[3]	70%	8%	20%	19.1%	66.1%
Relative TSR[4]	30%	Median	Upper quartile	102 out of 155 companies[5]	0.0%
			Award Outcome		**66.1%**

[1] Straight-line interpolation between points.
[2] The Committee adjusted the EPS CAGR performance condition to reflect the sale of Quilter International and neutralise the effect of the share consolidation.
[3] Adjusted EPS, pre-dividend excluding amortisation and goodwill.
[4] Ranking relative to the constituents of the FTSE 250 excluding Investment Trusts.
[5] Quilter achieved TSR of -32% over the period compared to median TSR for the comparator group of -12% and upper quartile of 12%.

To ensure that earnings growth could be fairly and consistently assessed and the outcome appropriately reflective of the underlying performance achieved, the Committee, supported by independent expert advice, considered the impact of the sale of Quilter International, which completed on 30 November 2021. The Committee decided to exclude Quilter International profits, adjusted for stranded costs, from the base year of the Adjusted EPS CAGR calculation to ensure the earnings growth was measured on a like-for-like basis between the end year and the base year, which was consistent with the treatment applied to the 2019 and 2020 LTI awards at vesting. The Committee also adjusted the share count in the measurement year to neutralise the benefit of a reduction in share count in 2022 resulting from the share consolidation following the capital return of surplus proceeds from the sale of Quilter International. This had the effect of reducing the outcome of the EPS metric from 100% to 94.4% of maximum, and reducing the overall LTI outcome from 70% to 66.1% of maximum.

Annual Report on Remuneration *continued*

Contrary to prior year awards, an adjustment has not been made for the reduction in share count resulting from the share buyback programme that was funded by the proceeds of the sale of Quilter Life Assurance and completed in early 2022. As stated when the 2021 LTI targets were disclosed prospectively in the 2020 Report, the Committee took into account the anticipated impact of the buyback when determining the targets and, as such, no adjustment at vesting is required.

A full breakdown of the earnings growth calculation is set out below.

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Performance condition	2020 £m	2023 £m	Outcome
Adjusted Profit (before tax)[1]	**168**	**167**	
less Quilter International profit	(59)	–	
plus Quilter International stranded costs	(10)	–	
Revised Adjusted Profit (before tax)	**99**	**167**	
Revised Adjusted Profit (after tax)	**85**	**129**	
Weighted average number of shares (million)	1,797	1,374	
plus shares cancelled from the share consolidation	–	234	
Revised weighted average number of shares (million)	1,797	1,609	
Adjusted EPS (pence)	4.7	8.0	
Adjusted EPS CAGR (2020-23)			**19.1%**

[1] Pre-dividend excluding amortisation and goodwill.

Consideration of risk

The Committee considered whether the performance had been achieved within the Company's agreed risk appetite and the impact of any risk events during the performance period and concluded that no further discretionary adjustment to the outcome was required. The Committee also considered whether the vesting of awards may give rise to any windfall gains for the Executive Directors and noted that the awards were granted at a share price of 167.8p, considerably higher than the likely vesting price, with the three-month average share price for the period to the end of 2023 being 90.542p.

As a result of the 2021 LTI awards vesting at 66.1%, the Executive Director outcomes are as follows:

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Executive Director	Number of shares granted	Share settled dividend equivalents	% of Awards vesting	Number of shares vesting	Value of shares vesting (£000)[1]
Steven Levin	238,379	33,337	66.1%	179,551	162.6
Mark Satchel	536,353	75,009	66.1%	403,991	365.8

[1] Deemed value based on the average share price of the final three-month period ended 31 December 2023 of £0.9054, the actual value will be based on the share price when the awards vest on 27 March 2024. The amount of this figure, which includes share dividend equivalents, attributable to share price depreciation is valued at £126.8k for Steven Levin and £285.3k for Mark Satchel as at 31 December 2023.

LTI awards granted in 2023

Executive Directors received the following LTI awards in 2023, granted under the PSP and subject to the following performance conditions:

Audited

2023 LTIP Performance Metrics		Weighting	Threshold[1] (25% vesting)	Maximum[1] (100% vesting)
Earnings per share	Cumulative Adjusted EPS 2023-25 (pre-dividend excluding amortisation and goodwill)	40%	19p	28p
Operating margin	2025 pre-tax Adjusted Profit divided by total net fee revenue	25%	23%	27%
Total shareholder return	Ranking relative to the constituents of the FTSE 250 excluding investment trusts	25%	Median of index	Upper quartile of index
ESG	– Total Scope 1 and Scope 2 carbon emissions (tonnes of carbon dioxide equivalent (tCO_2e))[2]	2.5%	1,800	1,450
	– Responsible investing (Principles for Responsible Investment ("PRI") aggregate modules rating)[3]	7.5%	12 stars	20 stars

[1] Straight-line interpolation between threshold and maximum.
[2] Metric previously disclosed as "carbon intensity of Quilter's operations (tonnes of carbon dioxide equivalent (tCO_2e) per full-time employee/contractor" but restated as a measure of total Scope 1 and Scope 2 carbon emissions. No changes to targets.
[3] If the score for any module is less than 3 stars, it will not count towards the total.

At the end of the three-year performance period, the Committee will critically assess whether the formulaic vesting outcome produced by the criteria is justified. To do this, the Committee will look at several factors, including whether the result is reflective of underlying performance and has been achieved within the Company's agreed risk appetite. If such considerations mean that the formulaic outcome of the vesting schedule is not felt to be justified, then the Committee can exercise downward discretion.

The following LTI awards were granted in respect of the 2023 performance year:

Audited

Executive Director	Form of award	Date of award	Basis of award (% of salary)	Share price at the date of grant	Nil cost options awarded	Face value of award[1]	% vesting at threshold	Performance period
Steven Levin	Nil cost options	3 April 2023	177%	£0.8426	1,210,526	£1,019,989	25%	2023–2025
Mark Satchel	Nil cost options	3 April 2023	177%	£0.8426	994,737	£838,165	25%	2023–2025

[1] The face value of the award figure is calculated by multiplying the number of shares awarded by the closing share price on the working day before the award was granted of £0.8426.

Annual Report on Remuneration *continued*

At the time the LTI awards were granted, the Committee took into consideration share price volatility and the absolute and relative fall in the Company's share price since the prior year grant of LTI awards. Accordingly, the Committee decided to scale back the level of 2023 LTI awards by 11.5% from the Executive Directors' regular level of eligibility (equal to 23% of salary), whilst the Committee also retains discretion to further adjust the award outcomes at vesting to take into account windfall gains if necessary.

LTI awards to be granted in 2024

The Committee intends to grant awards to the Executive Directors in April 2024 over nil cost options under the PSP with a face value at grant of 200% of base salary. The Committee will consider the prevailing share price at the time of grant and may decide to scale back the level of awards if it considers it necessary to do so.

2024 LTIP Performance Metrics		Weighting	Threshold[1] (25% vesting)	Maximum[1] (100% vesting)
Earnings per share	Cumulative Adjusted EPS 2024-26 (pre-dividend excluding amortisation and goodwill)	40%	27p	40p
Operating margin	2026 pre-tax Adjusted Profit divided by total net fee revenue	25%	28%	32%
Total shareholder return	Ranking relative to the constituents of the FTSE 250 excluding investment trusts	25%	Median of index	Upper quartile of index
ESG[2]	– Total Scope 1 and Scope 2 carbon emissions (tonnes of carbon dioxide equivalent (tCO_2e))	2.5%	1,250	900
	– Responsible investing (Principles for Responsible Investment ("PRI") aggregate modules rating)[3]	7.5%	12 stars	20 stars

[1] Straight-line interpolation between threshold and maximum.
[2] Given ESG is an emerging area of focus for the Committee, we will keep the approach to measuring ESG progress under review and may make adjustments to the metrics or weightings for future awards.
[3] If the score for any module is less than 3 stars, it will not count towards the total.

The Committee may apply discretion to adjust the formulaic outcome upon vesting based on a review of the extent to which windfall gain considerations apply.

In relation to the Responsible Investing (PRI) metric, the Committee believes the current target range continues to be stretching. The Committee intends to review the ESG measures and targets as part of the forthcoming Policy review to ensure they continue to be reflective of our corporate sustainability and responsible investment strategy.

No further changes are proposed for the approach.

Save As You Earn scheme

In 2023, the Company invited all eligible UK employees, including Executive Directors, to enter the Save As You Earn ("SAYE") scheme. The scheme allows participants to save up to a maximum of £500 across all savings contracts on a monthly basis for either a three or five-year term. At the end of the savings period, participants have the option to purchase Company shares at an option price discounted by 20% from the market value, which was set at the beginning of the scheme. This year's scheme commenced on 1 July 2023, with an option price of 69 pence.

Steven Levin and Mark Satchel both entered into a five-year savings contract under the 2023 SAYE scheme, providing an option at maturity over 43,478 Quilter shares. The benefit of the 20% market discount on the option price was equal to £7,500 each at the time of grant. Both Executive Directors had previously participated in the 2022 SAYE scheme with an option price of 117 pence but cancelled their contracts prior to joining the 2023 scheme, resulting in the lapse of 15,384 options over Quilter shares for Steven Levin and 25,641 options over Quilter shares for Mark Satchel, with their savings to the date of cancellation returned to them.

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Executive Director	Options held at 1 January 2023	Lapsed in the year	Granted in the year	Exercised in the year	Options held at 31 December 2023	Option price	Maturity Date
Steven Levin	15,384	15,384	43,478	–	43,478	£0.6900	1 July 2028
Mark Satchel	25,641	25,641	43,478	–	43,478	£0.6900	1 July 2028

Non-executive Director total remuneration

Total remuneration for services to Quilter for Non-executive Directors is set out in the table overleaf. Non-executive Directors are not entitled to pension or pension equivalents or awards under any of the Company's incentive or share plans. All Non-executive Directors have a service contract with a three-month notice period and an initial three-year term from appointment, subject to annual re-election at the AGM, as detailed in the Policy.

Letters of appointment for Non-executive Directors

All Non-executive Directors have a letter of appointment with the Company for an initial period of three years, subject to annual reappointment at the Annual General Meeting ("AGM"). Non-executive Directors are expected to serve two three-year terms, subject to annual re-election at the AGM. A third term (of up to three years, or longer in exceptional circumstances) may be offered on a year by year basis after completion of the first two terms.

Appointments may be terminated with three months' notice. The appointment letters for the Chair and Non-executive Directors provide that no compensation is payable on termination, other than accrued fees and expenses. All Directors submit themselves for re-election at the AGM each year. Service contracts and letters of appointment are available for inspection at the Company's registered office. The service contract policy for a new appointment will be on similar terms as existing Non-executive Directors, with a notice period of no more than three months.

Annual Report on Remuneration *continued*

Details of the Chair's and Non-executive Directors' dates of appointment are set out in their biographies on pages 46 to 48.

The Board Chair, supported by independent expert advice and market benchmarking, undertook a review of fees for Non-executive Directors (excluding the Board Chair fee) in light of changes to the Group governance structure whereby the Quilter plc Directors now also sit on the Boards and certain Committees of the Affluent entities (being Quilter Financial Planning Limited, Quilter Investment Platform Limited and Quilter Life & Pensions Limited). The Quilter plc Board fee was reduced from £65,000 to £52,500 per annum and the main committee membership fees for the Board Audit, Risk and Remuneration Committee Chairs were increased from £25,000 to £30,000 and the Board Audit, Risk and Remuneration Committee membership fee from £10,500 to £15,000. The fees for serving on the Affluent boards are a total of £17,500 per annum and are disclosed in those companies' accounts.

As at 31 December 2023, the Quilter plc Non-executive Director fees were paid as follows:

Quilter plc Annual Board fees	Fees as at 31 December 2023
Chair	£350,000
Annual fee	£52,500
Additional fees:	
Senior Independent Director	£20,000
Chairs of Board Audit, Board Risk and Board Remuneration Committees	£30,000
Members of the above Board Committees	£15,000
Members of the Board Corporate Governance and Nominations Committee	£5,500

Where applicable, additional fees are paid for a Non-executive Director who also serves on the Board or Committee of a subsidiary company within the Group (in addition to the Affluent entity appointments and fees previously stated). The current subsidiary Board and Committee fees paid to the Quilter plc Non-executive Directors are listed below, and details of fees paid are disclosed in the financial statements of the relevant legal entity.

Subsidiary Board fees	Fees as at 31 December 2023
Affluent Boards Fee	£17,500
Member of the Quilter Financial Planning Limited, Quilter Investment Platform Limited and Quilter Life & Pensions Limited (Affluent Boards) and Quilter Investors Limited Investment Oversight Committee	£15,000
Chair of Quilter Investors Limited	£70,000
Board Member of Quilter Cheviot Limited	£45,000
Member of Quilter Cheviot Limited Board Committee	£5,000

Fees for both Quilter plc and, where relevant, subsidiary Board appointments and taxable benefits received in 2023 are set out in the single figure table below, together with a comparison to 2022:

Audited Non-executive Director	Quilter plc fees for 2023 £'000	Subsidiary fees for 2023 £'000	Taxable benefits[1] 2023 £'000	Total for 2023 £'000	Quilter plc fees for 2022 £'000	Subsidiary fees for 2022 £'000	Taxable benefits[1] 2022 £'000	Total for 2022 £'000
Ruth Markland	350.0	–	1.2	**351.2**	182.0	–	2.6	**184.6**
Neeta Atkar	102.3	5.8	0.9	**109.0**	41.2	–	0.3	**41.5**
Tim Breedon[2]	113.0	87.5	–	**200.5**	96.3	80.0	–	**176.3**
Tazim Essani	84.8	5.8	0.3	**90.9**	86.0	–	0.1	**86.1**
Moira Kilcoyne[3]	72.8	51.7	28.6	**153.1**	100.5	–	20.7	**121.2**
Paul Matthews[4]	84.8	42.5	4.7	**132.0**	86.0	66.5	7.1	**159.6**
George Reid[5]	105.0	59.2	29.3	**193.5**	119.4	80.0	29.6	**229.0**
Chris Samuel[6]	72.8	80.8	2.0	**155.6**	86.0	120.8	1.5	**208.3**

[1] Taxable benefits relate to travel and subsistence expenses, and tax thereon, which were required to enable the individuals to carry out duties as a Non-executive Director.

The following Non-executive Directors received additional fees for subsidiary appointments during 2023:

[2] Tim Breedon is the Chair of Quilter Investors Limited and his fee for chairing this board was reduced from £80,000 to £70,000 on 1 September 2023. He is also a member of the Affluent Boards and Quilter Investors Limited Investment Oversight Committees.
[3] Moira Kilcoyne is a Director of Quilter Cheviot Limited and is a member of its Governance, Audit and Risk Committee.
[4] Paul Matthews stood down from the Board Audit Committee of Quilter Financial Planning Limited on 31 August 2023.
[5] George Reid stood down as Chair of the UK Platform business, which comprises Quilter Investment Platform Limited and Quilter Life & Pensions Limited on 31 August 2023 but continues to serve as a Non-executive Director and chairs its Board Audit Committee.
[6] Chris Samuel stood down as Chair of Quilter Financial Planning Limited on 31 August 2023 but continues to serve as a Non-executive Director. Chris is also a member of the Affluent Boards and Quilter Investors Limited Investment Oversight Committees.

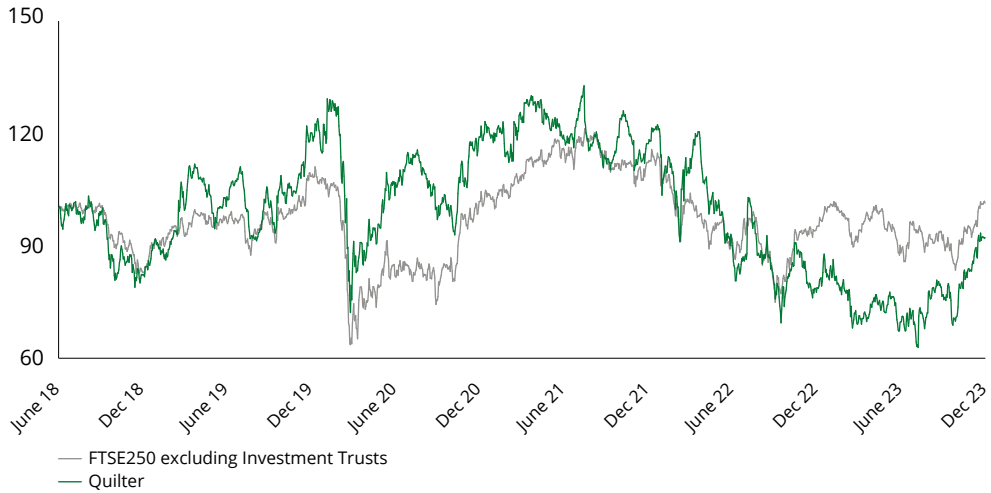
Further details on Quilter plc Non-executive Directors' Board and Committee responsibilities and dates of appointment can be found on pages 46 to 48 of the Chair's governance overview.

Annual Report on Remuneration *continued*

Remuneration in context

The chart below shows the Company's TSR performance (which includes capital growth and dividends paid) compared with the FTSE 250 excluding Investment Trusts over the period from Admission to 31 December 2023. The FTSE 250 has been chosen as the Company is a member of that index and the Committee believes it provides the most appropriate basis for a broad comparison of relative performance, whilst also being consistent with the TSR measure within the LTIP for Executive Directors.

TSR performance over the period since Admission



Chief Executive Officer pay history

The table below contains the Chief Executive Officer's annual remuneration since the Company listed in 2018:

Financial year	Name	Total remuneration £'000	STI as % of maximum	LTI as % of maximum
2023	Steven Levin	1,556.2	65%	66.1%
2022	Steven Levin (appointed 1 November 2022)	201.4	46%	32.4%
2022	Paul Feeney (stood down 31 October 2022)	1,475.1	41%	32.4%
2021	Paul Feeney	2,393.1	66%	56.5%
2020	Paul Feeney	1,487.3	0%	48.7%
2019	Paul Feeney	1,896.3	79%	n/a
2018	Paul Feeney	2,778.9	93%	n/a

Percentage change in Directors' remuneration compared to the average employee

The table below sets out the annual percentage change in salary or fee and STI between the Directors and the average of all employees from 2019 to 2023. As Quilter plc, the listed Company, is not an employing entity, we have calculated the average percentage change for employees against employees of the Company's subsidiaries. The annual change in salary is based on the salary of permanent UK employees as at 31 December of each year, and the annual change in STI excludes employees that are not eligible for a bonus. As Executive Directors' benefits are aligned to other UK employees, the analysis of movement in average benefits was not considered practical or meaningful and therefore not included in the below comparison. Further detail of Executive Directors' benefits can be found on page 77 of this Report.

The percentage change in remuneration is most directly comparable between the Executive Directors and the employee average. The salary increase of 5% awarded to the Chief Financial Officer in 2023 was in line with the annual salary review increase of the wider workforce, with no increase awarded to the Chief Executive Officer in 2023. Whilst the annual increase in STI in 2023 is higher for the Executive Directors than the average of all employees, this reflects that variable pay for Executive Directors is more geared to Company performance than the broader employee base, both in terms of upside and downside. In 2022, for example, the Chief Financial Officer's STI outcome was down almost three times the average of all other employees compared to the prior year. The Committee concluded, after careful consideration, that the relativity of STI outcomes between Executive Directors and other employees was appropriate.

Annual Report on Remuneration *continued*

Remuneration outcome	Executive Directors			Independent Non-executive Directors[1]							
	Employee Average	Steven Levin	Mark Satchel	Ruth Markland	Tim Breedon	George Reid	Moira Kilcoyne	Paul Matthews	Tazim Essani	Chris Samuel	Neeta Atkar
2022-2023											
Salary/fees[2]	6%	0%	5%	92%	14%	(18%)	24%	(16%)	5%	(26%)	3%
STI[2]	12%	40%	43%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2021-2022											
Salary/fees	4%	n/a	0%	15%	3%	5%	0%	(7%)	33%	15%	n/a
STI	(12%)	n/a	(32%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2020-2021											
Salary/fees	5%	n/a	0%	2%	122%	(1%)	0%	24%	n/a	n/a	n/a
STI	78%	n/a	100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2019-2020											
Salary/fees	5%	n/a	0%	6%	n/a	(2%)	0%	10%	n/a	n/a	n/a
STI[3]	(49%)	n/a	(100%)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

[1] Non-executive Directors' annual fee percentage changes reflect the total actual fees received during the year for all Quilter plc and subsidiary company appointments. Details of each Non-executive Directors' Board and Committee appointments can be found on page 83 of this Report.
[2] As Steven Levin and Neeta Atkar joined the Board partway through 2022, their 2022 remuneration has been annualised for comparison purposes. The percentage changes for other Non-executive Directors reflects changes in Board, Board Committee, Affluent Board and subsidiary board appointments over the period.
[3] During 2020, on the recommendation of the Executive Directors, the Committee exercised its discretion to reduce the Executive Directors' STI outcome to zero, which impacts the year-on-year percentage change in 2020 and 2021.

Chief Executive Officer pay ratio

The table below sets out the ratio between the Chief Executive Officer's total remuneration and the 25th, 50th and 75th percentile of the total remuneration of full-time equivalent UK employees as at 31 December 2023. Since the 2020 Report, the Committee has adopted Option A as it is referred to in the legislation to identify the comparators at each quartile, which calculates total remuneration for all UK employees on the same single figure basis as the Executive Directors earlier in this Report. Option A has been selected as it provides consistency between the reporting basis for Executive Directors and employees for the purpose of calculating the ratios.

Year	Pay ratio				All employees (£'000)		
Base salary	**Method**	**25th percentile**	**50th percentile**	**75th percentile**	**25th percentile**	**50th percentile**	**75th percentile**
2023	Option A	19:1	13:1	8:1	30.1	45.1	72.3
2022	Option A	23:1	16:1	9:1	28.4	42.5	70.0
2021	Option A	27:1	18:1	11:1	25.0	37.6	63.3
2020	Option A	28:1	19:1	11:1	24.0	36.4	61.0
2019	Option B	28:1	18:1	14:1	24.3	37.0	48.7
Total remuneration	**Method**	**25th percentile**	**50th percentile**	**75th percentile**	**25th percentile**	**50th percentile**	**75th percentile**
2023	Option A	40:1	26:1	15:1	39.3	60.0	101.6
2022	Option A	46:1	30:1	17:1	36.2	56.1	96.8
2021	Option A	70:1	47:1	26:1	34.0	51.4	93.4
2020	Option A	55:1	36:1	21:1	29.7	45.3	78.4
2019	Option B	62:1	39:1	27:1	30.5	48.5	69.1

Total remuneration includes salary, benefits, pension, short-term incentives and any value vested from long-term incentives during the year. As some 2023 STI amounts across the wider workforce are subject to change after the publication of this Report, the total remuneration may not be exact. However, any STI changes are expected to be minimal, and it is unlikely the pay ratios will change materially once the final STI amounts are determined. The Chief Executive Officer remuneration for 2022 was based on the combined salary and total single figures for Paul Feeney and Steven Levin for their qualifying services during the year. The Chief Executive Officer has a higher proportion of total remuneration in variable pay than the majority of the wider workforce, which is the main factor driving the difference in the ratios between salary and total remuneration.

The Chief Executive Officer pay ratios have generally decreased since the reporting requirements came into effect. The lower ratios in 2023, compared to the prior year, reflect that the salary and total remuneration opportunity of the incumbent Chief Executive Officer, appointed on 1 November 2022, is at a materially lower level than his predecessor, whilst the effect of higher salary increases for the wider workforce than normal during the cost of living crisis has also contributed to higher remuneration levels for employees at the 25th, 50th and 75th percentiles.

Annual Report on Remuneration *continued*

The Committee continues to carefully consider the macroeconomic conditions on the Company's employees, in addition to the application of the Policy, and apply discretion where necessary to ensure all aspects of Executive Director remuneration remain aligned to the wider workforce. The Committee therefore believes the median pay ratio is consistent with pay, reward and progression policies for the Company's UK employees taken as a whole.

Remuneration of the wider workforce

The Company operates a remuneration policy and framework for the wider workforce that is consistent with the principles of the Policy. Base salaries are market aligned and benchmarked annually, and all UK employees receive the same core risk benefits and pension contribution as Executive Directors. All employees are eligible for consideration of variable pay, subject to serving a minimum proportion of the year, which is determined on broadly the same basis as Executive Directors, taking into account an appropriate balance of corporate and personal performance.

The Committee continued to monitor the cost of living crisis and its effect on the wider workforce closely throughout 2023. The annual salary review increase in 2023 was 5% across all employees, with 730 employees receiving an increase of greater than 7.5% (approximately one quarter of the workforce) as the budget was weighted to lower earners where the impact of cost of living pressures are most severe. This followed a one-off exceptional cost of living payment of £1,200 to approximately 60% of the workforce in October 2022, as detailed in last year's Report. The Committee will continue to review workforce data, inflation data and market developments going forward to ensure that fixed pay levels remain appropriate for the wider workforce.

The Board's designated Workforce Engagement Director, Tazim Essani, is also a member of the Committee and is able to reflect the views and concerns of the wider workforce in Committee decision making through her engagement with the Company's Employee Forum and other employee networks. Further details can be found in her report on page 54 and in the Insight into Colleagues section on pages 17 to 19.

Gender pay gap

The Company reported a median gender pay gap of 30% and a median bonus gap of 39% for 2023. The results reflect the lower proportion of females in senior and revenue generating roles that attract higher pay, which we recognise is a systemic issue facing the wealth management industry and will require ongoing, multi-year efforts to resolve. Further details regarding our gender pay gap figures and wider Inclusion and Diversity Action Plan can be found in the Colleagues report on page 18.

Relative importance of spend on pay

The following table sets out the profit, dividends and overall spend on pay in the years ended 31 December 2023 and 31 December 2022:

	2023	2022	% Change
Adjusted profit before tax[1] (£m)	167	134	25%
Dividends[2] (£m)	70	61	15%
Employee remuneration costs[3] (£m)	291	292	(0)%

[1] Adjusted profit before tax is included in the above table as the Company considers it an important Key Performance Indicator. This figure is detailed in note 7(a) to the consolidated financial statements on page 120 of the 2023 Annual Report and Accounts.
[2] In 2023, the Company paid an Interim Dividend of 1.5 pence and has recommended a Final Dividend of 3.7 pence. In 2022, the Company paid an Interim Dividend of 1.2 pence, a capital distribution equal to 20 pence in the form of a B Share Scheme and Share Consolidation, and a Final Dividend of 3.3 pence.
[3] Employee remuneration costs represent the underlying employee costs within the Adjusted Profit for Quilter, excluding the impact of one-off items.

Executive Directors' shareholding and outstanding share awards

The table below shows the Executive Directors' interests, which include shares held by connected persons, in Company share plans which will vest in future years subject to performance and/or continued service as at 31 December 2023, together with any additional interests in shares held beneficially by the Executive Directors outside of Group share schemes. The share price at 31 December 2023 was £1.0280.

During the period 31 December 2023 to 6 March 2024, there were no exercises or dealings in the Company's share awards by the Executive Directors.

Audited

	Share interests at 31 December 2023[1]				
Name	Legally owned (shares)	Subject to SIP (shares)	Subject to SAYE (options)	Deferred STI awards not subject to performance conditions (shares)	Subject to performance conditions under the LTIP (options)
Steven Levin[2]	532,141	1,498	43,478	346,339	1,870,566
Mark Satchel[2]	1,100,646	1,498	43,478	426,589	2,382,524

[1] Information provided to the Company by major shareholders pursuant to the FCA's DTRs is published via a Regulatory Information Service and is available at plc.quilter.com/investor-relations.
[2] On 27 March 2023, the 2020 LTI awards vested and Steven Levin exercised 102,949 nil-cost options with a market value on exercise of £84,109 and Mark Satchel exercised 264,735 nil-cost options with a market value on exercise of £216,288.

All of the Company's share plans contains provisions relating to a change of control. Full details are set out in the Directors' Report on page 148 of the Company's 2021 Annual Report and Accounts.

Audited

Executive Directors' shareholding requirements

In line with the Policy, each Executive Director is required to acquire and maintain a shareholding equivalent to 300% of base salary, including shares beneficially held by the individual or his/her spouse and the net of tax value of unvested share interests within Company share plans which are not subject to performance conditions. Only 25% of the value of shares purchased on the open market by the individual or his/her spouse since the post-cessation shareholding policy came into effect are included in the calculation of an Executive Director's shareholding.

Each Executive Director has up to five years from the date of their appointment to achieve the minimum, which is 1 November 2027 for Steven Levin and 13 March 2024 for Mark Satchel. As at 31 December 2023, neither Steven Levin or Mark Satchel satisfied the minimum shareholding requirement. This is due, in large part, to the reduction in Quilter's share price over the past few years compared to historical averages, whilst Steven Levin is also at an early stage of his five-year accumulation period.

When the vesting of the 2021 LTI award and grant of the deferred portion of the 2023 STI award for Mark Satchel are taken into account, as detailed in this Report, it is expected that his shareholding will meet the minimum requirement around the five-year anniversary of his appointment, in accordance with the Policy, subject to share price fluctuation.

Name	Value[1] £'000	Multiple of base salary
Steven Levin	649.4	113%
Mark Satchel	1,202.6	255%

[1] Includes the estimated net value of unvested share awards which are not subject to performance conditions. For the purposes of the minimum shareholding requirement, the calculation is based on the average share price of the final three-month period ended 31 December 2023 of £0.9054. The actual value will be based on the share price when the awards vest.

Directors' personal holding and beneficial share interests

As at 31 December 2023 and 31 December 2022, the Executive and Non-executive Directors held the following legal and beneficial interests in Ordinary Shares:

Audited

Name	31 December 2023	31 December 2022
Steven Levin	533,639	415,973
Mark Satchel	1,102,144	864,877
Moira Kilcoyne	29,556	29,556
George Reid	37,733	17,733
Ruth Markland	100,000	100,000
Paul Matthews	25,714	25,714
Tazim Essani	12,428	12,428
Tim Breedon	10,000	10,000
Chris Samuel	18,969	18,028
Neeta Atkar	–	–

During the period 31 December 2023 to 6 March 2024, there were no other changes to the interests in shares held by the Directors as set out in the table above.

Audited

Payments to past Directors and payments for loss of office

As set out in the market announcement on 10 October 2022 and in the 2022 Report, when Paul Feeney stepped down as Chief Executive Officer he was granted Good Leaver status under the Policy. He stepped down as an Executive Director on 31 October 2022 and his employment with the Group was terminated on 1 May 2023, after the completion of his notice period.

As a Good Leaver, Paul Feeney remains eligible for the vesting of deferred share awards on the normal vesting dates, subject to the satisfaction of any performance conditions and time pro-rating for the proportion of the vesting periods served where applicable, as well as meeting additional post-termination conditions. The following share awards vested to Paul Feeney during 2023:

Annual Report on Remuneration *continued*

Awards	Number of shares granted	Share-settled dividend equivalents	Performance outcome as % of maximum[1]	Number of shares vested[2]	Value[3] £'000
Deferred STI[4]	465,848	30,987	n/a	273,020	223.1
2020 LTI[5]	1,095,335	130,306	32.4%	397,104	324.4

[1] The performance outcome of the 2020 LTI award was set out in the 2022 Report.
[2] Time pro-rating is not applied to deferred STI awards. Time pro-rating of LTI awards is applied relative to the last date of employment in accordance with the rules of the PSP. As Paul Feeney's employment ended on 1 May 2023, which was after the vesting date of 27 March 2023, he received the full award outcome.
[3] Value based on the share price on the vesting date of 27 March 2023 of £0.8170.
[4] Number of shares granted reflects the total balance of outstanding deferred STI awards as at 31 December 2022. The shares vested represented one third of Paul Feeney's deferred STI awards in respect of the 2019 and 2021 financial years. The remaining balance will continue to accrue dividend equivalents and vest on the normal vesting dates in 2024, 2025 and 2026, subject to the Policy, rules of the Share Reward Plan and additional post-termination conditions.
[5] The vested LTI shares, after allowing sufficient shares to be sold to cover tax and National Insurance liabilities, are subject to a minimum two-year post-vesting holding period and are subject to clawback during that period.

As a former Executive Director, Paul Feeney is also subject to a post-cessation minimum shareholding requirement equal to the lower of 300% of the salary in effect at cessation or the value of his shareholding at cessation, which applies for two years after he stepped down as Chief Executive Officer and will end on 31 October 2024. The value of his shareholding on 31 October 2022, the date he stood down as an Executive Director, was equal to 235% of salary. His shareholding as at 31 December 2023 is set out below. Whilst this is below the Policy requirement of 300% of salary, this is due primarily to the fall in the Quilter share price compared to historical averages. His shareholding as at 31 December 2023 is higher than on the date of cessation and he did not sell any shares in the Company between cessation and 31 December 2023.

Name	Value[1] £'000	Multiple of base salary
Paul Feeney	1,743.1	258%

[1] Includes the estimated net value of unvested share awards which are not subject to performance conditions. For the purposes of the minimum shareholding requirement, the calculation is based on the average share price of the final three-month period ended 31 December 2023 of £0.9054.

From 1 January 2023 until his termination date on 1 May 2023, Paul Feeney was on garden leave and received payment of his salary and continued to receive his core benefits during this period, in lieu of notice. Payments were made monthly, subject to the terms and conditions of his Executive Services Agreement. He received total fixed remuneration of £252,890, comprised of a base salary of £227,446, core benefits to the value of £2,699 and cash in lieu of pension contributions of £22,745. He also received outstanding holiday pay equal to £32,267.

There were no further payments for loss of office during the year.

External directorships

Neither Executive Director held any external directorships during 2023.

External advisers

During 2023, Deloitte provided advice to the Committee covering the Policy, the Report and disclosures, market practice and incentive design. Deloitte also support the Group with risk advisory, tax compliance and consulting services. As part of the procurement and contracting process, appropriate safeguards were put in place to ensure no conflict of interest arises.

The Committee appointed Deloitte in April 2021, following the completion of a comprehensive tender and procurement process, and remain satisfied that the advice received is objective and independent, and the firm is a member of the Remuneration Consultants Group, whose voluntary Code of Conduct is designed to ensure objective and independent advice is given to Committees. The total fees paid in respect of remuneration advice during 2023, on a time and materials basis, were as follows:

Adviser	Key areas of advice received	Total fees 2023
Deloitte	Policy review, application, disclosures, governance and market practice	£68,125

Statement of shareholder voting

The table below sets out the outcome of shareholder voting on the prior year Report and the Policy. The next resolution to approve the Policy is expected to be at the 2025 AGM.

AGM	Resolution	Votes For	Votes Against	Votes Withheld
May 2023	2022 Directors' Remuneration Report (advisory)	94%	6%	925,097 (0.07% of issued share capital)
May 2022	Directors' Remuneration Policy (binding)	96%	4%	127,420 (0.01% of issued share capital)

Directors' Report

The Directors present their Report for the financial year ended 31 December 2023.

Cautionary statement

This Annual Report has been prepared for, and only for, the members of the Company, as a body, and no other persons. The Company, its Directors, employees, agents or advisers do not accept or assume responsibility to any other person to whom this document is shown or into whose hands it may come and any such responsibility or liability is expressly disclaimed. By their nature, the statements concerning the risks and uncertainties facing the Group in this Annual Report involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this Annual Report and the Company undertakes no obligation to update these forward-looking statements. Nothing in this Annual Report should be construed as a profit forecast.

Corporate governance statement

The information that fulfils the requirements of the corporate governance statement for the purposes of the FCA's DTRs can be found in the Governance section of the Annual Report on pages 44 to 88 (all of which forms part of this Directors' Report) and in this Directors' Report.

Information included in the Strategic Report

The Company's Strategic Report is on pages 1 to 43 and includes the following information that would otherwise be required to be disclosed in this Directors' Report:

Subject matter	Page reference
Likely future developments in the business	5 to 9
Events since the end of the financial year	158
Engagement with employees	17 to 19
Engagement with suppliers, customers and others	16 to 24
Employment of disabled persons	19
Greenhouse gas emissions, energy consumption and energy efficiency action	27
Financial risks	39

Information to be disclosed under Listing Rule 9.8.4R

Subject matter	Page reference
Details of long-term incentive schemes	80 to 82
Shareholder waivers of dividends	89
Shareholder waivers of future dividends	89

Financial instruments and risk management

The information relating to financial instruments and financial risk management objectives and policies can be found on pages 112 to 113, 135 and 152 to 157.

Branches

During 2023, in addition to its offices in the UK, the Group has operated branches in Jersey and the United Arab Emirates. The branch in Jersey was closed with effect from 14 December 2023. The business conducted by the branch was transferred to a Jersey subsidiary prior to the closure.

Profit and dividends

Statutory profit after tax from continuing operations for 2023 was £42 million (2022: £175 million).

The Directors have recommended a Final Dividend for the financial year ended 31 December 2023 of 3.7 pence per Ordinary Share which will be paid out of distributable reserves, subject to approval by shareholders at the AGM. Further information regarding the dividend, including key dates, can be found at **plc.quilter.com/dividends**. On Tuesday 8 August 2023, the Board declared an Interim Dividend of 1.5 pence per Ordinary Share. The Interim Dividend was paid on Monday 18 September 2023 to shareholders on the UK and South African share registers.

Shares are held in the Quilter Employee Benefit Trust and the Equiniti Share Plans Trust ("ESPT") in connection with the operation of the Company's share plans. Dividend waivers are in place for those shares that have not been allocated to employees.

Directors

The names of the current Directors of the Company, along with their biographical details, are set out on pages 46 to 48 and are incorporated into this Report by reference. There were no Director appointments or resignations during the year. However, as announced on Wednesday 10 January 2024, Chris Hill is joining the Board on Thursday 7 March 2024, and Tazim Essani and Paul Matthews will be stepping down from the Board at the conclusion of the 2024 AGM.

Details of the Directors' interests in the share capital of the Company are set out in the Annual Report on Remuneration on pages 77 to 88.

The powers given to the Directors are contained in the Company's Articles of Association and are subject to relevant legislation and, in certain circumstances, including in relation to the issuing or buying back by the Company of its shares, subject to authority being given to the Directors by shareholders in General Meeting. The Articles of Association also govern the appointment and replacement of Directors. The Board has the power to appoint additional Directors or to fill a casual vacancy amongst Directors. Any such Director only holds office until the next AGM and must offer themselves for election.

Articles of Association

The Articles of Association may be amended in accordance with the provisions of the Companies Act 2006 by way of a special resolution of the Company's shareholders. The following information summarises certain provisions in the Articles of Association in force as at the date of this Report.

Share capital and control

The Company has Ordinary Shares in issue with a nominal value of 8 1/6 pence each, representing 100% of the total issued share capital as at 31 December 2023 and as at Friday 1 March 2024 (the latest practicable date for inclusion in this Report). Details regarding changes in the Company's share capital can be found in note 26 of the financial statements on page 141. The rights attaching to the Ordinary Shares are set out in the Articles of Association and are summarised in the following paragraphs:

Voting rights of members

On a show of hands, every member or authorised corporate representative present has one vote and every proxy present has one vote except if the proxy has been duly appointed by more than one member and has been instructed by (or exercises his discretion given by) one or more of those members to vote for the resolution and has been instructed by (or exercises his discretion given by) one or more other of those members to vote against it, in which case a proxy has one vote for and one vote against the resolution. On a poll, every member present in person, by authorised corporate representative or by proxy, has one vote for every share of which he is a holder. In the case of joint holders, the vote of the person whose name stands first in the register of members and who tenders a vote is accepted to the exclusion of any votes tendered by any other joint holders.

Unless the Board decides otherwise, a member shall not be entitled to vote either in person or by proxy at any General Meeting of the Company in respect of any share held by him unless all calls and other sums presently payable by him in respect of that share have been paid.

Transfers

Save as described below, the Ordinary Shares are freely transferable.

A member may transfer all or any of his shares in any manner which is permitted by any applicable statutory provision and is from time to time approved by the Board. The Company shall maintain a record of uncertificated shares in accordance with the relevant statutory provisions.

A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form, or in such other form as the Board may approve. The instrument of transfer shall be signed by or on behalf of the transferor and, except in the case of a fully paid share, by or on behalf of the transferee. The Board may, in its absolute discretion, refuse to register any instrument of transfer of any certificated share which is not fully paid up (but not so as to prevent dealings in listed shares from taking place on an open and proper basis) or on which the Company has a lien. The Board may also refuse to register any instrument of transfer of a certificated share unless it is left at the registered office, or such other place as the Board may decide, for registration, accompanied by the certificate for the shares to be transferred and such other evidence (if any) as the Board may reasonably require to prove title of the intending transferor or his right to transfer shares; and it is in respect of only one class of shares. If the Board refuses to register a transfer of a certificated share it shall, as soon as practicable and in any event within two months after the date on which the instrument was lodged, give to the transferee notice of the refusal together with its reasons for refusal. The Board must provide the transferee with such further information about the reasons for the refusal as the transferee may reasonably request. Unless otherwise agreed by the Board in any particular case, the maximum number of persons who may be entered on the register as joint holders of a share is four.

Variation of rights

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution of the holders of the shares of that class.

Exercisability of rights under an employee share scheme

An Employee Benefit Trust operates in connection with certain of the Group's employee share plans ("Plans"). The Trustee of the Employee Benefit Trust may exercise all rights attaching to the shares in accordance with their fiduciary duties other than as specifically restricted in the relevant Plan governing documents. The Trustee of the Employee Benefit Trust has informed the Company that their normal policy is to abstain from voting in respect of the Quilter shares held in trust. The Trustee of the Quilter Share Incentive Plan ("SIP") will vote as directed by SIP participants in respect of the allocated shares but the Trustee will not otherwise vote in respect of the unallocated shares held in the SIP Trust.

Purchase of own shares

At the AGM held on Thursday 18 May 2023, shareholders passed resolutions to authorise the Company to purchase a maximum of 140,410,550 Ordinary Shares of 8 1/6 pence each, representing 10% of the Company's issued Ordinary Share capital as at Monday 20 March 2023, which was the latest practicable date prior to publication of the Notice of AGM. As at Friday 1 March 2024, the latest practicable date for inclusion in this Report, no shares have been purchased under this authority. The Directors are seeking renewal of this authority at the forthcoming AGM, in accordance with relevant institutional guidelines, together with an authority relating to potential purchase on the JSE, where the Company has a secondary listing, subject to the same overall limits.

The Odd-lot Offer, which was also approved by shareholders at the 2023 AGM, was launched on Monday 18 September 2023 and closed on Friday 10 November 2023. On Monday 27 November 2023, the Odd-lot Offer was implemented and the Company purchased a total of 15,798,423 of its own Ordinary Shares of 8 1/6 pence each, approximately 1.13% of the Company's called up share capital as at 31 December 2023. This represented circa 60% of the Company's share register (126,011 shareholders) as at the Second Record Date (Friday 10 November 2023). The Odd-lot Offer was made to shareholders holding fewer than 200 shares and was conducted across the Company's UK and South African share registers with the aims of engaging with active Odd-lot Holders and helping them manage their shares efficiently, supporting Odd-lot Holders who wished to divest themselves of their shares, and lowering the Company's cost base for the benefit of shareholders as a whole. The Company purchased 291,711 shares on the UK register at a price of 88.10 pence per share and 15,506,712 shares on the South African register at 2,008.91 South African cents per share. The aggregate amount of the consideration paid was £256,986.02 and 311,515,888.04 South African Rand, respectively. The shares purchased as part of the Odd-lot Offer were initially held as Treasury shares and were then transferred to the Employee Benefit Trust on Monday 27 November 2023. For more information on the Odd-lot Offer please refer to pages 2 and 51.

Significant agreements (change of control)

All the Company's share plans contain provisions relating to a change of control. In the event of a change of control, outstanding awards and options may be lapsed and replaced with equivalent awards over shares in the new company, subject to the Board Remuneration Committee's discretion. Alternatively, outstanding awards and options may vest and become exercisable on a change of control subject, where appropriate, to the assessment of performance at that time and pro-rating of awards. Exceptionally, the Board Remuneration Committee may exercise its discretion to waive pro-rating.

Short-term incentive ("STI") awards may continue to be paid in respect of the full financial year pre and post change of control, or a pro-rated STI award may be paid in respect of the portion of the year that has elapsed at the point of change of control.

On a change of control, including following a takeover bid, the Company is required to enter into negotiations in good faith with the lenders under the Group's Revolving Credit Facility in respect of any changes to its terms. If after such negotiations no agreement has been reached, the Revolving Credit Facility would be cancelled and existing drawdowns would become repayable.

The Group is also party to a number of supplier agreements that may be terminated upon a change of control of the Company, including following a takeover bid. In many cases, whether this may apply depends on the identity or characteristics of the new controller. This may result in the provision of certain services and software licences being terminated early.

Directors' indemnities

Qualifying third-party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2023 for the benefit of the then Directors and, at the date of this Report, are in force for the benefit of the Directors in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers and office. In addition, the Company maintains Directors' and Officers' Liability Insurance which gives appropriate cover for legal action brought against its Directors.

Donations

Quilter does not make monetary donations or gifts in kind to political parties, elected officials or election candidates. Accordingly, no such donations were made in 2023. However, at the 2024 AGM, the Directors are seeking to renew the Company's and its subsidiaries' authority to make political donations not exceeding £50,000 in aggregate. This is for the purposes of ensuring that neither the Company nor its subsidiaries inadvertently breach Part 14 of the Companies Act 2006 by virtue of the relevant definitions being widely drafted. Further information is available in the 2024 Notice of AGM. For information on our engagement with shareholders following the 2023 AGM, please refer to page 23.

Directors' Report *continued*

Major shareholders

As at 31 December 2023, the Company had been notified, in accordance with Rule 5 of the FCA's DTRs, of the following holdings of voting rights in its Ordinary Share capital:

Name of shareholder	Number of voting rights attached to Quilter shares	% interest in voting rights attached to Quilter shares[1]	Nature of holding notified
Coronation Asset Management (Pty) Ltd	266,352,561	18.96%	Direct
Public Investment Corporation of the Republic of South Africa	226,857,993	16.15%	Direct
Ninety One UK Ltd[2]	82,416,634	5.01%	Indirect
Old Mutual Limited	68,070,687	4.84%	Indirect
Equiniti Trust (Jersey) Limited[3]	64,084,238	4.56%	Direct

[1] The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the FCA's DTRs.
[2] The number of voting rights reflects the position at the time of notification which, in this case, was prior to the May 2022 Share Consolidation.
[3] These shares are held by Equiniti Trust (Jersey) Limited in its capacity as Trustee of the Employee Benefit Trust.

As at Friday 1 March 2024, the latest practicable date for inclusion in this Report, the following voting rights had been notified, in accordance with Rule 5 of the FCA's DTRs:

Name of shareholder	Number of voting rights attaching to Quilter shares	% interest in voting rights attaching to Quilter shares[1]	Nature of holding notified
Coronation Asset Management (Pty) Ltd	267,310,609	19.03%	Direct
Public Investment Corporation of the Republic of South Africa	226,857,993	16.15%	Direct
Ninety One UK Ltd[2]	82,416,634	5.01%	Indirect
Old Mutual Limited	68,070,687	4.84%	Indirect
Equiniti Trust (Jersey) Limited[3]	64,084,238	4.56%	Direct

[1] The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the FCA's DTRs.
[2] The number of voting rights reflects the position at the time of notification which, in this case, was prior to the May 2022 Share Consolidation.
[3] These shares are held by Equiniti Trust (Jersey) Limited in its capacity as Trustee of the Employee Benefit Trust.

Information provided to the Company by major shareholders pursuant to the FCA's DTRs is published via a Regulatory Information Service and is available at **plc.quilter.com/investor-relations**.

Directors' responsibility statements

The Directors are responsible for preparing the Annual Report of the Parent Company and consolidated financial statements in accordance with applicable law and regulations.

The Directors consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's position, performance, business model and strategy.

Each of the Directors in office as at the date of this report, whose names and functions are listed on pages 46 to 48, confirms that, to the best of his or her knowledge:

- the consolidated financial statements, which have been prepared in accordance with International Financial Reporting Standards as endorsed by the UK, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that they face.

For further information on the comprehensive process followed by the Board in order to reach these conclusions please refer to the Board Audit Committee Report on pages 60 to 64.

Disclosure of information to external auditors

Each person who is a Director of the Company as at the date of approval of this Report confirms that:

a) so far as the Director is aware, there is no relevant audit information of which the Company's external auditors are unaware; and
b) the Director has taken all the steps that he or she ought to have taken as a Director in order to make him/herself aware of any relevant audit information and to establish that the Company's external auditors are aware of that information.

Directors' Report *continued*

Independent auditors

The Directors are recommending the reappointment of PricewaterhouseCoopers LLP as the Company's statutory auditor at the 2024 AGM.

AGM

The Quilter plc 2024 AGM will be held at Senator House, 85 Queen Victoria Street, London EC4V 4AB on Thursday 23 May 2024 at 11:00am (UK time). Details of the business to be transacted at the 2024 AGM, along with details of how you can ask questions and join the meeting, are included in the Quilter plc 2024 Notice of AGM which can be found on our GM Hub at **plc.quilter.com/gm**.

By order of the Board

Clare Barrett
Company Secretary
6 March 2024

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For the year ended 31 December 2023

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Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law, the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Parent Company financial statements in accordance with UK Accounting Standards. Additionally, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules require the Directors to prepare the Group financial statements in accordance with international financial reporting standards as adopted by the United Kingdom.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether, for the Group, applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether, for the Parent Company, applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Report and financial statements

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable sets of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Parent Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Parent Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Signed on behalf of the Board

Steven Levin
Chief Executive Officer
6 March 2024

Mark Satchel
Chief Financial Officer

Independent auditors' report to the members of Quilter plc
Report on the audit of the financial statements

Opinion

In our opinion:

- Quilter plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2023 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated statement of financial position and the Company statement of financial position as at 31 December 2023; the Consolidated statement of comprehensive income, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, and the Company statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Board Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 10 to the Group's financial statements, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

Our audit approach

Context

This is our fourth year of involvement as auditors of the Quilter plc Group ("the Group"). In planning for the 2023 audit of the Group, we met with the Board Audit Committee and members of management across the business to discuss and understand significant changes during the year, and to understand their perspectives on associated business risks. We used this insight, along with our experience from the previous year's audit approach, when forming our views regarding the business updates, as part of developing our audit plan and when scoping and performing our audit procedures.

Overview

Audit scope

- At 31 December 2023, the Group comprised two operating segments, together with head office activities, each of which contain several reporting components. We conducted audit testing over fourteen components in total, which we selected based on their financial significance to the consolidated results.
- Six components were subject to an audit of their complete financial information.
- Specific financial statement line items were also brought into scope for a further eight components to ensure sufficient coverage was obtained over all material balances in the Group accounts.
- Taken together, the procedures we performed over the six significant components provided us with coverage of over 82% of total income as recognised in the Consolidated statement of comprehensive income and greater than 49% of all material line items for the Group, including profit before tax.
- We have considered the potential impact of climate change-related factors within our audit, including challenging management on its assessment of how climate change related risks and opportunities impact the financial statements. Given that Quilter has opted to take the approach of preparing a separate Task Force on Climate-related Financial Disclosures ("TCFD") report, which is then referred to in the Annual Report, we have further challenged management to ensure that all materially relevant information from the separate TCFD report is also included and linked clearly to within the Annual Report.

Key audit matters

- Recoverability of deferred tax assets (Group and Company)
- Goodwill impairment assessment (Group)
- Impairment of investments in subsidiary undertakings (Company)

Materiality

- Overall Group materiality: £5,506,000 (2022: £6,092,352) based on 1% of total revenue excluding investment return.
- Overall Company materiality: £27,963,351 (2022: £27,595,520) based on 1% of total assets.
- Performance materiality: £4,130,000 (2022: £4,569,264) (Group) and £20,972,513 (2022: £20,698,140) (Company).

Independent auditors' report to the members of Quilter plc

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Recoverability of deferred tax assets is a new key audit matter this year. Compensation provisions, which was a key audit matter last year, is no longer included because of the continued reduction of the balance and the reduced levels of estimation uncertainty and judgement involved in their calculation, now that more evidence of actual payments being made is available. Otherwise, the key audit matters below are consistent with last year.

Independent auditors' report to the members of Quilter plc

Key audit matters	How our audit addressed the key audit matter
Goodwill impairment assessment (Group) Refer to page 62 of the Board Audit Committee report and note 14 to the Group's financial statements. The goodwill balance of £306 million (2022: £306 million) is subject to an annual impairment review. No impairment charge has been recorded by management against the goodwill balance in the current year. Judgement is used to determine the appropriate level at which to perform the impairment assessment. Management analyses discounted cash flows at the operating segment level to calculate the value-in-use for each group of cash generating units ("CGUs") as opposed to assessing for each individual CGU. Due to the inherent subjectivity in the assumptions used in the model, combined with the potential impact of the current economic climate on future profit forecasts, this has been assessed as a significant risk for our audit.	We checked that the cash flow forecasts used by management in the assessment of goodwill impairment were consistent with the Board approved three-year Business Plan. We evaluated the historical accuracy of the cash flow forecasts, including a comparison of the current year actual results with the 2023 figures included in the prior year forecast. Furthermore, we ensured the forecasts were completed on a basis consistent with prior years. For certain key assumptions which underpinned the forecast performance, such as growth of assets under management in the Business Plan period, we corroborated these against external market data where available. We challenged management on the inclusion of certain cash flows where these looked to include future enhancements or future restructuring activity (such as the inclusion of future cost savings). We considered the appropriateness of performing the impairment assessment for groups of CGUs. This included consideration of how the financial information of the business is presented to the Chief Operating Decision Maker. We engaged our internal valuation experts to independently calculate a reasonable range for both the discount rate and long-term growth rate assumptions used within the value-in-use calculations. We found that both the discount rate and growth rate were within our expected range. We obtained and understood management's sensitivity calculations over the impairment assessment and performed further sensitivity scenarios ourselves. These calculations confirmed that the impairment assessment was not highly sensitive to any of the key assumptions, being the discount rate and the forecast growth of cash flows. For each operating segment we also calculated the degree to which these assumptions would need to move before an impairment was triggered and considered the likelihood of such a movement. We further assessed the Group's disclosure of these sensitivities to ensure that the risks inherent in the valuation were appropriately reflected within the accounts. We challenged management on the magnitude of the variance between the total value in use and the market capitalisation, and corroborated the explanations we received to supporting documentation. Overall, based on the procedures we have performed, we concur with management that no impairment to the goodwill balance is required.

Key audit matters	How our audit addressed the key audit matter
Impairment of investments in subsidiary undertakings (Parent) Refer to note 4 to the Parent Company financial statements. The Company holds investments in subsidiaries of £2,162 million (2022: £2,150 million). Whilst these eliminate on consolidation in the Group financial statements, they are recorded in the Company financial statements. Management have performed an impairment assessment, utilising consistent methodology to that described in the impairment of goodwill key audit matter above, and have concluded that no impairment or reversal of impairment was required. We have determined the impairment assessment over the investments in subsidiaries to be a significant risk in light of the size of this balance and the judgemental nature of the discounted cash flow models and cash generating units used in assessing impairment.	The impairment assessment leveraged management's calculations for the Group goodwill impairment assessment referred to above. The key judgement used by management in their impairment assessment is the underlying assumption that the Company's investments in Quilter Holdings Limited and Quilter Investors represent the lowest level at which largely independent cash inflows are generated. This assumption allows headroom to be transferred between subsidiary entities. We have previously challenged management over this assumption on the basis that the Business Plan is prepared at a more disaggregated level and requested management to provide us with further analyses to demonstrate the significant degree of integration between the businesses included in their defined cash generating unit. We corroborated the explanations we received through discussion with the relevant component audit teams and review of historical relevant correspondence with the regulator identifying some of the interdependencies. For non-trading subsidiaries the fair value less costs to sell is deemed by management to be represented by their net asset position. Overall we are satisfied that there is sufficient evidence to support the basis of management's impairment assessment and therefore concur with management that no impairment is required.

Independent auditors' report to the members of Quilter plc

Key audit matters	How our audit addressed the key audit matter
Recoverability of deferred tax assets (Group and Parent) Refer to page 62 of the Board Audit Committee report and note 30 to the consolidated financial statements. The Group holds deferred tax assets of £91 million (2022: £94 million) which are comprised of 'new' (post-April 2017) tax losses that can be used across the Group, 'old' (pre-April 2017) tax losses that can only be used in the same company, late paid interest, capital allowances and expected share schemes future tax deductions. IAS 12 requires that deferred tax assets shall be recognised to the extent that it is probable that taxable profits will be available against which the deferred tax asset can be utilised. Hence, there is subjectivity over whether the Group will generate sufficient taxable profits to utilise the deferred tax asset against. In the current year management have recognised the deferred tax asset on these 'new' losses in full, in light of the fact that the Group has been profitable for the previous two years and plans to use a significant portion of the tax losses within the three-year forecast period. Similarly, the Parent Company holds a deferred tax asset of £23 million (2022: £4 million) and so the same judgements regarding the availability of future taxable profits apply to the Parent Company asset. This is the first period in which the asset relating to these losses has been recognised in full and as such has been a significant area of focus for our audit.	We utilised our internal tax specialists in order to assist with our assessment of the Group and Company deferred tax asset balance recognised of £91 million and £23 million respectively. We assessed the design and implementation of key controls in management's process of recognising and measuring deferred tax assets. We evaluated management's methodology for assessing the recognition and recoverability of deferred tax assets, including the ability to offset certain deferred tax liabilities and deferred tax assets. Where recognition is supported by the availability of sufficient probable taxable profits in future periods against which the asset can be utilised, our evaluation of these future profits considered both the Business Plan and the relevant tax legislation. We reviewed the Business Plan profit forecasts in detail within our goodwill impairment assessment work (see above). This included assessing the key assumptions, such as management's revenue and market growth assumptions, to ensure that these underlying assumptions and forecasts within the three-year Business Plan were reasonable. Where applicable we assessed the consistency of the forecasts used to justify the recognition of deferred tax assets to those used elsewhere in the business, including for goodwill impairment assessments (explained above), and the Directors' viability and going concern statements. The forecasted figures for each entity were agreed to the individual component entity Business Plans. Furthermore, we considered the basis of the forecasts (i.e. the starting revenue and cost figures for 2023) against the actual balances within the 2023 financial statements for consistency. We evaluated management's key assumptions and estimates for cost and profit allocation among Group entities. We also assessed the adequacy of disclosures over this area and sensitivity of key estimates of the asset recognised, which has been disclosed in note 30. Overall, we are satisfied that there is sufficient evidence to support the recognition of the deferred tax asset in the Group and Parent Company financial statements.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

Quilter plc has two operating segments – High Net Worth and Affluent. Within these segments there are several reporting units, of which six are considered financially significant, and were subject to an audit of their complete financial information. In addition, a further eight reporting entities were in scope for specific audit procedures, as these components contributed a significant proportion of certain financial statement line items. Together with the procedures performed at the Group level, including auditing the consolidation and financial statement disclosures, taxation, and goodwill impairment assessment, this gave us the evidence we needed to form our opinion on the financial statements as a whole. Almost all of the Group's trading is based in the UK, resulting in all of the audit procedures being performed locally by the UK audit team. Of the fourteen components we have performed audit procedures over, none of these components were based outside the UK. We applied an overall materiality level of £432,744,000 to the classification of unit-linked assets and liabilities in the Consolidated statement of financial position, the related line items in the Consolidated statement of comprehensive income and the related notes to the financial statements. This materiality was applied solely for our work on matters for which a misstatement is likely only to lead to a reclassification between line items, in accordance with FRC Practice Note 20 The audit of Insurers in the United Kingdom. The Group contains several regulated trading entities and is a regulated insurance group itself. Some of the Group's activities are outsourced to third-party providers, such as investment and platform administration. In respect of the outsourced service providers, we were able to gain appropriate audit evidence through a combination of evaluating the providers' published assurance reports on internal controls and performing substantive procedures.

The Parent Company is a single legal entity over which we were required to perform a full scope statutory audit. We have determined the scope using our set materiality levels and performed procedures over those financial statement line items which are material through the monetary threshold or material by nature.

The impact of climate risk on our audit

As part of our audit, we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the Group's financial statements and support the disclosures made within Annual Report. The Group prepares a separate TCFD report, which is then cross referenced in the Annual Report, with the key highlights included in the main body of the report. Based on this, we have challenged management to ensure that all materially relevant information in the separate report is also included and linked clearly to within the Annual Report. In addition to enquiries with management, we also challenged the completeness of management's climate risk assessment by comparing the consistency of management's climate impact assessment with internal climate plans and Board minutes, including whether the time horizons management have used take account of all relevant aspects of climate change such as transition risks.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – Group	Financial statements – Company
Overall materiality	£5,506,000 (2022: £6,092,352).	£27,963,351 (2022: £27,595,520).
How we determined it	1% of total revenue excluding investment return.	1% of total assets.
Rationale for benchmark applied	Based on the performance metrics used in the Annual Report, total revenue is considered to be one of the primary measures used by shareholders in assessing performance of the Group and is a generally accepted auditing benchmark.	A benchmark of total assets has been used as the Company's primary purpose is to act as a holding company with investments in the Group's subsidiaries, not to generate operating profits and therefore a profit-based measure was not considered appropriate.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £2,100,000 to £4,600,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £4,130,000 (2022: £4,569,264) for the Group financial statements and £20,972,513 (2022: £20,698,140) for the Company financial statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Board Audit Committee that we would report to them misstatements identified during our audit above £500,000 (Group audit) (2022: £500,000) and £1,398,168 (Company audit) (2022: £1,379,876) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtained the Directors' updated going concern assessment and challenged the rationale for assumptions on growth of assets under management/administration and asset returns using our knowledge of Quilter's business performance and corroborating to external market evidence where available. Our assessment included reviewing management's stress testing and scenario analyses.
- Obtained management's estimated solvency capital position and evaluated this for consistency with available information and against management's own target capital ratios. We found that the Group maintained internal targets for its Group Solvency Capital Requirement (SCR) ratio, and is forecast to remain compliant with all external regulatory capital requirements for the period covered by the going concern assessment; and
- Confirmed compliance with the debt covenants of the Group's borrowing facilities, and the forecast continued compliance for the duration of the period covered by the going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent auditors' report to the members of Quilter plc

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the Annual Report on Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The Directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;

- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Board Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA), and unsuitable or prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and the Listing Rules. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting non-standard or unusual journal entries to either inflate revenue or reduce expenditure of the Group and the Company, and management bias in accounting estimates and judgemental areas of the financial statements, such as impairment assessments. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Discussions with the Board Audit Committee, management, internal audit, management involved in the risk and compliance functions and the Group and Company's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud.
- Reviewing correspondence between the Group and the PRA, the FCA and HMRC in relation to compliance with laws and regulations.
- Assessment of matters reported on the Group's whistleblowing register including the quality and results of management's investigation of such matters.
- Reviewing Board minutes as well as relevant meeting minutes, including those of the Board Audit Committee, Board Remuneration Committee, and the Board Risk Committee.
- Reviewing data regarding customer complaints, the Group's and Company's register of litigation and claims, internal audit reports, and compliance reports in so far as they related to non-compliance with laws and regulations and fraud.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, such as non-standard and unusual journals to revenue which may be indicative of the overstatement or manipulation of revenue and unusual expenditure journals which could lead to an inappropriate reduction in expenditure.
- Challenging assumptions made by management in accounting estimates and judgements, in particular in relation to the impairment assessments of goodwill and investments in subsidiaries, and the recoverability of the deferred tax assets.
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing.
- Detailed testing over the classification of costs allocated to business transformation costs, which are considered as one-off and added back to calculate the adjusted profit measure, in order to identify any inappropriate classification which could be indicative of a material manipulation of the adjusted profit measure.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Independent auditors' report to the members of Quilter plc

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Company financial statements and the part of the Annual Report on Remuneration to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Board Audit Committee, we were appointed by the Directors on 19 May 2020 to audit the financial statements for the year ended 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement is four years, covering the years ended 31 December 2020 to 31 December 2023.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Mark Pugh
(Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

6 March 2024

Consolidated statement of comprehensive income
For the year ended 31 December 2023

	Notes	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Income			
Fee income and other income from service activities	8(b)	542	581
Investment return	9	4,075	(4,649)
Other income		9	28
Total income		**4,626**	**(4,040)**
Expenses			
Change in investment contract liabilities	28	(3,313)	4,318
Fee and commission expenses, and other acquisition costs	10(a)	(49)	(54)
Change in third-party interests in consolidated funds		(579)	438
Other operating and administrative expenses	10(b)	(575)	(584)
Finance costs	10(e)	(22)	(13)
Total expenses		**(4,538)**	**4,105**
Profit before tax		**88**	**65**
Tax (expense)/credit attributable to policyholder returns	11(a)	(76)	134
Profit before tax attributable to shareholder returns		**12**	**199**
Income tax (expense)/credit	11(a)	(46)	110
Less: tax expense/(credit) attributable to policyholder returns		76	(134)
Tax credit/(expense) attributable to shareholder returns		30	(24)
Profit after tax attributable to the owners of the Company		**42**	**175**
Total comprehensive income		**42**	**175**
Earnings per Ordinary Share			
Basic earnings per Ordinary Share (pence)	12	**3.1**	**12.2**
Diluted earnings per Ordinary Share (pence)	12	**3.1**	**12.0**

All income and expenses relate to continuing operations.

The notes on pages 107 to 158 form an integral part of these consolidated financial statements.

Consolidated statement of financial position
At 31 December 2023

	Notes	31 December 2023 £m	31 December 2022 £m
Assets			
Goodwill and intangible assets	14	372	413
Property, plant and equipment	15	91	112
Investment property	16	10	–
Investments in associates		2	1
Contract costs	24	16	10
Loans and advances	17	38	34
Financial investments	18	50,329	43,617
Deferred tax assets	30(a)	91	94
Current tax receivable	30(c)	33	10
Trade, other receivables and other assets	23	447	303
Derivative assets	19	57	40
Cash and cash equivalents	25	1,859	1,782
Assets held for sale	6(c)	–	1
Total assets		**53,345**	**46,417**
Equity and liabilities			
Equity			
Ordinary Share capital	26	115	115
Ordinary Share premium reserve	26	58	58
Capital redemption reserve		346	346
Share-based payments reserve	27	42	41
Other reserves		–	(1)
Retained earnings		958	989
Total equity		**1,519**	**1,548**
Liabilities			
Investment contract liabilities	28	43,396	38,186
Third-party interests in consolidated funds		7,444	5,843
Provisions	29	46	69
Deferred tax liabilities	30(b)	64	24
Current tax payable	30(c)	2	1
Borrowings and lease liabilities	31	279	290
Trade, other payables and other liabilities	32	570	436
Derivative liabilities	19	25	20
Total liabilities		**51,826**	**44,869**
Total equity and liabilities		**53,345**	**46,417**

The financial statements on pages 104 to 107 were approved by the Board of Directors on 6 March 2024 and signed on its behalf by

Steven Levin
Chief Executive Officer

Mark Satchel
Chief Financial Officer

The notes on pages 107 to 158 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended 31 December 2023

Year ended 31 December 2023	Notes	Ordinary Share capital £m	Ordinary Share premium reserve £m	B shares £m	Capital redemption reserve £m	Merger reserve £m	Share-based payments reserve £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
Balance at 1 January 2023		**115**	**58**	**–**	**346**	**–**	**41**	**(1)**	**989**	**1,548**
Profit after tax attributable to the owners of the Company		–	–	–	–	–	–	–	42	42
Total comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**42**	**42**
Dividends	13	–	–	–	–	–	–	–	(65)	(65)
Acquisition of own shares[1]		–	–	–	–	–	–	–	(14)	(14)
Movement in own shares		–	–	–	–	–	–	–	(13)	(13)
Exchange rate movement (ZAR/GBP)[2]		–	–	–	–	–	–	–	2	2
Equity-settled share-based payment transactions	27(e)	–	–	–	–	–	–	–	18	18
Aggregate tax effects of items recognised directly in equity		–	–	–	–	–	1	–	–	1
Total transactions with the owners of the Company		**–**	**–**	**–**	**–**	**–**	**1**	**–**	**(72)**	**(71)**
Transfer to retained earnings		–	–	–	–	–	–	1	(1)	–
Balance at 31 December 2023		**115**	**58**	**–**	**346**	**–**	**42**	**–**	**958**	**1,519**

Year ended 31 December 2022	Notes	Ordinary Share capital £m	Ordinary Share premium reserve £m	B shares £m	Capital redemption reserve £m	Merger reserve £m	Share-based payments reserve £m	Other reserves £m	Retained earnings £m	Total shareholders' equity £m
Balance at 1 January 2022		116	58	–	17	25	42	(1)	1,482	1,739
Profit after tax attributable to the owners of the Company		–	–	–	–	–	–	–	175	175
Total comprehensive income		–	–	–	–	–	–	–	175	175
Dividends	13	–	–	–	–	–	–	–	(78)	(78)
Ordinary Shares repurchased in the buyback programme[3]	26	(1)	–	–	1	–	–	–	–	–
Issue of B shares[4]	26	–	–	328	–	(25)	–	–	(303)	–
Redemption of B shares[4]	26	–	–	(328)	328	–	–	–	(328)	(328)
Exchange rate movement (ZAR/GBP)[2]		–	–	–	–	–	–	–	(4)	(4)
Movement in own shares		–	–	–	–	–	–	–	22	22
Equity-settled share-based payment transactions	27(e)	–	–	–	–	–	1	–	23	24
Aggregate tax effects of items recognised directly in equity		–	–	–	–	–	(2)	–	–	(2)
Total transactions with the owners of the Company		**(1)**	**–**	**–**	**329**	**(25)**	**(1)**	**–**	**(668)**	**(366)**
Balance at 31 December 2022		**115**	**58**	**–**	**346**	**–**	**41**	**(1)**	**989**	**1,548**

[1] In November 2023, as a result of an Odd-lot Offer, Quilter plc purchased 15,798,423 of its own Ordinary Shares for £14 million. Those shares were gifted to the Employee Benefit Trust and are held as treasury shares.
[2] For shares registered on the Johannesburg Stock Exchange, the amounts of proposed dividends and share buybacks are set in South African Rand on the relevant Market Announcement date which is prior to the date of payment. The impact of exchange rate movements between these dates is recognised directly in equity. The Group held cash in South African Rand equal to the expected cash outflows and therefore was economically hedged for these payments.
[3] On 11 March 2020, the Company announced a share buyback programme to purchase Ordinary Shares up to a maximum value of £375 million, in order to return the net surplus proceeds arising from the sale of Quilter Life Assurance to shareholders. During 2022, the Company acquired 17.7 million shares for a total consideration of £26 million and incurred additional costs of £1 million. The Company had committed to the buyback of these shares during 2021 and had recognised an accrual for £26 million as at 31 December 2021. This was the final tranche of the share buyback programme and was completed in January 2022. The shares, which have a nominal value of £1 million, were subsequently cancelled, giving rise to a capital redemption reserve of the same value as required by the Companies Act 2006.
[4] On 9 March 2022, the Company announced a capital return of £328 million from the net surplus proceeds arising from the sale of Quilter International by way of a B Share Scheme accompanied by a Share Consolidation. Refer to note 26 for further details of the capital return and Share Consolidation. Following the issue and redemption of the B preference shares as part of the B Share Scheme, the Company transferred £328 million from retained earnings to the capital redemption reserve, as required under the provisions of sections 688 and 733 of the Companies Act 2006, being an amount equal to the nominal value of the B shares redeemed. The increase in the capital redemption reserve results from the UK company law requirement to maintain the company's capital when shares are redeemed out of the company's distributable profits.

The notes on pages 107 to 158 form an integral part of these consolidated financial statements.

Consolidated statement of cash flows
For the year ended 31 December 2023

The cash flows presented in this statement cover all the Group's activities and include flows from both policyholder and shareholder activities. All cash and cash equivalents are available for general use by the Group for the purposes of the disclosures required under IAS 7 Statement of Cash Flows except for cash and cash equivalents in consolidated funds (as shown in note 25).

	Notes	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Cash flows from operating activities			
Cash flows from operating activities		2,137	1,698
Taxation paid		(26)	(22)
Total net cash flows from operating activities	25(b)	**2,111**	**1,676**
Cash flows from investing activities			
Net purchases and sales of financial investments		(1,908)	(1,494)
Purchase of property, plant and equipment		(1)	(3)
Proceeds from sale of property, plant and equipment held for sale		1	–
Acquisition of interests in subsidiaries[1]	6(b)	–	(5)
Increase in investment in associate		(1)	–
Total net cash flows from investing activities		**(1,909)**	**(1,502)**
Cash flows from financing activities			
Dividends paid to the owners of the Company	13	(65)	(78)
Finance costs on borrowings	10(e)	(18)	(9)
Payment of interest on lease liabilities	31(b)	(3)	(3)
Payment of principal of lease liabilities	31(b)	(9)	(11)
Quilter plc shares acquired under the Odd-lot Offer[2]		(14)	–
Quilter plc shares acquired for use within the Group's employee share scheme		(15)	–
Redemption of B shares[3]		–	(328)
Repurchase and cancellation of Ordinary Shares[4]		–	(28)
Exchange rate movements passed to shareholders[5]		2	(4)
Proceeds from the issue of subordinated debt	31	199	–
Subordinated debt repaid	31	(200)	–
Total net cash flows from financing activities	25(c)	**(123)**	**(461)**
Net increase/(decrease) in cash and cash equivalents		79	(287)
Cash and cash equivalents at the beginning of the year		1,782	2,064
Effect of exchange rate changes on cash and cash equivalents		(2)	5
Cash and cash equivalents at the end of the year	25(a)	**1,859**	**1,782**

[1] The acquisition of interests in subsidiaries in 2022 resulted from contingent consideration payments relating to historical acquisitions.
[2] Further information relating to the Odd-lot Offer is included within the consolidated statement of changes in equity.
[3] In March 2022, the Company announced a capital return of £328 million from the net surplus proceeds arising from the sale of Quilter International by way of a B Share Scheme accompanied by a Share Consolidation. The capital return was completed in May 2022.
[4] The repurchase and cancellation of Ordinary Shares outflow relates to the cash movements associated with the share buyback programme. Further details are included within the consolidated statement of changes in equity.
[5] The exchange rate movements passed to shareholders relate to foreign exchange gains or losses that have arisen on the capital return and dividend payments to JSE shareholders. Further details are included within the consolidated statement of changes in equity.

The notes on pages 107 to 158 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
For the year ended 31 December 2023

General information

Quilter plc (the "Company", the "Parent Company"), a public limited company incorporated in England and Wales and domiciled in the United Kingdom ("UK"), together with its subsidiaries (collectively, the "Group") offers investment and wealth management services, long-term savings and financial advice primarily in the UK. Quilter plc is listed on the London and Johannesburg Stock Exchanges.

The Company's registration number is 06404270. The address of the registered office is Senator House, 85 Queen Victoria Street, London, EC4V 4AB.

1: Basis of preparation

The consolidated financial statements of Quilter plc for the year ended 31 December 2023 have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

These consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain financial instruments which are held at fair value, and are presented in pounds sterling, which is the currency of the primary economic environment in which the Group operates.

Appendix A Related undertakings forms an integral part of these consolidated financial statements.

The separate financial statements of the Company are on pages 162 to 163.

Going concern

The Directors have considered the resilience of the Group, its current financial position, the principal risks facing the business and the effectiveness of any mitigating strategies which are or could be applied. This included an assessment of capital and liquidity over a three-year planning period covering 2024 to 2026. This assessment incorporated a number of stress tests covering a broad range of scenarios, including economic and market shocks of up to 40% falls in equity markets, mass lapse events, new business growth scenarios and severe business interruption, equivalent to 1-in-50 and 1-in-200 year events. As part of the going concern assessment, the Group took into consideration the current position of the UK and global economy including the impact of inflation and increases in the cost of living. The Group also considered how climate-related risks and opportunities affect operations, investment activities and advice and distribution activities and their impact on specific projects and initiatives, estimates and judgements. Based on the assessment, the Directors believe that both the Group and Quilter plc, have sufficient financial resources to continue in business for a period of at least 12 months from the date of approval of these financial statements and continue to adopt the going concern basis in preparing the Group and Parent Company financial statements. Further information is contained in the viability statement and going concern section of the Annual Report.

Basis of consolidation

The Group's consolidated financial statements incorporate the assets, liabilities and results of the Company and its subsidiaries. Subsidiaries are those entities, including investment funds, controlled by the Group. More information on how the Group assesses whether it has control over an entity is provided in accounting policy note 5(a). Subsidiaries are consolidated from the date the Group obtains control and are excluded from consolidation from the date the Group loses control.

Notes to the consolidated financial statements
For the year ended 31 December 2023

1: Basis of preparation *continued*

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with Group policies. All intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated when preparing consolidated financial statements.

Liquidity analysis of the statement of financial position
The Group's statement of financial position is in order of liquidity. For each asset and liability line item, those amounts expected to be recovered or settled more than 12 months after the reporting date are disclosed separately in the notes to the consolidated financial statements.

Critical accounting estimates and judgements
The preparation of financial statements requires management to exercise judgement in applying the Group's material accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. The Board Audit Committee reviews these areas of judgement and estimates, and the appropriateness of material accounting policies adopted in the preparation of these financial statements.

Critical accounting judgements
The Group's critical accounting judgements are those that management makes when applying its material accounting policies and that have the greatest effect on the profit after tax and net assets recognised in the Group's financial statements.

Recognition of provisions following the sale of Quilter International
Management exercised significant judgement in determining the accounting treatment for a number of provisions related to business activities to separate the business from the Group in respect of the sale of Quilter International. Significant judgement was required to assess whether the costs were directly attributable and incremental to the sale and whether a legal or constructive obligation existed in order to recognise the provisions. See note 29 for further details.

Recognition of revenue from the advice business
Given the Group's business model for advice, management is required to exercise significant judgement in assessing the capacity in which the Group is contracting for the purposes of recognising revenue from the advice business under IFRS 15 (Revenue from Contracts with Customers). As a result of the assessment, management has determined that revenue from the advice business should be presented net of certain fees and commissions payable to Appointed Representatives of Quilter companies.

Critical accounting estimates
The Group's critical accounting estimates involve the most complex or subjective assessments and assumptions, which have a significant risk of resulting in material adjustment to the net carrying amounts of assets and liabilities within the next financial year. Management uses its knowledge of current facts and circumstances and applies estimation and assumption setting techniques that are aligned with relevant actuarial and accounting standards and guidance to make predictions about future actions and events. Actual results may differ from those estimates.

Provision for the cost of defined benefit pension advice
An estimate is determined for unsuitable pension advice related to schemes other than those concluded as part of the skilled person review, using a methodology which takes account of recent experience of redress payments calculated by an independent expert and applying a proportion of transfer value to determine redress payable as an indicative provision. The calculations are based upon FCA guidelines and modelling performed, and factors including redress as a percentage of pension transfer value and opt-in assumptions. See note 29 for further details.

Measurement of deferred tax
The estimation of future taxable profits is performed as part of the annual business planning process, and is based on estimated levels of assets under management and administration ("AuMA"), which are subject to a large number of factors including global stock market movements, related movements in foreign exchange rates and net client cash flows, together with estimates of expenses and other charges. The Business Plan, adjusted for known and estimated tax adjusting items, is used to determine the extent to which deferred tax assets are recognised. The Group assesses the recoverability of shareholder assets based on estimated taxable profits over a five-year horizon and assesses policyholder assets based on estimated investment growth over the medium term. To the extent that profit estimates extend beyond the normal three-year planning cycle, average profits over the final two years of the plan are used. Based on historic profitability, the Group has taken the approach to assess the recoverability of deferred tax assets beyond the three-year planning cycle for the first time in 2023. Future profit projections show the majority of deferred tax assets being utilised over the next three years. Management has reassessed the sensitivity of the recoverability of deferred tax assets based on the latest forecast cash flows. See note 30 for further details.

Other principal estimates
The Group's assessment of goodwill and intangible assets for impairment uses the latest cash flow forecasts from the Group's three-year Business Plan. These forecasts include estimates relating to equity market levels and growth in AuMA in future periods, together with levels of new business growth, net client cash flows, revenue margins, and future expenses and discount rates (see note 14). These forecasts take account of climate related risks and other responsible business considerations. Management does not consider that the use of these estimates has a significant risk of causing a material adjustment to the carrying amount of the assets within the next financial year.

Notes to the consolidated financial statements
For the year ended 31 December 2023

2: New standards, amendments to standards, and interpretations adopted by the Group

IFRS 17 became effective on 1 January 2023. The Group has assessed all relevant contracts with policyholders. Based on this assessment, it was determined that there are no contracts that will be accounted for under IFRS 17.

The amendments to accounting standards in the table below became applicable for the current reporting year, with no material impact on the Group's consolidated results, financial position or disclosures.

The Group has applied the narrow scope amendment to IAS 12 Income Taxes in respect of the OECD Pillar II international tax rules issued in the current period. In doing so, the Group has applied the exception in IAS 12.4A and accordingly will not recognise or disclose information about deferred tax assets and liabilities related to Pillar II income taxes.

Adopted by the Group from	Amendments to standards
1 January 2023	Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
1 January 2023	Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosure of Accounting Policies
1 January 2023	Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
1 January 2023	Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules

3: Future standards, amendments to standards, and interpretations not early adopted in these financial statements

Certain new standards, interpretations and amendments to existing standards have been published by the International Accounting Standards Board ("IASB") that are mandatory for the Group's annual accounting periods beginning on or after 1 January 2023. The Group has not early adopted these standards, interpretations and amendments, nor does the Group expect these to have a material impact on the Group's consolidated financial statements.

Amendments to IAS 1, Presentation of Financial Statements

Classification of Liabilities as Current or Non-current, and Non-current Liabilities with Covenants published in 2020 and 2022 respectively, clarify that the classification of liabilities as current or non-current is based solely on a company's right to defer settlement for at least 12 months at the reporting date. The right needs to exist at the reporting date and must have substance. The effective date of this amendment is 1 January 2024.

4: Significant changes in the year

Repayment and new issue of Fixed Rate Reset Subordinated Notes

On 18 January 2023, the Company issued £200,000,000 8.625% Fixed Rate Reset Subordinated Notes (due 18 April 2033) and received net cash proceeds of £199 million. After deducting structuring costs and professional fees, the retained cash proceeds were £197 million. The Notes are listed and regulated under the terms of the London Stock Exchange. On 28 February 2023, the Company repaid the existing £200,000,000 4.478% Fixed Rate Reset Subordinated Notes (due 28 February 2028). See note 31 for further details.

5: Material accounting policies

The Group's material accounting policies are described below. There have been no changes to the Group's material accounting policies as a result of changes in accounting standards during the year. The accounting policies disclosed in these notes have been consistently applied throughout the current and prior financial year.

5(a): Group accounting

Subsidiaries

Subsidiary undertakings are those entities (investees) controlled by the Group. The Group controls an investee if, and only if, the Group has all of the following three elements of control:

– power over the investee;
– exposure or rights to variable returns from its involvement with the investee; and
– the ability to affect those returns through its power over the investee.

For operating entities, this usually arises with a shareholding in the entity of 50% or more.

Associates

Associates are entities over which the Group has significant influence, but not control or joint control, through its participation in the entity's financial and operating policy decisions. Significant influence is generally demonstrated by the Group holding between 20% and 50% of the voting rights. Voting rights are not the only consideration, all other relevant factors, contractual or otherwise, are assessed in determining whether the Group has the ability to exercise significant influence.

The results, assets and liabilities of associates, other than those that are measured at fair value through profit or loss ("FVTPL") are incorporated into these consolidated financial statements using the equity method of accounting from the date that significant influence commences until the date it ends. Under this method, the cost of the investment in an associate together with the Group's share of that entity's post-acquisition changes to shareholders' funds is included as an asset in the consolidated statement of financial position. The cost includes goodwill recognised on acquisition. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associate until the date on which significant influence ceases. Where a Group entity transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate. Unrealised losses are eliminated in the same way but only to the extent that there is no evidence of impairment. Investments in associates that are held with a view to subsequent resale are accounted for as non-current assets held for sale.

Where the Group has an investment in an associate, a portion of which is held by, or is held indirectly through a unit trust or similar entity, including through unit-linked funds, that portion of the investment is measured at FVTPL.

The Group has classified one entity, 360 Dot Net Limited, as an associate in the current and prior year.

Notes to the consolidated financial statements
For the year ended 31 December 2023

5: Material accounting policies *continued*

5(a): Group accounting *continued*

Investment funds

The Group consolidates certain of its interests in open-ended investment companies ("OEICs"), unit trusts, mutual funds and similar investment vehicles (collectively "investment funds").

The Group continually assesses any changes to facts and circumstances to determine, in the context of the three elements of control listed above, whether it still controls the investee and is therefore required to consolidate it.

The Group invests in a wide range of investment funds in respect of its unit-linked investment contracts where investments are made to match the investment choices of its clients. For some of these funds, it also acts as fund manager. These funds invest predominantly in equities, bonds, cash and cash equivalents. The Group holds interests in these investment funds mainly through the receipt of fund management fees, in the case where the Group acts as fund manager, which provide a variable return based on the value of the funds under management and other criteria, and in the case of third-party funds where fund performance has an impact on fund-based fees within unit-linked investment contracts and other similar client investment products. Where the Group acts as fund manager, it may also hold investments in the underlying funds, through acquiring units or shares. Where these investments are held in unit-linked funds, the Group has a secondary exposure to variable returns through the management fees that it deducts from unit-linked policyholders' account balances. The Group's percentage ownership can fluctuate from day-to-day according to the Group's participation in them as clients' underlying investment choices change.

Where, as is often the case with investment funds, voting or similar rights are not the dominant factor in deciding who controls the investee, other factors are considered in the control assessment.

When assessing the control of investment funds, the Group considers the purpose and design of the fund, the scope of its decision-making authority, including its ability to direct relevant activities and to govern the operations of a fund so as to obtain variable returns from that fund and its ability to use its power to affect these returns, both from the perspective of an investor and an asset manager. In addition, the Group assesses rights held by other parties including substantive removal ("kick-out") rights that may affect the Group's ability to direct relevant activities.

On consolidation, the interests of parties other than the Group are classified as a liability in the Group's statement of financial position and are described as "third-party interests in consolidated funds". Such interests are not recorded as non-controlling interests as they meet the criteria to be classified as liabilities rather than equity. These liabilities are regarded as current, as they are repayable on demand, although it is not expected that they will be settled in a short time period.

Business combinations

The Group is required to use the acquisition method of accounting for business combinations. Business combinations are accounted for at the date that control is achieved (the acquisition date). The cost of a business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Deferred and contingent consideration relating to acquisitions is recognised as a liability on the date of acquisition.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts. Where provisional amounts are reported, these are adjusted during the measurement period which extends up to a maximum of 12 months from the acquisition date. Additional assets or liabilities may also be recognised during this period, to reflect any new information obtained about the facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired entity at the date of acquisition. Other acquisition-related costs, not forming part of the cost of acquisition, are expensed as incurred.

Upon sale, the Group derecognises a subsidiary or disposal group on the date on which control passes. The consolidated statement of comprehensive income includes the results of a subsidiary or disposal group up to the date of disposal. The difference between the proceeds from the sale of a subsidiary undertaking and its carrying amount as at the date of disposal, including the cumulative amount of any related exchange differences that are recognised in the foreign currency translation reserve, is recognised in profit and loss as the gain or loss on sale of the subsidiary undertaking.

5(b): Fair value measurement

Fair value is a market-based measure and is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For a financial instrument, the best evidence of fair value at initial recognition is normally the transaction price, which represents the fair value of the consideration given or received.

Where observable market prices in an active market, such as bid or offer (ask) prices are unavailable, fair value is measured using valuation techniques based on the assumptions that market participants would use when pricing the asset or liability. If an asset or a liability measured at fair value has a bid or an offer price, the price within the bid-offer spread that is most representative of fair value is used as the basis of the fair value measurement.

The quality of the fair value measurement for financial instruments is disclosed by way of the fair value hierarchy in note 21.

Notes to the consolidated financial statements
For the year ended 31 December 2023

5: Material accounting policies *continued*

5(c): Product classification
The Group's life assurance contracts included in the Affluent segment are categorised as investment contracts, in accordance with the classification criteria set out in the paragraph below.

Investment contracts
Investment contracts do not meet the IFRS definition of an insurance contract as they do not transfer significant insurance risk from the policyholder to the insurer. Unit-linked investment contracts are separated into two components, being an investment management services component and a financial liability. The financial liability component is designated at FVTPL as it is managed on a fair value basis, and its value is directly linked to the market value of the underlying portfolio of assets. The Group does not directly benefit economically from returns from the assets held to match policyholder liabilities, apart from secondary exposure to future annual management fees that the Group expects to receive over the life of the policy.

5(d): Fee income and other income from service activities
Fee income and other income from service activities represent the fair value of services provided, net of value added tax. Revenue is only recognised to the extent that management is satisfied that it is highly probable that no significant reversal of the revenue recognised will be required when uncertainties are resolved. In circumstances where refunds are expected on a portion of the income, including indemnity commission on policies sold, an estimate of the reduction of revenue is made and charged to profit and loss at the point of sale, based upon assumptions determined from historical experience.

Fund-based fees
This relates to non-refundable fees taken on receipt of clients' investments and recognised on receipt over the life of the contract, in line with the performance obligation associated with the contract in respect of the administration of the underlying client records and client benefits.

In addition, this also includes periodic fee income based on the market valuation of the Group's contracts with clients. It is calculated and recognised on a daily basis in line with the provision of investment management services.

This also includes the fee income of consolidated funds.

Premium-based fees
This relates to fees in respect of advice to clients when the advice has been provided and the financial adviser's performance obligation has been fully delivered. Accordingly, fee income is recognised from the inception of the financial product sold.

Fixed fees
This is periodic fee income which is fixed in value according to underlying contract terms and relates to the provision of services and transactional dealing fees. It is recognised on provision of the transaction or service.

Other fee and commission income
This includes charges taken from unit-linked funds to meet future policyholder tax liabilities. Depending on the nature of the tax liability, the charges are either recognised at the point a transaction occurs on the unit-linked fund, or annually.

5(e): Investment return
Investment return comprises two elements (a) investment income and (b) realised and unrealised gains and losses on investments held at FVTPL.

Investment income
Investment income includes dividends on equity securities, client and shareholder interest income and rental income. Dividends are recorded as revenue on the ex-dividend date. Interest income is recognised using the effective interest rate method which allocates interest and other finance costs at a constant rate over the expected life of the financial instrument. In respect of client money, retained interest income is accounted for under the principles of IFRS 15 and is calculated as the difference, on an accrual basis, between total interest received and interest paid across to clients. Rental income is recognised on an accruals basis.

Realised and unrealised gains and losses
A gain or loss on a financial investment is only realised on disposal or transfer and represents the difference between the proceeds received, net of transaction costs, and its original cost (or amortised cost). Unrealised gains or losses, arising on investments which have not been disposed of or transferred, represent the difference between carrying value at the year end and the carrying value at the previous year end or purchase value (if this occurs during the year), less the reversal of previously recognised unrealised gains or losses in respect of disposals made during the year.

Gains and losses resulting from changes in both market value and foreign exchange rates on investments classified at FVTPL are recognised in the period in which they occur.

5(f): Contract costs
Incremental costs, including fee and commission expenses, that are directly attributable to securing unit-linked investment contracts, asset management services and advice business are deferred and recognised as contract costs. Contract costs are linked to the contractual right to benefit from providing investment management services. These are therefore amortised in line with the provision of the services to which the contract relates.

5(g): Investment contract liabilities
The Group's investment contracts are unit-linked contracts. At inception, investment contract liabilities for unit-linked business are classified as financial liabilities and measured at FVTPL. For these contracts, the fair value liability is equal to the total value of units allocated to the policyholders, based on the bid price of the underlying assets in the fund. The FVTPL classification reflects the fact that the matching investment portfolio that backs the unit-linked liabilities, is managed, and its performance evaluated, on a fair value basis.

Contributions received on investment contracts are treated as policyholder deposits and credited directly to investment contract liabilities, as opposed to being reported as revenue. Withdrawals paid out to policyholders on investment contracts are treated as a reduction to policyholder deposits, reducing the investment contract liabilities, as opposed to being recognised as expenses. This practice is known as deposit accounting.

Notes to the consolidated financial statements
For the year ended 31 December 2023

5: Material accounting policies *continued*

5(h): Financial instruments (other than derivatives)

Financial instruments cover a wide range of financial assets, including financial investments, trade receivables and cash and cash equivalents and financial liabilities, including investment contract liabilities, trade payables, and borrowings. Derivatives, which are also financial instruments, are covered by accounting policy note 5(j). Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument. The Group derecognises a financial asset when the contractual rights to receive cash flows have expired or been forfeited by the Group. A financial liability is derecognised when the liability is extinguished.

The Group assesses the objective of a business model in which an asset is held at a portfolio level because this best represents the way the business is managed and information is reported to management. The assessment considers the stated portfolio policies and objectives. The Group determines its strategy in holding the financial asset, particularly considering whether the Group earns contractual interest revenue, for example to match the duration of financial assets to the duration of liabilities that are funding those assets or to realise cash flows through the sale of the assets. The frequency, volume and timing of sales in prior periods may be reviewed, along with the reasons for such sales and expectations about future sales activity. These factors enable management to determine which financial assets should be measured at FVTPL.

Initial measurement

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

The classification of financial assets depends on (i) the purpose for which they were acquired, (ii) the business model in which the financial asset is managed, and (iii) its contractual cash flow characteristics. Two categories are applicable to the Group's financial assets: FVTPL and amortised cost. This classification determines the subsequent measurement basis. The following accounting policies apply to the subsequent measurement of financial assets.

Measurement basis	Accounting policies
FVTPL	These financial assets are subsequently measured at fair value. Net gains and losses, including interest and dividend income, are recognised in profit or loss.
Amortised cost	These financial assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairments are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and unless recognised as FVTPL on initial recognition applying the Fair Value Option (see below):

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

All other financial assets that are not measured at amortised cost are classified and measured at FVTPL.

Financial investments

The Group's interests in pooled investment funds, equity securities and debt securities are mandatorily at FVTPL, as they are part of groups of financial assets which are managed and whose performance is evaluated on a fair value basis. These investments are recognised at fair value initially and subsequently, with changes in fair value recognised in investment return.

Fixed-term deposits with a maturity profile exceeding three months are categorised as financial investments and are measured at amortised cost.

The Group recognises purchases and sales of financial investments on trade date, which is the date that the Group commits to purchase or sell the assets. The costs associated with investment transactions are included within expenses.

On initial recognition, the Group may irrevocably designate a financial asset at FVTPL that otherwise meets the requirements to be measured at amortised cost, if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise (the Fair Value Option).

Loans and advances

Loans are recognised when cash is advanced to borrowers. Loans to advisers are stated at amortised cost using the effective interest rate method, except for loans at below-market interest rates which are measured at fair value. Loans stated at amortised cost are subject to the impairment requirements outlined below.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits, money market collective investment funds and other short-term deposits with an original maturity of three months or less.

Cash and cash equivalents held within money market collective investment funds are classified as FVTPL. All other cash and cash equivalents are classified as amortised cost which means they are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method and are subject to the impairment requirements outlined below. The carrying amount of cash and cash equivalents, other than money market collective investment funds which are measured at fair value, approximates to their fair value.

Notes to the consolidated financial statements
For the year ended 31 December 2023

5: Material accounting policies *continued*

5(h): Financial instruments (other than derivatives) *continued*

Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. At inception, investment contract liabilities for unit-linked business are recognised as financial liabilities and measured at FVTPL. Other financial liabilities, including the Group's borrowings and trade payables, are measured at amortised cost using the effective interest method. Investment contract liabilities are subsequently measured at fair value. Gains and losses are recognised in profit or loss.

Trade payables and receivables

Trade payables and receivables are classified at amortised cost. Due to their short-term nature, their carrying amount is considered to be the same as their fair value.

Impairment of financial assets

The expected loss accounting model for credit losses applies to financial assets measured at amortised cost, but not to financial assets at FVTPL. Financial assets at amortised cost include trade receivables, cash and cash equivalents (excluding money market collective investment funds which are measured at fair value), fixed-term deposits and certain loans and advances.

Credit loss allowances are measured on each reporting date according to a three-stage expected credit loss ("ECL") impairment model:

Performing financial assets:

Stage 1

From initial recognition of a financial asset to the date on which an asset has experienced a significant increase in credit risk relative to its initial recognition, a stage 1 loss allowance is recognised equal to the credit losses expected to result from its default occurring over the earlier of the next 12 months or its maturity date ("12-month ECL").

Stage 2

Following a significant increase in credit risk relative to the initial recognition of the financial asset, a stage 2 loss allowance is recognised equal to the credit losses expected from all possible default events over the remaining lifetime of the asset ("Lifetime ECL").

The assessment of whether there has been a significant increase in credit risk requires considerable judgement, based on the lifetime probability of default.

Impaired financial assets:

Stage 3

When a financial asset is considered to be credit-impaired, the allowance for credit losses ("ACL") continues to represent lifetime expected credit losses. However, interest income is calculated based on the amortised cost of the asset, net of the loss allowance, rather than its gross carrying amount.

Application of the impairment model

The Group applies the ECL model to all financial assets that are measured at amortised cost:

- Trade receivables, to which the simplified approach prescribed by IFRS 9 is applied. This approach requires the recognition of a Lifetime ECL allowance on day one and thereafter.
- Loans, cash and cash equivalents, and fixed-term deposits at amortised cost, to which the general three-stage model (described above) is applied, whereby a 12-month ECL is recognised initially and the balance is monitored for significant increases in credit risk which would trigger the recognition of a Lifetime ECL allowance.

ECLs are a probability-weighted estimate of credit losses. ECLs for financial assets that are not credit-impaired at the reporting date are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due in accordance with the contract and the cash flows that the Group expects to receive). ECLs for financial assets that are credit-impaired at the reporting date are measured as the difference between the gross carrying amount and the present value of estimated future cash flows. ECLs are discounted at the effective interest rate of the financial asset. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The measurement of ECLs considers information about past events and current conditions, as well as supportable information about future events and economic conditions. The Group has implemented its impairment methodology for estimating the credit loss, taking into account forward-looking information in determining the appropriate level of allowance. In addition, it has identified indicators and set up procedures for monitoring for significant increases in credit risk.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes events such as significant financial difficulty of the borrower or issuer, a breach of contract such as a default or past due event or the restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider. The assumption that the credit risk for balances over 30 days significantly increases has been rebutted on the basis that some balances will exceed 30 days in the normal course of the settlement cycle, and therefore, there is no increase in the credit risk.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-offs

Loans and debt securities are written off (either partially or in full) when there is no realistic prospect of the amount being recovered. This is generally the case when the Group concludes that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Notes to the consolidated financial statements
For the year ended 31 December 2023

5: Material accounting policies *continued*

5(i): Contract assets
Contract assets are not classified as financial assets. Due to their short-term nature, their carrying amount is considered to be the same as their fair value.

The expected loss accounting model for credit losses applies to contract assets. The Group applies the ECL model to contract assets, which are measured at amortised cost. The simplified approach prescribed by IFRS 9 is applied to contract assets. This approach requires the recognition of a Lifetime ECL allowance on day one and thereafter.

5(j): Derivatives
The only derivatives recognised in the Group's statement of financial position arise as a result of the consolidation of funds (described in note 5(a)). Management determines the classification of derivatives at initial recognition and classifies derivatives as mandatorily at FVTPL. All derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

5(k): Employee benefits
Pension obligations
The Group operates two types of pension plans which have been established for eligible employees of the Group:

- Defined contribution schemes where the Group makes contributions to members' pension plans but has no further payment obligations once the contributions have been paid.
- Defined benefit plans which provide pension payments upon retirement to members as defined by the plan rules. The Group has funded these liabilities by ring-fencing assets in trustee-administered funds.

Defined contribution pension obligations
Under a defined contribution plan, the Group's legal or constructive obligation is limited to the amount it agrees to contribute to a pension fund and there is no obligation to pay further contributions if the fund does not hold sufficient assets to pay benefits. Contributions in respect of defined contribution schemes for current service are expensed as staff costs and other employee-related costs when incurred.

Defined benefit pension obligations
A defined benefit pension plan typically defines the amount of pension benefit that an employee will receive on retirement. For these plans, the Group's defined benefit obligation is calculated by independent actuaries using the projected unit credit method, which measures the pension obligation as the present value of estimated future cash outflows. The discount rate used is determined based on the yields for investment grade corporate bonds that have maturity dates approximating to the terms of the Group's obligations. Plan assets are measured at their fair value at the reporting date. The net surplus or deficit of the defined benefit plan is recognised as an asset or liability and represents the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets.

An asset is recognised only where there is an unconditional right to future benefits. The current and past service cost curtailments and settlements are charged to other expenses.

Remeasurements which comprise gains and losses as a result of experience adjustments and changes in actuarial assumptions, the actual return on plan assets (excluding interest) and the effect of the asset ceiling are recognised immediately in other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods. Administration costs (other than the costs of managing plan assets) are recognised as an expense when the service is provided.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

Employee share-based payments
The Group operates a number of share incentive plans for its employees. These involve an award of shares or options in the Group (equity-settled share-based payments). The Group has not granted awards under cash-settled plans in the current or prior year.

The Group's incentive plans have conditions attached before the employee becomes entitled to the award. These can be performance and/or service conditions (vesting conditions) or conditions that are often wholly within the control of the employee, for example where the employee has to provide funding during the vesting period, which is then used to exercise share options (non-vesting condition).

Performance conditions may be market-based or non-market-based. Market-based performance conditions are those related to an entity's equity, such as achieving a specified share price or target based on a comparison of the entity's share price with an index of share prices. Non-market performance conditions are those related to an entity's profit or revenue targets, an example of which would be Earnings per Share ("EPS"). Market-based performance conditions and non-vesting conditions are taken into account when estimating the fair value of the share or option awards at the measurement date. The fair value of the share awards or options is not adjusted to take into account non-market performance features. These are taken into consideration by adjusting the number of equity instruments in the share-based payment measurement and this adjustment is made each period until the equity instruments vest.

The fair value of share-based payment awards granted is recognised as an expense over the vesting period which accords with the period for which related services are provided by the employee. A corresponding increase in equity is recognised for equity-settled plans.

For equity-settled plans, the fair value is determined at grant date and not subsequently remeasured.

At each period end, the Group reassesses the number of equity instruments expected to vest and recognises any difference between the revised and original estimate in profit or loss with a corresponding adjustment to the share-based payments reserve in equity.

At the time the equity instruments vest, the amount recognised in the share-based payments reserve in respect of those equity instruments is transferred to retained earnings.

Notes to the consolidated financial statements
For the year ended 31 December 2023

5: Material accounting policies *continued*

5(l): Tax

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to income tax payable in respect of previous years. In the UK, a change in tax law is substantively enacted when it has been accepted by the House of Commons. Current tax is charged or credited to profit or loss, except when it relates to items recognised directly in equity or in other comprehensive income.

Deferred tax

Deferred tax represents the tax on profits or losses which are required by law to be taxed in a different year to the year in which they impact the financial statements.

Deferred tax is calculated according to the statement of financial position method, based on temporary differences between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax is charged or credited to profit or loss, except when it relates to items recognised directly in equity or in other comprehensive income. In certain circumstances, as permitted by accounting standards, deferred tax balances are not recognised. In particular, where the liability relates to the initial recognition of goodwill, or transactions that are not a business combination and at the time of their occurrence affect neither accounting nor taxable profit. Note 30 includes further detail of circumstances in which the Group does not recognise temporary differences.

Policyholder tax

Certain products are subject to tax on the policyholder investment returns. This 'policyholder tax' is an element of the Group's total tax expense. To make the tax expense more meaningful, tax attributable to policyholder returns and tax attributable to shareholder returns are shown separately.

The tax attributable to policyholder returns is the amount payable in the year plus the movement of amounts expected to be payable in future years. The remainder of the tax expense is attributed to shareholder returns.

5(m): Investments in subsidiaries

The Parent Company's investments in subsidiary undertakings are initially stated at cost. Subsequently, investments in subsidiary undertakings are stated at cost less any provision for impairment. An investment in a subsidiary is deemed to be impaired when its carrying amount is greater than its estimated recoverable amount, and there is evidence to suggest that the impairment occurred subsequent to the initial recognition of the asset in the financial statements. All impairments are recognised in the Parent Company profit or loss as they occur.

5(n): Goodwill and intangible assets

The recognition of goodwill arises on the acquisition of a business and represents the premium paid over the fair value of the Group's share of the identifiable assets and liabilities acquired at the date of acquisition. Intangible assets include intangible assets initially recognised as part of a business combination, purchased assets and internally generated assets, such as software development costs related to amounts recognised for in-house systems development.

Goodwill and goodwill impairment

Goodwill arising on the Group's investments in subsidiaries is shown as a separate asset, while that on associates, where it arises, is included within the carrying value of those investments. Goodwill is recognised as an asset at cost at the date when control is achieved (the acquisition date) and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to annual impairment reviews.

Goodwill is allocated to one or more groups of cash-generating units ("CGUs") expected to benefit from the synergies of the combination, where the CGU represents the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is reviewed for impairment at least annually as a matter of course even if there is no indication of impairment, and whenever an event or change in circumstances occurs which indicates a potential impairment. For impairment testing, the carrying value of goodwill is compared to the recoverable amount. The recoverable amount is the higher of value-in-use and the fair value less costs of disposal. Any impairment loss is recognised immediately in profit or loss and is not subsequently reversed.

On disposal of an operation within a group of CGUs to which goodwill has been allocated, the goodwill associated with that operation is included in the carrying amount of the operation when determining the gain or loss on sale. It is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Notes to the consolidated financial statements
For the year ended 31 December 2023

5: Material accounting policies *continued*

5(n): Goodwill and intangible assets *continued*

Intangible assets acquired as part of a business combination

Intangible assets acquired as part of a business combination are recognised where they are separately identifiable and can be measured reliably. Acquired intangible assets consist primarily of contractual relationships such as customer relationships and distribution channels. Such items are capitalised at their fair value, represented by the estimated net present value of the future cash flows from the relevant relationships acquired at the date of acquisition. Brands and similar items acquired as part of a business combination are capitalised at their fair value based on a 'relief from royalty' valuation methodology.

Subsequent to initial recognition, acquired intangible assets are measured at cost less amortisation and any recognised impairment losses. Amortisation is recognised at rates calculated to write off the cost or valuation less estimated residual value, using a straight-line method over their estimated useful lives as set out below:

– Distribution channels	8 years
– Customer relationships	7–10 years
– Brands	5 years

The economic lives are determined by considering relevant factors such as usage of the asset, product life cycles, potential obsolescence, competitive position and stability of the industry. The amortisation period is re-evaluated at the end of each financial year.

Research, development and internally developed software

Costs incurred in the research phase are expensed, whereas costs incurred in the development phase are capitalised, subject to meeting specific criteria, as set out in the relevant accounting standards and guidance. In particular, for the costs to be capitalised, it is a requirement that future economic benefits can be identified as resulting from the development expenditure.

There are a number of factors taken into account when considering whether internally developed software meets the criteria to be recognised as an asset in the statement of financial position. For example, where a third-party provider retains ownership of the software, no asset will be recognised by the Group and the costs will be expensed as incurred.

Where it is capitalised, internally developed software is held at cost less accumulated amortisation and impairment losses. Such software is recognised as an asset if, and only if, it is probable that the relevant future economic benefits attributable to the software will flow to the Group and its cost can be measured reliably.

Amortisation is recognised as an expense on a straight-line basis over the estimated useful lives of the relevant software, which range between three and five years, depending on the nature and use of the software.

Subsequent expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Impairment testing for intangible assets

For intangible assets with finite lives, impairment charges are recognised where evidence of impairment is observed. Indicators of impairment can be based on external factors, such as significant adverse changes to the asset as part of the overall business environment and internal factors, such as worse than expected performance reflected in the Group's three-year Business Plan. If an indication of impairment exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is calculated as the higher of fair value less costs to sell and value in use. If the recoverable amount of an intangible asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an intangible asset is not yet available for use, it is subject to an annual impairment test by comparing the carrying value with the recoverable amount. The recoverable amount is estimated by considering the ability of the asset to generate sufficient future economic benefits to recover the carrying value.

5(o): Property, plant and equipment

Aside from right-of-use assets, property, plant and equipment consist principally of computer equipment and fixtures and fittings and are stated at cost less accumulated depreciation and any recognised impairment losses. Cost includes the original purchase price of the asset and the costs of bringing the asset to its working condition for its intended use. Depreciation is charged to profit or loss on a straight-line basis to write down the cost of the asset to its residual value over its estimated useful life. The following maximum useful lives are applied:

– Right-of-use assets	length of the lease
– Plant and equipment	5–10 years

Leased plant and equipment are never depreciated over a period longer than the term of the lease.

Management determines useful lives and residual values for assets when they are acquired, based on experience of similar assets and taking into account other relevant factors such as any expected changes in technology. The Group assesses and, where appropriate, adjusts the useful life, residual value and depreciation method for property plant and equipment on an annual basis.

Items of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Where the carrying amount of an asset is greater than its estimated recoverable amount, which represents the higher of the asset's fair value less costs of disposal and value-in-use, it is written down immediately to its recoverable amount and an impairment loss is recognised as an expense. Impaired non-financial assets, except goodwill, are reviewed for possible reversal of the impairment at each reporting date. On derecognition of an item of equipment, any gain or loss on disposal, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is included in profit or loss at the date of the disposal. Items of property and equipment that are not owned by the Group but are held under lease arrangements are accounted for in accordance with the accounting policy on leases.

Notes to the consolidated financial statements
For the year ended 31 December 2023

5: Material accounting policies *continued*

5(p): Leases

The Group assesses whether a contract is or contains a lease at the inception of the contract. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess where a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset which may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

For lessee contracts, the right-of-use asset is initially measured at cost, which comprises the initial amount of lease liability, adjusted for any lease payments made at or before the commencement date, and any initial direct costs incurred. Adjustments are also made, where appropriate, to recognise provisions for property restoration costs and lease incentives received such as rent-free periods. The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the asset-specific incremental borrowing rates.

Subsequent to lease commencement, the Group measures the right-of-use asset using a cost model, whereby the asset is held at cost less accumulated depreciation and any accumulated impairment. Depreciation is recognised as an expense on a straight-line basis to write down the cost of the right-of-use asset to its residual value over its estimated useful life which is dependent on the length of the lease. In addition, the carrying amount of the right-of-use asset may be adjusted for certain remeasurements of the lease liability. The lease liability is subsequently measured at amortised cost using the effective interest method and also reflects any lease modifications or reassessments.

The Group presents its right-of-use assets within "Property, plant and equipment" and "Investment property" and lease liabilities within "Borrowings and lease liabilities" in the statement of financial position.

The Group currently has material lease commitments of varying durations for the rental of a number of office buildings. The Group's future lease cash outflows are not materially exposed to variable lease payments, low value or short-term leases, residual value guarantees or restrictions imposed by a lease contract or sale and leaseback transactions.

Subleases

Where the Group sublets a leased asset to a third party, it accounts for its interest in the sublease separately from the head lease. In determining whether a sublease is a finance or operating lease, the Group assesses whether the sublease has transferred substantially all the risk and rewards of the right-of-use asset arising from the head lease to the sublessee.

Where the sublease does transfer substantially all the risk and rewards of the right-of-use asset to the sublessee, the Group derecognises the right-of-use asset and a net investment in finance leases is recognised. The net investment in finance lease is calculated as the present value of the future lease payments receivable under the sublease. Any difference between the initial value of the net investment in finance leases and the right-of-use asset derecognised is recognised immediately in profit or loss. Interest is calculated on the net investment in finance lease using the incremental borrowing rate and is recognised as finance income.

Where the sublease does not transfer substantially all the risk and rewards of the right-of-use asset to the sublessee, the Group continues to recognise the right-of-use asset. The sublease is accounted for as an operating lease with the lease payments received recognised as investment income. Lease incentives granted are recognised as part of the rental income and are spread over the lease term.

The Group had one material sublease at 31 December 2023 (2022: none) detailed in note 16.

5(q): Assets and liabilities held for sale and discontinued operations

Assets (and disposal groups) are classified as held for sale if their carrying amount is expected to be recovered by means of a sale rather than through continuing use. This condition is regarded as having been met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year of the date of classification. Assets and liabilities held for sale are presented separately in the statement of financial position.

Assets and liabilities (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. No depreciation or amortisation is charged on a non-current asset while classified as held for sale or while part of a disposal group classified as held for sale.

The Group classifies areas of the business as discontinued operations where they have been disposed of or are classified as held for sale at the year end, which either represent a separate major line of business or geographical area or are part of a plan to dispose of one or are subsidiaries acquired exclusively with a view to resale.

Notes to the consolidated financial statements
For the year ended 31 December 2023

5: Material accounting policies *continued*

5(r): Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more probable than not that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of the time value of money is material, provisions are discounted and represent the present value of the expected expenditure. Provisions are not recognised for future operating costs or losses. The Group recognises specific provisions where they arise for the situations outlined below:

- Client compensation and related costs, when the Group compensates clients in the context of providing fair customer outcomes.
- Onerous contracts, when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligations under the contract.
- Corporate restructuring, only if the Group has approved a detailed formal plan and raised a valid expectation among those parties directly affected, that the plan will be carried out either by having commenced implementation or by publicly announcing the plan's main features. Such provisions include the direct expenditure arising from the restructuring, such as employee termination payments but not those costs associated with the ongoing activities of the Group.
- Legal uncertainties and the settlement of other claims.
- Clawback provisions in respect of potential refunds due to product providers in relation to indemnity commission.
- Property provisions, where the Group has an obligation to restore a property to its original condition at the end of the lease.

Contingent liabilities are possible obligations of the Group of which the timing and amount are subject to significant uncertainty. Contingent liabilities are not recognised in the consolidated statement of financial position, unless they are assumed by the Group as part of a business combination. They are, however, disclosed, unless they are considered to be remote. If a contingent liability becomes probable and the amount can be reliably measured it is no longer treated as contingent and it is recognised as a liability.

Contingent assets, which are possible benefits to the Group, are only disclosed if it is probable that the Group will receive the benefit. If such a benefit becomes virtually certain, it is no longer considered contingent and is recognised in the consolidated statement of financial position as an asset.

5(s): Foreign currency translation

The Group's presentation currency is pounds sterling. The functional currency of the Group's foreign operations is the currency of the primary economic environment in which these entities operate. The Parent Company functional currency is pounds sterling. The results and cash flows of foreign entities are translated into the Group's presentation currency at average exchange rates for the year and their statements of financial position are translated at the year-end exchange rates. Exchange rate differences arising from the translation of the net investment in foreign subsidiaries are recognised in other comprehensive income and taken to the currency translation reserve which forms part of other reserves within equity. To the extent that these gains and losses are effectively hedged, the cumulative effect of such gains and losses arising on the hedging instruments are also included in that component of equity. On disposal of a foreign entity, exchange differences are transferred out of this reserve and included within the gain or loss on sale in profit or loss.

Foreign currency transactions are converted into the relevant functional currency at the exchange rate prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the relevant functional currency at exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the functional currency at the exchange rates prevailing at the dates the fair values were determined. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are converted into the functional currency at the rate of exchange at the time of the initial recognition of the asset and liability and are not subsequently retranslated.

Exchange gains and losses on the translation and settlement during the year of foreign currency assets and liabilities are recognised in profit or loss. Exchange differences for non-monetary items are recognised in other comprehensive income when the changes in the fair value of the non-monetary item are recognised in other comprehensive income, and in profit or loss if the changes in fair value of the non-monetary item are recognised in profit or loss.

5(t): Share capital

Equity instruments

Shares are classified as equity instruments when there is no contractual obligation to deliver cash or other assets to another entity on terms that may be unfavourable. The value of the Company's share capital consists of the number of Ordinary Shares in issue multiplied by their nominal value. The difference between the proceeds received on the issue of the shares and the nominal value of the shares issued is recorded in share premium.

Share issue costs

Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of the issue and disclosed where material.

Notes to the consolidated financial statements
For the year ended 31 December 2023

5: Material accounting policies *continued*

5(t): Share capital *continued*

Dividends

Dividends are distributions of profit to the Company's shareholders and as a result are recognised as a deduction in equity. Interim Dividends payable to shareholders are announced with the half-year results and authorised by the Directors. The Final Dividend is announced with the Annual Report and typically requires shareholder approval at the Annual General Meeting. For this reason, it is not included as a liability in the annual financial statements for the year to which the Final Dividend relates.

Shares held by trusts

Shares in the Company that are held by the Employee Benefit Trust ("EBT") are treated as "Own shares". The EBT acquires shares in the Company for delivery to employees under employee incentive plans. Acquired shares are recognised as a deduction from equity at the price paid for them.

5(u): Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to the Ordinary Shareholders of the Company by the weighted average number of Ordinary Shares in issue during the year, excluding Ordinary Shares held within employee benefit trusts ("EBTs") and shares held in consolidated funds ("Own shares"). Own shares are deducted for the purpose of calculating both basic and diluted EPS.

Diluted earnings per share recognises the dilutive impact of shares awarded and options granted to employees under share-based payment arrangements, to the extent they have value, in the calculation of the weighted average number of shares, as if the relevant shares were in issue for the full year, and are calculated by increasing the weighted average number of Ordinary Shares outstanding to assume conversion of all dilutive potential Ordinary Shares, notably those related to employee share schemes.

The Group is also required to calculate headline earnings per share ("HEPS") in accordance with the Johannesburg Stock Exchange ("JSE") Listing Requirements, determined by reference to the South African Institute of Chartered Accountants' circular 1/2023 Headline Earnings. Disclosure of HEPS is not a requirement of IFRS, but it is a commonly used measure of earnings in South Africa.

5(v): Investment property

Investment properties are valued under the cost model. Lease income from operating leases where the Group is a lessor, is recognised in income on a straight-line basis over the sublease term.

6: Business combinations

6(a): Business disposals

There have been no material disposals of businesses during 2022 and 2023 and there were no profit or loss impacts relating to past business disposals in either year.

The Group made the final payment of £4 million during 2023 in respect of the closure of the warranty relating to the sale of the Single Strategy business. There were no inflows or outflows of cash relating to discontinued operations during 2022 or 2023.

6(b): Business acquisitions

There have been no acquisitions of businesses during 2022 and 2023. A final amount of contingent consideration of £5 million was paid in 2022 in respect of acquisitions prior to 2022. No payments were required in 2023.

Contingent consideration represented the Group's best estimate of the amount payable in relation to each acquisition discounted to net present value. The basis used for each acquisition varied but included payments based on a percentage of the level of assets under administration, funds under management and levels of ongoing fee income at future dates.

6(c): Assets held for sale

Assets classified as held for sale in 2022 related to a leasehold interest in an office property which was vacant and was subsequently sold in April 2023.

Notes to the consolidated financial statements
For the year ended 31 December 2023

7: Alternative performance measures

7(a): Adjusted profit before tax and reconciliation to profit after tax

Basis of preparation of adjusted profit before tax

Adjusted profit before tax is one of the Group's alternative performance measures ("APMs") and represents the Group's IFRS profit, adjusted for specific items that management considers to be outside of the Group's normal operations or one-off in nature, as detailed in note 7(b). Adjusted profit before tax does not provide a complete picture of the Group's financial performance, which is disclosed in the statement of comprehensive income, but is instead intended to provide additional comparability and understanding of the financial results.

	Notes	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Affluent		124	105
High Net Worth		41	45
Head Office		2	(16)
Adjusted profit before tax	8(b)	**167**	**134**
Adjusting items:			
Impact of acquisition and disposal-related accounting	7(b)(i)	(39)	(42)
Business transformation costs	7(b)(ii)	(28)	(30)
Finance costs	7(b)(iii)	(19)	(10)
Customer remediation	7(b)(iv)	(6)	12
Voluntary customer repayments	7(b)(v)	–	(6)
Exchange rate movement (ZAR/GBP)	7(b)(vi)	(2)	4
Policyholder tax adjustments	7(b)(vii)	(62)	138
Other adjusting items	7(b)(viii)	1	(1)
Total adjusting items before tax		**(155)**	**65**
Profit before tax attributable to shareholder returns		**12**	**199**
Tax attributable to policyholder returns	11	76	(134)
Income tax (expense)/credit	11	(46)	110
IFRS profit after tax		**42**	**175**

7(b): Adjusting items

In determining adjusted profit before tax, the Group's IFRS profit before tax is adjusted for specific items that management considers to be outside of the Group's normal operations or one-off in nature. These are detailed below.

7(b)(i): Impact of acquisition and disposal-related accounting

The Group excludes any impairment of goodwill from adjusted profit as well as the amortisation and impairment of acquired intangible assets, any acquisition costs, finance costs related to the discounting of contingent consideration and incidental items relating to past disposals.

The effect of these adjustments to determine adjusted profit are summarised below.

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Amortisation of acquired intangible assets	38	42
Impairment of acquired intangible assets[1]	1	–
Total impact of acquisition and disposal-related accounting	**39**	**42**

[1] The impairment of acquired intangible assets results from the impairment of specific client books held within the Affluent operating segment as the Group can no longer support the carrying value.

7(b)(ii): Business transformation costs

In 2023, business transformation costs totalled £28 million (2022: £30 million), the principal components of which are described below:

Business Simplification costs – 2023: £25 million, 2022: £17 million

The Business Simplification programme announced in November 2021, set the target of £45 million of annualised run-rate cost savings by the end of 2024. This target was achieved one year early. As announced at the half-year results in 2023, the Group expects to achieve a further £50 million of annualised run-rate savings by the end of 2025. Approximately £8 million of these additional savings have been achieved during 2023 on a run-rate basis.

As at 31 December 2023, the Simplification programme delivered £53 million of annualised run-rate savings. An incremental £30 million of annualised run-rate savings were achieved during 2023 largely through the continued rationalisation of the Group's technology and property estates together with a reduction in support costs as we simplify the Group's structures and organisation to support the two business segments, Affluent and High Net Worth. During 2023, the Group spent £25 million (2022: £17 million) on Simplification initiatives. Further implementation costs to deliver the remaining annualised run-rate savings are estimated to be £78 million.

Notes to the consolidated financial statements
For the year ended 31 December 2023

7: Alternative performance measures *continued*

7(b): Adjusting items *continued*

Investment in business costs – 2023: £1 million, 2022: £4 million

Investment in business costs of £1 million were incurred in 2023 as the Group continues to enable and support advisers and clients and improve productivity through better utilisation of technology.

Business separation costs following the sale of Quilter International – 2023: £2 million, 2022: £nil

The Group sold Quilter International to Utmost Group in 2021 and entered into a Transitional Service Agreement with the acquirer. The cost to the Group of running the Transitional Service Agreement was £2 million in 2023.

Optimisation programme costs – 2023: £nil, 2022: £6 million

The Optimisation programme commenced in 2018 to provide closer business integration, create central support, rationalise technology and reduce third-party spend. The programme has now achieved its target of delivering annualised run-rate cost savings of £65 million with total implementation costs since inception of £87 million. This programme concluded in 2022 and no costs were incurred in 2023.

Restructuring costs following the sale of Quilter Life Assurance – 2023: £nil, 2022: £3 million

The Transitional Service Agreement following the sale of Quilter Life Assurance in 2019 has now concluded. No restructuring costs relating to this sale were incurred in 2023.

7(b)(iii): Finance costs

The nature of much of the Group's operations means that, for management's decision-making and internal performance management, the effects of interest costs on external borrowings are removed when calculating adjusted profit. For 2023, finance costs were £19 million (2022: £10 million).

7(b)(iv): Customer remediation

Lighthouse pension transfer advice provision – 2023: £6 million cost, 2022: £12 million net income

The provision for the redress of British Steel Pension Scheme cases and other defined benefit ("DB") to defined contribution ("DC") pension transfer advice cases, excluding the impact of payments made, has increased by £2 million in the year, which has been recognised as an increase in expenses (2022: £4 million credit). This increase reflects the impact of the review for suitability of additional cases by an independent expert as part of the Group-led past business review of DB to DC pension transfer advice and the anticipated number of cases where customer redress is required. During the year, £4 million of additional legal, consulting, and other costs were incurred (2022: £4 million). These items have been excluded from adjusted profit on the basis that the advice activities, to which the charge and benefit relate, took place prior to the Group's acquisition of the business. In 2022, insurance proceeds in relation to claims in respect of legal liabilities arising in connection with Lighthouse's DB to DC pension transfer advice cases were received, contributing £12 million to the Group's profit before tax. Further details of the provision are provided in note 29.

7(b)(v): Voluntary customer repayments

In 2023, these costs were £nil (2022: £6 million) and relate to a change in business policy during H2 2022. The voluntary repayments represent amounts to be paid to customers relating to revenue previously recognised in respect of Final Plan Closure receipts.

7(b)(vi): Exchange rate movements (ZAR/GBP)

In 2023, an expense of £2 million was incurred (2022: £4 million income) due to foreign exchange movements on cash held in South African Rand in preparation for payments to shareholders. In 2022, these payments related to the capital return and Final Dividend paid in May 2022. In 2023, these payments related to the dividends paid in May and September 2023. Cash was converted to South African Rand upon announcement of the details of the capital return and dividend payments to provide an economic hedge for the Group. The foreign exchange movements are fully offset by an equal amount taken directly to retained earnings.

7(b)(vii): Policyholder tax adjustments

In 2023, the total amount of policyholder tax adjustments to adjusted profit is £62 million credit (2022: £138 million charge). Adjustments to policyholder tax are made to remove distortions arising from market volatility that can, in turn, lead to volatility in the policyholder tax adjustments between periods. The recognition of the income received from policyholders (which is included within the Group's income) to fund the policyholder tax liability can vary in timing to the recognition of the corresponding tax expense, creating volatility in the Group's IFRS profit or loss before tax. Note 11 provides further information on the impact of markets on the policyholder tax adjustment. Adjustments are also made to remove policyholder tax distortions from other non-operating adjusting items.

7(b)(viii): Other adjusting items

In 2023, income of £1 million was received (2022: £1 million cost) in relation to the settlement offer received for the indemnification asset that was impaired in 2022.

7(c): Reconciliation of IFRS income and expenses to "Total net revenue" and "Operating expenses" within adjusted profit

This reconciliation shows how each line of the Group's IFRS income and expenses are allocated to the Group's APMs: Net management fees, Other revenue, Investment revenue, Total net revenue and Operating expenses, which are all defined on pages 174 and 175, and form the Group's adjusted profit before tax. The total column in the table below, down to "Profit before tax attributable to shareholder returns", reconciles to each line of the consolidated statement of comprehensive income. Allocations are determined by management and aim to show the Group's sources of profit (net of relevant directly attributable expenses). These allocations remain consistent from period to period to ensure comparability, unless otherwise stated.

Notes to the consolidated financial statements
For the year ended 31 December 2023

7: Alternative performance measures *continued*

7(c): Reconciliation of IFRS income and expenses to "Total net revenue" and "Operating expenses" within adjusted profit *continued*

Year ended 31 December 2023	Net mgmt. fees[1] £m	Other revenue[1] £m	Investment revenue[1] £m	Total net revenue[1] £m	Operating expenses[1] £m	Adjusted profit before tax £m	Consol. of funds[2] £m	Total £m
Income								
Fee income and other income from service activities	527	86	–	613	–	613	(71)	542
Investment return[3]	48	3,285	68	3,401	–	3,401	674	4,075
Other income	–	–	–	–	9	9	–	9
Total income	**575**	**3,371**	**68**	**4,014**	**9**	**4,023**	**603**	**4,626**
Expenses								
Change in investment contract liabilities[3]	(25)	(3,282)	(6)	(3,313)	–	(3,313)	–	(3,313)
Fee and commission expenses, and other acquisition costs	(46)	–	–	(46)	–	(46)	(3)	(49)
Change in third-party interests in consolidated funds	–	–	–	–	–	–	(579)	(579)
Other operating and administrative expenses	(13)	(5)	–	(18)	(536)	(554)	(21)	(575)
Finance costs	–	–	–	–	(22)	(22)	–	(22)
Total expenses	**(84)**	**(3,287)**	**(6)**	**(3,377)**	**(558)**	**(3,935)**	**(603)**	**(4,538)**
Tax expense attributable to policyholder returns	(76)	–	–	(76)	–	(76)	–	(76)
Profit before tax attributable to shareholder returns	**415**	**84**	**62**	**561**	**(549)**	**12**	**–**	**12**
Adjusting items:								
Impact of acquisition and disposal-related accounting	–	–	–	–	39	39		
Business transformation costs	–	–	–	–	28	28		
Finance costs	–	–	–	–	19	19		
Customer remediation	–	–	–	–	6	6		
Exchange rate movements (ZAR/GBP)	–	2	–	2	–	2		
Policyholder tax adjustments	62	–	–	62	–	62		
Other adjusting items	–	–	–	–	(1)	(1)		
Adjusting items	**62**	**2**	**–**	**64**	**91**	**155**		
Adjusted profit before tax	**477**	**86**	**62**	**625**	**(458)**	**167**		

[1] The APMs "Net management fees", "Other revenue", "Investment revenue", "Total net revenue" and "Operating expenses" are commented on within the Financial review. In the financial statements for 2022, interest income on shareholder cash and cash equivalents and interest income on customer cash and cash equivalents was previously presented within "Other revenue". For 2023, in order to provide additional information to the users of the Group's financial reporting, interest income on shareholder cash and cash equivalents has been presented separately as Investment revenue and interest income on customer cash and cash equivalents has been presented within Net management fees. Disclosures for the prior year have been re-presented to ensure comparability.
[2] Consolidation of funds shows the grossing up impact to the Group's profit or loss as a result of the consolidation of funds requirements, as described within note 5(a). This grossing up is excluded from the Group's adjusted profit.
[3] Reported within net management fees, investment return of £48 million represents £30 million interest income on investments held for the benefit of policyholders and £18 million net interest income on client money balances. Change in investment contract liabilities of £25 million represents the amount of interest income paid to policyholders. The net balance of £23 million of interest income on customer balances was retained by the Group for 2023. The £68 million investment return less £6 million change in investment contract liabilities paid to customers on transactional cash balances, as reported within investment revenue, represents £62 million of net interest income on shareholder cash and cash equivalents.

Notes to the consolidated financial statements
For the year ended 31 December 2023

7: Alternative performance measures *continued*

7(c): Reconciliation of IFRS income and expenses to "Total net revenue" and "Operating expenses" within adjusted profit *continued*

Year ended 31 December 2022	Net mgmt. fees[1] £m	Other revenue[1] £m	Investment revenue[1] £m	Total net revenue[1] £m	Operating expenses[1] £m	Adjusted profit before tax £m	Consol. of funds[2] £m	Total £m
Income								
Fee income and other income from service activities	548	95	–	643	–	643	(62)	581
Investment return[3]	12	(4,320)	16	(4,292)	–	(4,292)	(357)	(4,649)
Other income	–	5	–	5	21	26	2	28
Total income	**560**	**(4,220)**	**16**	**(3,644)**	**21**	**(3,623)**	**(417)**	**(4,040)**
Expenses								
Change in investment contract liabilities[3]	(5)	4,323	–	4,318	–	4,318	–	4,318
Fee and commission expenses, and other acquisition costs	(46)	1	–	(45)	–	(45)	(9)	(54)
Change in third-party interests in consolidated funds	–	–	–	–	–	–	438	438
Other operating and administrative expenses	(15)	–	–	(15)	(557)	(572)	(12)	(584)
Finance costs	–	–	–	–	(13)	(13)	–	(13)
Total expenses	**(66)**	**4,324**	**–**	**4,258**	**(570)**	**3,688**	**417**	**4,105**
Tax credit attributable to policyholder returns	134	–	–	134	–	134	–	134
Profit before tax attributable to shareholder returns	**628**	**104**	**16**	**748**	**(549)**	**199**	**–**	**199**
Adjusting items:								
Impact of acquisition and disposal-related accounting	–	–	–	–	42	42		
Business transformation costs	–	–	–	–	30	30		
Finance costs	–	–	–	–	10	10		
Customer remediation	–	–	–	–	(12)	(12)		
Voluntary customer repayments	–	–	–	–	6	6		
Exchange rate movements (ZAR/GBP)	–	(4)	–	(4)	–	(4)		
Policyholder tax adjustments	(138)	–	–	(138)	–	(138)		
Other adjusting items	–	–	–	–	1	1		
Adjusting items	**(138)**	**(4)**	**–**	**(142)**	**77**	**(65)**		
Adjusted profit before tax	**490**	**100**	**16**	**606**	**(472)**	**134**		

[1] The APMs "Net management fees", "Other revenue", "Investment revenue", "Total net revenue" and "Operating expenses" are commented on within the Financial review. In the 2022 financial statements, interest income on shareholder cash and cash equivalents and interest income on customer cash and cash equivalents was previously presented within "Other revenue". For 2023, to provide additional information to the users of the Group's financial reporting, interest income on shareholder cash and cash equivalents has been presented separately as Investment revenue and interest income on customer cash and cash equivalents has been presented within Net management fees. Disclosures for the prior year have been re-presented to ensure comparability.
[2] Consolidation of funds shows the grossing up impact to the Group's profit or loss as a result of the consolidation of funds requirements, as described within note 5(a). This grossing up is excluded from the Group's adjusted profit.
[3] Reported within net management fees, investment return of £12 million represents £5 million interest income on investments held for the benefit of policyholders and £7 million net interest income on client money balances. Change in investment contract liabilities of £5 million represents the amount of interest income paid to policyholders. The net balance of £7 million of interest income on customer balances was retained by the Group for 2022. The £16 million investment return, as reported within investment revenue, relates to interest income on shareholder cash and cash equivalents.

Notes to the consolidated financial statements
For the year ended 31 December 2023

8: Segment information

8(a): Segment presentation

The Group's operating segments comprise High Net Worth and Affluent, which is consistent with the manner in which the Group is structured and managed. For 2022 and 2023, these segments have been classified as continuing operations. Head Office includes certain revenues and central costs that are not allocated to the segments.

Adjusted profit before tax is an APM reported to the Group's management and Board. Management and the Board use additional performance indicators to assess the performance of each of the segments, including net client cash flows, assets under management and administration, total net revenue and operating margin.

Consistent with internal reporting, income and expenses that are not directly attributable to a particular segment are allocated between segments where appropriate. The Group accounts for inter-segment income and transfers as if the transactions were with third parties at current market prices.

The segment information in this note reflects the adjusted and IFRS profit measures for each operating segment as provided to management and the Board. Income is analysed in further detail for each operating segment in note 8(b).

High Net Worth

This segment comprises Quilter Cheviot and Quilter Cheviot Financial Planning.

Quilter Cheviot provides discretionary investment management predominantly in the United Kingdom with bespoke investment portfolios tailored to the individual needs of high net worth clients, charities, companies and institutions through a network of branches in London and the regions. Investment management services are also provided by operations in the Channel Islands and Ireland.

Quilter Cheviot Financial Planning provides financial advice for protection, mortgages, savings, investments and pensions predominantly to high net worth clients.

Affluent

This segment is comprised of Quilter Investment Platform, Quilter Investors and Quilter Financial Planning.

Quilter Investment Platform is a leading investment platform provider of advice-based wealth management products and services in the UK, which serves a largely Affluent client base through advised multi-channel distribution.

Quilter Investors is a leading provider of investment solutions in the UK multi-asset market. It develops and manages investment solutions in the form of funds for the Group and third-party clients. It has several fund ranges which vary in breadth of underlying asset class.

Quilter Financial Planning is a restricted and independent financial adviser network providing mortgage and financial planning advice and financial solutions for both individuals and businesses through a network of intermediaries. It operates across all markets, from wealth management and retirement planning advice through to dealing with property wealth and personal and business protection needs.

Head Office

In addition to the Group's two operating segments, Head Office comprises the investment return on centrally held assets, central support function expenses, central core structural borrowings and certain tax balances.

Notes to the consolidated financial statements
For the year ended 31 December 2023

8: Segment information *continued*

8(b): Adjusted profit statement – segment information for the year ended 31 December 2023

The table below presents the Group's operations split by operating segment, reconciling IFRS profit (or loss) to adjusted profit before tax. The Total column reconciles to the consolidated statement of comprehensive income.

	Notes	Operating segments				
		Affluent £m	High Net Worth £m	Head Office £m	Consolidation adjustments[1] £m	Total £m
Income						
Premium-based fees		66	20	–	–	86
Fund-based fees		336	172	–	(71)	437
Fixed fees		1	–	–	–	1
Other fee and commission income		18	–	–	–	18
Fee income and other income from service activities		421	192	–	(71)	542
Investment return[2]		3,361	19	28	667	4,075
Other income		88	1	–	(80)	9
Segment income		**3,870**	**212**	**28**	**516**	**4,626**
Expenses						
Change in investment contract liabilities[2]		(3,313)	–	–	–	(3,313)
Fee and commission expenses, and other acquisition costs		(47)	–	–	(2)	(49)
Change in third-party interests in consolidated funds		–	–	–	(579)	(579)
Other operating and administrative expenses		(387)	(205)	(41)	58	(575)
Finance costs		(3)	–	(26)	7	(22)
Segment expenses		**(3,750)**	**(205)**	**(67)**	**(516)**	**(4,538)**
Profit/(loss) before tax		**120**	**7**	**(39)**	**–**	**88**
Tax expense attributable to policyholder returns		(76)	–	–	–	(76)
Profit/(loss) before tax attributable to shareholder returns		**44**	**7**	**(39)**	**–**	**12**
Adjusting items:						
Impact of acquisition and disposal-related accounting	7(b)(i)	7	32	–	–	39
Business transformation costs	7(b)(ii)	5	3	20	–	28
Finance costs	7(b)(iii)	–	–	19	–	19
Customer remediation	7(b)(iv)	6	–	–	–	6
Exchange rate movements (ZAR/GBP)	7(b)(vi)	–	–	2	–	2
Policyholder tax adjustments	7(b)(vii)	62	–	–	–	62
Other adjusting items	7(b)(viii)	–	(1)	–	–	(1)
Adjusting items before tax		80	34	41	–	155
Adjusted profit before tax		**124**	**41**	**2**	**–**	**167**

[1] Consolidation adjustments comprise the elimination of inter-segment transactions and the consolidation of investment funds.
[2] Investment return and change in investment contract liabilities includes net £23 million of interest income on customer cash and cash equivalents retained by the Group. Investment return total also includes £62 million of interest income on shareholder cash and cash equivalents.

Notes to the consolidated financial statements
For the year ended 31 December 2023

8: Segment information *continued*

8(c): Adjusted profit statement – segment information for the year ended 31 December 2022

	Notes	Operating segments				
		Affluent £m	High Net Worth £m	Head Office £m	Consolidation adjustments[1] £m	Total £m
Income						
Premium-based fees		75	21	–	–	96
Fund-based fees		356	181	–	(62)	475
Fixed fees		2	–	–	–	2
Other fee and commission income		8	–	–	–	8
Fee income and other income from service activities		441	202	–	(62)	581
Investment return[2]		(4,307)	9	8	(359)	(4,649)
Other income		112	3	5	(92)	28
Segment income		**(3,754)**	**214**	**13**	**(513)**	**(4,040)**
Expenses						
Change in investment contract liabilities[2]		4,318	–	–	–	4,318
Fee and commission expenses, and other acquisition costs		(46)	–	–	(8)	(54)
Change in third-party interests in consolidated funds		–	–	–	438	438
Other operating and administrative expenses		(410)	(202)	(53)	81	(584)
Finance costs		(3)	–	(12)	2	(13)
Segment expenses		**3,859**	**(202)**	**(65)**	**513**	**4,105**
Profit/(loss) before tax		**105**	**12**	**(52)**	**–**	**65**
Tax credit attributable to policyholder returns		134	–	–	–	134
Profit/(loss) before tax attributable to shareholder returns		**239**	**12**	**(52)**	**–**	**199**
Adjusting items:						
Impact of acquisition and disposal-related accounting	7(b)(i)	10	32	–	–	42
Business transformation costs	7(b)(ii)	–	–	30	–	30
Finance costs	7(b)(iii)	–	–	10	–	10
Customer remediation	7(b)(iv)	(12)	–	–	–	(12)
Voluntary customer repayments	7(b)(v)	6	–	–	–	6
Exchange rate movements (ZAR/GBP)	7(b)(vi)	–	–	(4)	–	(4)
Policyholder tax adjustments	7(b)(vii)	(138)	–	–	–	(138)
Other adjusting items	7(b)(viii)	–	1	–	–	1
Adjusting items before tax		(134)	33	36	–	(65)
Adjusted profit/(loss) before tax		**105**	**45**	**(16)**	**–**	**134**

[1] Consolidation adjustments comprise the elimination of inter-segment transactions and the consolidation of investment funds.
[2] Investment return and change in investment contract liabilities includes net £7 million interest income on customer cash and cash equivalents retained by the Group. Investment return total also includes £16 million interest income on shareholder cash and cash equivalents.

Notes to the consolidated financial statements
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9: Investment return

This note analyses the investment return from the Group's investing activities.

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Interest and similar income		
Loans and advances[1]	3	1
Investments and securities[1]	130	69
Cash and cash equivalents[2]	86	24
Total interest and similar income	**219**	**94**
Dividend income	271	217
Rental income from investment property	1	–
Foreign currency gains	–	1
Total gains/(losses) on financial instruments mandatorily recognised at fair value through profit or loss	3,584	(4,961)
Total net investment return	**4,075**	**(4,649)**

[1] Interest and similar income on loans and advances were presented within Investments and securities in the Group's 2022 financial statements.
[2] Further information on interest income is contained in the footnote in note 8.

10: Expenses

This note provides further information on the Group's expenses.

10(a): Fee and commission expenses, and other acquisition costs

The table below analyses the fee and commission expenses and other acquisition costs.

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Fee and commission expense	3	9
Renewal commission – investment contracts	31	29
Rebates paid	15	17
Other acquisition costs	–	(1)
Total fee and commission expenses, and other acquisition costs	**49**	**54**

10(b): Other operating and administrative expenses

The table below provides further information on other operating and administrative expenses.

	Notes	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Staff costs	10(c)(i)	295	297
Depreciation charge on right-of-use assets	15	7	9
Depreciation charge on other plant and equipment	15	5	6
Impairment of right-of-use assets	15	–	3
Impairment of other plant and equipment	15	–	4
Amortisation of software development costs	14(a)	2	2
Amortisation of other intangible assets	14(a)	38	42
Impairment of other intangible assets	14(a)	1	–
Administration and other expenses		227	221
Total other operating and administrative expenses		**575**	**584**

Administration and other expenses include project costs as well as general operating expenses including regulatory fees and levies, professional and consultancy fees, marketing, premises and IT-related costs.

10(c): Staff costs and other employee-related costs
10(c)(i): Staff costs

	Note	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Salaries		174	171
Bonus and incentive remuneration		48	45
Social security costs		28	28
Retirement obligations – defined contribution plans		18	18
Share-based payments – equity-settled	27(e)	18	24
Other		9	11
Total staff costs		**295**	**297**

Notes to the consolidated financial statements
For the year ended 31 December 2023

10: Expenses *continued*

10(c): Staff costs and other employee-related costs *continued*
10(c)(ii): Employee numbers

	Year ended 31 December 2023 Number	Year ended 31 December 2022 Number
The average number of persons employed by the Group was:		
Affluent	2,008	2,071
High Net Worth	920	914
Head Office	86	69
Total average number of employees during the year	**3,014**	**3,054**

10(d): Auditors' remuneration
Included in other operating and administrative expenses are fees paid to the Group's auditors. These can be categorised as follows:

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Fees payable to the Group auditors and its associates for the audit of Parent Company and Group consolidated financial statements	1.5	1.3
Fees payable to the Group auditors and its associates for other services:		
Audit of the financial statements of the Group subsidiaries	1.9	2.1
Audit-related assurance services	1.1	1.2
Fees for other assurance services	0.5	0.2
Total Group auditors' remuneration	**5.0**	**4.8**

10(e): Finance costs
The table below analyses the interest costs on the Group's borrowings and similar charges, all of which are valued at amortised cost. Finance costs comprise:

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Term loans and other external debt	1	1
Subordinated debt securities (Tier 2 bond)	18	9
Interest payable on borrowed funds	**19**	**10**
Interest expense on lease liabilities	3	3
Total finance costs	**22**	**13**

Finance costs represent the cost of interest and finance charges on the Group's borrowings from a number of relationship banks. More details regarding borrowed funds, including the interest rates payable, are shown in note 31. These costs are excluded from adjusted profit within the Finance costs adjusting item.

Notes to the consolidated financial statements
For the year ended 31 December 2023

11: Tax

11(a): Tax charged/(credited)

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Current tax		
United Kingdom	2	12
Overseas tax	–	1
Total current tax charge	**2**	**13**
Deferred tax		
Origination and reversal of temporary differences	52	(120)
Effect on deferred tax of changes in tax rates	(3)	(1)
Adjustments to deferred tax in respect of prior years	(5)	(2)
Total deferred tax charge/(credit)	**44**	**(123)**
Total tax charged/(credited)	**46**	**(110)**
Attributable to policyholder returns	76	(134)
Attributable to shareholder returns	(30)	24
Total tax charged/(credited)	**46**	**(110)**

Policyholder tax

Certain products are subject to tax on policyholders' investment returns. This "policyholder tax" is an element of total tax expense. To make the tax expense more meaningful, tax attributable to policyholder returns and tax attributable to shareholder returns are shown separately in the consolidated statement of comprehensive income.

The tax attributable to policyholder returns is the amount payable in the year plus the movement of amounts expected to be payable in future periods. The remainder of the tax expense is attributed to shareholders returns.

The Group's income tax charge was £46 million in 2023, compared to an income tax credit of £110 million for 2022. The income tax charge/credit can vary significantly year-on-year as a result of market volatility and the impact this has on policyholder tax. The recognition of the income received from policyholders to fund the policyholder tax liability (which is included within the Group's income) can vary in timing to the recognition of the corresponding policyholder tax expense, creating volatility in the Group's IFRS profit before tax. An adjustment is made to adjusted profit to remove these distortions, as explained further in note 7(b)(vii).

Market movements during 2023 resulted in investment gains of £298 million on products subject to policyholder tax. The gain is a component of the total "investment return" gain of £4,075 million shown in the consolidated statement of comprehensive income. The tax impact of the £298 million investment return gain is the primary reason for the £76 million tax charge attributable to policyholder returns in 2023 (2022: £134 million credit).

UK Corporation Tax rate

The main rate of Corporation Tax increased from 1 April 2023 from 19% to 25%. The blended rate of 23.5% has been used in calculating current tax for 2023 and any deferred tax assets and liabilities have been recognised at the new rate of 25%.

First time recognition of deferred tax asset on tax losses

Within the £44 million total deferred tax charge the Group has recognised a £30 million shareholder deferred tax credit in respect of previously unrecognised losses. Further information around the Group's deferred tax recognition criteria is included in note 30.

Pillar II taxes

On 20 June 2023, the Finance (No. 2) Act 2023 was substantively enacted in the UK, introducing the Pillar II minimum effective tax rate of 15%. The legislation implements a Multinational Top-up Tax ("MTT") and a Domestic Top-up Tax ("DTT"), effective for accounting periods starting on or after 31 December 2023. As these rules were not in effect during 2023, there was no current tax impact for the year. The Group has applied the exception under IAS 12.4A and accordingly will not recognise or disclose information about deferred tax assets and liabilities related to Pillar II income taxes.

The Group expects to exceed the qualifying multinational group revenue threshold (€750m) in accounting periods from 1 January 2024 and so expects to be within the scope of these new rules.

The Group continues to assess the full impact of the introduction of Pillar II taxes in the countries in which it operates. In assessing the likely impact, the Group has assessed the potential outcomes based on the latest tax authority guidance in each of the relevant countries and historical financial data for entities in the Group. The position in respect of these rules in each of the Group's main territories is summarised below.

UK

The UK rules are complex and there remain areas of uncertainty in HMRC guidance, especially with regards the tax treatment of the life business in Quilter Life & Pensions Limited. Management has assessed the likely UK impact based on current guidance and historical data. Although the Group may expect the UK Pillar II ETR to be close to 15% in the near term, there are scenarios where the rate may fall below the minimum rate. The Group is therefore currently unable to estimate any future DTT charge on its UK operations with any reasonable level of certainty.

The scope of the MTT means that a top-up tax charge may also arise in the UK on profits earned in countries with lower tax rates in which the Group operates, subject to a local qualifying domestic minimum tax. The Group's main non-UK operations are in Jersey and Ireland. Ireland has enacted a qualifying domestic minimum tax (see below), so no additional tax charge is expected to arise in the UK on Irish operations. Jersey is expected to introduce a qualifying domestic minimum tax in 2025. The Group's effective tax rate in Jersey is expected to be around 10% and therefore a MTT liability in the range of 0-5% of Jersey profits may arise in the UK during 2024. This is not expected to have a material impact on the Group's tax charge or credit.

Notes to the consolidated financial statements
For the year ended 31 December 2023

11: Tax *continued*

11(a): Tax charged/(credited) *continued*

Jersey, Guernsey and the Isle of Man

The three Crown Dependencies issued a joint statement in May 2023 stating their intention to introduce a domestic minimum tax in 2025. The Group does not therefore expect to pay additional local tax in these countries during 2024. The Group will continue to monitor the developments in these countries. Until such time as a qualifying domestic minimum tax is introduced, the Group expects to pay a MTT in the UK in respect of any taxable profits arising in these countries (see above).

Ireland

Ireland has introduced a qualifying domestic minimum tax. This has been substantively enacted, effective for accounting periods starting on or after 31 December 2023. The Group's effective tax rate in Ireland is expected to be around 12.5% and therefore an additional minimum tax charge in the range of 0-2.5% is expected to apply to any taxable profits arising in Ireland in 2024. This is not expected to have a material impact on the Group's tax charge.

Other

The Group does not expect there to be any material Pillar II tax charge in any other countries in which it is expected to have a presence during 2024.

11(b): Reconciliation of total income tax expense/(credit)

The income tax credited or charged to profit or loss differs from the amount that would apply if all of the Group's profits from all the countries in which the Group operates had been taxed at the UK standard Corporation Tax rate. The difference in the effective rate is explained below:

	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Profit before tax	**88**	**65**
Tax at UK standard rate of 23.5% (2022: 19%)	21	12
Untaxed and low taxed income	(1)	(6)
Expenses not deductible for tax purposes	2	1
Net movements on unrecognised deferred tax assets[1]	(29)	(6)
Effect on deferred tax of changes in tax rates	(3)	(1)
Adjustments to deferred tax in respect of prior periods	(5)	(2)
Income tax attributable to policyholder returns (net of tax relief)	61	(108)
Total tax charged/(credited) to profit or loss	**46**	**(110)**

[1] Includes first time recognition of tax losses as explained in note 11(a).

11(c): Reconciliation of IFRS income tax credit or expense to income tax on adjusted profit

	Note	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Income tax expense/(credit)[1]		**46**	**(110)**
Tax on adjusting items			
Impact of acquisition and disposal-related accounting		9	8
Business transformation costs		8	5
Finance costs		4	2
Exchange rate movements (ZAR/GBP)		1	(1)
Tax adjusting items			
Policyholder tax adjustments	7(b)(vii)	(62)	138
Other shareholder tax adjustments[2]		46	(19)
Tax on adjusting items		**6**	**133**
Less: tax attributable to policyholder returns within adjusted profit[3]		(14)	(4)
Tax charged on total adjusted profit		**38**	**19**

[1] Includes both tax attributable to policyholder and shareholder returns, in compliance with IFRS.
[2] Other shareholder tax adjustments comprise the reallocation of adjustments from policyholder tax as explained in note 7(b)(vii) and shareholder tax adjustments for one-off items in line with the Group's adjusted profit policy, including first time recognition of shareholder deferred tax.
[3] Adjusted profit treats policyholder tax as a pre-tax expense (this includes policyholder tax under IFRS and the policyholder tax adjustments) and is therefore removed from the tax charge on adjusted profit.

12: Earnings per share

The Group calculates earnings per share ("EPS") on a number of different bases. IFRS requires the calculation of basic and diluted EPS. Adjusted EPS reflects earnings that are consistent with the Group's adjusted profit measure and Headline earnings per share ("HEPS") is a requirement of the Johannesburg Stock Exchange.

The bases for the calculation of the Group's EPS are disclosed in note 5(u).

	Framework	Notes	Year ended 31 December 2023 Pence	Year ended 31 December 2022 Pence
Basic earnings per share	IFRS	12(b)	3.1	12.2
Diluted basic earnings per share	IFRS	12(b)	3.1	12.0
Adjusted basic earnings per share	Group policy	12(b)	9.6	8.0
Adjusted diluted earnings per share	Group policy	12(b)	9.4	7.9
Headline basic earnings per share (net of tax)	JSE Listing Requirements	12(c)	3.2	12.6
Headline diluted earnings per share (net of tax)	JSE Listing Requirements	12(c)	3.1	12.4

Notes to the consolidated financial statements
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12: Earnings per share *continued*

12(a): Weighted average number of Ordinary Shares

The table below summarises the calculation of the weighted average number of Ordinary Shares for the purposes of calculating basic and diluted earnings per share for each profit measure (IFRS, adjusted profit and Headline earnings). Details of the impact on the number of shares from the Quilter plc share buyback scheme are detailed in note 26.

	Year ended 31 December 2023 Million	Year ended 31 December 2022 Million
Weighted average number of Ordinary Shares	1,404	1,496
Own shares including those held in consolidated funds and employee benefit trusts	(54)	(58)
Basic weighted average number of Ordinary Shares	**1,350**	**1,438**
Adjustment for dilutive share awards and options[1]	24	26
Diluted weighted average number of Ordinary Shares	**1,374**	**1,464**

[1] The adjustment for dilutive share awards and options includes dividend equivalent shares. Previously these shares were not included in the figures presented in the 2022 financial statements. Comparatives have been updated and there was no impact on the earnings per share.

12(b): Basic and diluted EPS (IFRS and adjusted profit)

	Notes	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Profit after tax		42	175
Total adjusting items before tax	7(a)	155	(65)
Tax on adjusting items	11(c)	(6)	(133)
Less: Policyholder tax adjustments	11(c)	(62)	138
Adjusted profit after tax		**129**	**115**

	Post-tax profit measure used	Year ended 31 December 2023 Pence	Year ended 31 December 2022 Pence
Basic EPS	IFRS profit	3.1	12.2
Diluted EPS	IFRS profit	3.1	12.0
Adjusted basic EPS	Adjusted profit	9.6	8.0
Adjusted diluted EPS	Adjusted profit	9.4	7.9

12(c): Headline earnings per share

	Year ended 31 December 2023 Gross £m	Year ended 31 December 2023 Net of tax £m	Year ended 31 December 2022 Gross[1] £m	Year ended 31 December 2022 Net of tax[1] £m
Profit		**42**		**175**
Adjusted for:				
– add back of impairment loss on property, plant and equipment	–	–	7	6
– add back of impairment loss on intangible assets	1	1	–	–
Headline earnings		**43**		**181**
Headline basic EPS (pence)		**3.2**		**12.6**
Headline diluted EPS (pence)		**3.1**		**12.4**

[1] Figures were re-presented to address an issue with the signage of an adjusting item for 2022 and to clearly present the tax effects of each adjusting item in the prior year in line with the relevant guidance.

13: Dividends

	Payment date	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
2021 Final Dividend paid – 3.9p per Ordinary Share	16 May 2022	–	62
2022 Interim Dividend paid – 1.2p per Ordinary Share	20 September 2022	–	16
2022 Final Dividend paid – 3.3p per Ordinary Share	22 May 2023	45	–
2023 Interim Dividend paid – 1.5p per Ordinary Share	18 September 2023	20	–
Dividends paid to Ordinary Shareholders		**65**	**78**

On 6 March 2024, the Group announced a proposed Final Dividend for 2023 of 3.7 pence per Ordinary Share amounting to £50 million in total. Subject to approval by shareholders at the Annual General Meeting, the dividend will be paid on 28 May 2024. In compliance with the rules issued by the Prudential Regulation Authority ("PRA") in relation to the implementation of the Solvency II regime and other regulatory requirements to which the Group is subject, the dividend is required to remain cancellable at any point prior to it becoming due and payable on 28 May 2024 and to be cancelled if, prior to payment, the Group ceases to hold capital resources equal to or in excess of its solvency capital requirement, or if that would be the case if the dividend was paid. The Directors have no intention of exercising this cancellation right, other than where required to do so by the PRA or for regulatory capital purposes.

Final and Interim Dividends paid to Ordinary Shareholders are calculated using the number of shares in issue at the record date less own shares held in employee benefit trusts.

Notes to the consolidated financial statements
For the year ended 31 December 2023

14: Goodwill and intangible assets

14(a): Analysis of goodwill and intangible assets

The table below shows the movements in cost and amortisation of goodwill and intangible assets.

	Goodwill £m	Software development costs £m	Other intangible assets £m	Total £m
Gross amount				
1 January 2022	306	30	425	761
31 December 2022	306	30	425	761
Disposals[1]	–	(21)	–	(21)
31 December 2023	**306**	**9**	**425**	**740**
Accumulated amortisation and impairment losses				
1 January 2022	–	(22)	(282)	(304)
Amortisation charge for the year	–	(2)	(42)	(44)
31 December 2022	–	(24)	(324)	(348)
Amortisation charge for the year	–	(2)	(38)	(40)
Disposals[1]	–	21	–	21
Impairment of other intangibles	–	–	(1)	(1)
31 December 2023	**–**	**(5)**	**(363)**	**(368)**
Carrying amount				
31 December 2022	306	6	101	413
31 December 2023	**306**	**4**	**62**	**372**

[1] Following the completion of a number of strategic projects, the Group reviewed the fixed asset register. Assets related to software development costs with a cost of £21 million and an accumulated amortisation of £21 million (net book value: £nil) that were no longer held by the Group or no longer in use have been disposed during the year.

14(b): Analysis of other intangible assets

	31 December 2023 £m	31 December 2022 £m	Average estimated useful life	Average period remaining
Net carrying value				
Distribution channels – Quilter Financial Planning	2	4	8 years	1 year
Customer relationships				
Quilter Cheviot	32	59	10 years	1 year
Quilter Financial Planning	17	22	8 years	3 years
Quilter Cheviot Financial Planning[1]	10	14	8 years	3 years
Other	1	2	7 years	< 1 year
Total other intangible assets	**62**	**101**		

[1] Formerly known as Quilter Private Client Advisers.

14(c): Allocation of goodwill to cash-generating units ("CGUs") and impairment testing

Goodwill is monitored by management at the level of the Group's two operating segments: Affluent and High Net Worth. Both operating segments represent a group of CGUs.

	31 December 2023 £m	31 December 2022 £m
Goodwill (net carrying amount)		
Affluent	223	223
High Net Worth	83	83
Total goodwill	**306**	**306**

Impairment review

Goodwill in both the Affluent and High Net Worth CGU groups is tested for impairment annually, or earlier if an indicator of impairment exists, by comparing the carrying value of the CGU group to which the goodwill relates to the recoverable value of that CGU group, being the higher of that CGU group's value-in-use or fair value less costs to sell. If applicable, an impairment charge is recognised when the recoverable amount is less than the carrying value. Goodwill impairment indicators include sudden stock market falls, the absence of positive Net Client Cash Flows ("NCCF"), significant falls in profits and significant increases in the discount rate.

The goodwill balance has been tested for impairment at 31 December 2023 and continues to demonstrate a surplus of the recoverable amount over the carrying value of the CGUs. As a result, no impairment is required.

The following table shows the percentage change required in each key assumption before the carrying value would exceed the recoverable amount, assuming all other variables remain the same. This highlights that further adverse movements in the key assumptions used in the CGU value-in-use calculation would be required before an impairment would need to be recognised.

	Affluent	High Net Worth
Reduction in forecast cash flows	27%	61%
Percentage point increase in the discount rate	9%	25%

Forecast cash flows are impacted by movements in underlying assumptions, including equity market levels, revenue margins and NCCF. The Group considers that forecast cash flows are most sensitive to movements in equity markets because they have a direct impact on the level of the Group's fee income.

The principal sensitivity within equity market level assumptions relates to the estimated growth in equity market indices included in the three-year cash flow forecasts. Management forecasts equity market growth for each business using estimated asset-specific growth rates that are supported by internal research, historical performance, Bank of England forecasts and other external estimates.

The Group has considered and assessed reasonably possible changes for other key assumptions and has not identified any other instances that could cause the carrying amount of CGUs to exceed its recoverable amount.

Notes to the consolidated financial statements
For the year ended 31 December 2023

14: Goodwill and intangible assets *continued*

14(c): Allocation of goodwill to cash-generating units ("CGUs") and impairment testing *continued*

Value-in-use methodology

The value-in-use calculations are determined as the sum of net tangible assets and the expected cash flows from existing and expected future new business derived from the Business Plan. Future cash flow elements allow for the cost of capital needed to support the business.

The cash flows that have been used to determine the value in use of the groups of CGUs are based on the most recent management approved three-year profit forecasts, which are contained in the Group's Business Plan. These profit forecasts incorporate anticipated equity market growth on the Group's future cash flows and take into account climate-related risks and opportunities affecting operations, investment activities and advice and distribution activities and their impact on specific projects and initiatives, estimates and judgements. These cash flows change at different rates because of the different strategies of the groups of CGUs. Post the three-year forecast period, the growth rate used to determine the terminal value of the groups of CGUs in the annual assessment was 2.0% (2022: 2.0%). Market share and market growth information is also used to inform the expected volumes of future new business.

Cost savings linked to future restructuring activity are only included in the value-in-use calculation in cases where an associated restructuring provision has also been recognised. Consequently, for the purpose of the value-in-use calculation, a number of planned cost savings and the related implementation costs, primarily in relation to the Business Simplification programme, have been removed from the future cash flows.

The Group uses a single cost of capital (post tax) of 10.0% (2022: 11.4%) to discount expected future cash flows across its two groups of CGUs. The single cost of capital is based on the Group's consideration of the level of risk that each CGU represents. Capital is provided to the Group predominantly by shareholders with a relatively small amount of debt financing. The cost of capital is the weighted average of the cost of equity (return required by shareholders) and the cost of debt (return required by bondholders and owners of properties leased by the Group). When assessing the systematic risk (i.e. the beta value) within the calculation of the cost of equity, a triangulation approach is used that combines beta values obtained from historical data, a forward-looking view on the progression of beta values and the external views of investors.

15: Property, plant and equipment

	Right-of-use assets £m	Plant and equipment £m	Total £m
Gross amount			
1 January 2022	132	78	210
Additions	2	3	5
Disposals	(3)	(5)	(8)
Transfer to non-current assets held for sale[1]	–	(1)	(1)
31 December 2022	131	75	206
Additions	1	2	3
Disposals[2]	(14)	(24)	(38)
Transfer to investment property[3]	(13)	–	(13)
Reclassification[4]	(3)	–	(3)
31 December 2023	**102**	**53**	**155**
Accumulated depreciation and impairment losses			
1 January 2022	(49)	(30)	(79)
Depreciation charge for the year	(9)	(6)	(15)
Impairment losses[5]	(3)	(4)	(7)
Disposals	2	5	7
31 December 2022	(59)	(35)	(94)
Depreciation charge for the year	(7)	(5)	(12)
Disposals[2]	14	23	37
Transfer to investment property[3]	3	–	3
Reclassification[4]	2	–	2
31 December 2023	**(47)**	**(17)**	**(64)**
Carrying value			
31 December 2022	72	40	112
31 December 2023	**55**	**36**	**91**

[1] Plant and equipment transferred to non-current assets held for sale related to the proposed sale of a leasehold interest in an office property, after it became vacant in August 2022. The property was subsequently sold in April 2023.
[2] Following a review of the fixed asset register, the Group recognised the disposal of certain assets related to plant and equipment with a cost of £24 million and an accumulated depreciation of £23 million (net book value: £1 million) in the year. There were no proceeds arising from the recognition of the disposal.
[3] A right-of-use property with a cost of £13 million and an accumulated depreciation of £3 million was transferred to Investment property as a result of the Group subletting the property under an operating lease.
[4] Reclassification of a lease incentive previously presented within Trade, other receivables and other assets to Right-of-use assets in line with the requirements of IFRS 16.
[5] The impairment of the right-of-use assets and plant and equipment relates to the write down of assets relating to office premises no longer occupied by the Group.

The carrying value of right-of-use assets at 31 December 2023 relate to £55 million of property leases (31 December 2022: £72 million).

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16: Investment property

In June 2023, the Group entered into a contract to sublet a property to one tenant under an operating lease with rentals payable monthly. The sublet relates to one floor of a leased property which has a useful economic life of eleven years. There is a break clause in the sublease agreement after five years and the Group cannot reasonably expect the tenant to continue to lease beyond 2028.

The fair value of the sublet floor can only be reliably measured with the use of a surveyor. The Group believes the cost of measuring the fair value would be uneconomical when compared to the value of the sublet and therefore the investment property is valued under the cost model. This is consistent with the valuation of all of the Group's leased properties. The carrying amount of the investment property approximates to the fair value.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the sublease term. Lease income for 2023 is £1 million (2022: £nil). Expenses relating to the property are immaterial to the Group.

There are no contractual obligations to purchase, construct, develop or dispose of investment property. Standard terms and conditions of leasing are included in the sublease arrangements.

	2023 £m	2022 £m
1 January 2023	–	–
Transfer from property, plant and equipment	10	–
Depreciation[1]	–	–
31 December 2023	**10**	**–**

[1] Depreciation in the first year is immaterial.

16(a): Maturity analysis

Undiscounted cash flows under the sublease are £1 million per annum for each of the five years to the end of 2028.

17: Loans and advances

This note analyses the loans and advances the Group has made. The carrying amounts of loans and advances were as follows:

	31 December 2023 £m	31 December 2022 £m
Loans to advisers	40	35
Gross loans and advances	**40**	**35**
Expected credit loss	(2)	(1)
Total net loans and advances	**38**	**34**
To be recovered within 12 months	11	11
To be recovered after 12 months	27	23
Total net loans and advances	**38**	**34**

Loans to advisers are made on individually negotiated commercial terms. The loan agreement with the adviser details the dates on which the repayments of the loan are to be made. Where an adviser is due commission payments from Quilter, these commission payments are offset against the loan repayments due from the adviser. In certain circumstances, the loan agreement period may be extended where agreed by both Quilter and the adviser. Should the adviser terminate their terms of business agreement with Quilter, the loan balance becomes immediately repayable in full. The carrying amount of loans to advisers measured at amortised cost approximates to their fair value which is measured as the principal amount receivable under the loan agreements net of expected credit losses.

18: Financial investments

The table below analyses the investments and securities that the Group invests in, either on its own proprietary behalf (shareholder funds) or on behalf of third parties (policyholder funds).

	31 December 2023 £m	31 December 2022 £m
Government and government-guaranteed securities	202	225
Other debt securities, preference shares and debentures	2,175	1,609
Equity securities	8,488	6,225
Pooled investments	39,462	35,557
Short-term funds and securities treated as investments	1	1
Other	1	–
Total financial investments	**50,329**	**43,617**
Recoverable within 12 months	50,329	43,617
Total financial investments	**50,329**	**43,617**

The financial investments recoverability profile is based on the intention with which the financial assets are held. These assets are held to cover the liabilities for linked investment contracts, all of which can be withdrawn by policyholders on demand.

19: Derivatives – assets and liabilities

The Group has limited involvement with derivatives and does not use them for the purposes of speculation.

The derivatives included within the statement of financial position at 31 December 2023 and 31 December 2022 relate to instruments included as a consequence of the consolidation of investment funds, and therefore the Group does not anticipate any material adverse effect on its financial position resulting from such contracts, nor does it anticipate non-performance by counterparties. Investors in funds have the option to end their investment in the funds at any time and therefore derivative liabilities are classified as having a maturity of less than three months.

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20: Categories of financial instruments

The analysis of financial assets and liabilities into their categories as defined in IFRS 9 Financial Instruments is set out in the following tables. Assets and liabilities of a non-financial nature, or financial assets and liabilities that are specifically excluded from the scope of IFRS 9, are reflected in the non-financial assets and liabilities category.

For information about the methods and assumptions used in determining fair value, refer to note 21. The Group's exposure to various risks associated with financial instruments is discussed in note 37.

31 December 2023

Measurement basis	Fair value: Mandatorily at FVTPL £m	Fair value: Designated at FVTPL £m	Amortised cost £m	Non-financial assets and liabilities £m	Total £m
Assets					
Loans and advances	–	–	38	–	38
Financial investments	50,329	–	–	–	50,329
Trade, other receivables and other assets	–	–	404	43	447
Derivative assets	57	–	–	–	57
Cash and cash equivalents	1,091	–	768	–	1,859
Total assets that include financial instruments	51,477	–	1,210	43	52,730
Total other non-financial assets	–	–	–	615	615
Total assets	**51,477**	**–**	**1,210**	**658**	**53,345**
Liabilities					
Investment contract liabilities	–	43,396	–	–	43,396
Third-party interests in consolidated funds	7,444	–	–	–	7,444
Borrowings and lease liabilities	–	–	279	–	279
Trade, other payables and other liabilities	1	–	484	85	570
Derivative liabilities	25	–	–	–	25
Total liabilities that include financial instruments	7,470	43,396	763	85	51,714
Total other non-financial liabilities	–	–	–	112	112
Total liabilities	**7,470**	**43,396**	**763**	**197**	**51,826**

31 December 2022

Measurement basis	Fair value: Mandatorily at FVTPL £m	Fair value: Designated at FVTPL £m	Amortised cost (Restated) £m	Non-financial assets and liabilities (Restated) £m	Total £m
Assets					
Loans and advances	–	–	34	–	34
Financial investments	43,617	–	–	–	43,617
Trade, other receivables and other assets	–	–	261	42	303
Derivative assets	40	–	–	–	40
Cash and cash equivalents	1,112	–	670	–	1,782
Total assets that include financial instruments	44,769	–	965	42	45,776
Total other non-financial assets[1]	–	–	–	641	641
Total assets	**44,769**	**–**	**965**	**683**	**46,417**
Liabilities					
Investment contract liabilities	–	38,186	–	–	38,186
Third-party interests in consolidated funds	5,843	–	–	–	5,843
Borrowings and lease liabilities	–	–	290	–	290
Trade, other payables and other liabilities[2]	–	–	351	85	436
Derivative liabilities	20	–	–	–	20
Total liabilities that include financial instruments	5,863	38,186	641	85	44,775
Total other non-financial liabilities	–	–	–	94	94
Total liabilities	**5,863**	**38,186**	**641**	**179**	**44,869**

[1] Investments in associates shown separately in the Group's 2022 financial statements have been included in Total other non-financial assets.

[2] The disclosures for 2022 have been restated to reclassify £7 million of accruals from the amortised cost category to the non-financial assets and liabilities category. The relevant accruals which were presented in the amortised cost category in the Group's 2022 financial statements arose in connection with the Group's statutory and constructive obligations as opposed to arising in connection with the Group's contractual obligations.

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21: Fair value methodology

This section explains the judgements and estimates made in determining the fair values of financial instruments that are recognised and measured at fair value in the financial statements. Classifying financial instruments into the three levels of the fair value hierarchy (see note 21(b)) provides an indication of the reliability of inputs used in determining fair value.

21(a): Determination of fair value

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market exit prices for assets and offer prices for liabilities, at the close of business on the reporting date, without any deduction for transaction costs:

- for units in unit trusts and shares in open-ended investment companies, fair value is determined by reference to published quoted prices representing exit values in an active market;
- for equity and debt securities not actively traded in organised markets and where the price cannot be retrieved, the fair value is determined by reference to similar instruments for which market observable prices exist;
- for assets that have been suspended from trading on an active market, the last published price is used. Many suspended assets are still regularly priced. At the reporting date, all suspended assets are assessed for impairment; and
- where the assets are private equity investments or within consolidated investment funds, the valuation is based on the latest available set of audited financial statements, or if more recent is available, reports from investment managers or professional valuation experts on the value of the underlying assets of the private equity investment or fund.

There have been no significant changes in the valuation techniques applied when valuing financial instruments. Where assets are valued by the Group, the general principles applied to those instruments measured at fair value are outlined below:

Financial investments

Financial investments include government and government-guaranteed securities, listed and unlisted debt securities, preference shares and debentures, listed and unlisted equity securities, listed and unlisted pooled investments (see below), short-term funds and securities treated as investments and certain other securities.

Pooled investments represent the Group's holdings of shares/units in open-ended investment companies, unit trusts, mutual funds and similar investment vehicles. Pooled investments are recognised at fair value. The fair values of pooled investments are based on widely published prices that are regularly updated.

Other financial investments that are measured at fair value use observable market prices where available. In the absence of observable market prices, these investments and securities are fair valued using various approaches including discounted cash flows, the application of an earnings before interest, tax, depreciation and amortisation multiple or any other relevant technique.

Derivatives

The fair value of derivatives is determined with reference to the exchange-traded prices of the specific instruments. The fair value of over-the-counter forward foreign exchange contracts is determined by reference to the relevant exchange rates.

Investment contract liabilities

The fair value of the investment contract liabilities is determined with reference to the underlying funds that are held by the Group.

Third-party interests in consolidated funds

Third-party interests in consolidated funds are measured at the attributable net asset value of each fund.

21(b): Fair value hierarchy

Fair values are determined according to the following hierarchy:

Description of hierarchy	Types of instruments classified in the respective levels
Level 1 – quoted market prices: financial assets and liabilities with quoted prices for identical instruments in active markets.	Listed equity securities, government securities and other listed debt securities and similar instruments that are actively traded, actively traded pooled investments, certain quoted derivative assets and liabilities and investment contract liabilities directly linked to other Level 1 financial assets.
Level 2 – valuation techniques using observable inputs: financial assets and liabilities with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial assets and liabilities valued using models where all significant inputs are observable.	Unlisted equity and debt securities where the valuation is based on models involving no significant unobservable data. Over-the-counter derivatives, certain privately placed debt instruments and third-party interests in consolidated funds which meet the definition of Level 2 financial instruments.
Level 3 – valuation techniques using significant unobservable inputs: financial assets and liabilities valued using valuation techniques where one or more significant inputs are unobservable.	Unlisted equity and securities with significant unobservable inputs, securities where the market is not considered sufficiently active, including certain inactive pooled investments.

The judgement as to whether a market is active may include, for example, consideration of factors such as the magnitude and frequency of trading activity, the availability of prices and the size of bid/offer spreads. In inactive markets, obtaining assurance that the transaction price provides evidence of fair value or determining the adjustments to transaction prices that are necessary to measure the fair value of the asset or liability requires additional work during the valuation process.

The majority of valuation techniques employ only observable data and so the reliability of the fair value measurement is high. Certain financial assets and liabilities are valued on the basis of valuation techniques that feature one or more significant inputs that are unobservable and, for them, the derivation of fair value is more judgemental. A financial asset or liability in its entirety is classified as valued using significant unobservable inputs if a significant proportion of that asset or liability's carrying amount is driven by unobservable inputs.

In this context, 'unobservable' means that there is little or no current market data available from which to determine the price at which an arm's length transaction would be likely to occur. It generally does not mean that there is no market data available at all upon which to base a determination of fair value. Furthermore, in some cases the majority of the fair value derived from a valuation technique with significant unobservable data may be attributable to observable inputs.

Notes to the consolidated financial statements
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21: Fair value methodology *continued*

21(c): Transfer between fair value hierarchies

The Group deems a transfer to have occurred between Level 1 and Level 2 or Level 3 when an active, traded primary market ceases to exist for that financial instrument. A transfer between Level 2 and Level 3 occurs when the majority of the significant inputs used to determine the fair value of the instrument become unobservable. Transfers from Levels 3 or 2 to Level 1 are also possible when assets become actively priced.

There were no transfers of financial investments between Level 1 and Level 2 during 2023 (2022: £nil). There were no transfers of financial investments from Level 2 to Level 1 during the year (2022: £nil).

See note 21(e) for the reconciliation of Level 3 financial instruments.

21(d): Financial assets and liabilities measured at fair value, classified according to the fair value hierarchy

The majority of the Group's financial assets are measured using quoted market prices for identical instruments in active markets (Level 1) and there have been no significant changes during the year.

The linked assets are held to cover the liabilities for linked investment contracts. The difference between linked assets and linked liabilities is principally due to short-term timing differences between policyholder premiums being received and invested in advance of policies being issued, and tax liabilities within funds which are reflected within the Group's tax liabilities.

Differences between assets and liabilities within the respective levels of the fair value hierarchy also arise due to the mix of underlying assets and liabilities within consolidated funds. In addition, third-party interests in consolidated funds are classified as Level 2.

The tables below analyse the Group's financial assets and liabilities measured at fair value by the fair value hierarchy described in note 21(b). All items are recognised mandatorily at fair value through profit or loss, apart from Investment contract liabilities which are designated at fair value through profit or loss.

31 December 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial investments	41,691	8,605	33	50,329
Cash and cash equivalents	1,091	–	–	1,091
Derivative assets	–	57	–	57
Total financial assets measured at fair value through profit or loss	**42,782**	**8,662**	**33**	**51,477**
Third-party interests in consolidated funds	–	7,444	–	7,444
Other liabilities	–	1	–	1
Derivative liabilities	–	25	–	25
Investment contract liabilities	43,372	–	24	43,396
Total financial liabilities measured at fair value through profit or loss	**43,372**	**7,470**	**24**	**50,866**

31 December 2022	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial investments	37,340	6,248	29	43,617
Cash and cash equivalents	1,112	–	–	1,112
Derivative assets	–	40	–	40
Total financial assets measured at fair value through profit or loss	38,452	6,288	29	44,769
Third-party interests in consolidated funds	–	5,843	–	5,843
Derivative liabilities	–	20	–	20
Investment contract liabilities	38,161	–	25	38,186
Total financial liabilities measured at fair value through profit or loss	38,161	5,863	25	44,049

21(e): Level 3 fair value hierarchy disclosure

The majority of the assets classified as Level 3 are held within linked policyholder funds. Where this is the case, all of the investment risk associated with these assets is borne by policyholders and the value of these assets is exactly matched by a corresponding liability due to policyholders. The Group bears no risk from a change in the market value of these assets except to the extent that it has an impact on management fees earned.

Level 3 assets also include investments within consolidated funds. The Group bears no risk from a change in the market value of these assets except to the extent that it has an impact on management fees earned. Any changes in market value are matched by a corresponding Level 2 liability within third-party interests in consolidated funds.

The table below reconciles the opening balance of Level 3 financial assets to the closing balance at each year end:

	31 December 2023 £m	31 December 2022 £m
At beginning of the year	29	27
Fair value losses charged to profit or loss[1]	(1)	(5)
Sales	(1)	(2)
Transfers in	27	125
Transfers out	(21)	(116)
Total Level 3 financial assets at the end of the year	**33**	**29**
Unrealised fair value gains/(losses) recognised in profit or loss relating to assets held at the year end	2	(9)

[1] Included in Investment return.

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21: Fair value methodology *continued*

21(e): Level 3 fair value hierarchy disclosure *continued*

All of the assets that are classified as Level 3 are suspended funds for 2022 and 2023.

Transfers into Level 3 assets in the current year total £27 million (2022: £125 million). This is mainly due to suspended funds previously shown within Level 1. Suspended funds are valued based on external valuation reports received from fund managers. Transfers out of Level 3 assets in the current year of £21 million (2022: £116 million) result from a transfer to Level 1 assets relating to assets that are now being actively repriced (that were previously stale) and where fund suspensions have been lifted.

The table below reconciles the opening balance of Level 3 financial liabilities to the closing balance at each year end:

	31 December 2023 £m	31 December 2022 £m
At beginning of the year	25	24
Fair value losses charged to profit or loss[1]	–	(2)
Transfers in	20	119
Transfers out	(21)	(116)
Total Level 3 financial liabilities at the end of the year	**24**	**25**
Unrealised fair value losses recognised in profit or loss relating to liabilities at the year end	–	(5)

[1] Included in Investment return.

21(f): Effect of changes in significant unobservable assumptions to reasonable alternatives

Details of the valuation techniques applied to the different categories of financial instruments can be found in note 21(a) above, including the valuation techniques applied when significant unobservable assumptions are used to value Level 3 assets.

For Level 3 assets and liabilities, no reasonable alternative assumptions are applicable and the Group therefore performs a sensitivity test of an aggregate 10% (2022: 10%) which is a reasonably possible change in the value of the financial asset or liability. It is therefore considered that the impact of this sensitivity will be in the range of £3 million (2022: £3 million) to the reported fair value of Level 3 assets, both favourable and unfavourable.

21(g): Fair value hierarchy for assets and liabilities not measured at fair value

Certain financial instruments of the Group are not carried at fair value. The carrying values of these are considered reasonable approximations of their respective fair values as they are either short term in nature or are repriced to current market rates at frequent intervals.

22: Structured entities

Structured entities are defined as entities that have been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. The Group has interests in both consolidated and unconsolidated structured entities.

22(a): Group's involvement in structured entities

The Group invests in collective investment vehicles, including OEICs and unit trusts, in order to match unit-linked investment contract liabilities. This means that all of the investment risk associated with these assets is borne by policyholders and any change in the value of these assets is closely matched by a corresponding change in liability due to policyholders. As the Group earns management fees based on the market value of unit-linked assets, any change in asset values will increase or decrease the Group's revenues. The Group has not provided any non-contractual support to any consolidated or unconsolidated structured entities during 2022 or 2023.

As at 31 December 2022 and 31 December 2023, the Group has no obligation or intention to provide financial support to structured entities that could expose the Group to a loss.

Shareholder funds are invested in collective investment vehicles, principally in respect of money market funds as an alternative to bank deposits.

The Group's holdings in collective investment vehicles are subject to the terms and conditions of the respective investment vehicles' offering documentation and are susceptible to market price risk arising from uncertainties about the future values of those investment vehicles. All of the investment vehicles in the investment portfolios are managed by portfolio managers who are compensated by the respective investment vehicles for their services. Such compensation generally consists of an asset-based fee and a performance-based incentive fee and is reflected in the valuation of the investment vehicles.

These structured entities are not consolidated where the Group determines that it does not have control.

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22: Structured entities *continued*

22(b): Interests in unconsolidated structured entities

The Group invests in unconsolidated structured entities as part of its normal investment and trading activities. The Group's total interest in unconsolidated structured entities is classified as financial investments held mandatorily at fair value through profit or loss. The table below provides a summary of the carrying value of the Group's interests in unconsolidated structured entities:

	31 December 2023 £m	31 December 2022 £m
Financial investments	34,147	31,300
Cash and cash equivalents	1,091	1,112
Total Group interest in unconsolidated structured entities	**35,238**	**32,412**

The Group's maximum exposure to loss with regard to the Group's interests in unconsolidated structured entities presented above, before consideration of the reduction in unit-linked liabilities, is the carrying amount of the Group's investments (2023: £35,238 million; 2022: £32,412 million). The majority of the exposure relates to unit-linked products and therefore any movement in the Group's investment will be offset by a corresponding movement in investment contract liabilities. Once the Group has disposed of its shares or units in a fund, it ceases to be exposed to any risk from that fund. The Group's holdings in the above unconsolidated structured entities are less than 50% and as such the net asset value of these structured entities is significantly higher than the carrying value of the Group's interest.

22(c): Consolidation considerations for structured entities managed by the Group

The Group acts as the fund manager for a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of decision-making rights as fund manager, the investor's rights to remove the fund manager and the aggregate economic interests of the Group in the fund in the form of the interest held and exposure to variable returns.

In most instances, the Group's decision-making authority, in its capacity as fund manager, with regard to these funds is regarded to be well-defined. Discretion is exercised when decisions regarding the relevant activities of these funds are being made. For funds managed by the Group, where the investors have the right to remove the Group as fund manager without cause, the fees earned by the Group are considered to be market related. These agreements include only terms, conditions or amounts that are customarily present in arrangements for similar services and levels of skill negotiated on an arm's length basis. The Group has concluded that it acts as agent on behalf of the investors in such cases.

The Group is considered to be acting as principal where the Group is the fund manager and is able to make the investment decisions on behalf of the unit holders and earn a variable fee, and there are no kick out rights that would remove the Group as fund manager.

There have been no changes in facts or circumstances which have changed the Group's conclusion on its approach to the consolidation of funds.

23: Trade, other receivables and other assets

This note analyses total trade, other receivables and other assets.

	31 December 2023 £m	31 December 2022 £m
Outstanding settlements	267	141
Other receivables	76	65
Accrued interest	7	4
Accrued income	49	46
Other accruals and prepayments	33	29
Contract assets	11	11
Management fees receivable	4	7
Total trade, other receivables and other assets	**447**	**303**
To be settled within 12 months	446	302
To be settled after 12 months	1	1
Total trade, other receivables and other assets	**447**	**303**

Other receivables mainly relate to trade debtors, tax debtors and other debtors.

There have been no non-performing receivables or material impairments in the year that require disclosure. Information about the Group's expected credit losses on trade receivables is included in note 37(b). None of the receivables reflected above have been subject to the renegotiation of terms.

24: Contract costs

Contract costs (on investment contracts and asset management contracts) relate to costs that the Group incurs to obtain new business. These acquisition costs are capitalised in the statement of financial position and are amortised over the life of the contracts. The table below analyses the movements in these balances relating to investment and asset management contracts.

	Investment contracts £m	Asset management and advice £m	Total £m
1 January 2022	6	3	9
New business	2	1	3
Amortisation	(1)	(1)	(2)
31 December 2022	7	3	10
New business	1	7	8
Amortisation	(2)	–	(2)
31 December 2023	**6**	**10**	**16**

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25: Cash and cash equivalents

25(a): Analysis of cash and cash equivalents

	31 December 2023 £m	31 December 2022 £m
Cash at bank	444	406
Money market funds	1,091	1,112
Cash and cash equivalents in consolidated funds	324	264
Total cash and cash equivalents per statement of cash flows	**1,859**	**1,782**

The Group's management does not consider that the cash and cash equivalents balance arising due to consolidation of funds of £324 million (2022: £264 million) is available for use in the Group's day-to-day operations. The remainder of the Group's cash and cash equivalents balance of £1,535 million (2022: £1,518 million) is considered to be available for general use by the Group for the purposes of the disclosures required under IAS 7 Statement of Cash Flows. This balance includes policyholder cash as well as cash and cash equivalents held by regulated subsidiaries to meet their capital and liquidity requirements.

25(b): Analysis of net cash flows from operating activities:

	Notes	Year ended 31 December 2023 £m	Year ended 31 December 2022 £m
Cash flows from operating activities			
Profit before tax		88	65
Adjustments for			
Depreciation and impairment of property, plant and equipment	15	12	22
Movement on contract costs	24	(6)	(1)
Amortisation and impairment of intangibles	14	41	44
Fair value and other movements in financial assets		(3,200)	4,410
Fair value movements in investment contract liabilities	28	2,528	(4,878)
Other changes in investment contract liabilities		2,682	1,993
Other movements		47	32
		2,104	1,622
Net changes in working capital			
Increase in derivatives position		(12)	(21)
Increase in loans and advances	17	(4)	(5)
Decrease in provisions	29	(23)	(24)
Movement in other assets/liabilities		(16)	61
		(55)	11
Taxation paid		(26)	(22)
Net cash flows from operating activities		**2,111**	**1,676**

25(c): Cash flows from financing activities is further analysed below:

Year ended 31 December 2023	Liabilities: Borrowings and lease liabilities £m	Equity[1]: Changes in equity £m	Total £m
	Note 31		
Opening balance at 1 January 2023	**290**	**1,548**	**1,838**
Cash flows from financing activities			
Liability related:			
Finance costs on borrowings	(18)	–	(18)
Proceeds from the issue of subordinated debt	199	–	199
Subordinated debt repaid	(200)	–	(200)
Equity related:			
Dividends paid	–	(65)	(65)
Exchange rate movements passed to shareholders	–	2	2
Repurchase of own Ordinary Shares under Odd-lot Offer	–	(14)	(14)
Repurchase of own Ordinary Shares for use within the Group's employee share scheme	–	(15)	(15)
Payment of lease liabilities	(12)	–	(12)
Cash flows from financing activities	**(31)**	**(92)**	**(123)**
Other changes			
External debt interest accrual	18	–	18
Changes in lease liabilities	3	–	3
Other changes in liabilities	(1)	–	(1)
Liability related	20	–	20
Equity related	–	63	63
31 December 2023	**279**	**1,519**	**1,798**

[1] Full details of changes in equity are shown in the statement of changes in equity.

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For the year ended 31 December 2023

25: Cash and cash equivalents *continued*

25(c): Cash flows from financing activities is further analysed below: *continued*

Year ended 31 December 2022	Liabilities Borrowings and lease liabilities £m	Equity[1] Changes in equity £m	Total £m
	Note 31		
Opening balance at 1 January 2022	**299**	**1,739**	**2,038**
Cash flows from financing activities			
Liability related:			
Finance costs on external borrowings	(9)	–	(9)
Equity related:			
Dividends paid	–	(78)	(78)
Redemption of B shares	–	(328)	(328)
Exchange rate movements passed to shareholders	–	(4)	(4)
Repurchase and cancellation of Ordinary Shares	–	(28)	(28)
Payment of lease liabilities	(14)	–	(14)
Cash flows from financing activities	**(23)**	**(438)**	**(461)**
Other changes			
External debt interest accrual	9	–	9
Changes in lease liabilities	5	–	5
Liability related	14	–	14
Equity related	–	247	247
31 December 2022	**290**	**1,548**	**1,838**

[1] Full details of changes in equity are shown in the statement of changes in equity.

26: Ordinary Share capital

At 31 December 2023, the Company's equity capital comprises 1,404,105,498 Ordinary Shares of 8 1/6 pence each with an aggregated nominal value of £114,668,616 (2022: 1,404,105,498 Ordinary Shares of 8 1/6 pence each with an aggregated nominal value of £114,668,616). All Ordinary Shares have been called up and fully paid.

This note gives details of the movements in Ordinary Share capital during the year 2023 and 2022.

	Number of Ordinary Shares	Nominal value of Ordinary Shares £m	Ordinary Share premium £m
At 1 January 2022	1,655,827,217	116	58
Shares cancelled through share buyback programme	(17,704,132)	(1)	–
Share Consolidation (including shares cancelled)	(234,017,587)	–	–
At 31 December 2022	1,404,105,498	115	58
At 31 December 2023	**1,404,105,498**	**115**	**58**

In 2020, the Company announced a share buyback programme to purchase shares up to a maximum value of £375 million, in order to return the net surplus proceeds to shareholders arising from the sale of Quilter Life Assurance which had the impact of reducing the share capital of the Company. The programme completed in January 2022.

On 9 March 2022, the Company announced a capital return of £328 million, equivalent to 20 pence per share, from the net surplus proceeds arising from the sale of Quilter International by way of a B Share Scheme. Following the return of capital, a share consolidation was completed so that comparability between the market price for Quilter plc's Ordinary Shares before and after the implementation of the B Share Scheme was maintained.

In 2022, new Ordinary Shares were issued for existing Ordinary Shares in a ratio of six new shares of 8 1/6 pence each for seven existing shares of 7 pence each resulting in a reduction in the number of shares by 234,017,587.

All Ordinary Shares issued carry equal voting rights. The holders of the Company's Ordinary Shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholder meetings of the Company.

27: Share-based payments

During 2023, the Group participated in a number of share-based payment arrangements. This note describes the nature of the plans and how the share options and awards are valued.

27(a): Description of share-based payment arrangements

The Group operates the following share-based payment schemes with awards over Quilter plc shares:

	Description of award			Vesting conditions		
Scheme	Conditional shares	Options	Dividend entitlement[1]	Contractual life (years)	Typical service (years)	Performance (measure)
Quilter plc Performance Share Plan	–	✔	✔	Up to 10	3	AP EPS CAGR[2] and Relative Total Shareholder Return
Quilter plc Performance Share Plan	✔	–	✔	Not less than 3	3	Conduct, Risk & Compliance Underpins
Quilter plc Share Reward Plan	✔	–	✔	Typically, 3	3	–
Quilter plc Sharesave Plan[3]	–	✔	–	3 ½ – 5 ½	3 & 5	–

[1] Participants are entitled to dividend equivalents.
[2] Adjusted profit compound annual growth rate ("CAGR").
[3] The Quilter plc Sharesave Plan is linked to a savings plan.

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27: Share-based payments *continued*

27(b): Reconciliation of movements in options

The movement in options outstanding under the Performance Share Plans and Sharesave Plan arrangements during the year is detailed below:

	Year ended 31 December 2023		Year ended 31 December 2022	
Options over Ordinary Shares (London Stock Exchange)	Number of options	Weighted average exercise price	Number of options[1]	Weighted average exercise price
Outstanding at beginning of the year	**17,048,538**	**£0.63**	**28,633,186**	**£0.59**
Granted during the year	22,817,549	£0.55	9,005,945	£0.80
Exercised during the year	(1,019,420)	£0.00	(3,201,685)	£0.52
Expired/forfeited during the year	(2,946,806)	£0.20	(14,197,451)	£0.51
Cancelled during the year	(8,004,284)	£1.14	(3,191,457)	£1.26
Outstanding at end of the year	**27,895,577**	**£0.48**	**17,048,538**	**£0.63**
Exercisable at end of the year	**–**	**–**	**–**	**–**

[1] Dividend equivalent shares are included in the movements in outstanding options for the first time in 2023. Previously, these shares were not included in the numbers presented in the 2022 financial statements. Comparatives have been updated.

Options outstanding at the end of 2023 include 711,184 dividend equivalent shares (2022: 629,155) relating to current and prior year schemes.

The weighted average fair value of options at the measurement date for options granted during 2023 is £0.32 (2022: £0.59). The weighted average share price at the dates of exercise for options exercised during the year was £0.95 (2022: £1.15).

The options outstanding at 31 December 2023 have exercise prices of £nil for the Quilter plc Performance Share Plan, and between £0.69 and £1.31 for the Quilter plc Sharesave Plan, with a weighted average remaining contractual life of 2.4 years. At 31 December 2022, the exercise price was £nil for the Quilter plc Performance Share Plan, and between £1.17 and £1.31 for the Quilter plc Sharesave Plan, with a weighted average remaining contractual life of 1.8 years.

27(c): Reconciliation of movements in share grants

The movement in awards outstanding under the Performance Share Plans, Conditional Shares and Share Reward Plan and Conditional Shares arrangements during the year is detailed below:

	Year ended 31 December 2023	Year ended 31 December 2022
Awards of Ordinary Shares (London Stock Exchange)	Number of conditional share awards	Number of conditional share awards
Outstanding at beginning of the year	**31,021,730**	**29,721,393**
Granted during the year	21,179,290	16,655,531
Exercised during the year	(14,314,199)	(14,684,681)
Expired during the year	(1,486,690)	(670,513)
Outstanding at end of the year	**36,400,131**	**31,021,730**
Exercisable at end of the year	**–**	**–**

Awards outstanding at the end of 2023 include 2,740,711 dividend equivalent shares (2022: 2,059,317) relating to current and prior year schemes.

The weighted average fair value of Conditional Share award grants for the year ended 31 December 2023 was £0.84 (2022: £1.37).

27(d): Measurements and assumptions

In determining the fair value of equity-settled share-based awards and the related charge to the profit or loss, the Group makes assumptions about future events and market conditions. Specifically, management makes estimates of the likely number of shares that will vest and the fair value of each award granted which is valued and 'locked in' at the grant date.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of fair value of share options granted is measured using either a Black-Scholes option pricing model or a Monte Carlo simulation.

The inputs used in the measurement of fair values at the grant date for awards granted during 2023 were as follows:

Scheme	Weighted average share price £	Weighted average exercise price £	Weighted average expected volatility	Weighted average expected life (years)	Weighted average risk-free interest rate	Weighted average expected dividend yield	Expected forfeitures per annum
Quilter plc Performance Share Plan – Share Options (Nil cost options)	0.83	0.00	33%	2.9	3.4%	0.0%	0%
Quilter plc Performance Share Plan – Conditional Shares	0.83	0.00	32%	3.1	3.4%	0.0%	4%
Quilter plc Share Reward Plan – Conditional Shares	0.83	0.00	34%	2.0	3.7%	0.0%	4%
Quilter plc Sharesave Plan	0.85	0.69	32%	3.7	3.7%	4.0%	5%

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27: Share-based payments *continued*

27(d): Measurements and assumptions *continued*

The expected volatility used was based on the historical volatility of the share price over the period for which trading history is available. The risk-free interest rate was based on the yields available on UK Government bonds as at the date of grant. The bonds chosen were those with a similar remaining term to the expected life of the share awards.

27(e): Financial impact

The share-based payment reserve of £42 million (2022: £41 million) represents the cumulative expense of the Group for the unsettled portion of equity awarded schemes.

The total expense recognised in the year arising from equity compensation plans was £18 million (2022: £24 million). All expenses recognised in the current and prior year arose from equity-settled share and share option plans.

28: Investment contract liabilities

The following table provides a summary of the Group's investment contract liabilities:

	2023 £m	2022 £m
Carrying amount at 1 January	**38,186**	41,071
Fair value movements	2,528	(4,878)
Investment income	785	560
Movements arising from investment return	3,313	(4,318)
Contributions received	5,358	4,408
Withdrawals and surrenders	(3,212)	(2,759)
Claims and benefits	(245)	(219)
Other movements	(4)	3
Change in liability	**5,210**	(2,885)
Investment contract liabilities at end of the year	**43,396**	38,186

For unit-linked investment contracts, movements in asset values are offset by corresponding changes in liabilities, limiting the net impact on profit.

The benefits offered under the unit-linked investment contracts are based on the risk appetite of policyholders and the return on their selected investments and collective fund investments, whose underlying investments include equities, debt securities, property and derivatives. This investment mix is unique to individual policyholders.

For unit-linked business, the unit liabilities are determined as the value of units credited to policyholders. Since these liabilities are determined on a retrospective basis, no assumptions for future experience are required. Assumptions for future experience are required for unit-linked business in assessing whether the total of the contract costs asset and contract liability is greater than the present value of future profits expected to arise on the relevant blocks of business (the "recoverability test"). If this is the case, then the contract costs asset is restricted to the recoverable amount. For linked contracts, the assumptions are on a best estimate basis.

29: Provisions

Year ended 31 December 2023	Compensation provisions £m	Sale of subsidiaries provision £m	Property provisions £m	Clawback and other provisions £m	Total £m
Balance at beginning of the year	23	15	12	19	69
Charge to profit or loss	17	–	–	6	23
Used during the year	(14)	(12)	(2)	(8)	(36)
Unused amounts reversed	(9)	–	–	(1)	(10)
Balance at 31 December 2023	**17**	**3**	**10**	**16**	**46**

Year ended 31 December 2022	Compensation provisions £m	Sale of subsidiaries provision £m	Property provisions £m	Clawback and other provisions £m	Total £m
Balance at beginning of the year	41	22	9	21	93
Charge to profit or loss	22	–	4	3	29
Used during the year	(28)	(7)	(1)	(2)	(38)
Unused amounts reversed	(12)	–	–	(4)	(16)
Reclassification within the statement of financial position[1]	–	–	–	1	1
Balance at 31 December 2022	**23**	**15**	**12**	**19**	**69**

[1] Clawback and other provisions included the balancing premium payable for the bulk annuity purchased for the Quilter Cheviot Limited Retirement Benefits scheme which was reclassified during the year to 31 December 2022 from accruals reflecting the uncertainty of the amounts to be settled.

Notes to the consolidated financial statements
For the year ended 31 December 2023

29: Provisions *continued*

Compensation provisions

Compensation provisions total £17 million (2022: £23 million). The net reduction of £6 million during the year consists of additional charges to profit or loss of £17 million, compensation payments made during the year of £14 million and £9 million release of unused amounts during 2023 following further review work completed during the year. Compensation provisions are comprised of the following:

Lighthouse pension transfer advice provision of £6 million (2022: £5 million)

Lighthouse pension transfer advice provided to British Steel Pension Scheme members of £nil (2022: £4 million)

A total provision of £nil (2022: £4 million) remains for the redress of British Steel Pension Scheme cases. This is comprised of two parts:

(a) Customer redress provision of £nil (2022: £3 million). During the year, payments of £1 million have been made to customers. The redress provision has been recalculated for the final suitability assessments and redress calculations performed by the independent expert, and the remaining provision of £2 million released to profit or loss.

(b) Anticipated costs associated with redress activity of £nil (2022: £1 million). This provision was recognised in respect of the anticipated costs of legal and professional fees related to the cases and redress process, which included the expected costs to review advice. Legal and professional fees of £3 million have been paid during the year.

During the year to 31 December 2022, the skilled person completed their review of all British Steel Pension Scheme cases within the scope of the skilled person's review, reflecting the outcome of the review of the suitability of the DB to DC pension transfer advice for each case, and all remaining offers were made to customers who received unsuitable DB to DC pension transfer advice which caused them to sustain a loss.

Certain customers who were included in the skilled person review have referred their case to the Financial Ombudsman Service, relating to cases where: (i) relevant DB to DC pension transfer advice was found to be suitable by the skilled person; or (ii) where relevant DB to DC pension transfer advice was found to be unsuitable by the skilled person, but the customer disagreed with the way in which their redress offer has been calculated by the skilled person. The Financial Ombudsman Service has upheld some challenges and the redress payments in relation to such cases are included within the amounts stated above in this note. It is possible further challenges may be upheld.

In November 2022, the FCA published a policy statement containing the final rules for a redress scheme for former members of the British Steel Pension Scheme who received unsuitable advice (the "BSPS Redress Scheme"). The BSPS Redress Scheme covers those persons who received advice between 26 May 2016 and 29 March 2018 to transfer out of the British Steel Pension Scheme. The rules for the BSPS Redress Scheme set out how advisers must determine whether they gave unsuitable advice and whether they must pay redress. The Group may therefore face further costs of redress as a result of the BSPS Redress Scheme. The BSPS Redress Scheme does not cover individuals that have accepted redress for the advice provided, referred the matter to the Financial Ombudsman Service or received a final outcome following a suitability assessment of their case conducted through a skilled person review. Therefore, based on the rules of the BSPS Redress Scheme, this process does not include Lighthouse cases that have already been reviewed by the skilled person where the customer received a final outcome.

Based on the rules for the BSPS Redress Scheme, there were approximately 30 Lighthouse cases relating to British Steel Pension Scheme members that fall within the scope of the BSPS Redress Scheme. These customers were written to during 2023, and where applicable sent a redress determination letter, in line with the timeline prescribed within the BSPS Redress Scheme. The redress payments in relation to such cases are included within the amounts stated above in this note. At 31 December 2023, the review of cases is complete, and there are no further redress amounts to be paid under the BSPS Redress Scheme.

Lighthouse pension transfer advice provided to members of other schemes of £6 million (2022: £1 million)

The skilled person review of Lighthouse DB to DC pension transfer advice cases identified unsuitable DB to DC pension transfer advice provided by Lighthouse advisers for pension schemes other than the British Steel Pension Scheme. The initial scope of the review concluded in 2022, with £3 million paid to customers and the remaining provision released to profit or loss. The skilled person review concluded in December 2022.

The skilled person recommended a review of a further sample of Lighthouse DB to DC pension transfer advice cases not relating to the British Steel Pension Scheme. In December 2022, the FCA confirmed to the Group that it agreed with the skilled person's recommendation. The FCA also confirmed that, given the cooperation of the Group in relation to the skilled person review and established past business review methodology and consistent with the recommendation made by the skilled person, this further sample should be reviewed under a Group-managed past business review process. The FCA also agreed with the skilled person that the further sample should be selected on a risk-based approach and set out to the Group the key risk factors to be used in determining the sample. The review of this sample has identified some additional cases where customer redress is required. Until the review of the relevant sample has been completed, uncertainty exists as to the number of cases where this will be required and the value of total redress which may be payable. A provision for redress relating to the review of this further sample of cases of £1 million was established at 31 December 2022 and has been increased by £4 million at 31 December 2023, based upon the suitability review of cases to date, and the anticipated number of cases required to be reviewed. Payments of £1 million have been made to customers during 2023. Additionally, anticipated costs associated with the redress activity of £2 million (2022: £nil) have been included within the provision at 31 December 2023. Any further redress payable is expected to be paid during 2024.

The Group estimates a reasonably possible change of +/- £3 million from the £6 million balance, based upon an increase or decrease of five percentage points in redress as a percentage of transfer value.

Notes to the consolidated financial statements
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29: Provisions *continued*

Compensation provisions (other) of £11 million (2022: £18 million)

Other compensation provisions of £11 million include amounts relating to the cost of correcting deficiencies in policy administration systems, including restatements, any associated litigation costs and the related costs to compensate previous or existing policyholders and customers. This provision represents management's best estimate of expected outcomes based upon previous experience, and a review of the details of each case. Due to the nature of the provision, the timing of the expected cash outflows is uncertain. The best estimate of the timing of outflows is that the majority of the balance is expected to be settled within 12 months.

A provision of £3 million, included within the balance, has been recognised at 31 December 2023 (2022: £7 million) relating to potentially unsuitable DB to DC pension transfer advice provided by adviser businesses other than Lighthouse. Of this balance, £nil (2022: £2 million) has been recognised for potentially unsuitable DB to DC pension transfer advice provided to British Steel Pension Scheme members by Quilter Financial Planning firms other than Lighthouse. This provision was recognised following the receipt of a "Dear CEO" letter from the FCA in 2021, and subsequent establishment of the BSPS Redress Scheme in 2022. During 2023, all relevant British Steel Pension Scheme cases have been reviewed for suitability by an independent expert, and redress calculations performed where applicable. There were no redress payments made related to the BSPS Redress Scheme and the provision balance of £2 million at 31 December 2022 was released to profit or loss during the year. The estimate of the provision unrelated to the BSPS Redress Scheme has been updated for the current status of the past business reviews and redress estimated based upon the Group's experience of the Lighthouse skilled person and past business reviews. Customer redress is expected to be calculated and paid to relevant customers during 2024.

A provision of £4 million, included within the balance at 31 December 2022, related to Final Plan Closure ("FPC") receipts previously recognised as revenue since 2013 for distributions the Group received from investments for customers who had previously closed their accounts. FPC receipts represent distributions, including tax gross ups where relevant, and rebates received after a customer has left the Quilter platform, which the terms and conditions of the pension and insured bonds legally entitled the Group to retain. A review in 2022 led to a change in business policy, and Quilter made the decision to voluntarily return these amounts to those impacted customers backdated to inception, with an appropriate rate of interest applied to each balance. A provision of £6 million was initially recognised in 2022, and payments of £2 million were made to customers during 2022. The remaining provision outstanding at 31 December 2022 of £4 million has been paid to customers during the current year.

The Group estimates a reasonably possible change of +/- £3 million from the £11 million balance, based upon a review of the cases and the range of potential outcomes for the customer redress payments.

Sale of subsidiaries provision

Sale of subsidiaries provisions total £3 million at 31 December 2023 (2022: £15 million), and include the following:

Provisions arising on the sale of Quilter International of £2 million (2022: £11 million)

Quilter International was sold on 30 November 2021, resulting in provisions totalling £17 million being established in respect of costs related to the disposal including the costs of business separation and data migration activities.

The costs of business separation arise from the process required to separate Quilter International's infrastructure, which is complex and covers a wide range of areas including people, IT systems, data, contracts and facilities. A programme team was established to ensure the transition of these areas to the acquirer. These provisions were based on external quotations and estimates, together with estimates of the incremental time and resource costs required to achieve the separation, which was expected to occur over a two-to-three-year period from the date of the sale.

The most significant element of the provision is the cost of migration of IT systems and data to the acquirer. Calculation of the provision was based on management's best estimate of the work required, the time it is expected to take, the number and skills of the staff required and their cost, and the cost of related external IT services to support the work. In reaching these judgements and estimates, management has made use of its past experience of previous IT migrations following business disposals.

During the year, £9 million (2022: £6 million) of the provision has been used. The Group estimates a provision sensitivity of +/-25% (£1 million), based upon a review of the range of time periods expected to complete the work required. The remaining balance of £2 million related to decommissioning works is forecast to be paid within one year.

Sale of Single Strategy business provision of £nil (2022: £4 million)

The provision in the prior year related to sale-related future commitments made to the buyer (now known as Jupiter Investment Management ("Jupiter")) of the Single Strategy business, which was initially recognised in 2018, in relation to the level of revenues for Jupiter in future years arising from funds invested by customers of Quilter.

In the year to 31 December 2023, £4 million was agreed and settled relating to the 2022 measurement year, which is the final measurement year according to the sale agreement. This was the final amount payable under this arrangement with Jupiter.

Notes to the consolidated financial statements
For the year ended 31 December 2023

29: Provisions *continued*

Property provisions

Property provisions total £10 million (2022: £12 million). Property provisions represent the discounted value of expected future costs of reinstating leased property to its original condition at the end of the lease term, and any onerous commitments which may arise in cases where a leased property is no longer fully used by the Group. The estimate is based upon property location, size of property and an estimate of the charge per square foot. Property provisions are used or released when the reinstatement obligations have been fulfilled. The associated asset for the property provisions relating to the cost of reinstating property is included within Property, plant and equipment.

Of the £10 million provision outstanding, £3 million (2022: £3 million) is estimated to be payable within one year. The majority of the balance relates to leased properties which have a lease term maturity of more than five years.

Clawback and other provisions

Clawback and other provisions total £16million (2022: £19 million) and include amounts for the resolution of legal uncertainties and the settlement of other claims raised by contracting parties and indemnity commission provisions. Where material, provisions are discounted at discount rates specific to the risks inherent in the liability. The timing and final amounts of payments, particularly those in respect of litigation claims and similar actions against the Group, are uncertain and could result in adjustments to the amounts recorded.

Included within the balance at 31 December 2023 is £12 million (2022: £14 million) of clawback provisions in respect of potential refunds due to product providers on indemnity commission within the Quilter Financial Planning business. This provision, which is estimated and charged as a reduction of revenue at the point of sale of each policy, is based upon assumptions determined from historical experience of the proportion of policyholders cancelling their policies, which requires Quilter to refund a portion of commission previously received. Reductions to the provision result from the payment of cash to product providers as refunds or the recognition of revenue where a portion is assessed as no longer payable. The provision has been assessed at the reporting date and adjusted for the latest cancellation information available. At 31 December 2023, an associated balance of £8 million recoverable from brokers is included within Trade, other receivables and other assets (2022: £8 million).

The Group estimates a reasonably possible change of +/- £3 million, based upon the potential range of outcomes for the proportion of cancelled policies within the clawback provision, and a detailed review of the other provisions.

Of the total £16 million provision outstanding, £7 million is estimated to be payable within one year (2022: £8 million).

30: Tax assets and liabilities

Deferred tax is calculated on all temporary differences at the tax rate applicable in the country in which the differences arise.

Deferred tax summary

	31 December 2023 £m	31 December 2022 £m
Deferred tax assets	91	94
Less: deferred tax liabilities	(64)	(24)
Net deferred tax asset	**27**	**70**

30(a): Deferred tax assets

Deferred tax assets are recognised for tax attributes carried forward only to the extent that the realisation of the related tax benefit is probable. Realisation of the tax benefit is considered to be probable where on the basis of all available evidence, it is more likely than not that there will be suitable taxable profits against which the tax loss or other tax attribute can be relieved or utilised.

The movements on recognised deferred tax assets are explained below:

31 December 2023	At beginning of the year £m	(Charge)/ credit to profit or loss £m	Credit to equity £m	At end of the year £m
Tax losses carried forward	16	36	–	52
Accelerated depreciation	21	–	–	21
Accrued interest expense and other temporary differences	31	(15)	–	16
Share-based payments	7	–	1	8
Deferred expenses and excess expenses[1]	50	(46)	–	4
Netted against deferred tax liabilities	(31)	21	–	(10)
Deferred tax assets	**94**	**(4)**	**1**	**91**

31 December 2022	At beginning of the year £m	Credit/ (charge) to profit or loss £m	Credit to equity £m	At end of the year £m
Tax losses carried forward	24	(8)	–	16
Accelerated depreciation	20	1	–	21
Accrued interest expense and other temporary differences	41	(10)	–	31
Share-based payments	9	–	(2)	7
Deferred expenses and excess expenses[1]	6	44	–	50
Netted against deferred tax liabilities	(12)	(19)	–	(31)
Deferred tax assets	**88**	**8**	**(2)**	**94**

[1] As at 31 December 2023, the £4 million includes deferred expenses of £4 million (2022: £5 million) and excess expenses of £nil (2022: £45 million).

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30: Tax assets and liabilities *continued*

30(a): Deferred tax assets *continued*

As disclosed in note 1, deferred tax assets are recognised to the extent they are supported by the Group's Business Plan. The Group considers that forecast and estimated profits are most sensitive to movements in AuM because they have a direct impact on the level of the Group's fee income.

The principal sensitivity within AuM are equity market level assumptions including estimated growth in equity market indices included in the three-year Business Plan. Management forecasts equity market growth for each business using estimated asset-specific growth rates that are supported by internal research, historical performance, Bank of England forecasts and other external estimates.

The Group has considered and assessed reasonably possible changes in the forecast and estimated profits over the medium term and has determined that a reduction of 17% in profits is the point at which the carrying amount of deferred tax assets exceeds the recoverable amount.

Refer to the movements in unrecognised deferred tax assets note below for an explanation on the increase in deferred tax assets on carried forward losses.

Unrecognised deferred tax assets

The amounts for which no deferred tax asset has been recognised consist of:

	31 December 2023		31 December 2022	
	Gross amount £m	Tax £m	Gross amount £m	Tax £m
Pre-April 2017 UK tax losses	188	47	244	61
Post-April 2017 UK tax losses	–	–	91	23
Capital losses	347	87	347	87
Total unrecognised deferred tax assets[1]	**535**	**134**	**682**	**171**

[1] None of the unrecognised deferred tax assets have a set expiry date in tax law.

Movements in unrecognised deferred tax assets

Under UK tax law, UK brought forward non-capital tax losses that arose after 1 April 2017 ("Post-April 2017 UK tax losses") may be offset against current year UK taxable profits arising in any company within Group, subject to a restriction of 50% of profits each year. Consequently, as described above, the recognition of deferred tax assets on Post-April 2017 UK tax losses is assessed by reference to the Group's Business Plan.

The Group has recognised in full deferred tax assets in respect of Post-April 2017 UK tax losses in the year. This is supported by profits over the Business Plan period and the expectation that the Group will continue to be profitable beyond the normal three-year planning cycle. In addition, the Group has recognised £46 million of Pre-April 2017 UK tax losses in Quilter Investment Platform Limited which are fully supported by the Business Plan. Recoverability of losses will continue to be assessed as the Group progresses through the Business Plan period.

All other non-capital UK tax losses within the Group ("Pre-April 2017 UK tax losses") can only be used against taxable profits arising in the same company as the loss. It is therefore less likely that a deferred tax asset will be recognised in the foreseeable future in respect of the currently unrecognised portion of these tax losses.

The recognition of deferred tax assets on these losses is expected to remain a critical accounting estimate as described in these financial statements in the foreseeable future.

Capital losses are in Quilter Life & Pensions Limited. There is currently insufficient evidence to forecast future chargeable gains in that company on which to justify recognition of a deferred tax asset for any of these losses.

30(b): Deferred tax liabilities

The movement on deferred tax liabilities is as follows:

Year ended 31 December 2023	At beginning of the year £m	Charge/ (credit)to profit or loss £m	At end of the year £m
Other acquired intangibles	24	(9)	15
Other temporary differences	1	–	1
Investment gains	30	28	58
Netted against deferred tax assets	(31)	21	(10)
Deferred tax liabilities	**24**	**40**	**64**

Year ended 31 December 2022	At beginning of the year £m	(Credit)/ charge to profit or loss £m	At end of the year £m
Other acquired intangibles	32	(8)	24
Other temporary differences	–	1	1
Investment gains	120	(90)	30
Netted against deferred tax assets	(13)	(18)	(31)
Deferred tax liabilities	**139**	**(115)**	**24**

Movements in deferred tax liabilities

Deferred tax liabilities in relation to investment gains have increased by £28 million (2022: £90 million decrease) due to market movements in the year, as disclosed in note 11.

30(c): Current tax receivables and payables

Current tax receivables and current tax payables at 31 December 2023 were £33 million (2022: £10 million) and £2 million (2022: £1 million), respectively.

Notes to the consolidated financial statements
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31: Borrowings and lease liabilities

The following table analyses the Group's borrowings and lease liabilities:

	Notes	31 December 2023 £m	31 December 2022 £m
Subordinated debt: fixed rate loan at 4.478%	31(a)	–	200
Subordinated debt: fixed rate loan at 8.625%	31(a)	198	–
Lease liabilities	31(b)	81	90
Total borrowings and lease liabilities		**279**	**290**

31(a): Borrowings

Borrowed funds are repayable on demand and categorised as "Financial liabilities at amortised cost". The carrying value of the Group's borrowings is considered to be materially in line with the fair value. All amounts outstanding at 31 December 2023 are payable to a number of relationship banks.

In January 2023, the Company issued a £200,000,000 8.625% Fixed Rate Reset Subordinated Notes (due April 2033). After deducting structuring costs and professional fees, the retained cash proceeds were £197 million. The Notes are listed and regulated under the terms of the London Stock Exchange. On 28 February 2023, the Company repaid the existing £200,000,000 4.478% Fixed Rate Reset Subordinated Notes (due February 2028).

In addition, the Group has entered into a £125 million revolving credit facility which remains undrawn and is being held for contingent funding purposes. For further information on the replacement of the revolving credit facility in January 2024, refer to note 40.

31(b): Lease liabilities

The Group has entered into commercial non-cancellable leases on certain property, plant and equipment where it is not in the best interest of the Group to purchase these assets. Such leases have varying terms, escalation clauses and renewal rights.

Termination options are included in a number of property leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. In most cases, the termination options are only exercisable only by the Group and not by the lessor.

As at 31 December 2023, future undiscounted cash outflows of £nil (2022: £nil) have been included in the lease liability which will occur beyond termination option dates on none (2022: none) of the Group's principal property leases. The lease term is reassessed if an option is exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Lease liabilities represent the obligation to pay lease rentals and are categorised as financial liabilities at amortised cost.

	2023 £m	2022 £m
Opening balance at 1 January	90	100
Additions	1	1
Disposals and adjustments to lease liabilities	(1)	–
Interest charge for the year	3	3
Payment of the interest portion of lease liabilities	(3)	(3)
Payment of the principal portion of lease liabilities	(9)	(11)
Closing balance at 31 December	**81**	**90**
To be settled within 12 months	6	9
To be settled after 12 months	75	81
Total lease liabilities	**81**	**90**
Maturity analysis – undiscounted		
Within one year	10	11
One to five years	37	37
More than five years	52	60
Total lease liabilities – undiscounted	**99**	**108**

32: Trade, other payables and other liabilities

	31 December 2023 £m	31 December 2022 £m
Amounts payable to policyholders	82	51
Outstanding settlements	286	201
Accruals and deferred income	78	83
Trade creditors	46	32
Other liabilities	78	69
Total trade, other payables and other liabilities	**570**	**436**
To be settled within 12 months	567	436
To be settled after 12 months	3	–
Total trade, other payables and other liabilities	**570**	**436**

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33: Post-employment benefits

The Group operates a number of defined contribution and defined benefit pension schemes in the UK, the Channel Islands and Ireland.

Defined contribution pension schemes

The Group's defined contribution schemes require contributions to be made to funds held in trust, separate from the assets of the Group. Participants receive either a monthly pension supplement to their salaries or contributions to personal pension plans. For the defined contribution schemes, the Group pays contributions to separately administered pension schemes. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as staff costs and other employee-related costs when they are due.

Defined benefit schemes

The Group operates two defined benefit schemes: in the UK, the Quilter Cheviot Limited Retirement Benefits Scheme and in the Channel Islands, the Quilter Cheviot Channel Islands Retirement Benefits Scheme which are both closed to new members. The assets of these schemes are held in separate trustee administered funds. Pension costs and contributions relating to defined benefit schemes are assessed in accordance with the advice of qualified actuaries. Actuarial advice confirms that the current level of contributions payable to each pension scheme, together with existing assets, are adequate to secure members' benefits over the remaining service lives of participating employees. The Group's policy is to fund at least the amounts sufficient to meet minimum funding requirements under applicable employee benefit and tax regulations. The schemes are reviewed at least on a triennial basis or in accordance with local practice and regulations. In the intervening years, the actuary reviews the continuing appropriateness of the assumptions applied.

The principal plan is the Quilter Cheviot Limited Retirement Benefits scheme and in 2019 the Trustees of the plan purchased a bulk annuity from Aviva to de-risk the defined benefit pension scheme obligation. This investment strategy was intended to equally match the assets and liabilities of the scheme. This covers all remaining insured scheme benefits following previous bulk annuity transactions in 2013, 2014 and 2015. The scheme has 175 members, 112 of whom are claiming benefits.

The Quilter Cheviot Channel Islands Retirement Benefits Scheme has 15 members, 10 of whom are claiming benefits, and is immaterial to the Group.

Employee benefits disclosures

This note provides the employee benefits disclosures for the above schemes.

33(a): Liability for defined benefit obligations

The IFRS value of the assets and the scheme obligations are as follows:

	2023 £m	2022 £m
Changes in retirement benefit obligations		
Total retirement benefit obligation at 1 January	(25)	(41)
Interest cost on benefit obligation	(1)	(1)
Effect of changes in actuarial assumptions	(1)	15
Benefits paid	1	2
Total retirement benefit obligations at 31 December	**(26)**	**(25)**
Change in plan assets		
Total fair value of scheme assets at 1 January	26	42
Actual return on plan assets	2	(14)
Benefits paid	(1)	(2)
Total fair value of scheme assets at 31 December	**27**	**26**
Net asset recognised in statement of financial position		
Funded status of plan	1	1
Unrecognised assets	(1)	(1)
Net amount recognised in statement of financial position as at 31 December	**–**	**–**

Contributions for the year to the defined benefit schemes totalled £nil (2022: £nil), and £1 million was accrued at 31 December 2023 (2022: £1 million). The Group expects to contribute £nil in the next financial year (the year to 31 December 2024), based upon the current funded status and the expected return assumption for the next financial year.

	2023 £m	2022 £m
Changes in the asset ceiling		
Opening unrecognised asset due to asset ceiling at 1 January	1	1
Closing unrecognised asset due to the asset ceiling at 31 December	**1**	**1**

33(b): Income and expenses recognised

The total pension charge to staff costs for all of the Group's defined benefit schemes for 2023 was £nil (2022: £nil).

Actuarial gains and losses and the effect of the limit to the pension asset have been reported in other comprehensive income.

The cumulative amount of actuarial losses is £33 million (2022: £33 million).

Notes to the consolidated financial statements
For the year ended 31 December 2023

33: Post-employment benefits *continued*

33(b): Income and expenses recognised *continued*

Assumptions used in the defined benefit schemes

In order to calculate the liabilities, the trustees of the scheme need to make assumptions about various factors that affect the cost of the benefits provided by the scheme, including discount rate, future level of inflation, and life expectancy. The Group has agreed that the assumptions that the trustees have used are appropriate. The assumptions are determined in consideration that the Group has secured the benefits with an insurance company.

The liabilities of the Scheme are calculated projecting forward all of the future benefit cash flows and discounting them back to the reporting date, using these assumptions.

The value placed on the scheme's liabilities has been based on the buyout pricing due to the bulk annuity purchase, with the assets set to match.

The weighted average duration of the defined benefit obligation is 12.5 years, based upon actual cash flows.

The following table presents the principal actuarial assumptions of the UK scheme at the end of the reporting year, the Quilter Cheviot Channel Islands Retirement Benefits Scheme is immaterial to the Group and the assumptions are not included:

	31 December 2023 %	31 December 2022 %
Discount rate	4.8	5.0
Rate of increase in defined benefit funds	3.6	3.6
Price inflation rate (RPI inflation)	3.0	3.1

The mortality assumptions used give the following life expectancy at 65:

		Life expectancy at 65 for male member currently		Life expectancy at 65 for female member currently	
	Mortality table	Aged 65	Aged 40	Aged 65	Aged 40
31 December 2023	SPA*A, CMI 2020 with Long-term improvement 1.5% pa	23.70	25.70	25.20	27.30
31 December 2022	SPA*A, CMI 2020 with Long-term improvement 1.5% pa	23.60	25.60	25.10	27.20

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, inflation rate and rate of mortality.

The sensitivities regarding the principal assumptions used to measure the defined benefit obligations are described below. Reasonably possible changes at the reporting date to one of the principal actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation as follows:

	31 December 2023		31 December 2022	
	Increase £m	Decrease £m	Increase £m	Decrease £m
Discount rate (0.5% movement)	(1.5)	1.6	(1.4)	1.6
Inflation rate (0.1% movement)	0.1	(0.2)	0.2	(0.2)
Post-retirement rate of mortality (increase in life expectancy of one year)	0.8	N/A	0.7	N/A

33(c): Scheme assets allocation

Scheme assets are stated at their fair values. Information on the composition of scheme assets is provided below:

	31 December 2023 %	31 December 2022 %	31 December 2023 £m	31 December 2022 £m
Equity securities	4	4	1	1
Debt securities	4	4	1	1
Assets held by insurance company	88	92	24	24
Cash and other assets	4	–	1	–
Total fair value of scheme assets	**100**	**100**	**27**	**26**

Equity securities have a quoted market price. Debt securities and the assets held by an insurance company, which comprise the value of the bulk annuity policy, do not have a quoted market price. The bulk annuity policy, where assets are matched to the value of liabilities, is included at values provided by the actuary in accordance with relevant guidelines.

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34: Master netting and similar agreements

The Group offsets financial assets and liabilities in the statement of financial position when it has a legally enforceable right to do so and intends to settle on a net basis. Currently, the only such offsetting within the Group relates to bank accounts, where in some circumstances a bank account that is overdrawn is offset against a bank account that is not.

The following tables present information on the potential effect of offsetting arrangements after taking into consideration these types of agreements.

31 December 2023	Gross amounts £m	Amounts offset in the statement of financial position £m	Net amounts reported in the statement of financial position £m
Financial assets			
Cash and cash equivalents	1,907	(48)	1,859
Financial liabilities			
Trade, other payables and other liabilities – amounts owed to banks	48	(48)	–

31 December 2022	Gross amounts £m	Amounts offset in the statement of financial position £m	Net amounts reported in the statement of financial position £m
Financial assets			
Cash and cash equivalents	1,844	(62)	1,782
Financial liabilities			
Trade, other payables and other liabilities – amounts owed to banks	62	(62)	–

35: Contingent liabilities

The Group, in the ordinary course of business, enters into transactions that expose it to tax, legal, regulatory and business risks. The Group recognises a provision when it has a present obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made (see note 29). Possible obligations and known liabilities where no reliable estimate can be made or it is considered improbable that an outflow would result are reported as contingent liabilities.

The Group routinely monitors and assesses contingent liabilities arising from matters such as business reviews, litigation, warranties and indemnities relating to past acquisitions and disposals.

Contingent liabilities – DB to DC pension transfer advice redress

As set out in note 29, the Lighthouse skilled person review concluded in December 2022. A further sample of Lighthouse DB to DC pension transfer advice cases not relating to the British Steel Pension Scheme is being reviewed under a Group-managed past business review process. Until the review has finalised, uncertainty exists as to the number of cases where further review will be required and the value of total redress that will be payable.

Customers have the legal right to challenge the outcome of the skilled person review and the BSPS Redress Scheme in respect of their case via a complaint to the Financial Ombudsman Service. The skilled person was independent from the Group and ran a robust process, which was overseen by the FCA. The Financial Ombudsman Service may uphold further challenges, which may lead to further redress payable by the Group.

At the conclusion of its enforcement investigation, the FCA issued a Final Notice to Lighthouse in May 2023. The FCA found that Lighthouse had provided unsuitable DB to DC pension transfer advice but imposed no financial penalty. The FCA acknowledged in its decision that Lighthouse provided very high levels of co-operation in relation to the FCA's investigation and that the Group, on its own initiative, promptly paid redress to customers who received unsuitable DB to DC pension transfer advice from Lighthouse and sustained losses as a result of that advice.

It is possible that further material costs of redress may be incurred in relation to past business reviews. Further customer redress costs may also be incurred for other potential unsuitable DB to DC pension transfer advice provided across the Group.

Any further redress costs, and any differences between the provision and the final payment to be made for any unsuitable DB to DC pension transfer cases, will be recognised as an expense or credit in profit or loss.

Tax

The Group is committed to conducting its tax affairs in accordance with the tax legislation of the countries in which it operates and this includes compliance with legislation related to levies, sales taxes and payroll deductions.

The tax authorities in the countries in which the Group operates routinely review historical transactions undertaken and tax law interpretations made by the Group. All interpretations made by the Group are made with reference to the specific facts and circumstances of the transaction and the relevant legislation.

There are occasions where the Group's interpretation of tax law may be challenged by the tax authorities. The consolidated financial statements include provisions that reflect the Group's assessment of liabilities which might reasonably be expected to materialise as part of their review. The Group is satisfied that adequate provisions have been made to allow for the resolution of tax uncertainties and that the resources available to fund such potential settlements are sufficient.

Due to the level of estimation required in determining tax provisions, amounts eventually payable may differ from the provision recognised.

Complaints, disputes and regulations

The Group is committed to treating customers fairly and remains focussed on delivering good outcomes for customers to support them in meeting their lifetime goals. During the normal course of business, from time to time, the Group receives complaints and claims from customers including, but not limited to, complaints to the Financial Ombudsman Service and legal proceedings related thereto, enters into commercial disputes with service providers and other parties, and is subject to discussions and reviews with regulators. The costs, including legal costs, of these issues as they arise can be significant and, where appropriate, provisions have been established.

Notes to the consolidated financial statements
For the year ended 31 December 2023

35: Contingent liabilities *continued*

Subsequent to the year-end date, on 15 February 2024, the FCA wrote to around 20 advice firms, including Quilter, requesting information regarding ongoing servicing to assess what, if any, further regulatory work the FCA may undertake in this area. The Group is commencing a review of historical data and practices across the Group's network to determine what, if any, further action may be required. This may lead to remedial costs but it is too early to quantify. Until the Group has further clarity of its position on this matter, there remains uncertainty as to the potential financial and non-financial implications that may arise.

Where the Group's regular adviser oversight controls have determined that a customer may not have received the servicing that they have paid for, or where the Group has received complaints from customers regarding ongoing servicing, this has been investigated, and, where appropriate, remediation has been undertaken and recognised as a normal business as usual expense.

36: Commitments

The Group has contractual commitments in respect of funding arrangements which will be payable in future periods. These commitments are not recognised in the Group's statement of financial position.

37: Capital and financial risk management

37(a): Capital management

The Group manages its capital with a focus on capital efficiency and effective risk management. The capital management objectives are to maintain the Group's ability to continue as a going concern while supporting the optimisation of return relative to the risks. The Group ensures that it can meet its expected capital and financing needs at all times having regard to the Group's Business Plans, forecasts, strategic initiatives and the regulatory requirements applicable to Group entities.

The Group's overall capital risk appetite is set with reference to the requirements of the relevant stakeholders and seeks to:

– maintain sufficient, but not excessive, financial strength to support stakeholder requirements;
– optimise debt to equity structure to enhance shareholder returns; and
– retain financial flexibility by maintaining liquidity including unutilised committed credit lines.

The primary sources of capital used by the Group are equity shareholders' funds of £1,519 million (2022: £1,548 million) and subordinated debt which was issued at £200 million in January 2023. Alternative resources are utilised where appropriate. Risk appetite has been defined for the level of capital, liquidity and debt within the Group. The risk appetite includes long-term targets, early warning thresholds and risk appetite limits. The dividend policy sets out the target dividend level in relation to profits.

The regulatory capital for the Group is assessed under Solvency II requirements.

37(a)(i): Regulatory capital (unaudited)

The Group is subject to Solvency II group supervision by the Prudential Regulation Authority. The Group is required to measure and monitor its capital resources under the Solvency II regulatory regime.

The Group's UK life insurance undertaking is included in the Group solvency calculation on a Solvency II basis. Other regulated entities are included in the Group solvency calculation according to the relevant sectoral rules. The Group's Solvency II surplus is the amount by which the Group's capital on a Solvency II basis (own funds) exceeds the Solvency II capital requirement (solvency capital requirement or "SCR").

The Group's Solvency II surplus is £972 million at 31 December 2023 (2022: £820 million), representing a Solvency II ratio of 271% (2022: 230%) calculated under the standard formula. The Solvency II regulatory position at 31 December 2023 allows for the impact of the recommended Final Dividend payment of £50 million (2022: £45 million).

The Solvency II position as at 31 December 2023 (unaudited estimate) and 31 December 2022 is presented below:

	31 December 2023[1] £m	31 December 2022[2] £m
Own funds	1,540	1,451
Solvency capital requirement	568	631
Solvency II surplus	972	820
Solvency II coverage ratio	**271%**	**230%**

[1] Filing of annual regulatory reporting forms due by 17 May 2024.
[2] As reported in the Group Solvency and Financial Condition Report for the year ended 31 December 2022.

The Group's own funds include the Quilter plc issued subordinated debt security which qualifies as capital under Solvency II. The composition of own funds by tier is presented in the table below.

Group own funds	31 December 2023 £m	31 December 2022 £m
Tier 1[1]	1,336	1,249
Tier 2[2]	204	202
Total Group Solvency II own funds	**1,540**	**1,451**

[1] All Tier 1 capital is unrestricted for tiering purposes.
[2] Comprises a Solvency II compliant subordinated debt security in the form of a Tier 2 bond, which was issued at £200 million in January 2023.

The Group's UK life insurance undertaking is also subject to Solvency II at entity level. Other regulated entities in the Group are subject to the locally applicable entity-level capital requirements in the countries in which they operate. In addition, the Group's asset management and advice businesses are subject to group supervision by the FCA under the UK Investment Firms Prudential Regime ("IFPR").

During 2023, the capital requirements for the Group and its regulated subsidiaries were reported and monitored through regular Capital Management Forum meetings. Throughout 2023, the Group has complied with the regulatory requirements that apply at a consolidated level and Quilter's insurance undertakings and investment firms have complied with the regulatory capital requirements that apply at entity level.

37: Capital and financial risk management *continued*

37(a): Capital management *continued*

37(a)(ii): Loan covenants

Under the terms of the revolving credit facility agreement, the Group is required to comply with the following financial covenant: the ratio of total net borrowings to consolidated equity shareholders' funds shall not exceed 0.5.

	Notes	31 December 2023 £m	31 December 2022 £m
Total external borrowings of the Company	31	198	200
Less: cash and cash equivalents of the Company		(110)	(126)
Total net external borrowings of the Company		88	74
Total shareholders' equity of the Group		1,519	1,548
Tier 2 bond	31	198	200
Total Group equity (including Tier 2 bond)		1,717	1,748
Ratio of Company net external borrowings to Group equity		**0.051**	**0.042**

The Group has complied with the covenant since the facility was created in 2018.

37(a)(iii): Own Risk and Solvency Assessment ("ORSA") and Internal Capital Adequacy and Risk Assessment ("ICARA")

The Group ORSA process is an ongoing cycle of risk and capital management processes which provides an overall assessment of the current and future risk profile of the Group and demonstrates the relationship between business strategy, risk appetite, risk profile and solvency needs. These assessments support strategic planning and risk-based decision making.

The underlying ORSA processes cover the Group and consider how risks and solvency needs may evolve over the planning period. The ORSA includes stress and scenario tests, which are performed to assess the financial and operational resilience of the Group.

The Group ORSA report is produced annually. This summarises the analysis, insights and conclusions from the underlying risk and capital management processes in respect of the Group. The ORSA report is submitted to the PRA as part of the normal supervisory process and may be supplemented by ad hoc assessments where there is a material change in the risk profile of the Group outside the usual reporting cycle.

In addition to the Group ORSA process, an entity-level ORSA process is performed for Quilter Life & Pensions Limited.

The Group ICARA process is an ongoing cycle of risk and capital management processes, similar to the ORSA process. The Group ICARA process is performed for the prudential consolidation of Quilter's investment and advice firms under IFPR requirements. The ICARA process is also performed at an entity level for Quilter's UK investment firms, which are Quilter Investment Platform Limited, Quilter Investors Limited and Quilter Cheviot Limited.

The Group ICARA report is produced annually. This summarises the analysis, insights and conclusions from the underlying risk and capital management processes in respect of Quilter's IFPR prudential consolidation group.

The conclusions of the ORSA and ICARA processes are reviewed by management and the Board throughout the year.

37(b): Credit risk

Overall exposure to credit risk

Credit risk is the risk of adverse movements in credit spreads (relative to the reference yield curve), credit ratings or default rates leading to a deterioration in the level or volatility of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency. This includes counterparty default risk, counterparty concentration risk and spread risk.

The Group has established a Credit Risk Framework that includes a Credit Risk Policy and Credit Risk Appetite Statement. This framework applies to all activities where the Group is exposed to credit risk, either directly or indirectly, ensuring appropriate identification, measurement, management, monitoring and reporting of the Group's credit risk exposures.

The credit risk arising from all exposures is mitigated by ensuring that the Group only enters into relationships with appropriately robust counterparties, adhering to the Group Credit Risk Policy. For each asset, consideration is given as to:

– the credit rating of the counterparty, which is used to derive the probability of default;
– the loss given default;
– the potential recovery which may be made in the event of default;
– the extent of any collateral that the Group has in respect of the exposures; and
– any second-order risks that may arise where the Group has collateral against the credit risk exposure.

The credit risk exposures of the Group are monitored regularly to ensure that counterparties remain creditworthy, that there is appropriate diversification of counterparties and that exposures are within approved limits. At the end of 2023, the Group's material credit exposures were to financial institutions (primarily through the investment of shareholder funds), corporate entities (including external fund managers) and individuals (primarily through fund management trade settlement activities).

There is no direct exposure to non-UK sovereign debt within the shareholder investments. The Group has no significant concentrations of credit risk exposure.

Notes to the consolidated financial statements
For the year ended 31 December 2023

37: Capital and financial risk management *continued*

37(b): Credit risk *continued*

Other credit risks

The Group is exposed to financial adviser counterparty risk through a number of loans that it makes to its advisers and the payment of upfront commission on the sale of certain types of business. The risk of default by financial advisers is managed through monthly monitoring of loan and commission debt balances.

The Group is also exposed to the risk of default by fund management groups in respect of settlements and rebates of fund management charges on collective investments held for the benefit of policyholders. This risk is managed through the due diligence process which is completed before entering into any relationship with a fund group. Amounts due to and from fund groups are monitored for prompt settlement and appropriate action is taken where settlement is not timely.

Legal contracts are maintained where the Group enters into credit transactions with a counterparty.

Impact of credit risk on fair value

Due to the limited exposure that the Group has to credit risk, credit risk does not have a material impact on the fair value movement of financial instruments for the year under review. The fair value movements on these instruments are mainly due to changes in market conditions.

Maximum exposure to credit risk

The Group's maximum exposure to credit risk does not differ from the carrying value disclosed in the relevant notes to the consolidated financial statements.

Loans and advances subject to 12-month expected credit losses are £38 million (2022: £34 million) and other receivables subject to lifetime expected credit losses are £297 million (2022: £204 million). Those balances represent the pool of counterparties that do not require a rating. These counterparties individually generate no material credit exposure and this pool is highly diversified, monitored and subject to limits.

Exposure arising from financial instruments not recognised on the statement of financial position is measured as the maximum amount that the Group would have to pay, which may be significantly greater than the amount that would be recognised as a liability. The Group does not have any significant exposure arising from items not recognised on the statement of financial position.

The table below represents the Group's exposure to credit risk from cash and cash equivalents.

	Credit rating relating to cash and cash equivalents £m						
31 December 2023	**AAA**	**AA**	**A**	**B**	**<BBB**	**Not rated[1]**	**Carrying value**
Cash at amortised cost, subject to 12-month ECL	–	63	381	–	–	324	768
Money market funds at FVTPL	1,091	–	–	–	–	–	1,091
Total cash and cash equivalents	**1,091**	**63**	**381**	**–**	**–**	**324**	**1,859**

	Credit rating relating to cash and cash equivalents £m						
31 December 2022	**AAA**	**AA**	**A**	**B**	**<BBB**	**Not rated[1]**	**Carrying value**
Cash at amortised cost, subject to 12-month ECL	–	13	388	5	–	264	670
Money market funds at FVTPL	1,112	–	–	–	–	–	1,112
Total cash and cash equivalents	**1,112**	**13**	**388**	**5**	**–**	**264**	**1,782**

[1] Cash included in the consolidation of funds is not rated (see note 25(a)).

Impairment allowance

Assets that are measured and classified at amortised cost are monitored for any expected credit losses on either a 12-month or lifetime ECL model. The majority of such assets within the Group are measured on the lifetime ECL model, with the exception of some specific loans that are on the 12-month ECL model.

Impairment allowance	**£m**
Balance at 1 January 2022	(1.2)
Change due to change in counterparty balance	0.1
31 December 2022	**(1.1)**
Change due to change in counterparty balance	(0.4)
Additional impairment in the year	(1.5)
31 December 2023	**(3.0)**

Notes to the consolidated financial statements
For the year ended 31 December 2023

37: Capital and financial risk management *continued*

37(c): Market risk
Market risk is the risk of an adverse change in the level or volatility of market prices of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency. Market risk arises from changes in equity, bond and property prices, interest rates and foreign exchange rates. Market risks are linked to wider economic and geopolitical conditions and may be driven by the crystallisation of climate-related financial risks. Market risk arises differently across the Group's businesses depending on the types of financial assets and liabilities held.

The Group has a market risk policy which sets out the risk management framework, permitted and prohibited market risk exposures, maximum limits on market risk exposures, management information and stress testing requirements which are used to monitor and manage market risk. The policy is cascaded to the businesses across the Group, and Group-level governance and monitoring processes provide oversight of the management of market risk by the individual businesses.

The Group does not undertake any principal trading for its own account. The Group's revenue is however affected by the value of assets under management and administration and consequently it has exposure to equity market levels and economic conditions. Scenario testing is undertaken to test the resilience of the business to severe but plausible events, including assessment of the potential implications of climate-related risks and opportunities, and to assist in the identification of management actions.

37(c)(i): Equity risk
In accordance with the market risk policy, the Group does not generally invest shareholder assets in equity, or related collective investments, except where the exposure arises due to:

- mismatches between unitised fund assets and liabilities. These mismatches are permitted, subject to maximum limits, to avoid excessive dealing costs; and
- seed capital investments. Seed capital is invested within new unitised or other funds within the Group at the time when these funds are launched. The seed capital is then withdrawn from the funds as policyholders and customers invest in the funds.

The above exposures are not material to the Group.

The Group derives fees (e.g. annual management charges) and incurs costs (e.g. outsourced service provider) which are linked to the performance of the underlying assets. Therefore, future earnings will be affected by equity market performance.

Equity sensitivity testing
A movement in equity would impact the fee income that is based on the market value of the investments held by or on behalf of customers. The sensitivity is applied as an instantaneous shock to equity at the start of the year. The sensitivity analysis is not limited to the unit-linked business and therefore reflects the sensitivity of the Group as a whole.

Impact on profit after tax and net assets	31 December 2023 £m	31 December 2022 £m
Impact of 10% increase in equity	26	30
Impact of 10% decrease in equity	(26)	(30)

37(c)(ii): Interest rate risk
Interest rate risk arises primarily from bank balances held with financial institutions.

A rise in interest rates would also cause an immediate fall in the value of investments in fixed income securities within clients' investment funds, resulting in a fall in fund-based revenues.

Conversely, a reduction in interest rates would cause a rise in the value of investments in fixed income securities within clients' investment funds. It would also reduce the interest rate earned on cash deposits and money market funds.

Exposure of the financial statements to interest rates are summarised below.

Interest rate sensitivity testing
The impact of an increase and decrease in market interest rates of 1% is tested (e.g. if the current interest rate is 5%, the test allows for the effects of an instantaneous change to 4% and 6% from the start of the year). The test allows consistently for similar changes in investment returns and movements in the market value of any fixed interest assets backing the liabilities. The sensitivity of profit to changes in interest rates is provided.

Impact on profit after tax and net assets	31 December 2023 £m	31 December 2022 (Restated)[1] £m
Impact of 1% increase in interest rates	9	10
Impact of 1% decrease in interest rates	(9)	(10)

[1] The disclosures for 2022 have been restated to include certain non-trading entities that were previously excluded.

37(c)(iii): Currency translation risk
Currency translation risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's functional currency is pounds sterling, which accounts for the majority of the Group's transactions. The Group has minor exposure to Euros, through the Group's Irish subsidiary and to the South African Rand, due to the listing on the Johannesburg Stock Exchange and the payment of a proportion of shareholder dividends in Rand. During 2023, the Group had limited exposure to foreign exchange risk in respect of other currencies due to its non-UK operations and foreign currency transactions.

37(d): Liquidity risk
Liquidity risk is the risk that there are insufficient assets or that assets cannot be realised in order to settle financial obligations as they fall due or that market conditions preclude the ability of the Group to trade in illiquid assets in order to maintain its asset and liability matching ("ALM") profile. The Group manages liquidity on a daily basis through:

- maintaining adequate high-quality liquid assets and banking facilities, the level of which is informed through appropriate liquidity stress testing;
- continuously monitoring forecast and actual cash flows; and
- monitoring a number of key risk indicators to help in the identification of a liquidity stress.

37: Capital and financial risk management *continued*

37(d): Liquidity risk *continued*

Individual businesses maintain and manage their local liquidity requirements according to their business needs within the overall Group Liquidity Risk Framework that includes a Group Liquidity Risk Policy and Group Liquidity Risk Appetite Statement. The Group framework is applied consistently across all businesses in the Group to identify, manage, measure, monitor and report on all liquidity risks that have a material impact on liquidity levels. This framework considers both short-term liquidity and cash management considerations and longer-term funding risk considerations.

Liquidity is monitored centrally by Group Treasury, with management actions taken at a business level to ensure each business has sufficient liquidity to cover its minimum liquidity requirement, with an appropriate buffer set in line with the Group Risk Appetite Statement.

Throughout the ongoing market volatility during 2023, Quilter plc and its subsidiaries have operated above their individual liquidity targets and there were no material liquidity stresses identified during the year. Daily liquidity monitoring continues across the Group to enable timely identification of any emerging issues.

The Group maintains contingency funding arrangements to provide liquidity support to businesses in the event of liquidity stresses. Contingency Funding Plans are in place for each individual business in order to set out the approach and management actions that would be taken should liquidity levels fall below liquidity thresholds which have been set to reflect the liquidity risk appetite of each business. The plans undergo an annual review and testing cycle to ensure they are fit for purpose and can be relied upon during a liquidity stress.

Information on the nature of the investments and securities held is given in note 18.

The Group has a £125 million five-year Revolving Credit Facility with a five-bank club that provides a form of contingency liquidity for the Group. No drawdown on this facility has been made since inception in February 2018. The Group entered into a new five-year arrangement in January 2024 with the option to extend the facility for a further two-year period, to January 2031, and has continued to meet all the covenants attached to its financing arrangements.

The financing arrangements are considered sufficient to maintain the target liquidity levels of the Group and offer coverage for appropriate stress scenarios identified within the liquidity stress testing undertaken across the Group.

Further details, together with information on the Group's borrowed funds, are given in note 31.

37(e): Insurance risk

37(e)(i): Overview

Insurance risk covers risks arising under products provided by Quilter's life insurance firm, Quilter Life & Pensions Limited. These products do not meet the IFRS definition of insurance contracts.

Insurance risk covers risk of adverse experience of withdrawal, overrun in expenses or higher than expected mortality experience.

The sensitivity of the Group's earnings and capital position to insurance risks is monitored through the Group's capital management processes.

The Group manages its insurance risks through the following mechanisms:

- Management of expense levels relative to approved budgets.
- Analysis and monitoring of experience relative to the assumptions used to determine technical provisions.

Persistency

Persistency risk is the risk that the level of surrenders or withdrawals on products offered by Quilter Life & Pensions Limited occur at levels that are different to the levels assumed in the determination of technical provisions. Persistency statistics are monitored monthly and a detailed persistency analysis at a product group level is carried out on an annual basis. Management actions may be triggered if persistency statistics indicate significant adverse movement or emerging trends in experience.

Expenses

Expense risk is the risk that actual expenses and expense inflation differ from the levels assumed in the determination of technical provisions. Expense levels are monitored on a quarterly basis against budgets and forecasts. Expense drivers are used to allocate expenses to entities and products. Some product structures include maintenance charges. These charges are reviewed annually in light of changes in maintenance expense levels and the market rate of inflation. This review may result in changes in charge levels.

Mortality

Mortality risk is not material as the Group does not provide material mortality insurance on its products.

37(e)(ii): Sensitivity analysis

Sensitivity analysis has been performed by applying the following parameters to the financial statements for 2022 and 2023. Interest rate and equity and property price sensitivities are included within the Group market sensitivities above.

Expenses

The increase in expenses is assumed to apply to the costs associated with the maintenance and acquisition of contracts within the unit-linked business. It is assumed that these expenses are increased by 10% from the start of the year, so is applied as an expense shock rather than a gradual increase. The only administrative expenses that are deferrable are sales bonuses but as new business volumes are unchanged in this sensitivity, sales bonuses and the associated deferrals have not been increased. Administrative expenses have been allocated equally between life and pensions.

An increase in expenses of 10% would have decreased profit by £5 million after tax (2022: £6 million).

Notes to the consolidated financial statements
For the year ended 31 December 2023

37: Capital and financial risk management *continued*

37(f): Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events, resulting in an adverse impact to earnings or reduced solvency. Operational risk includes all risks resulting from operational activities, excluding the risks already described above and excluding strategic risks.

Operational risk includes, but is not limited to, the effects of failure of oversight and administration processes, IT and Information Security maintenance and development processes, advice processes (including oversight of ongoing servicing provided by financial advisers), investment processes (including settlements with fund managers, fund pricing and matching and dealing), people and HR processes, product development and management processes, legal risks (e.g. risk of inadequate legal contracts with third parties), change delivery risks (including poorly managed responses to regulatory change), physical and certain transitional financial risks arising from climate change, risks relating to the relationship with third-party suppliers and outsourcers, and the consequences of financial crime and business interruption events.

In accordance with Group policies, management has primary responsibility for the identification, measurement, assessment, management and monitoring of risks, and the escalation and reporting on issues to Executive Management.

The Group's Executive Management has responsibility for implementing the Group Operational Risk Framework and for the development and implementation of action plans designed to manage risk levels within acceptable tolerances and to resolve issues identified.

37(g): Contractual maturity analysis

Investment contract policyholders have the option to terminate or transfer their contracts at any time and to receive the surrender or transfer value of their policies, and these liabilities are therefore classified as having a maturity of less than three months. Although these liabilities are payable on demand, the Group does not expect that all liabilities will be settled within a short time period.

38: Fiduciary activities

The Group provides custody, trustee, corporate administration and investment management and advisory services to external parties that involve the Group making allocation, purchase and sales decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements. Some of these arrangements involve the Group accepting targets for benchmark levels of returns for the assets under the Group's care. These services give rise to the risk that the Group may be accused of misadministration or underperformance.

Certain Quilter investment firms hold client money and other assets on behalf of clients and related activities are subject to the rules set out in the FCA's Client Assets Sourcebook ("CASS"). The Group is not beneficially entitled to those assets and therefore neither the assets nor the related amounts due to clients are recognised in the Group's statement of financial position.

39: Related party transactions

In the normal course of business, the Group enters into transactions with related parties. Loans to related parties are conducted on an arm's length basis and are not material to the Group's results. There were no transactions with related parties during the current year or the prior year which had a material effect on the results or financial position of the Group.

39(a): Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group. Details of the compensation paid to the Board of Directors as well as their shareholdings in the Company are disclosed in the Directors' Remuneration Report.

39(a)(i): Key management personnel compensation

	31 December 2023 £'000	31 December 2022 £'000
Salaries and other short-term employee benefits	7,471	5,739
Post-employment benefits	83	25
Share-based payments	2,650	3,372
Total compensation of key management personnel	**10,204**	**9,136**

39(a)(ii): Key management personnel transactions

Key management personnel and members of their close family have undertaken transactions with the Group in the normal course of business.

The Group's products are available to all employees of the Group on preferential staff terms, the impact of which is immaterial to the Group's financial statements. During 2023, key management personnel and their close family members contributed £2 million (2022: £2 million) to Group pensions and investments (in both internal and external funds). The total value of investments in Group pensions and investment products by key management personnel serving at any point during the year and their close family members was £11 million at the end of the year (2022: £12 million).

As disclosed in the Directors' Report, the Company maintains Directors' and Officers' Liability Insurance and third-party indemnity provisions are in place for the benefit of the Company's Directors.

39(b): Associates

During 2022 and 2023, IT services were provided to the Group by 360 Dot Net Limited, an associate of the Group. The relevant transactions had no material impact on the Group's financial statements.

39(c): Other related parties

Details of the Group's staff pension schemes are provided in note 33. Transactions between the Group and the Group's staff pension schemes are made in the normal course of business.

Notes to the consolidated financial statements
For the year ended 31 December 2023

40: Events after the reporting date

Final Dividend

Note 13 provides information on the Group's Final Dividend in respect of 2023.

Borrowings

In January 2024, the Company entered into a £125 million five-year revolving credit facility with an option for the Company to extend for a further two years until January 2031. This new facility replaces the existing £125 million revolving credit facility entered into in February 2018. The facility remains undrawn and is being held for contingent funding purposes across the Group.

Appendix
For the year ended 31 December 2023

Appendix A: Related undertakings

The Companies Act 2006 requires disclosure of certain information about the Group's related undertakings which is set out in this note. Related undertakings comprise subsidiaries, joint ventures, associates and other significant holdings. Significant holdings are where the Group either has a shareholding greater than or equal to 20% of the nominal value of any share class, or a book value greater than 20% of the company's assets (or of the group's net assets if the company prepares group accounts).

The definition of a subsidiary undertaking in accordance with the Companies Act 2006 is different from the definition under IFRS. As a result, the related undertakings included within the list below may not be the same as the undertakings consolidated in the Group IFRS financial statements. Refer to accounting policies note 5(a) Group Accounting for further detail on the principles of consolidation.

The Group's related undertakings along with the country of incorporation, the registered address, the classes of shares held and the effective percentage of equity owned at 31 December 2023 are disclosed below.

Quilter plc is the ultimate parent of the Group.

Company name	Share class	% Held
United Kingdom		
Senator House, 85 Queen Victoria Street, London, EC4V 4AB		
Blueprint Financial Services Limited	Ordinary	100
Blueprint Organisation Limited	Ordinary	100
Caerus Capital Group Limited	Ordinary	100
Caerus Holdings Limited	Ordinary	100
Caerus Wealth Limited	Ordinary	100
Caerus Wealth Solutions Limited	Ordinary	100
Charles Derby Group Limited	Ordinary	100
Charles Derby Wealth Management Limited	Ordinary	100
Cheviot Capital (Nominees) Limited	Ordinary	100
Falcon Financial Advice Limited	Ordinary	100
Lighthouse Advisory Services Limited	Ordinary	100
Lighthouse Corporate Services Limited	Ordinary	100
Lighthouse Financial Advice Limited	Ordinary	100
Lighthouse Group Limited	Ordinary	100
LighthouseWealth Limited	Ordinary	100
Quilpep Nominees Limited	Ordinary	100
Quilter Business Services Limited	Ordinary	100
Quilter Cheviot Holdings Limited	Ordinary	100
Quilter Cheviot Limited	Ordinary	100
Quilter CoSec Services Limited	Ordinary	100
Quilter Financial Advisers Limited	Ordinary	100
Quilter Financial Limited	Ordinary	100
Quilter Financial Planning Limited	Ordinary	100
Quilter Financial Planning Solutions Limited	Ordinary	100
Quilter Financial Services Limited	Ordinary	100
Quilter Holdings Limited	Ordinary	100
Quilter Investment Platform Limited	Ordinary	100
Quilter Investment Platform Nominees Limited	Ordinary	100
Quilter Investors Limited	Ordinary	100
Quilter Investors Portfolio Management Limited	Ordinary	100
Quilter Life & Pensions Limited	Ordinary	100
Quilter Mortgage Planning Limited	Ordinary	100
Quilter Nominees Limited	Ordinary	100
Quilter Pension Trustees Limited	Ordinary	100
Quilter Perimeter (GGP) Limited	Ordinary	100
Quilter Perimeter Holdings Limited	Ordinary	100
Quilter Perimeter Limited	Ordinary	100
Quilter Private Client Advisers Limited	Ordinary	100
Quilter UK Holding Limited	Ordinary	100
Quilter Wealth Limited	Ordinary	100
Think Synergy Limited	Ordinary	100
Violet No.2 Limited	Ordinary	100
1 More London Place, London, SE1 2AF		
Blueprint Distribution Limited (in liquidation – 25 October 2023)	Ordinary	100
Charles Derby Private Clients Limited (in liquidation – 25 October 2023)	Ordinary	100
Forward Thinking Wealth Management Limited (in liquidation – 25 October 2023)	Ordinary	100
IFA Services Holdings Company Limited (in liquidation – 13 October 2023)	Ordinary A	95
	Ordinary B	100
Lighthouse Benefits Limited (in liquidation – 25 October 2023)	Ordinary	100
Lighthouse Support Services Limited (in liquidation – 25 October 2023)	Ordinary	100
Lighthouse Wealth Management Limited (in liquidation – 25 October 2023)	Ordinary	100
LighthouseXpress Limited (in liquidation – 25 October 2023)	Ordinary	100
Luceo Asset Management Limited (in liquidation – 25 October 2023)	Ordinary	100
Quilter Perimeter UK Limited (in liquidation – 13 October 2023)	Ordinary	100
C/O Teneo Financial Advisory Limited, The Colmore Building, 20 Colmore Circus Queensway, Birmingham, B4 6AT		
Commsale 2000 Limited (in liquidation – 21 September 2022)	Ordinary	100
IFA Holding Company Limited (in liquidation – 21 September 2022)	Ordinary	100
Intrinsic Cirilium Investment Company Limited (in liquidation – 21 September 2022)	Ordinary	100
Prescient Financial Intelligence Limited (in liquidation – 4 October 2021)	Ordinary	100
The Falcon Group Limited (in liquidation – 10 November 2022)	Ordinary	100
Atria One, 144 Morrison Street, Edinburgh, EH3 8EX		
Financial Services Advice & Support Limited (in liquidation – 25 October 2023)	Ordinary	100

Appendix
For the year ended 31 December 2023

Appendix A: Related undertakings *continued*

Company name	Share class	% Held
Ireland		
Hambleden House, 19-26 Lower Pembroke Street, Dublin 2, D02 WV96		
Pembroke Quilter (Ireland) Nominees Limited	Ordinary	100
Quilter Cheviot Europe Limited	Ordinary	100
Isle of Man		
33-37 Athol Street, Douglas, IM1 1LB		
Quilter Perimeter (IOM) Limited	Ordinary	100
Third Floor, St George's Court, Upper Hill Street, Douglas, IM1 1EE		
Quilter Insurance Company Limited	Ordinary	100
Guernsey		
1 Royal Plaza, Royal Avenue, St Peter Port, GY1 2HL		
Quilter Cheviot PCC Limited	Ordinary	100
Jersey		
3rd Floor, Windward House, La Route de la Liberation, St Helier, JE1 1QJ		
C.I.P.M. Nominees Limited	Ordinary	100
QGCI Nominees Limited	Ordinary	100
Quilter Cheviot International Limited	Ordinary	100
Germany		
Wiesenhüttenstraße 11, 60329 Frankfurt am Main		
Old Mutual Europe GmbH (in liquidation – 1 September 2022)	Ordinary	100
Skandia Retail Europe Holding GmbH (in liquidation – 1 September 2022)	Ordinary	100
United Kingdom – associate		
12-14 Upper Marlborough Road, St Albans, Hertfordshire, AL1 3UR		
360 Dot Net Limited	Ordinary A	21.6

The Quilter Foundation (registered charity no. 1175555) is an independent charity. The Quilter Foundation's sole member, Quilter Holdings Limited appoints the trustees of the charity.

In addition, the following funds are consolidated and constitute related undertakings, as described in note 5(a).

Some of the funds in the table below are subfunds of umbrella funds. The following umbrella funds are operated or represented by Quilter entities: Quilter Investors Charity Authorised Investment Funds, Quilter Investors Cirilium OEIC, Quilter Investors ICAV, Quilter Investors Multi-Asset OEIC, Quilter Investors OEIC, Quilter Investors Series I and Quilter Investors Trust.

Share Class
A Accumulation
B Income

Fund name	Share class	% Held
United Kingdom		
Senator House, 85 Queen Victoria Street, London, EC4V 4AB		
Quilter Investors Absolute Return Bond Fund	A	65
Quilter Investors Asia Pacific (ex Japan) Equity Fund	A	66
Quilter Investors Asia Pacific (ex Japan) Large-Cap Equity Fund	A	63
Quilter Investors Asia Pacific Fund	A	67
Quilter Investors Bond 1 Fund	B	67
Quilter Investors Bond 3 Fund	B	97
Quilter Investors China Equity Fund	A	39
Quilter Investors Cirilium Adventurous Passive Portfolio	A	46
Quilter Investors Cirilium Adventurous Portfolio	A	41
Quilter Investors Cirilium Balanced Passive Portfolio	A	43
Quilter Investors Cirilium Balanced Portfolio	A	34
Quilter Investors Cirilium Conservative Blend Portfolio	A	35
Quilter Investors Cirilium Conservative Passive Portfolio	A	39
Quilter Investors Cirilium Conservative Portfolio	A	35
Quilter Investors Cirilium Dynamic Passive Portfolio	A	44
Quilter Investors Cirilium Moderate Passive Portfolio	A	43
Quilter Investors Corporate Bond Fund	A	63
Quilter Investors Creation Balanced Portfolio	A	30
Quilter Investors Creation Dynamic Portfolio	A	31
Quilter Investors Creation Moderate Portfolio	A	30
Quilter Investors Diversified Bond Fund	A	63
Quilter Investors Emerging Markets Equity Fund	A	68
Quilter Investors Emerging Markets Equity Growth Fund	A	68
Quilter Investors Emerging Markets Equity Income Fund	A	67
Quilter Investors Europe (ex UK) Equity Fund	A	62
Quilter Investors Europe (ex UK) Equity Growth Fund	A	64
Quilter Investors Europe (ex UK) Equity Income Fund	A	67
Quilter Investors Global Equity Absolute Return Fund	A	65

Appendix
For the year ended 31 December 2023

Appendix A: Related undertakings *continued*

Fund name	Share class	% Held
Quilter Investors Global Equity Value Fund	A&B	75
Quilter Investors Investment Grade Corporate Bond Fund	A&B	56
Quilter Investors Japanese Equity Fund	A	64
Quilter Investors Monthly Income & Growth Portfolio	A&B	47
Quilter Investors Monthly Income Portfolio	A&B	45
Quilter Investors Natural Resources Equity Fund	A	60
Quilter Investors North American Equity Fund	A	65
Quilter Investors Precious Metals Equity Fund	A	63
Quilter Investors Sterling Corporate Bond Fund	A&B	56
Quilter Investors Sterling Diversified Bond Fund	A&B	62
Quilter Investors Timber Equity Fund	A	67
Quilter Investors UK Equity Fund	A	65
Quilter Investors UK Equity 2 Fund	A	100
Quilter Investors UK Equity Growth Fund	A	59
Quilter Investors UK Equity Income Fund	A	66
Quilter Investors UK Equity Large-Cap Income Fund	A&B	62
Quilter Investors UK Equity Mid-Cap Growth Fund	A	57
Quilter Investors UK Equity Opportunities Fund	A	62
Quilter Investors US Equity Growth Fund	A	46
Quilter Investors US Equity Income Fund	A	63
Quilter Investors US Equity Small/Mid-Cap Fund	A	58

Company statement of financial position
At 31 December 2023

	Notes	31 December 2023 £m	31 December 2022 £m
Assets			
Investments in subsidiary undertakings	4	2,162	2,150
Loans and advances	5	486	462
Deferred tax assets	6	23	4
Current tax assets		10	12
Other receivables and other assets	7	6	27
Cash and cash equivalents	8	110	126
Total assets		**2,797**	**2,781**
Equity and liabilities			
Equity			
Ordinary Share capital		115	115
Ordinary Share premium reserve		58	58
Capital redemption reserve		346	346
Merger reserve	9	1,359	1,359
Share-based payments reserve		42	41
Retained earnings (including profit for the financial year of £99 million (2022: £81 million))		671	637
Total equity		**2,591**	**2,556**
Liabilities			
Provisions	10	–	4
Borrowings	11	202	203
Other payables	12	4	18
Total liabilities		**206**	**225**
Total equity and liabilities		**2,797**	**2,781**

Approved by the Board of Quilter plc on 6 March 2024.

Steven Levin
Chief Executive Officer

Mark Satchel
Chief Financial Officer

Company registered number: 06404270

Company statement of changes in equity
For the year ended 31 December 2023

31 December 2023	Ordinary Share capital £m	Ordinary Share premium £m	B Shares £m	Capital redemption reserve £m	Merger reserve £m	Share-based payments reserve £m	Retained earnings[5] £m	Total share-holders' equity £m
Balance at 1 January 2023	**115**	**58**	**–**	**346**	**1,359**	**41**	**637**	**2,556**
Profit for the year	–	–	–	–	–	–	99	99
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**99**	**99**
Dividends[1]	–	–	–	–	–	–	(65)	(65)
Other movements	–	–	–	–	–	–	(2)	(2)
Exchange rate movement (ZAR/GBP)[2]	–	–	–	–	–	–	2	2
Equity-settled share-based payment transactions	–	–	–	–	–	1	–	1
Total transactions with the owners of the Company	**–**	**–**	**–**	**–**	**–**	**1**	**(65)**	**(64)**
Balance at 31 December 2023	**115**	**58**	**–**	**346**	**1,359**	**42**	**671**	**2,591**

31 December 2022	Note	Ordinary Share capital £m	Ordinary Share premium £m	B Shares £m	Capital redemption reserve £m	Merger reserve £m	Share-based payments reserve £m	Retained earnings[5] £m	Total share-holders' equity £m
Balance at 1 January 2022		**116**	**58**	**–**	**17**	**1,687**	**42**	**966**	**2,886**
Profit for the year		–	–	–	–	–	–	81	81
Total comprehensive income		**–**	**–**	**–**	**–**	**–**	**–**	**81**	**81**
Dividends[1]		–	–	–	-	–	–	(78)	(78)
Ordinary Shares purchased in the buyback programme[3]		(1)	–	–	1	–	–	–	–
Issue of B shares[4]		–	–	328	-	(328)	–	–	–
Redemption of B shares[4]	9	–	–	(328)	328	–	–	(328)	(328)
Exchange rate movement (ZAR/GBP)[2]		–	–	–	–	–	–	(4)	(4)
Equity-settled share-based payment transactions		–	–	–	–	–	(1)	–	(1)
Total transactions with the owners of the Company		**(1)**	**–**	**–**	**329**	**(328)**	**(1)**	**(410)**	**(411)**
Balance at 31 December 2022		**115**	**58**	**–**	**346**	**1,359**	**41**	**637**	**2,556**

[1] Details of dividends proposed and paid during the year are disclosed in the notes to the Group's financial statements. Please refer to the Group statement of changes in equity for further information.
[2] For shares registered on the Johannesburg Stock Exchange, the amounts of proposed dividends and share buybacks are set in South African Rand on the relevant Market Announcement date which is prior to the date of payment. The impact of exchange rate movements between these dates is recognised directly in equity. The Company held cash in South African Rand equal to the expected cash outflows and therefore was economically hedged for these payments.
[3] On 11 March 2020, the Company announced a share buyback programme to purchase Ordinary Shares up to a maximum value of £375 million, in order to return the net surplus proceeds arising from the sale of Quilter Life Assurance to shareholders. During 2022, the Company acquired 17.7 million shares for a total consideration of £26 million and incurred additional costs of £1 million. The Company had committed to the buyback of these shares during 2021 and had recognised an accrual for £26 million as at 31 December 2021. This was the final tranche of the share buyback programme and it was subsequently completed in January 2022. The shares, which had a nominal value of £1 million, were subsequently cancelled, giving rise to a capital redemption reserve of the same value as required by the Companies Act 2006.
[4] On 9 March 2022, the Company announced a capital return of £328 million from the net surplus proceeds arising from the sale of Quilter International by way of a B share scheme accompanied by a Share Consolidation. Refer to note 26 to the Group's financial statements for further details of the capital return and Share Consolidation. Following the issue and redemption of the B preference shares as part of the B Share scheme, the Company transferred £328 million from retained earnings to the capital redemption reserve, as required under the provisions of sections 688 and 733 of the Companies Act 2006, being an amount equal to the nominal value of the B shares redeemed. The increase in the capital redemption reserve results from the UK company law requirement to maintain the company's capital when shares are redeemed out of the company's distributable profits.
[5] Within retained earnings, as at 31 December 2023, there is an amount of £21 million (2022: £21 million) relating to a partial reversal, in 2022, of an impairment made in an earlier period (see note 4 for further details). The Company considers this amount to be non-distributable.

Notes to the financial statements of the Company
For the year ended 31 December 2023

1: General information

Quilter plc (the "Company") is a public limited company incorporated in England and Wales and domiciled in the United Kingdom with registration number 06404270.

The Company's Registered Office is Senator House, 85 Queen Victoria Street, London EC4V 4AB.

2: Basis of preparation

The financial statements of Quilter plc for the year ended 31 December 2023 have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). These financial statements have been prepared on a going concern basis and under the historical cost convention, as modified by the revaluation of certain financial instruments which have been recognised at fair value through profit or loss, and in accordance with the Companies Act 2006. The financial statements are presented in pounds sterling, which is the currency of the primary economic environment in which the Company operates and are rounded to the nearest million.

The accounting policies adopted are the same as those set out in note 5 to the Group's financial statements to the extent that these are relevant to the Company's standalone financial statements except for the disclosure exemptions noted below. These accounting policies have been applied consistently.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the critical accounting estimates and judgements section below.

The Company has taken advantage of the disclosure exemptions available under FRS 101 in relation to the presentation of a cash flow statement, disclosures relating to capital management, contracts with customers, fair value measurement, financial instruments, impairments, related party transactions, share based payments, share capital and comparative information for certain types of assets. The Company has also taken advantage of the exemption from the requirement to disclose information when the Company has not applied a new accounting standard that has been issued but is not yet effective. Where required equivalent disclosures are included in the consolidated financial statements of Quilter plc.

The Company has also taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own income statement in these financial statements.

Critical accounting estimates and judgements

The preparation of financial statements requires management to exercise judgement in applying accounting policies and make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Critical accounting estimates and judgements are those that involve the most complex or subjective assessments and assumptions. Management uses its knowledge of current facts and circumstances and applies estimation and assumption setting techniques that are aligned with relevant accounting guidance to make predictions about future actions and events. Actual results may differ significantly from those estimates.

The areas where judgements and estimates have the most significant effect on the amounts recognised in these financial statements are summarised below:

Area	Critical accounting judgements	Note
Investments in subsidiaries – measurement	Management has applied judgement in its impairment assessment in respect of determining the cash-generating unit, which is the level at which largely independent cash inflows occur. The Company's investments in Quilter Holdings Limited and Quilter Investors Limited each contain cash flows generated from within the Affluent segment and management has taken the judgement that aggregating cash flows from these investments represents the lowest level at which largely independent cash inflows are generated.	4

Other principal estimates

The Company's assessment of its investment in subsidiaries for impairment uses the latest cash flow forecasts from the Group's three-year Business Plan to calculate the recoverable value of its trading subsidiaries. These forecasts include estimates relating to equity market levels and growth in AuMA in future periods, together with levels of new business growth, net client cash flow, revenue margins, and future expenses and discount rates (see note 14 to the Group's financial statements). Management does not believe that the use of these estimates has a significant risk of causing a material adjustment to the carrying amount of the assets within the next financial year.

Notes to the financial statements of the Company
For the year ended 31 December 2023

3: Capital and financial risk management

The material risks faced by the Company are described below.

3(a): Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, or from personnel and systems, or from external events, resulting in an adverse impact to earnings or reduced solvency. Operational risk includes all risks resulting from operational activities, excluding the risks detailed below and excluding strategic risks and risks resulting from being part of a wider group of companies.

Operational risk includes the effects of failure of administration processes, IT and Information Security maintenance and development processes, people and HR processes, legal risks, poorly managed responses to regulatory change, change and physical and certain transitional financial risks arising from climate change, risks relating to the relationship with third-party suppliers and outsourcers, and the consequences of financial crime and business interruption events.

3(b): Credit risk

Credit risk is the risk of adverse movements in credit spreads (relative to the reference yield curve), credit ratings or default rates leading to a deterioration in the level or volatility of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency. This includes counterparty default risk, counterparty concentration risk and spread risk.

The Company is exposed to credit and counterparty risk primarily arising from the investment of its shareholder funds. Sources of credit risk are managed in line with the requirements of the Credit Risk Policy that ensures cash is placed with highly rated counterparties and is appropriately diversified. Credit risk exposures of the Company are monitored regularly to ensure that counterparties remain creditworthy, that there is appropriate diversification of counterparties and that exposures are within approved limits.

3(c): Market risk

Market risk is the risk of an adverse change in the level or volatility of market prices of assets, liabilities or financial instruments resulting in loss of earnings or reduced solvency. Market risk arises from changes in equity, bond and property prices, interest rates and foreign exchange rates. Market risk arises differently across the business depending on the types of financial assets and liabilities held. The Company recognises that climate change can contribute to market risk. The Company is subject to material risk in the following areas:

Interest rate risk

Interest rate risk is defined as the risk of a deviation of the actual interest rates from the expected interest rates, resulting in the potential for a negative impact on earnings or capital and/or reduced solvency.

An exposure exists as a result of intercompany loans (see note 5) that are linked to an underlying variable interest rate, and so the value of these interest payments will vary if the underlying interest rate changes.

The Company also has subordinated debt (see note 11) that has a fixed interest rate, where the present value of the loan would vary in the event of a change in interest rates.

3(d): Liquidity risk

Liquidity risk is the risk that there are insufficient assets or that assets cannot be realised in order to settle financial obligations as they fall due. The Company manages liquidity on a daily basis through maintaining adequate high-quality liquidity assets and banking facilities, regularly monitoring forecast and actual cash flows, matching the maturity profiles of financial assets and liabilities and monitoring a number of key risk indicators to help in the identification of a liquidity stress. The Company maintains and manages its local liquidity requirements according to its business needs, within the overall liquidity framework established by the Company.

3(e): Sensitivity tests

Sensitivity analysis has been performed by applying the following parameters to the statement of financial position and income statement as at the reporting date.

Interest rate sensitivity

The impact of an increase and decrease in market interest rate of 1% is assessed (e.g. if the current interest rate is 5% the test allows for the effects of an instantaneous change to 4% and 6% from the start of the year). A 1% movement is assessed as being reasonably possible.

A decrease in interest rate of 1% would have decreased profit and shareholders' equity by £4 million (2022: decrease £4 million) after tax; an equal change in the opposite direction would have increased profit by £4 million (2022: increase £4 million) after tax.

Notes to the financial statements of the Company
For the year ended 31 December 2023

4: Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost, less impairment in value. All shares held are Ordinary Shares.

	31 December 2023 £m	31 December 2022 £m
Balance at the beginning of the year	2,150	2,130
Investment in subsidiary undertakings	14	–
Investment in subsidiary undertaking in relation to share-based payments	1	(1)
(Impairment)/reversal of impairment of subsidiary undertakings	(3)	21
Balance at the end of the year	**2,162**	**2,150**

Investment in subsidiary undertakings

During the year, the Company increased its investments in the Employee Benefit Trust by £14 million (2022: £nil) as part of the Group Odd-lot Offer in November 2023.

Investment in subsidiary undertakings in relation to share-based payments

Quilter plc grants rights to its equity instruments to employees of its subsidiaries under various share based payment arrangements. In so doing, the subsidiaries receive services from employees that are paid for by Quilter plc, thereby increasing/(decreasing) the investment that Quilter plc holds in those subsidiaries. Quilter plc recognises the equity settled share based payment in equity, with a corresponding increase/(decrease) in its investment in the subsidiaries. The amount recognised as an additional investment is based on the grant date fair value of the share options granted and is recognised by Quilter plc over the vesting period of the respective share schemes. A decrease to the investment in subsidiary undertakings is recognised when each share award vests, and shares are delivered to the employees.

During 2023, the Company marginally increased its investments in subsidiaries in relation to share-based payments as listed below. During 2022, its investments in relation to share-based payments marginally decreased.

	31 December 2023 £m	31 December 2022 £m
Quilter Business Services Limited	–	(2)
Other subsidiaries	1	1
Total investments in subsidiaries	**1**	**(1)**

Impairments of investments in subsidiary undertakings

In accordance with the requirements of IAS 36 Impairment of Assets, the investments in subsidiaries are tested annually for impairment by comparing the carrying value of the underlying investments to the recoverable value, being the higher of the value-in-use or fair value less costs to sell. If applicable, an impairment charge is recognised when the recoverable amount is less than the carrying value.

During 2022, the net asset value of Quilter Perimeter Holdings Limited and its subsidiaries increased, leading to the partial reversal of a previous impairment, of £21 million.

2023 impairment to investment in subsidiary

During 2023, in preparation for Quilter Investors Portfolio Management Limited to be placed into liquidation, a dividend was made to its parent, Quilter plc. Subsequently, Quilter plc fully impaired its investment in its subsidiary to recognise the reduction in the net asset value of the subsidiary.

5: Loans and advances

This note analyses the loans and advances the Company has made. The carrying amounts of loans and advances were as follows:

	31 December 2023 £m	31 December 2022 £m
Loans to subsidiary undertakings	486	462
Total net loans and advances	**486**	**462**

All loans are held at amortised cost and repayable on demand. The loans to subsidiary undertakings are with Quilter Holdings Limited and are charged at base rate plus 0.5% and 10%, Quilter Perimeter Holdings Limited, which is charged at base rate plus 0.5%, and the Employee Benefit Trust, which attracts no interest. Given the profitability and net assets of these subsidiaries, the credit risk associated with these loans is considered minimal. There have been no non-performing loans, loans subject to renegotiations or material expected credit losses on loans and advances recognised in the year. The movement in the year relates to an increased loan to the Employee Benefit Trust and capitalised loan interest to Quilter Holdings Limited.

Notes to the financial statements of the Company
For the year ended 31 December 2023

6: Deferred tax assets

Recognised deferred tax assets and liabilities

Deferred income taxes are calculated on all temporary differences at the tax rate applicable to the country in which the timing differences arise.

The following are the deferred tax balances recognised by the Company and the movements thereon, during the current and prior reporting period.

	Tax losses £m	Closing deferred tax asset £m
Assets at 1 January 2022	**6**	**6**
Income statement charge	(2)	(2)
Assets at 31 December 2022	**4**	**4**
Income statement credit	19	19
Assets at 31 December 2023	**23**	**23**

Deferred tax assets or liabilities are recognised to the extent that temporary differences are expected to reverse in the foreseeable future. The timing of reversals is estimated based on the Company's annual Business Plan. Deferred tax assets are recognised to the extent that they are supported by the Company's Business Plan or where appropriate the Group's Business Plan.

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable, being where, on the basis of all available evidence, it is considered more likely than not that there will be suitable taxable profits against which the reversal of the deferred tax asset can be deducted.

Sensitivity analysis shows a 20% reduction in Group future taxable profits will necessitate a £2 million write down in the value of the current deferred tax asset.

The main rate of Corporation Tax increased to 25% with effect from 1 April 2023. This rate has been used in recognising the Company's deferred tax assets and liabilities.

Unrecognised deferred tax assets

The amounts for which no deferred tax asset has been recognised comprises:

	31 December 2023		31 December 2022	
	Gross amount £m	Tax £m	Gross amount £m	Tax £m
Pre-April 2017 UK tax losses	16	4	16	4
Post-April 2017 UK tax losses	–	–	67	17
Total unrecognised deferred tax assets	**16**	**4**	**83**	**21**

A deferred tax asset has not been recognised as there is sufficient uncertainty to the extent it is probable there will be future taxable profits to utilise the relevant losses. Unrecognised losses are available to carry forward with no expiry date, subject only to the continuation of the business.

The unrecognised deferred tax asset on post-April 2017 UK tax losses has reduced from £17 million at 31 December 2022 to £nil at 31 December 2023. This followed a deferred tax asset recoverability assessment at the end of 2023 which is based on the latest Business Plan, and concluded that it is more probable than not that there will be sufficient future profits in the Group to recover all post-April 2017 UK tax losses.

7: Other receivables and other assets

The note analyses total other receivables and other assets.

	31 December 2023 £m	31 December 2022 £m
Due from subsidiary undertakings	6	27
Total other receivables and other assets	**6**	**27**

All amounts due from Group companies are unsecured, interest-free and settled on demand. The Directors consider that the carrying amount of other receivables approximate their fair value.

8: Cash and cash equivalents

	31 December 2023 £m	31 December 2022 £m
Cash at bank	9	11
Money market funds	101	115
Total cash and cash equivalents per the statement of financial position	**110**	**126**

All cash and cash equivalents are current, and recognised at amortised cost, apart from money market investments which are recognised mandatorily at FVTPL.

Investments in money market funds are classified as cash and cash equivalents. Management holds these investment funds for short-term liquidity purposes. The funds are highly liquid, have a strong credit rating and a very low risk of reduction in value.

Notes to the financial statements of the Company
For the year ended 31 December 2023

9: Merger reserve

2023 Merger reserve

There have been no changes to the merger reserve during 2023.

2022 Merger reserve

On 9 March 2022, the Company announced a capital return of £328 million from the net surplus proceeds arising from the sale of Quilter International, by way of a B share scheme accompanied by a Share Consolidation.

10: Provisions

	31 December 2023 £m	31 December 2022 £m
Balance at beginning of the year	4	4
Utilised in the year	(4)	–
Total provisions	**–**	**4**

Sale of Single Strategy business provision of £nil (2022: £4 million)

The provision in the prior year related to sale-related future commitments made to the buyer (now known as Jupiter Investment Management ("Jupiter")) of the Single Strategy business, which was initially recognised in 2018, in relation to the level of revenues for Jupiter in future years arising from funds invested by customers of Quilter plc.

In the year to 31 December 2023, £4 million was agreed and settled relating to the 2022 measurement year, which is the final measurement year according to the sale agreement. This was the final amount payable under this arrangement with Jupiter.

11: Borrowings

	31 December 2023 £m	31 December 2022 £m
Subordinated debt		
Subordinated loan at 4.478%	–	200
Subordinated loan at 8.625%	198	–
Funding – intercompany payables	4	3
Total borrowings	**202**	**203**

Amounts borrowed are held at amortised cost.

On 18 January 2023, the Company issued £200 million 8.625% Fixed Rate Reset Subordinated Notes (due 18 April 2033) in the form of a 10-year Tier 2 bond with a one-time issuer call option after 15 months to J.P. Morgan Securities plc, paying a semi-annual coupon of 8.625% (the "Tier 2 Bond"). Net cash proceeds of £199 million were received. After deducting structuring costs and professional fees, the retained cash proceeds were £197 million. The bond is held at amortised cost of £198 million at 31 December 2023 (2022: £nil). The Notes are now listed and regulated under the terms of the London Stock Exchange.

On 28 February 2023, the Company repaid the existing £200 million 4.478% Fixed Rate Reset Subordinated Notes (due 28 February 2028).

In addition, the Company has entered into a £125 million revolving credit facility which remains undrawn and is being held for contingent funding purposes across the Group.

Notes to the financial statements of the Company
For the year ended 31 December 2023

12: Other payables

	31 December 2023 £m	31 December 2022 £m
Due to subsidiary undertakings	–	15
Accruals	4	3
Total other payables	**4**	**18**

Amounts due to subsidiary undertakings are unsecured, repayable on demand and usually settled quarterly.

Accruals are current and short term i.e. repayable within one year.

13: Related party transactions

Key management personnel transactions

Key management personnel and members of their close family have undertaken transactions with the Group in the normal course of business.

The Directors and key management personnel of the Company are considered to be the same as for the Group. See note 39 to the Group's financial statements for further information.

Other related party transactions

There were no other related party transactions to disclose for 2022 or 2023 other than those referenced in note 39 to the Group's financial statements.

14: Loan covenants

Under the terms of the revolving credit facility, the Company is required to comply with certain financial covenants. Please refer to note 37(a) to the Group's financial statements for further information.

15: Events after the reporting date

There are no events that have occurred, between the reporting date and the date when the financial statements have been authorised for issue, that require disclosure except as disclosed within note 40 to the Group's financial statements.

Other information

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Shareholder information

Information for all shareholders

2024 key dates

The key dates for shareholders are:

16 April 2024	Last day for shares to trade cum dividend in South Africa
17 April 2024	Shares start trading ex-dividend in South Africa
18 April 2024	Shares start trading ex-dividend in the UK
19 April 2024	Final Dividend Record Date – shareholders on the register are eligible for the Final Dividend
23 May 2024	AGM at 11:00am (UK time)
28 May 2024	Final Dividend payment date
7 August 2024	Publication of 2024 half year results, including any Interim Dividend details

Dates may be subject to change. Please check our website at **plc.quilter.com** for further information.

Dividends

Dividend information

The Directors are recommending the payment of a Final Dividend of 3.7 pence per share. Subject to shareholder approval at the AGM, the Final Dividend will be paid on Tuesday 28 May 2024 to shareholders on the share register on Friday 19 April 2024.

Dividend policy

The Quilter Board targets a dividend pay-out ratio of 50% to 70% of post-tax, post-interest adjusted profit.

We expect to pay an Interim and a Final Dividend each financial year. It is expected that the Interim and Final Dividends will be paid in the approximate proportions of one-third (Interim Dividend) and two-thirds (Final Dividend) of the total dividends payable in respect of a financial year, taking into account the underlying cash generation, cash resources, capital position, distributable reserves and market conditions at the time.

All key dividend dates, such as ex-dividend date, Record Date and payment date will be published on our website as soon as they are announced.

Dividends paid by cheque – shareholders on the UK share register

You can only receive your Quilter plc dividends by direct credit. We stopped paying dividend payments by cheque in September 2022. Paying dividends by direct credit straight into your bank or building society account rather than by cheque is a safer, quicker and easier way for shareholders to receive their dividends while the reduction in printing, paper and postage supports our environmental objectives. There is no fee charged by Quilter or our Registrar, Equiniti, for the direct credit service. If you have not yet provided your bank details, it is important that you take action as soon as possible so that you receive your dividend payments. You can do this:

Online

You can provide and maintain your UK bank or building society account details via Shareview. Please visit **www.shareview.co.uk** for details on how to register.

Telephone

You can provide your UK bank or building society account details by telephoning Equiniti.

Post

You can download a Bank Mandate Form from **plc.quilter.com**. Alternatively, please telephone Equiniti using the contact details on page 173. and they will send a form to you to complete. Should you have any questions, please contact Equiniti.

Shareholder information *continued*

Quilter 2024 AGM

AGM key dates

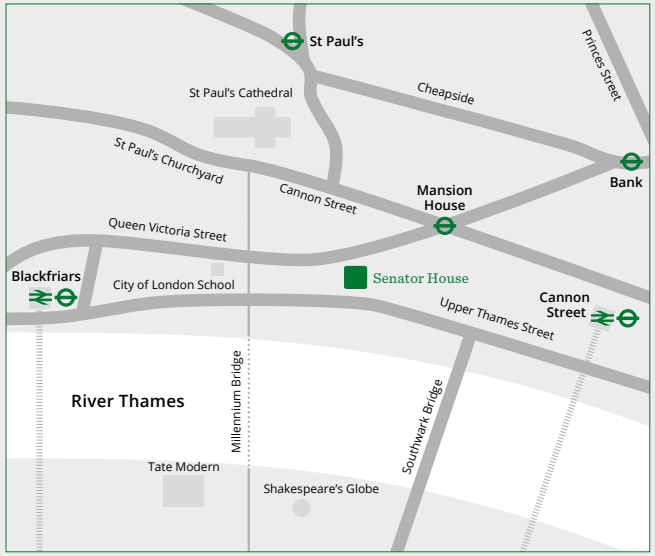
The key AGM dates for shareholders are:

17 May 2024 By no later than 5:00pm (UK time)	Written shareholder questions to be received by the Company Secretary
21 May 2024 By no later than 11:00am (UK time)	Proxy Forms to be received by our Registrar* and requests to join the AGM by telephone to be received by the Company Secretary
23 May 2024 11:00am (UK time)	AGM to be held

* Voting deadlines may vary depending on how you hold your shares. If you hold your shares via a CSDP, broker or nominee, please contact them to confirm their voting deadline.

Attending the AGM

We are pleased to invite you to Quilter plc's 2024 AGM to be held at 11:00am (UK time) on Thursday 23 May 2024 at Senator House, 85 Queen Victoria Street, London EC4V 4AB. We look forward to welcoming you to our meeting and value the opportunity to engage with our shareholders to review our performance and to answer questions on the business of the meeting.



How to get to the AGM

Senator House is within walking distance of the following train and underground stations:

- Bank (Central, DLR, Northern and Waterloo & City lines)
- Blackfriars (Southeastern Railway, Thameslink and Circle and District lines)
- Cannon Street (Southeastern Railway and Circle and District lines)
- Mansion House (Circle and District lines)
- St Paul's (Central line)

The venue can also be accessed via bus routes 4, 11, 15, 17, 26, 76, 388 and 521.

Asking a question

You can, if you wish, submit any questions you may have on the business of the meeting to the Board ahead of the AGM by emailing the Company Secretary at **companysecretary@quilter.com** by 5:00pm (UK time) on Friday 17 May 2024. If you do not plan to attend the AGM in person, this will enable you to have your questions answered before you vote your shares. The questions and answers will be published on our General Meeting Hub ("GM Hub") at **plc.quilter.com/gm** in advance of the voting deadline. If you submit a question after this time, we will respond to you as soon as possible.
If you attend the AGM in person or join the meeting by telephone, you will also have the opportunity to ask a question on the day.

Joining the meeting by telephone

Shareholders can join the meeting by telephone. You will be able to listen to the meeting and also have the opportunity to ask the Board any questions relating to the business of the meeting. Please note that shareholders joining by telephone will not be able to vote on the day. We recommend that shareholders appoint the Chair of the meeting as their proxy and register a voting instruction ahead of the meeting.

How to join the AGM by telephone

If you would like to join the AGM by telephone, please contact the Company Secretary at **companysecretary@quilter.com** to request your individual secure dial-in details. Requests must be received no later than 11:00am (UK time) on Tuesday 21 May 2024. The telephone line will open shortly before 11:00am (UK time) on the day of the meeting.

Voting results and AGM information available to shareholders

The final voting results are expected to be released to the London and Johannesburg Stock Exchanges on Thursday 23 May 2024 as soon as practical after the AGM and will be published on our GM Hub at **plc.quilter.com/gm**. We will also make available the Chair's statement. Please ensure you check the GM Hub regularly for up to date information about our AGM arrangements.

More information about the AGM

Detailed information on the AGM arrangements and how you can have your say is set out in the 2024 Notice of AGM.

Shareholder information *continued*

Information for UK shareholders

Managing your shares and staying in touch
You do not have to receive paper shareholder documentation. Many shareholders choose to receive their communications electronically. Equiniti provide a free, convenient online service, Shareview, where you can access your shareholding quickly and easily. If you have not already done so, you can register for Shareview by visiting **www.shareview.co.uk**. All you need is your Quilter Shareholder Reference Number, which can be found on your share certificate or dividend confirmation. We will email you a notification when any shareholder statements are available and when we announce our full and half year results. You can also use Shareview to submit a voting instruction for any General Meetings and to find out when any dividends are due.

Keeping your personal information up to date
It is important that you keep the personal information we hold up to date. That way, correspondence advising you of any changes that might affect your shareholding reaches you and any dividends are paid to you promptly. You can do this online at **www.shareview.co.uk**, via the Quilter Shareholder Helpline or by post. Contact details are on page 173.

Fraud warning
Shareholders should be wary of any unsolicited calls or documents offering unsolicited investment advice and offers to buy shares at a discounted price. Fraudsters can use persuasive and high-pressure tactics to lure shareholders into scams. You are advised not to give out any personal details or to hand over any money without ensuring that the organisation is authorised by the UK Financial Conduct Authority ("FCA") and doing further research. If you are unsure, or think you may have been targeted, you should report the organisation to the FCA using the share fraud reporting form available at **www.fca.org.uk/scams**.
You can also report suspected share fraud through the FCA Helpline on +44 (0)800 111 6768 or through Action Fraud on +44 (0)300 123 2040.

Useful information

Quilter plc share register
Quilter plc listed on the London and Johannesburg Stock Exchanges on 25 June 2018. Quilter plc has a premium listing on the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange. The shares track under the QLT ticker.

Information for African shareholders

Managing your shares and staying in touch
You can go online to manage your shareholding at https://investorcentre.jseinvestorservices.co.za. This enables you to view your holding, check your dividend history and update how you want us to communicate with you.

Quilter would like to send you information about your shares by text message or email. We will text you a notification when your biannual shareholder statement is available; when we announce our results; when you can vote at any General Meetings; and when any dividends are due. If you have not already done so, you can quickly and easily register your mobile phone and email address with us as follows:

Online
Go to **investorcentre.jseinvestorservices.co.za** and register for electronic communications by following the instructions on screen. All you need is your postcode and Shareholder Reference Number which can be found on your share certificate.

By email
Write to **investorenquiries@jseinvestorservices.co.za**. Please include your email address and mobile phone number and state that these should be used for all future communications.

Telephone
Call your Quilter Shareholder Helpline number provided on page 173 and ask for your email and mobile number to be registered.

Dividends
For your security, Quilter will only pay your dividends to the bank account currently registered with our Registrar, JSE Investor Services. To register your bank details please contact JSE Investor Services using the contact details on page 173.

Dividend currency
All dividends will be declared in pounds sterling for shareholders on the UK register and Rand for shareholders on the South African register. The foreign exchange rate is determined the day before the Directors declare the dividend.

Did you know?
You do not need to hold a paper share certificate. By holding your shares electronically you can buy and sell shares more easily and protect your holding to help prevent fraud. You can find out more by contacting JSE Investor Services using the contact details on page 173.

Contact information

Contact our UK Registrar, Equiniti

If you have a question about your shareholding, please contact Equiniti.

Post
Equiniti Limited
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA

Online
help.shareview.co.uk

Telephone
+44 (0)333 207 5953*

* Lines are open Monday to Friday between 8:30am and 5:30pm (UK time), excluding public holidays in England and Wales.

Contact our African Registrars

Shareholders on the South Africa Register

Post
JSE Investor Services (Pty) Limited
PO Box 10462, Johannesburg, 2000, South Africa

By email
investorenquiries@jseinvestorservices.co.za

Telephone
086 140 0110/086 154 6566* (calling from South Africa)
+27 11 029 0251/+27 11 029 0253* (calling from overseas)

Shareholders in Namibia

Post
Transfer Secretaries (PTY) Limited
PO Box 2401
Windhoek, Namibia

By email
ts@nsx.com.na

Telephone
+264 (0)61 227 647*

* Lines open 8:00am to 4:30pm, Monday to Friday, excluding public holidays.

Shareholders in Malawi

Post
National Bank of Malawi plc
Legal Department
PO Box 945
Blantyre, Malawi

By email
legal@natbankmw.com

Telephone
+265 (0)182 0622/+265 (0)182 0054*

Shareholders in Zimbabwe

Post
Corpserve Registrars (PVT) Ltd
PO Box 2208
Harare, Zimbabwe

By email
corpserve@escrowgroup.org

Telephone
+263 (0)242 751 559/+263 (0)242 751 561*

Alternative Performance Measures

We assess our financial performance using a variety of alternative performance measures ("APMs"). APMs are not defined under IFRS but we use them to provide further insight into the financial performance, financial position and cash flows of the Group and the way it is managed. APMs should be read together with the Group's consolidated financial statements, which include the Group's statement of comprehensive income, statement of financial position and statement of cash flows, which are presented on pages 104 to 107. Further details of APMs used by the Group in its Financial review are provided below.

APM	Definition
Adjusted profit before tax	Adjusted profit before tax represents the Group's IFRS profit, adjusted for specific items that management consider to be outside of the Group's normal operations or one-off in nature, as detailed on page 120 in the consolidated financial statements. The exclusion of certain adjusting items may result in adjusted profit before tax being materially higher or lower than the IFRS profit after tax. Adjusted profit before tax does not provide a complete picture of the Group's financial performance, which is disclosed in the IFRS consolidated statement of comprehensive income, but is instead intended to provide additional comparability and understanding of the financial results. A detailed reconciliation of the adjusted profit before tax metrics presented, and how these reconcile to IFRS, is provided on page 34 of the Financial review. Adjusted profit before tax is referred to throughout the Chief Executive Officer's statement and Financial review, with comparison to the prior year explained on page 32. A reconciliation from each line item of the Group's IFRS income and expenses to adjusted profit before tax is provided in note 7(c) to the consolidated financial statements.
Adjusted profit after tax	Adjusted profit after tax represents the post-tax equivalent of the adjusted profit before tax measure, as defined above.
Revenue margin (bps)	Revenue margin represents net management fees, divided by average AuMA. Management use this APM as it represents the Group's ability to earn revenue from AuMA. Revenue margin by segment and for the Group is explained on page 32 of the Financial review.
Operating margin	Operating margin represents adjusted profit before tax divided by total net revenue. Management use this APM as this is an efficiency measure that reflects the percentage of total net revenue that becomes adjusted profit before tax. Operating margin is referred to in the Chief Executive Officer's statement and Financial review, with comparison to the prior year explained in the adjusted profit section on page 32.
Gross flows	Gross flows are the gross client cash inflows received from customers during the period and represent our ability to increase AuMA and revenue. Gross flows are referred to in the Financial review on page 32.

APM	Definition
Net flows	Net flows are the difference between money received from and returned to customers during the relevant period for the Group or for the business indicated. This measure is a lead indicator of total net revenue. Net flows is referred to throughout this document, with a separate section in the Financial review on page 32.
Assets under Management and Administration ("AuMA")	AuMA represents the total market value of all financial assets managed and administered on behalf of customers. AuMA is referred to throughout this document, with a separate section in the Financial review on page 32.
Average AuMA	Average AuMA represents the average total market value of all financial assets managed and administered on behalf of customers. Average AuMA is calculated using a 7-point average (half year) and 13-point average (full year) of monthly closing AuMA.
Non-core AuMA	Non-core AuMA and associated gross and net flows represents assets managed on behalf of businesses we have sold together with some legacy funds which are in run-off and remain in outflow.
Total net revenue	Total net revenue represents revenue earned from net management fees, investment revenue and other revenue listed below and is a key input into the Group's operating margin. Further information on total net revenue is provided on page 33 of the Financial review and note 7(c) in the consolidated financial statements.
Net management fees	Net management fees consist of revenue generated from AuMA, fixed fee revenues including charges for policyholder tax contributions, interest earned on client holdings, less trail commissions payable. Net management fees are presented net of trail commission payable as trail commission is a variable cost directly linked to revenue, which is a treatment and presentation commonly used across our industry. Net management fees are a part of total net revenue and is a key input into the Group's operating margin. Further information on net management fees is provided on page 33 of the Financial review and note 7(c) in the consolidated financial statements.
Other revenue	Other revenue represents revenue not directly linked to AuMA (e.g. encashment charges, closed book unit-linked policies, adviser initial fees and adviser fees linked to AuMA in Quilter Financial Planning (recurring fees)). Other revenue is a part of total net revenue, which is included in the calculation of the Group's operating margin. Further information on other revenue is provided on page 33 in the Financial review and note 7(c) in the consolidated financial statements.
Investment revenue	Investment revenue includes interest on shareholder cash balances (including cash at bank and money market funds). Further information on investment revenue is provided on page 33 in the Financial review and note 7(c) in the consolidated financial statements.

Alternative Performance Measures *continued*

APM	Definition
Operating expenses	Operating expenses represent the costs for the Group, which are incurred to earn total net revenue and excludes the impact of specific items that management considers to be outside of the Group's normal operations or one-off in nature. Operating expenses are included in the calculation of adjusted profit before tax and impact the Group's operating margin. A reconciliation of operating expenses to the applicable IFRS line items is included in note 7(c) to the consolidated financial statements, and the adjusting items excluded from operating expenses are explained in note 7(b). Operating expenses are explained on page 33 of the Financial review.
Cash generation	Cash generation is calculated by removing non-cash generative items from adjusted profit after tax, such as deferrals required under IFRS to spread fee income and acquisition costs over the lives of the underlying contracts with customers. It is stated after deducting an allowance for net cash required to support the capital requirements generated by new business offset by a release of capital from the in-force book. Cash generation is explained on page 35 of the Financial review.
Asset retention	The asset retention rate measures our ability to retain assets from delivering good customer outcomes and investment performance. Asset retention reflects the annualised gross outflows of the AuMA during the period as a percentage of opening AuMA. Asset retention is calculated as: 1 – (annualised gross outflow divided by opening AuMA). Asset retention is provided for the Group on page 31.
Net inflows/opening AuMA	This measure is calculated as total net flows annualised (as described above) divided by opening AuMA presented as a percentage. This metric is provided on page 31.
Quilter channel gross sales per Quilter Adviser	This measure represents the value created by our Quilter distribution channel and is an indicator of the success of our multi-channel business model. The measure is calculated as gross flows generated by the Quilter channel through the Quilter Investment Platform, Quilter Investors or Quilter Cheviot (annualised) per average Restricted Financial Planner in both segments. This metric is provided on page 31.
Return on Equity ("RoE")	Return on equity calculates how many pounds of profit the Group generates with each pound of shareholder equity. This measure is calculated as adjusted profit after tax annualised divided by average equity. Equity is adjusted for the impact of discontinued operations, if applicable. Return on equity is provided on page 31.
Adjusted diluted earnings per share	Adjusted diluted earnings per share is calculated as adjusted profit after tax divided by the diluted weighted average number of shares. A view of adjusted diluted earnings per share and the calculation of all EPS metrics, is shown in note 12 to the consolidated financial statements.

APM	Definition
Headline earnings per share	The Group is required to calculate headline earnings per share in accordance with the Johannesburg Stock Exchange Listing Requirements, determined by reference to the South African Institute of Chartered Accountants' circular 1/2023 Headline Earnings. This is calculated on a basic and diluted basis. For details of the calculation, refer to note 12 of the consolidated financial statements.
Dividend pay-out ratio	The dividend pay-out ratio is an indicator of the total amount of dividends paid to shareholders in relation to the Group's profits expressed as a percentage. It is calculated by dividing the recommended total dividend (in £ millions) by the post-tax, post-interest adjusted profit (in £ millions).

Glossary

Term	Definition
Affluent	Quilter's business operations which provide solutions for customers with up to £500,000 in investable assets
AuA	Assets under administration, which unless stated otherwise, reflects gross AuA before intra-group eliminations
AuM	Assets under management, which unless stated otherwise, reflects gross AuM before intra-group eliminations
AuMA	Assets under management and administration – for more details see Alternative Performance Measures on page 174
CAGR	Compound annual growth rate
Client Facing Individuals (CFIs)	Individuals who provide discretionary investment management services to clients and/or advisers who are licensed to advise clients of Quilter Cheviot in line with individual circumstances and investment objectives
Company	Quilter plc
COVID-19	Coronavirus disease 2019
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
GHG	Greenhouse gas
Group	Quilter plc and its subsidiaries
High Net Worth	Predominantly customers with over £250,000 of investable assets
HMRC	His Majesty's Revenue & Customs
ICARA	Internal Capital Adequacy and Risk Assessment
IFAs	Independent Financial Advisers, meaning advisers who provide advice on an independent basis, based on a comprehensive analysis of the whole market and free from any restriction
IFRS	The International Financial Reporting Standards as adopted by the United Kingdom
Investment manager (IM)	Individual who provides investment advice and investment management services to private clients of Quilter Cheviot in line with individual circumstances and investment objectives
ISA	Individual Savings Accounts
JSE	Johannesburg Stock Exchange
Lighthouse	Lighthouse Group plc was acquired on 12 June 2019. The Company changed its name to Lighthouse Group Limited on 19 February 2021
Listing	Reference to Quilter plc listing on the London and Johannesburg Stock Exchanges on 25 June 2018
LSE	London Stock Exchange
OECD	Organisation for Economic Co-operation and Development

Term	Definition
ORSA	Own Risk and Solvency Assessment
Own funds	Capital resources determined on the basis of the Solvency II balance sheet
PRA	Prudential Regulation Authority
Productivity	Also referred to as 'gross flows per adviser'. For definition, see Alternative Performance Measures on page 175
PTP	Platform Transformation Programme
Quilter channel	Advisers who are part of Quilter Financial Advisers, Quilter Financial Planning or Quilter Cheviot Financial Planning
Restricted Financial Planners (RFPs)	Advisers who advise on a defined range of products and investment solutions, including investment solutions offered by the Group and by third parties that have been pre-researched by the Group
Scope 1, 2 & 3 GHG emissions	Greenhouse gas emissions are categorised into three groups or 'scopes' by the most widely-used international accounting tool, the Greenhouse Gas (GHG) Protocol. Scope 1 and 2 cover direct emissions sources (e.g., fuel used in company vehicles and purchased electricity), Scope 3 emissions cover all indirect emissions due to the activities of an organisation
SCR	Solvency Capital Requirement, the regulatory capital requirement under Solvency II
SMCR	Senior Managers and Certification Regime
Standard Formula	The regulatory formula used to determine capital requirements for insurance entities under Solvency II. This formula broadly represents the potential loss of own funds calibrated to a 1-in-200 likelihood level
Subordinated debt	A fixed interest debt instrument that ranks below other debt in order of priority for repayment in the event of liquidation
Revenue generating role	Colleagues in roles which generate revenue for the Group. These roles include but are not limited to Restricted Financial Planners, investment managers and fund managers

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