

Chair's statement

Ruth Markland
Chair



Although I joined the Board of Quilter just after our Listing in 2018, this is my first letter to you as Chair of your Company. 2022 was a notable year for Quilter, not just because the business environment presented challenges for the entire Wealth Management industry but also because it marked a year of significant transition in the leadership of your Company.

I assumed the responsibility of chairing the company at the conclusion of the 2022 Annual General Meeting and Steven Levin succeeded Paul Feeney as Chief Executive Officer on 1 November 2022. The Board was unanimous in its view that Steven is the right person to take on the leadership of Quilter. He has been instrumental in building our business in recent years and has proven expertise in terms of large scale transformations and successfully delivered our Platform Transformation Programme. Steven had also been responsible for our Affluent segment, the largest revenue and profit contributor to the Group. With this deep knowledge of the Group, he is well-placed to take Quilter on the next phase of its strategic journey. More background on the Board's deliberations on both my and Steven's appointments is provided in the Corporate Governance Report on pages 52 to 111.

I would like to thank Paul Feeney for his service to Quilter over the last decade. Paul was not only responsible for conceiving Quilter's strategy but also successfully listed the Company and oversaw the disposal of a number of parts of the business which were subsequently deemed non-core. These disposals included our single strategy asset management business, our heritage life assurance business, and, more recently, our international business. These actions generated around £1.5bn of surplus capital of which c.£1.3 billion was returned to current and past shareholders. We wish Paul well in all his future endeavours.

I am greatly looking forward to working with Steven and delivering on Quilter's potential in the years ahead. My principal focus, and that of your Board, is to support, challenge and guide Steven and his executive team to ensure that we achieve the goals we have set ourselves.

Steven has set out his initial perspectives on the business in his letter to shareholders. We both share the view that Quilter is a well-positioned business operating in structural growth markets. However, we have more to do to ensure that we are capturing our share of that opportunity. To get Quilter to where we want it to be will take some time but given the uniqueness of our franchise and our strong market positions, we believe that succeeding in our chosen course of action will deliver significant returns for our shareholders.

Shareholder returns and dividend

The Board is pleased to recommend a Final Dividend of 3.3 pence for the 2022 financial year which, together with the Interim Dividend of 1.2 pence per share paid in September, takes the proposed Full Year total dividend to 4.5 pence which represents an increase of 13% over the continuing business dividend for 2021.

The pay-out ratio for 2022 was 57%. Following the revision to our target dividend pay-out range to 50%-70% of post-tax, post-interest adjusted profit, the 2022 Full Year Dividend sits just below the mid-point of that new range. Subject to the operating environment remaining stable, the Board expects future dividends to continue the progression up the target range.

The Final Dividend will be paid on Monday 22 May 2023, subject to shareholder approval at our 2023 Annual General Meeting on Thursday 18 May 2023, to shareholders who are on the share register on Friday 21 April 2023.

4.5p **+13%**

Recommended total dividend per share.

Capital Returns

As well as the normal dividend, the other notable component of shareholder returns in 2022 was the capital return to shareholders from the sale of Quilter International. After consulting with shareholders, it was clear that there was a broad consensus for the capital return to be conducted in a timely manner. To facilitate this, the Board recommended, and shareholders approved at a General Meeting held on 12 May 2022, a £328 million capital return through a B Share Scheme followed by a six for seven Share Consolidation. We consider this an effective method of rewarding our shareholders and returning capital to them in a timely and efficient manner.

2023 Annual General Meeting

At our 2022 Annual General Meeting, resolution 16, which sought authorisation for political donations or expenditure, passed with the requisite majority of votes, however 22.5% of the votes cast were against the resolution.

As in previous years, there was a significant difference in voting between the South African and UK share registers on this resolution with 63.77% and 99.94% support respectively.

In line with provision 4 of the UK Corporate Governance Code, we continue to directly engage with our largest South African shareholders on this resolution. We continue to recognise that in a current South African governance context, any linkage between business and politics is a sensitive issue.

Quilter has no intention of undertaking political donations and has not done so since Listing but, in line with other listed UK companies, we have sought such authority to avoid any inadvertent breaches of UK company law given the breadth of the applicable provisions. We will table a similar resolution at the 2023 Annual General Meeting and will continue to explain clearly the reasons why the Board believe this resolution is an important protection for the Company in the 2023 Notice of Annual General Meeting.

As part of our drive for greater efficiency across our business and consistent with our desire to act in the best interests of all our shareholders, we intend to seek regulatory and shareholder approval at the 2023 Annual General Meeting to undertake a second Odd-lot Offer. An Odd-lot Offer entails Quilter making an offer to eligible shareholders (in this instance owners of fewer than 200 shares) to repurchase their shares at a modest premium to the market price. Quilter currently has nearly 200,000 shareholders, of which just under 134,000 each hold fewer than 200 shares. These, principally South African, shareholders were originally granted their shares in Old Mutual plc from their interest as policyholders when that business demutualised in 1999. They have not actively chosen to invest in a UK-domiciled company and have become Quilter shareholders as a result of our demerger from Old Mutual plc in 2018. The proposed Odd-lot offer will further reduce the cost to Quilter of managing our shareholder base and will allow investors holding small numbers of shares to dispose of their holdings in a cost effective manner. Eligible shareholders can, of course, elect to retain their shareholding in Quilter, if they so choose.

Other Board matters

I would like to thank Rosie Harris for her longstanding contribution to the Quilter Board. Rosie stepped down from the Board in April 2022, having joined the Board prior to our Listing in April 2017, and she served as Chair of our Board Risk Committee from appointment. George Reid, who chairs the Board Audit Committee, took on the role of chairing the Board Risk Committee on an interim basis until a permanent successor was appointed.

I am delighted that Neeta Atkar joined the Board in August 2022 and was appointed Chair of the Board Risk Committee from 1 October 2022. Neeta has a deep understanding of risk and regulation having spent her executive career working at the Bank of England and the Financial Services Authority before taking on roles in the financial services industry with Andersen Consulting, Abbey National, Royal & Sun Alliance, Lloyds Banking Group and TSB Bank where she was the Chief Risk Officer. She is also a member of the Board Audit Committee.

I would also like to thank Glyn Jones, our former Chair, who stepped down from the Board in May 2022 following our Annual General Meeting, for his distinguished leadership of the Quilter Board since before Listing. In June we appointed Glyn Barker to the Board with a view to him assuming the role of Chair but subsequently, for personal reasons, he stepped down from the Board in November 2022.

On my appointment to the Chair of Quilter in May 2022, Tim Breedon took on my previous responsibilities both as our Senior Independent Director and Chair of the Board Remuneration Committee and I am delighted that Tim has agreed to continue in those roles on an on going permanent basis.

Diversity and inclusion

We currently meet the FTSE Women Leaders Review targets for at least 40% representation of females on our Board and at least one woman in a senior Board role. We also meet the Parker Review recommendation that all FTSE 350 boards should have at least one Director from a minority ethnic group on their board. Please refer to the fuller disclosure in the Governance Report on page 67.

Governance and culture

We recognise the importance of a healthy culture within a business to ensure the successful delivery of its strategic ambition. Your Board takes an active role in shaping Quilter's culture and is encouraged by our executive team's concerted efforts in 2022 to drive greater inclusion and diversity across the organisation. While we are content with the progress made in this area, we acknowledge that there is more to be done to drive greater diversity across our business at the executive level.

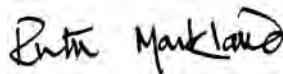
Managing a business responsibly is key to an organisation's long-term success and for Quilter that includes being a responsible investor. We recognise the role of investors, along with other parts of the economy, in supporting the transition to a low carbon economy – vital for the long-term prosperity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

Quilter has continued to maintain a high level of engagement with existing and prospective shareholders this year. Engagement levels in 2022 have been broadly consistent with 2021. Given the changes to our Board and executive leadership team, I have personally maintained a high level of engagement with our largest shareholders in 2022 and in early 2023, I met with our largest shareholders during which time we covered topics including corporate governance, executive remuneration and Chair and CEO succession process.

Conclusion

2022 was a year in which we returned the proceeds from the sale of Quilter International to shareholders, enhanced our customer propositions, delivered a resilient profit given the market context, and have put a leadership team in place to take Quilter forward on the next stage of its journey. While we expect 2023 to have its challenges, we face the future with confidence and are absolutely committed to driving growth from our simpler more focused business.

On behalf of the Board, I would like to thank our management team and all our colleagues for their continued effort, focus and commitment to achieving our goals in what have been challenging market conditions. Thank you also to our shareholders for your continued support.



Ruth Markland
Chair