2022 highlights

Financial performance highlights, continuing business only

£99.6bn -11%

Assets under management and administration (“AuMA”)*

2022	£99.6bn
2021	£111.8bn

£1.8bn -55%

Net flows*

2022	£1.8bn
2021	£4.0bn

£134m -3%

Adjusted profit before tax*

2022	£134m
2021	£138m

£175m n/a

IFRS profit after tax from continuing operations

2022	£175m
2021	£23m

7.9p +7%

Adjusted diluted earnings per share*

2022	7.9p
2021	7.4p

4.5p +13%

Recommended total dividend per share (continuing operations)

2022	4.5p
2021	4.0p

22% 0%

Operating Margin*

2022	22%
2021	22%

Note:
All 2021 comparatives presented above exclude Quilter International, which was sold on 30 November 2021.

Alternative Performance Measures (“APMs”)
We assess our financial performance using a variety of measures including APMs, as explained further on page 209. These measures are indicated with an asterisk.

Strategic highlights

£375m

Completion of the £375 million share buyback programme from the Quilter Life Assurance sale proceeds

£328m

£328 million Capital Return in June 2022 to return the net surplus proceeds from the sale of Quilter International

Our Board and Executive Committee

Read more about the Board changes on page 66 and our Executive Committee on page 8.

Responsible business highlights

Progressed our responsible investment propositions through the launch of new strategies

Set carbon reduction targets for both Scope 1 and Scope 2 emissions for our operations

Operational highlights

Quilter’s Business Simplification programme continues to track towards the proposed £45 million target, with annualised run-rate savings of £23 million achieved to date

£65m

Optimisation programme achieved targeted cost savings of £65 million

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

Chief Executive Officer's statement

Steven Levin
Chief Executive Officer

Before I get into the detail of our performance in 2022, I should extend my thanks to my predecessor, Paul Feeney, for his decade of service to Quilter as well as his long-standing support for me personally.

Turning now to the business, clearly, the operating environment has a meaningful influence on the flows we can attract and revenues we generate from the assets we manage and administer on behalf of our clients. 2022 was a particularly challenging year for the entire wealth management industry due to lower equity markets and higher bond yields. In that context, I am pleased we delivered a resilient adjusted profit outturn of £134 million (2021: £138 million) and a stable operating margin of 22% during the year.

Current market conditions are very different from those we anticipated at our Capital Markets Day in late 2021, prior to the war in Ukraine. This has led us to rebase some of the targets we set out then. Notwithstanding this, my focus will always be on managing the things within our control to deliver the best outcomes we can for all our stakeholders and, as I discuss below, my priority is on improving the revenue momentum and cost efficiency of our business.

Business Strategy and Transformation

Over the last ten-years, we have built a business that covers the full spectrum of the UK wealth industry. While we are well-positioned to meet the needs and provide good customer outcomes to our High Net Worth and Affluent clients, my initial assessment is that there is more to be done to ensure we are delivering on our potential as a business. We have three core channels through which we serve clients, each of which generated around £200 million of revenues per annum in 2022:

- Our High Net Worth segment operates under the Quilter Cheviot and Quilter Private Client Advisers brands. This business continues to perform well. While the growth rate of this business in terms of new flows has been good relative to peers, I believe we have the capacity to perform better. We will continue to drive our growth plans by improving productivity, as well as adding investment managers and dedicated financial advisers to enhance the support and value we provide to clients.

We serve our Affluent clients through two channels:

- First, our Quilter Channel where we provide platform and investment solutions through our restricted adviser network. While there is understandably a focus on absolute adviser numbers as a proxy for growth in this business, it is more important to me that we have a productive adviser force which is fully aligned with our propositions, that the business continues to deliver good customer outcomes and that we deliver an appropriate return to shareholders.
- Second, the IFA Channel where our platform business provides investment administration and investment solutions to the IFA market. The enhanced capability of our new platform allows us to support a wider range of IFA firms and to meet a broader spectrum of customer needs than has historically been the case. We continue to add new firms and generating stronger flows from this channel is a key priority for me.

Since my appointment as Chief Executive Officer on 1 November 2022, I have been reviewing what we have done well and what we need to do better.

In terms of what has gone well, we have successfully reshaped our business since Listing, transformed our platform technology, delivered significant cost reduction programmes, paid around £1 billion to shareholders through special capital returns, enhanced our investment propositions to include ESG overlays as well as variants to meet client risk and style preferences, and maintained excellent levels of service to our clients and advisers.

But we can do better. This is a business with a huge amount of potential, and we are not yet delivering the growth of which we are capable. To drive improvement in our business, with customer outcomes at the core of this, my focus is on **building distribution**, **enhancing propositions**, and **driving efficiency**, and for these to deliver better customer outcomes and a significant increase in profitability.

Taking each in turn:

- **Distribution** – one of the core strengths of Quilter is our two large scale distribution channels: IFAs and our own Quilter Channel advisers. We are strongly positioned in each channel, but we recognise the market in which we operate has evolved with sponsor-backed consolidation becoming an increasingly disruptive force. This has had two implications for Quilter. First, where IFAs who use our platform have been acquired, it can lead to outflows from our business as they consolidate their business elsewhere. Secondly, in the Quilter Channel we have lost some of our own advisers to consolidators. On the former, our counter is to leverage our new platform by growing our franchise with larger IFA firms. Progress is in line with expectations, but it is, by nature, a gradual build. On the latter, we are continuing to look at ways to ensure Quilter is attractive to advisers and that they are aligned with our propositions to provide good customer outcomes. We are also finessing our exit proposition for retiring advisers to protect our core franchise and ensure the Quilter proposition remains attractive compared to our peers.

- **Proposition** – here we need to be more agile, responsive and both customer and market focused. Quilter Investors' performance was strong in 2022, with all strategies outperforming their comparators except Cirilium Active. Over the last quarter, we've reviewed our investment capabilities and decided to unify management of all our Cirilium funds under a single team to ensure greater consistency of investment style and performance, and to better align our solutions with our customer needs. This action led to the departure of the two Cirilium Active portfolio managers. To reinvigorate the market positioning of Cirilium Active under the new team, we intend to reduce pricing at the end of March with an expected mid-single digit impact on the revenue margin on our Affluent Managed Assets on a full year basis. Finally, we will be launching a responsible investment multi-asset range which mirrors the well-received action we took with WealthSelect in early 2022.
- We have an award winning platform with market leading functionality. But we see increasing price competition and we need to be more competitive. We have planned actions on our Platform pricing to defend our existing flow, provide better value to customers and accelerate growth in new business. I expect this initiative to lead to around a basis point of margin attrition over the next 18 months over and above the basis point per annum to which we have historically guided, but with this expected to be more than offset by greater flows and revenues over time.
- **Efficiency** – we will update on additional efficiency plans later this year. We have made good progress with our Optimisation and Simplification programmes, but our cost base remains high. We have acquired businesses, particularly in advice, and not always integrated as far as we could. That has led to cumbersome business processes, unnecessary complexity and higher costs. So, there is opportunity to further simplify our business to improve the way we manage ourselves and the way we support our customers and advisers. Getting the operating margin in our business to a satisfactory level is an absolute priority for me.

All of the above is intended to drive a meaningful step-up in profitability and to make us a better business for our customers. I am determined to deliver the growth and returns our shareholders expect. Whilst some aspects of our plans might impact revenues and operating margin in the short term, we are confident they will lead to higher overall revenues and a faster growth rate in the medium term.

Flows and Investment Performance

Advice is central to all Quilter propositions and our goal is to deliver good customer outcomes in all that we do. That means providing excellent client and adviser support while delivering value including consistent investment returns, over time, in line with client risk and ESG preferences.

In 2022 we faced two particular challenges:

- First, across the industry, new business activity was hindered by 'risk off' sentiment following Russia's invasion of Ukraine in February which contributed to inflationary shocks from higher energy and food prices and cost-of-living pressures. This has naturally reduced the propensity for most households to save and invest beyond regular pension saving.
- Secondly, as I already noted, the adviser market has been going through a period of structural change with an increasing amount of private equity capital looking to back advice consolidation vehicles. As a result, we have seen a number of smaller independent firms seeking to move their clients to these new businesses which impacted on flows in our UK Platform which administers funds on behalf of clients of these firms.

While we have performed well in the current market with Quilter generating the largest share of gross flows across the retail advised industry based on the latest Fundscape data (to end December 2022), our net flows have been below the level we target.

Turning to investment performance, our Wealth Select portfolios continued to deliver strong performance while our Cirilium Active proposition remained stylistically out of favour. The management team who delivered a strong track record with our Cirilium Blend range have taken over the management of Cirilium Active with a view to revitalising performance.

2022 was a more challenging year for investment performance in our High Net Worth division and, over three years, we have slipped into 3rd Asset Risk Consultants ("ARC") quartile although the cumulative difference between 2nd and 3rd quartile is just over 1.2%. We have delivered outperformance over a 10 year period.

Business Performance

Our overall assets under management and administration declined by 11% over the course of the year to £99.6 billion with the reduction in revenues limited to 2% to £606 million (2021: £618 million). Lower management fee revenues were partially offset by higher levels of interest income from the corporate capital and cash held in our business. We reduced operating expenses by £8 million from 2021 levels to £472 million despite the impact of much higher than usual inflation across our business.

Across our two segments, High Net Worth delivered revenue stability, despite lower markets supported by a higher contribution from net interest income reflecting higher UK interest rates. Higher operating expenses of £11 million largely reflected planned business investment and led to a similar decline in profit to £45 million.

A 5% decline in revenues in our Affluent segment to £387 million reflected weaker markets and the repositioning of our adviser base contributing to the reduction in other income. Strong cost management combined with a lower overall FSCS charge limited the decline in profits to £6 million for the Affluent segment with a contribution of £105 million for the year.

Within our Head Office segment, we reduced operating expenses for managing the Group in 2022 by £6 million. In addition, higher interest rates contributed to an increase in net interest income generated on our available cash and capital resources which support our regulatory capital and liquidity requirements. Both factors contributed to a reduction in the net cost of the segment to £16 million from £29 million in 2021.

The Group's IFRS profit from continuing operations after tax was £175 million compared to £23 million in 2021. Adjusted profit before tax of £134 million for 2022 (2021: £138 million) 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. 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 income statement, but is instead intended to provide additional comparability and understanding of the financial results. Principal differences between this measure and our IFRS profit is largely due to non-cash amortisation of intangible assets, our business transformation expenses and the impact of policyholder tax positions on the Group's results. This latter item was significantly positive in 2022 because of the decline in markets over the course of the year.

Business transformation expenses will remain elevated in 2023 reflecting the pre-funded expenditure on our Simplification programme and other cost reduction initiatives and is expected to reduce substantially thereafter.

Total Group adjusted diluted earnings per share were 7.9 pence, an increase of 7% (2021: 7.4 pence from continuing operations). We target mid-teens compound annual growth rate in EPS to 2025 from the 2020 base. Compound growth of 23% from the 2020 base represents a strong performance against that metric. However, given the planned actions being taken to accelerate growth, the rate of EPS growth is likely to be slower over the remaining target period. On an IFRS basis, we delivered basic EPS from continuing operations of 12.2 pence per share versus 1.4 pence per share for the comparable year of 2021 on the same basis.

The Board is pleased to recommend a Final Dividend of 3.3 pence per share versus 2.8 pence for 2021, bringing the total dividend for the year to 4.5 pence per share, an increase of 13% on the continuing business dividend for 2021 of 4.0 pence per share (total dividend 5.6 pence per share, including 1.6 pence per share in respect of Quilter International distribution).

During the year, shares in issue declined by 252 million as a result of our share buyback programme which completed in January 2022 and our B Share Scheme and Share Consolidation which returned net surplus proceeds of £328 million to shareholders following the disposal of Quilter International in November 2021. Since Listing our capital return programme from disposals has reduced our total share count by around a quarter.

Responsible Business and Stewardship

Ensuring Quilter is a business whose actions go beyond making a profit, has been a core part of the culture we have built since we listed. For me, this comes down to how we act and how we invest.

How we act

Our fundamental commitment to acting responsibly is reflected in the excellent level of customer and adviser service we provide, mirrored by our commitment to being a responsible employer. The Quilter Foundation makes a positive contribution to the communities in which we operate and this year the charity launched a local community fund to further expand its impact.

During 2022, we significantly increased our focus on climate action. We set ourselves carbon reduction targets for both Scope 1 and Scope 2 emissions for our operations and expect to release a fuller climate action strategy (including Scope 3, emissions were possible) later in 2023.

How we invest

There are two approaches to being a responsible investor:

- Risk mitigation: the integration of ESG factors and stewardship within the advice and investment process.
- Specific responsible investment-related objectives; this builds on the risk mitigation and relates to linking products or strategies to specific responsible investment related outcomes or objectives.

Our focus has been on strengthening the integration of ESG factors within our advice and investment processes and building on our active ownership work through our stewardship activity including exercising our voting rights and engaging with our underlying investments, be they companies or funds. This is reflected in our achievement in retaining signatory status of the Stewardship Code for 2022. In addition, we have also significantly expanded our range of dedicated responsible investment solutions both in our High Net Worth and Affluent segments.

Outlook

My goal is to deliver the service and propositions our customers need alongside rates of growth and returns our shareholders expect. I am focused on driving towards that outcome at pace. We anticipate investor sentiment will slowly recover this year supporting a gradual improvement in IFA net flows coupled with another strong net flow performance from the Quilter Channel and a solid out-turn from our High Net Worth segment. The weighted average of these growth rates suggests an improvement in Group net flows to a bit over 2% this year. We expect this to improve to 4-5% as market activity normalises and we deliver the business initiatives I have set out, we clearly aspire to build momentum further from this level.

The Group's income levels depend to a large extent on market levels and interest rates. Assuming these remain broadly stable through 2023, then the Group's Adjusted Profit will again depend on careful cost control as well as the pace of our focused investment in customer proposition initiatives. Overall, our expectation is that these factors may lead to a decline in Adjusted Profit for 2023, although we currently anticipate the outcome being modestly ahead of current market expectations.

Given the changed market and economic environment since our Capital Markets Day in November 2021, we now expect to reach a 25% operating margin in 2025, rather than our previous target of 2023. Given our business mix, we continue to believe that an appropriate operating margin for our business should be higher than 30% and that clearly remains the longer-term goal which we are focused on.

Steven Levin
Chief Executive Officer

Meet our Executive Committee

Steven Levin was appointed as the Chief Executive Officer on 1 November 2022, as detailed in the Board Corporate Governance and Nominations Committee Report on page 64. Shortly after his appointment, Steven announced a series of changes to the roles of the existing members of the Executive Committee and the appointment of Marcus Brookes, Penny Cole and Stephen Gazard to the Committee with effect from 1 January 2023. These changes will ensure that, as our most senior management committee for the Group, the Executive Committee is well placed to support Steven in his new role. The Executive Committee will continue to have the right balance of skills and experience that we need to deliver for our stakeholders, and to not only maintain, but accelerate the Group's performance.

Steven Levin
Chief Executive Officer

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 new investment platform and supporting the development of Quilter's ESG proposition. As Head of Affluent, Steven focused on bringing Quilter's Platform and Investment Solution businesses together to operate in a more customer centric manner with our Advice business. Steven's broad industry and leadership experience allows him to effectively drive strategic delivery. Steven is a qualified Actuary and Chartered Financial Analyst.

Mark Satchel
Chief Financial Officer

Mark brings deep finance, corporate action and business experience to the Board. He joined Old Mutual in the UK in January 2000 and held numerous leadership positions within the finance function and businesses there, during which time he played key roles in the acquisitions of Intrinsic (now Quilter Financial Planning) and Quilter Cheviot. This experience has been invaluable in ensuring that Quilter effectively executes its strategy, for example, allowing him to lead the successful disposals of Quilter Life Assurance and Quilter International. Mark previously served as Chief Financial Officer of the business from 2010 to August 2017 and as Corporate Finance Director for the 17 month period 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. Mark is a Trustee of The Grey Foundation in the UK.

Marcus Brookes
Chief Investment Officer & Managing Director, Quilter Investors

Marcus joined Quilter Investors from Schroders Personal Wealth, where he held the role of Chief Investment Officer. He has considerable investment management experience with a deep understanding of the multi-asset sector, having managed multi-manager fund ranges for more than 20 years at Schroders, Cazenove Capital, Gartmore and Insight Investments. This extensive experience equips Marcus well to hold responsibility for Quilter Investors' portfolio management desk. In January 2023 Marcus was appointed Managing Director of Quilter Investors and focuses on manager engagement and driving Quilter Investors' investment proposition and performance in addition to his Chief Investment Officer responsibilities.

Penny Cole
Human Resources Director

Penny has over 15 years' experience at Quilter. During her time with the Group, Penny has held multiple senior HR roles including Head of HR for our UK and International Platform businesses. She has worked across multiple jurisdictions and geographies and led significant and complex people change. In her previous role as People Transformation Director, Penny spearheaded the externally recognised and multi award winning 'Hello Tomorrow' programme.

She has extensive experience across the spectrum of HR, including Remuneration, Culture, Talent and Succession, Organisational Design, Learning and Development and HR Operations. Penny has worked across multiple industries and sectors including Telecommunications, Third Sector and Financial Services.

Karin Cook
Chief Operating Officer

Karin has over 30 years' experience in the financial services industry, having held senior operations, technology and finance roles at HSBC, Morgan Stanley, Goldman Sachs and most recently at Lloyds Banking Group where her role encompassed customer operations, payments, technology, security, property and procurement. This experience enables Karin to be instrumental in driving efficiency across all areas of the Group. Karin chairs the Quilter Operating Committee, providing oversight on material technology and operational change programmes. She is a passionate, committed and informed ally to the LGBTQ+ community and has been recognised in OUTstanding LGBTQ+ Role Model Lists from Involve – The Inclusion People.

Stephen Gazard
Chief Distribution Officer & Chief Executive Officer, Quilter Financial Planning

Stephen has served as Chief Executive Officer of Quilter Financial Planning since June 2020 and in January 2023 he was appointed as Chief Distribution Officer, subject to regulatory approval. Stephen brings a wealth of industry experience to Quilter, including his tenure as a financial planner and advice business owner. Prior to joining Quilter, he held numerous senior leadership roles in the wealth management profession across owner managed, AIM listed, provider owned and FTSE 100 / 250 trading environments delivering both corporate restructures and growth.

Andy McGlone
Chief Executive Officer at Quilter Cheviot and Quilter Private Client Advisers

Andy has substantial experience in investment management, having worked in the evolved Quilter Cheviot business for his entire career, beginning at Quilter Goodison in 1994 as a Trainee Investment Manager. He served as Managing Director before being appointed Chief Executive Officer of Quilter Cheviot in January 2019, and Quilter Private Client Advisers in January 2022, when these two businesses were brought together. Andy's deep knowledge of discretionary wealth management provides him with the ideal combination of skills and understanding to continue to ensure strong investment performance for clients and to develop the Quilter Cheviot and Quilter Private Client Advisers businesses in line with Quilter's strategy. Andy is a Fellow of the Chartered Institute for Securities and Investments.

Nick Sacre-Hardy
Chief Risk Officer

Nick plays a key role in the definition, setting and management of Quilter's risk profile. Formerly Quilter's Chief Internal Auditor, Nick joined Quilter in June 2016 as the Head of Audit for Investment Management. Nick has a wealth of financial services experience having held senior roles at Morgan Stanley and Credit Suisse. He also spent time in professional practice with both Ernst & Young and BDO Stoy Hayward. Nick is a Chartered Accountant and member of the Institute of Chartered Accountants of Scotland.

Senior Leaders supporting the Executive Committee

Clare Barrett
Company Secretary

Clare joined Quilter in October 2017 as Deputy Company Secretary and was promoted to Company Secretary in August 2022. Clare was a key member of the team that prepared Quilter for its Listing on the London and Johannesburg Stock Exchanges in June 2018 and since then she has led the Corporate Secretariat team and overseen the implementation of Corporate Actions, including the Return of Capital, the share buyback programme and the Odd-lot Offer. Clare has extensive experience in the financial services industry having gained board corporate governance, transactional and shareholder relations experience at Hammerson plc, Legal & General Group Plc and Barclays PLC, where she was Director and Head of their Secretarial Services team. Clare is an experienced Chartered Secretary and Fellow of the Corporate Governance Institute.

Daniel Baynton
Chief Internal Auditor

Daniel has been a core part of the Internal Audit team since joining the business in 2016 as Head of Audit, helping to build and manage a highly effective Internal Audit function. He has been responsible for providing important independent assurance and insight to the business Boards and executive management for the Affluent Segment. Prior to joining Quilter, Daniel worked at Santander, in roles across all three lines of defence culminating in a role as Head of the Santander Conduct Risk Programme. Daniel has over 15 years' experience across financial services and started his career with Arthur Andersen and Deloitte. Daniel is a Fellow of the Association of Chartered Certified Accountants.

Our markets

The markets in which Quilter operates offer strong growth potential. Quilter provides services to the High Net Worth and Affluent segments of the UK population as they build their long-term savings ahead of retirement and then help them manage decumulation of those assets during retirement itself.

Quilter is well positioned across each part of the wealth value chain; the provision of advice, wealth administration, and investment management. It is Quilter's mission to create prosperity for the generations of today and tomorrow. An integrated business such as Quilter, has opportunity to grow and win market share despite broader industry challenges such as modest growth in numbers of financial advisers, fee pressure, the cost of regulation and continuing regulatory and fiscal changes.

Following several significant disposals since Listing to simplify our business, we reorganised ourselves into two client segments, High Net Worth and Affluent and are well positioned to grow with our customers and their advisers. We focus on technology and digital innovation, providing long-term advice, delivering good investment management performance and maintaining consistently high-quality customer service. We are also being fully committed to being a responsible business.

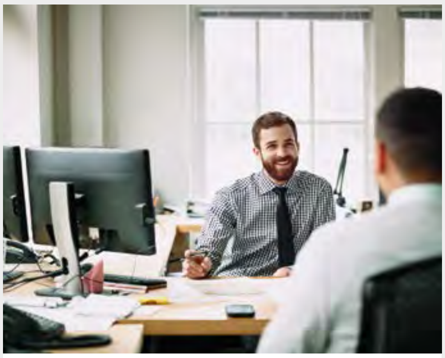
Key trends

Economic downturn and rising interest rates and cost of living

2022 was a challenging year for the wealth management industry. The war in Ukraine led to high energy and commodity prices driving increased inflation and pushing up interest rates. The combination of lower equity markets and higher bond yields (impacting the value of bond portfolios) in 2022 has led a negative cyclical impact on revenue levels across the industry. The uncertainty over the depth of economic slowdown within the UK and globally in 2023, may continue to adversely impact investor confidence.

Making financial advice more accessible

The need for accessible financial advice to help consumers make effective investment decisions continues to be a growing area within the UK wealth management industry. The FCA, as part of its consumer investment strategy in 2022, set out new proposals to support mass market consumers with less complex needs and to prevent in-person financial advice from being too costly. Offering a Hybrid advice proposition that leverages technology to address this advice gap is a growing and evolving trend and one that will be relevant to full service UK wealth managers such as Quilter.



Technology and Digital innovation

Technology is key in all aspects and functionality of our lives and is important within the wealth management sector as well. COVID-19 lockdowns changed the way clients were willing to engage with companies and service providers. The need for digital strategies to allow clients and advisers to digitally access their investments is more important than before.

Digital innovation across the wealth management industry is a development, which Quilter looks to embrace. Innovation allows us to improve and deliver a more personalised customer experience and one which empowers clients and advisers.

£1.8tn

Total market value[2]

Since 2015, the UK wealth market assets have grown by c.10%, on a compound basis. Regulatory and digital trends have encouraged clients and advisers to consolidate investment assets onto platforms and we expect these trends to continue in the near to medium term.

Large market with growth trends

The UK wealth management market is the fifth largest in the world[1] and whilst macroeconomic conditions were challenging for equity and bond markets during 2022, the market has grown c.10% since 2015[2]. The 'baby boomer' generation is a key customer demographic as they approach retirement. However, an increasing need for individuals to take personal responsibility for retirement saving and intergenerational wealth transfer will support the sustainability of the industry. Building relationships with younger generations as they begin to focus on their own saving for retirement will also support future growth.

[1]Credit Suisse Global Wealth Databook 2022.
[2]Fundscape Platform Report Q4 2022 Retail Advised Platform AuA, adding £148 billion St. James Place AuM. Compeer UK Wealth Management Report, 2022. Wealth managers and private banks, Boring Money Online Investing 2022.

Consolidation in 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.

High barriers to entry into the wealth management industry, such as brand recognition, scale, technological investment and adviser recruitment are enablers for consolidation, as demonstrated by activity during 2022 which included consolidation activity from banks and private equity firms.

Responsible investment

Evolving legislative and regulatory requirements, such as TCFD and the FCA Sustainability Disclosure Requirement Regime, along with increasing demand from clients looking to align their investments with environmental and social goals, means that acting and investing will need to be an integral part of a wealth managers' proposition.

Quilter's aim is to create prosperity for the generations of today and tomorrow. To create a sustainable business, that both acts and invests responsibly and being a responsible wealth manager forms a core part of our four strategic ambitions.

Our strategy

Since our Listing in 2018, we have transformed our business into a simpler, modern, full-service UK centric wealth manager. Our strategy is focused on growing with our clients and advisers, enhancing the efficiency of our operations, increasing digitalisation across the business and being a responsible wealth manager. This will enable us to increase flows through our two main distribution channels and manage more of those flows in our investment solutions. We aim to deliver top-line growth with operating leverage. We are guided by a strong set of principles and values, embodying a diverse and inclusive culture, where colleagues embrace our cultural values of being pioneering, dependable and stronger together that will not only help us achieve our goals but also benefit all of our stakeholders.

Our four strategic pillars for delivering growth and driving efficiency:

01
Grow with our clients and advisers

02
Enhance efficiency

03
Embed digital

04
Be a responsible wealth manager

Alternative performance measures see pages 209-211

01. Grow with our clients and advisers

Strategic objective:

Key performance indicators

Client numbers

Definition
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 Quilter Investment Platform.

2022 performance

	Affluent	High Net Worth
2022	**467,245**	**36,160**
2021	458,077	36,117

Affluent.
High Net Worth.

- The Affluent segment delivered client growth of 2%, demonstrating our ability to attract clients and IFA firms.
- The number of households served by the High Net Worth segment experienced muted total growth, as we move towards focussing on higher net worth clients.

Outlook for 2023
- Grow the number of clients served, ensuring a high-quality client and adviser experience that provides a strong range of investment solutions and delivers good customer outcomes.

Aligning our expertise and resources around the needs of our advisers and our two client segments, with tailored advice and products, and a streamlined experience, delivering relevant service offerings and good customer outcomes.

Net inflows as percentage of opening AuMA*

Definition
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 from market movements.

2022 performance

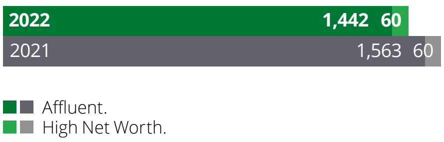
- Net inflows/opening AuMA decreased 2 percentage points in 2022 reflecting the more uncertain UK economic backdrop.
- Solid performance from the Quilter channel in the Affluent segment with gross platform flows of £2.6 billion (2021: £2.6 billion).
- Robust performance in the High Net Worth segment with modestly lower gross flows and stable retention leading to net inflow of £0.9 billion for the year (2021: £1.1 billion).

Outlook for 2023
- Target net flow growth of 2%+ in 2023, building to c.4-5% per annum as markets normalise, with aspirations to build momentum further.

Number of Restricted Financial Planners ("RFPs")

Definition
Number of advisers licensed to advise clients across Pension, Investment and Protection solutions, but only permitted to recommend products and solutions from providers on the Quilter Financial Planning Restricted Panel.

2022 performance



- Following the successful launch of our new Platform, we have continued to focus on ensuring alignment and productivity of our own advisers.
- Total Restricted Financial Planners decreased by 121 in 2022.
- Of the total 1,502 Restricted Financial Planners as at the end of 31 December 2022, 60 were in the High Net Worth segment and 1,442 were in the Affluent segment.

Outlook for 2023
- Stabilise and return to adviser growth in 2023 and beyond.

Number of discretionary investment managers

Definition
Number of individuals who provide discretionary investment management services to clients of Quilter Cheviot in line with individual circumstances and investment objectives.

2022 performance

- We achieved growth in discretionary investment managers of 5% to 179 following a number of new recruits and promotions during the year.

Outlook for 2023
- Continue to grow number of discretionary investment managers toward our 2025 target of c.200 and build out investment management proposition.
- Total 300 client facing staff (including financial planners) by 2025.

02. Enhance efficiency

Strategic objective:

Maximising synergies across the business, increasing operational efficiency and reducing costs and complexity. Simplification programme to achieve c.£45 million in cost savings by the end of 2024.

Key performance indicators

Operating margin*

Definition
Represents adjusted profit before tax divided by total net fee revenue. Operating margin is a profitability measure that reflects the percentage of adjusted profit before tax generated from total net fee revenues.

2022 performance

- The Group's operating margin was in line with the prior year, primarily as a result of good cost discipline. Lower revenues broadly match the decline in average assets.

Outlook for 2023
- Continuing the Simplification programme, enhancing efficiency and reducing complexity, with total benefit of £45 million of cost saving expected by 2024.
- Given the shift in operating and market conditions, we no longer expect to achieve an operating margin of 25% for 2023. We still believe that an operating margin in excess of 30% is an appropriate goal for our business, but is likely to take longer to attain than previous expectation of 2025.

Adjusted profit before tax*

Definition
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.

2022 performance

- Adjusted profit before tax of £134 million, was 3% lower than 2021.
- The decline in net management fees was due to lower average assets year on year.
- Other revenue increased reflecting interest income earned on cash and capital resources, offset by lower mortgage and protection business levels and lower adviser headcount.
- Operating expenses in 2022 were down 2% primarily due to continued cost discipline, lower FSCS levies and the Optimisation and Simplification cost initiatives delivering the intended cost reductions.

Outlook for 2023
- Accelerating growth in medium-term.

IFRS profit

Definition
IFRS profit after tax from continuing operations, prepared in accordance with IFRS. For remuneration purposes, IFRS profit before tax on a continuing basis is adjusted to exclude amortisation of intangible assets, policyholder tax adjustments, business disposal impacts and other one-off items (refer to Note 7(c) and page 95 of the Remuneration Report.

2022 performance

IFRS profit on a continuing basis (excluding amortisation, policyholder tax adjustments, business disposal impacts and one-off items).
IFRS profit after tax from continuing operations.

- The Group's IFRS profit after tax from continuing operations was £175 million, compared to a profit of £23 million for 2021. The increase in profit is largely attributable to policyholder tax credits resulting from market losses up to December 2022 of £134 million compared to market gains in the prior year (2021: tax charge £73 million).

Outlook for 2023
- 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 2023 reflecting the expenditure on our Simplification programme and other cost reduction initiatives but are expected to reduce substantially thereafter.

Total shareholder return ("TSR")

Definition
The difference between the opening and closing share price over the period, plus any dividends paid during that period. Performance shown for Quilter as traded on the London Stock Exchange.

2022 performance

2022	**(33.0%)**
2021	(0.1%)

- Total shareholder return was negative at 33%. A similar downturn was experienced across the wealth management sector, as a result of the fall in equity markets and rise in inflation which led to lower revenues and profits.

Outlook for 2023
- N/A

3. Embed digital

Strategic objective:

Enhancing and modernising our digital service experience to engage clients of today and tomorrow.

Key performance indicators

Number of visits to Quilter websites

Definition

Number of visits to any of the Quilter plc or Quilter-brand websites.

2022 performance

2022	4,869,132
2021	5,721,206

- The number of visits to any of the Quilter plc or Quilter-brand websites has decreased by 15% in 2022. This reflects a change in our website strategy which has reduced the number public websites to enhance and simplify the user experience.

Outlook for 2023

- Enhance our digital communication channel and branding.
- Continue our digital transformation and ensure this is aligned with our segment strategy.

Number of online portal customer registrations

Definition

Number of customers registered to use our online portal, for the Quilter Investment Platform and Quilter Cheviot.

2022 performance

	Quilter Investment Platform	Quilter Cheviot
2022	202k	15k
2021	195k	7k

Quilter Investment Platform.
Quilter Cheviot.

- The total number of online portal customer registrations in 2022 increased by 7% from 2021. This reflects our commitment to evolving our digital communication and engagement with our online customer portals.

Outlook for 2023

- Grow the number of online portal customer registrations as we improve our digital channels.

Customer App downloads

Definition

Number of downloads to our Customer App for our platform customers.

2022 performance

2022	31,811
2021	N/A

- Successfully launched the Affluent Quilter Customer App on 31 October 2022. This signifies a key milestone in our digital journey to modernise our digital service experience to engage our customers of today and tomorrow.

Outlook for 2023

- Grow the number of Customer App downloads, as we continue to enhance our digital proposition.

4. Be a responsible wealth manager

Strategic objective:

Strive to act and invest responsibly. Acting responsibly refers to the way we operate and do business. It is about our culture, values, business conduct and how we manage our relationships with our stakeholders. Investing responsibly refers specifically to our products and services. It is about how we integrate responsible investment considerations into our financial advice, investment platform and investment management. Detail on our progress on the following KPIs can be found in the Responsible Business report on page 26.

Key performance indicators

Female representation in senior management[1]

Definition

Number of females within our senior management team.

2022 performance

2022	36%

- Female representation in senior management was 36% at the end of 2022, below the target of 38% we had set out for 2022.
- Quilter Cheviot's Women in Investing Hub continued.
- Female Client Survey conducted, aimed at understanding the investment experiences of Quilter Cheviot's female customers.

Outlook for 2023

- To further reinforce our long-term goals, we have set out new minimum targets for the end of 2025 to have 40% female representation in senior management, which is in line with the FTSE Women Leaders Review Target.

Ethnic minority representation in senior management[1]

Definition

Ethnic minority representation within our senior management team.

2022 performance

2022	4%

- Ethnic minority representation within our senior management team for 2022 was 4%, below our 5% target.

Outlook for 2023

- Work towards a 5% ethnically diverse representation in our senior management by the end of 2023.

Scope 1 and 2 greenhouse gas emissions

Definition

Level of direct emissions from owned or controlled sources (Scope 1) and indirect emissions from the generation of purchased energy (Scope 2).

2022 performance

2022	1,462
2021	2,754

- Published our first Task Force on Climate Related Financial Disclosures (TCFD) disclosure and set a Scope 1 and 2 emissions reduction target.
- In 2022 we launched our Quilter-wide colleague sustainability committee and ran our first colleague sustainability survey designed to inform the analysis of the emissions created.

Outlook for 2023

- Reduce our Scope 1 and 2 emissions by 80% by 2030.
- Set purchased goods and services engagement target.
- Iterative improvements to our action plan with a focus on our investments.
- Ongoing annual Sustainability Survey and support to encourage colleague action.
- Assess Taskforce for Nature Related Financial recommendations and determine actions.

[1] Senior Management is defined as Executive Committee and their direct reports, excluding personal assistants.

Number of young people supported by the Quilter Foundation

Definition
Number of young people supported by the Quilter Foundation.

2022 performance

2022	26,557
2021	12,606

- Our three-year employment grant was concluded in 2022 and we partnered with three charities to support 424 15-25 year olds, reducing barriers faced when gaining employment.
- Formed charitable partnerships with MyBnk and Centre for Financial Capability to further advocate the need for financial education.
- Launched the Foundation's Local Community Fund, helping facilitate smaller grants to causes nominated by colleagues or advisers.

Outlook for 2023
- By 2025, we aim to have supported since Listing, 100,000 young people through the Quilter Foundation.
- Launch our next strategic partnership through the Quilter Foundation. This grant will focus on breaking down the barriers to employment which exist for some young people and seek to leverage the broader organisation to offer them opportunities to engage with financial services.

UN PRI rating.

Please find further details of our UN PRI rating disclosure on our website and Responsible Business report.

Retained status as a signatory of the FRC's UK Stewardship Code.

Our business model

Offering a differentiated model helping drive value creation, with clear benefits to clients and shareholders.

A differentiated model with clear benefits to all stakeholders

Quilter is a full-service wealth manager and is well positioned in an industry benefitting from structural growth. We have an open and unbundled model, with client choice at the heart of the offering. Our business model supports both our advisers and their clients as well as third-party independent financial advisers and their clients, as their financial requirements evolve throughout their lives.

Few of our peers have both their own adviser force while also supporting independent financial advisers. Even fewer have the scale of our distribution reach. We have one of the largest platforms in the Retail Advised market, meaning we can offer the benefits of our scale to clients at sustainable, fair prices. Our investment solutions are closely aligned to the advice process and aim to offer good customer outcomes through the investment cycle.

The benefits of our model

- Our dual advice channels (our own advisers and independent financial advisers (IFAs)) provide strategic control of distribution as the independent financial adviser market consolidates.
- Our own platform gives us scale and operating leverage across the business.
- Our own investment solutions enables us to capture an additional source of revenue.

Our drivers of value creation

1. Colleagues

Quilter is a people-driven business, with value created not only from our own employees and advisers but also third parties and independent advisers who are supported by our services. Our culture helps us achieve our purpose while operating in a responsible manner.

2. Technology and expertise

Our highly skilled colleagues, experts in the fields of financial planning and investments, combined with our technological capabilities, provide high-quality service and strong customer engagement.

3. Risk management and operational resilience

Our risk management, governance and controls help achieve good customer outcomes and provide a strong foundation to continue to provide high levels of service in challenging environments.

4. Financial resources

We use our financial resources to invest for growth, as well as to facilitate inorganic opportunities, where appropriate.

We serve two customer segments...

Customer profile

A wealth management customer, no matter their investable assets, needs three things:

- financial advice;
- a platform on which to hold their assets; and
- investment solutions to deliver returns aligned to their risk appetite and ESG values.

Quilter provides each of those. As well as having our own advice force, we also support independent financial advisers.

High Net Worth c.£250,000+ of investable assets

Benefits and synergies created by the High Net Worth segment

- Quilter Private Client Advisers is a Quilter channel to drive net flows while maintaining strong relationships with independent advisers.
- Full-range client offering: investment management, advice or both.

Affluent c.£50,000+ of investable assets

Benefits and synergies created by the Affluent segment

- Full spectrum of adviser support.
- Scale benefits from shared Platform.
- Single investment team and dual-channel distribution focusing resources and driving flows.

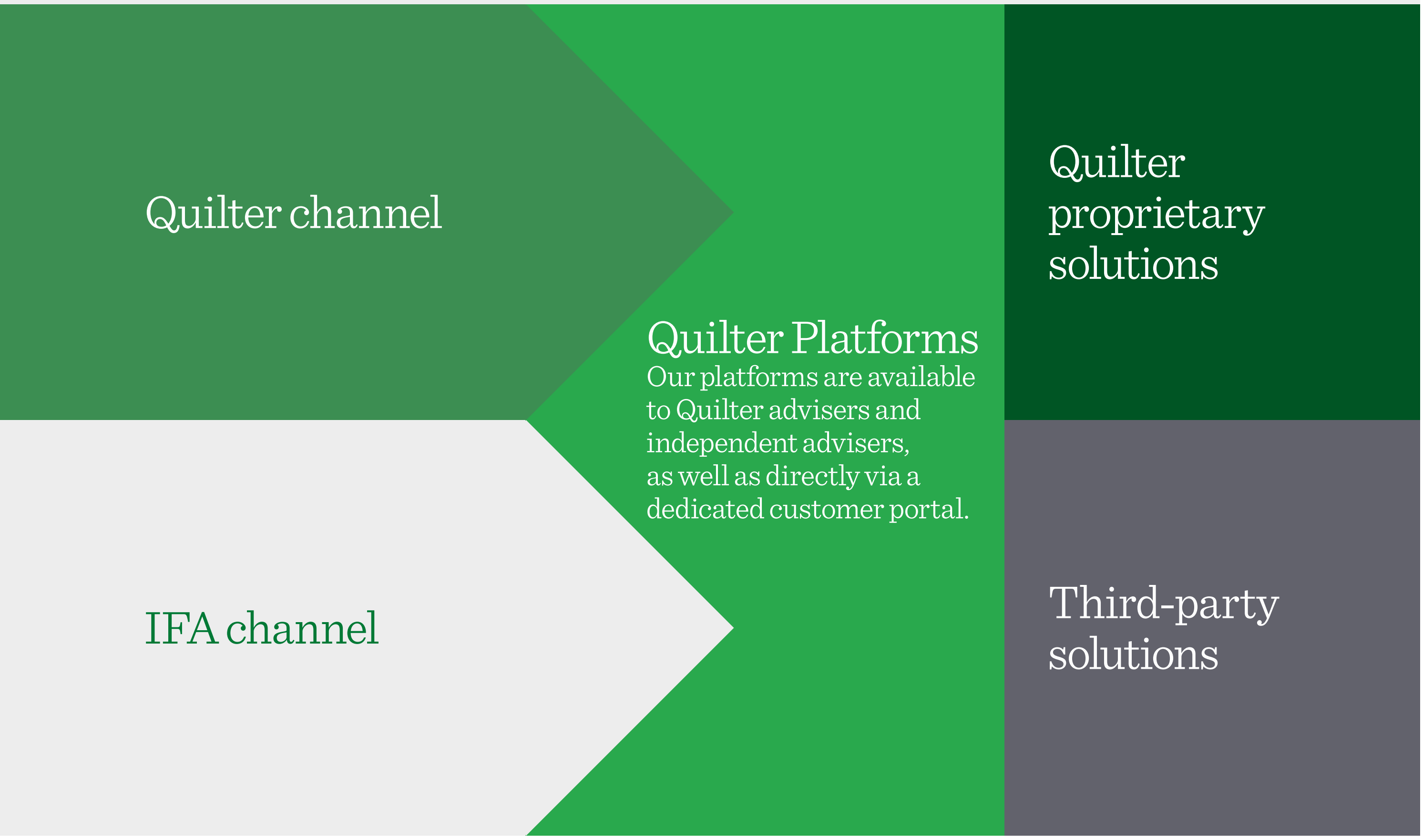
...through two strong distribution channels...

...and a single operating model.

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

Platform and wrappers
Investment platforms are depositaries for managing and holding investments, with assets held in collective investment accounts or appropriate tax efficient wrappers such as ISAs or pensions. We earn revenues from the assets held. A client pays a fee on a quarterly basis, representing a percentage of their investments under administration.

Investment solutions
Quilter offers a full-breadth of investment management services, ranging from bespoke portfolios at Quilter Cheviot to unitised, risk-based multi-asset solutions at Quilter Investors. A client pays an annual management charge based on their assets under management.



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. 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 2022, can be read on pages 59 to 61.

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

Quilter's stakeholders

Advisers	The advisers who provide advice under the Quilter brand, the third-party advice firms who operate within our regulatory framework, and third-party independent advisers who use our products, services and our investment platform.
Colleagues	All of our 3,005 full-time, part-time and contract staff who work to support Quilter's customers and advisers.
Communities	The societies in which we operate and where our products and services are taken up and the suppliers that support Quilter to deliver products and services for customers and colleagues.
Customers	Those who use our products and services to meet their long-term financial needs.
Investors	Those who have invested in Quilter shares and those who recommend investment in Quilter and its peers, including equity and debt investors, analysts and rating agencies.
Regulators	Our core UK regulators, the Prudential Regulation Authority and the Financial Conduct Authority, and various international regulators including the Central Bank of Ireland.

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 regularly briefs the Board on key issues impacting all advisers.
- The Board and Board Risk Committee scrutinise and challenge the Strategic Risk Appetite Principles and outputs to identify how effectively and safely Quilter is supporting advisers in serving customers.
- Two members of the Board also serve on the Quilter Financial Planning Board. They engage regularly with advisers to understand their perspectives and priorities and their interactions are subsequently reported to the Board.
- The Board and the Board Risk Committee receive regular updates on the quality of the service provided to advisers following the implementation of the Group's investment platform.
- Management maintain a programme of communication and interactions with Quilter Financial Planning's advisers to enhance the cultural alignment between Quilter and Quilter Financial Planning's advisers. 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?

- The Board asked management to continue to enhance Quilter's proposition so that it is attractive for our advisers.
- Enhancements have been made to make it easier for advisers to work with Quilter, including the simplification and automation of processes.

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 HR Director on the Group's people, culture and ways of working, and closely monitors colleague engagement survey scores.
- The Board endorsed management's plans to improve the inclusivity and diversity of the organisation and sponsored the launch of the Group-wide Inclusion and Diversity Action Plan.
- Tazim Essani and Paul Matthews are the designated Non-executive Directors for workforce engagement and play an active role in ensuring that the views of our colleagues are conveyed to the Board. In 2022, Tazim and Paul continued to attend certain Quilter Employee Forum meetings, and held monthly meetings with the Chair of the Employee Forum. They further attended a workshop with the Chairs of Quilter's Colleague Networks.
- The Executive Directors engage directly with colleagues across the Group.

What was the result of this engagement?

- In January 2022 the Board received a briefing from an external speaker on inclusion and diversity to ensure it can effectively oversee the Group's efforts to drive its inclusion and diversity agenda. The Board asked that the session be extended to Quilter's wider management community which resulted in over 300 managers attending a virtual diversity and inclusion session. The session was designed to enhance understanding of what it takes to create a truly inclusive workplace and how the Board and management can influence the approach to diverse representation.
- Feedback from engagement with the Non-executive Directors resulted in clear guidance being issued to colleagues on hybrid working arrangements.
- The Board Remuneration Committee gave close consideration to the impacts for colleagues resulting from the cost-of-living crisis and inflation. The Board welcomed management's initiative to make a one-off payment of £1,200 to employees on a full-time equivalent salary of £50,000 or less, which was confirmed alongside our half year results.
- Following feedback from the Board and the Executive Committee, the frequency of the staff surveys (Peakon) will be reduced in 2023 enabling staff to give more considered feedback whilst ensuring more colleagues have their say.

2,200

employees (71%*) attended the Quilter Virtual Conference in January 2022

*Number of full-time, part-time and contract staff employed as at the date of the Quilter Virtual Conference.

Strategic Report
Governance Report
Financial statements
Other information

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 its 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 communities?

- By providing oversight of the Quilter Responsible Business agenda, which affects customers, communities and the environment. This responsibility for the Responsible Business framework is delegated to the Board Corporate Governance and Nominations Committee who receive regular updates on progress.
- By endorsing and providing regular oversight of Quilter's strategy of being a responsible wealth manager.

What was the result of this engagement?

- In 2022, the Quilter Foundation (the "Foundation") had six active strategic partners and awarded over £700,000 in grants.
- In addition, the Foundation launched the 'Local Community Fund' in January 2022. 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. In 2022 the Fund awarded over £120,000 to 17 charities, which included food banks and mental health charities.
- Colleagues and advisers contributed to community volunteering and raised over £100,000 to support the work of the Foundation.
- A total of 23 charities benefitted from grants from the Foundation, enabling support for 26,557 young people.

How does the Board engage with its suppliers?

- Quilter proactively engages with strategic and critical suppliers on a regular basis through formal governance meetings and discussing business strategy, performance and areas of further opportunity or risk. Throughout the year the Board regularly received updates on the performance of our strategic partners.

What was the result of this engagement?

- Ongoing dialogue has helped ensure the supply chain has remained resilient.
- We work collaboratively with our strategic partners to drive development of the functionality of the systems our customers and advisers use.
- With the current energy crisis and rising inflation Quilter is working closely with suppliers to understand how they would continue to operate in the event of power outages, as well as the steps they are taking to remain financially resilient.

23

charities benefitted from grants from the Foundation

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 ESG preferences.
- Provide personalised customer propositions, through supporting long-term advice-based relationships.
- Deliver good investment performance.

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 indicative feedback from advisers through our distribution teams and customers via our contact teams.
- All Board and Committee papers include, where appropriate, analysis of the impact on customers of business proposals.
- The Board and the Board Risk Committee receive regular updates from the Chief Executive Officer, with support from the Chief Risk Officer, on the progress of customer remediation programmes.
- 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 executive team.
- The Board continues to oversee the delivery of the organisational change to implement Quilter's strategy of organising the business around its two core client-focused segments, High Net Worth and Affluent.

What was the result of that engagement?

- The Board has overseen the development of a plan to implement the new Consumer Duty which is due to be implemented by July 2023. The new duty aligns with a core part of the Company's strategic rationale to deliver good outcomes for customers.
- In response to feedback from the Board the reporting on how we support our customers continues to be enhanced to include metrics as to how Quilter's customers feel about their day-to-day interactions with Quilter.
- Quilter continued to work closely with its customers and regulators in relation to the conduct of past business reviews and the provision of compensation to customers who received unsuitable advice, which resulted in a loss. This advice was in relation to Defined Benefit ("DB") to Defined Contribution ("DC") pension transfers from Lighthouse advisers prior to Lighthouse transitioning to Quilter's systems and controls after its acquisition by Quilter.
- Quilter has worked with government to introduce suitable legislation to ensure consumers are adequately protected online.

Investors

Our investors expect Quilter to:

- Deliver a strategy that creates long-term shareholder value, delivering sustainable dividends supported by cash flow and capital generation.
- Have a resilient business model which generates sustainable returns for shareholders and reliable cash flow for debt investors.
- Maintain robust corporate governance to ensure effective oversight and control of the business.
- Maintain financial strength and resilience that enables the business to withstand market headwinds and volatility.
- Integrate ESG factors within our investment processes.

How does the Board engage with its investors:

- Maintaining regular and constructive dialogue with investors to communicate the Company's strategy, Remuneration Policy, Chair and Chief Executive Officer succession and performance.
- Providing updates on the Group's trading and financial performance to the markets, and conducting 195 meetings in 2022 with shareholders, debt holders and prospective investors.
- Ensuring private shareholders received excellent support from our share registrars in the UK and South Africa.
- Holding an Annual General Meeting and General Meeting that was accessible for shareholders overseas to listen to by telephone.
- Consulting with our shareholders on their preferred mechanism for the distribution of the net proceeds of the sale of Quilter International.

What was the result of this engagement?

- Quilter returned £328 million of the net proceeds arising from the sale of Quilter International to shareholders by way of a B Share Scheme accompanied by a Share Consolidation which was implemented in May 2022.
- The Board considers investor feedback on an ongoing basis. An example of how debtholders' and shareholders' interests were considered is set out on page 61 in the Principal Decisions of the Board regarding our new Tier 2 Bond Issue launched in January 2023.
- Following consultation with major shareholders, the new Directors' Remuneration Policy was approved by shareholders with a 96.16% majority at the 2022 Annual General Meeting.
- Continuing dialogue with major South African shareholders on the Company seeking an enabling authority at each Annual General Meeting regarding political donations.

£328m
returned to shareholders through the B Share Scheme in 2022

Regulators

Our regulators expect Quilter and its subsidiaries to:

- 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.
- Operate in the best interests of its customers and meet the expected outcomes of customers.
- 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.

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

- Transparent and open regulatory relationships are fundamentally important and Quilter engages regularly with its main regulators to ensure business is conducted in line with their expectations and the evolving regulatory framework.
- The Board Risk Committee receive a quarterly report on the status of material regulatory relationships and matters under discussion.
- Quilter routinely shares certain Board and other relevant papers with our main regulators.
- Certain Board Directors, Executive Committee members and other senior leaders meet regularly with our main UK regulators. Matters discussed in 2022 include regulatory changes such as the Consumer Duty and Appointed Representative Regime changes, the implementation of the High Net Worth and Affluent segments, the new Tier 2 Bond Issue, diversity, governance and operational resilience.
- The Board received regular updates on regulatory developments in 2022. Subjects included an update on the FCA's Consumer Investments Strategy, the evolution of ESG-related regulation, the regulators' joint Discussion Paper on critical third parties to the financial sector, and the review of the UK's Financial Services Compensation Framework.

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 2022, including the return of the net proceeds to shareholders following the completion of the sale of Quilter International.
- Quilter contributed responses to a number of consultations and discussion papers, including in relation to the Consumer Duty, the UK's review of the Solvency II prudential regime for insurers, the calculation of redress for non-compliant DB transfer advice, the FCA and HM Treasury's review of the Appointed Representatives regime, the FCA's consultation on protecting investors in authorised funds following the Russian invasion of Ukraine, and the review of the UK's Financial Services Compensation Framework.

Responsible Business

Being a responsible wealth manager

Our purpose is to create prosperity for the generations of today and tomorrow. To do this, we must strive to create a sustainable business, that acts and invests responsibly. That is why being a responsible wealth manager is one of the four pillars of our Group strategy.

2022 materiality assessment

We are committed to reviewing our approach to responsible wealth management regularly to ensure it continues to reflect the areas of materiality for our business.

This year the materiality assessment was conducted between July and September. The output was presented to the Quilter Responsible Wealth Management Executive Steering Committee and the Quilter Board in September 2022.

The assessment included desk-based research of the regulatory landscape, our competitor propositions, the expectations set by the external bodies (of which we are a signatory) and societal trends relating to colleague, customer and adviser preferences. This research included consideration of customer and adviser research conducted by Quilter between 2020 and 2022. We also conducted a series of interviews with subject matter experts from our responsible investment, proposition, distribution and human resources teams to gain their perspectives.

Based on this assessment we have developed the following strategy for our responsible wealth management activities. This strategy is based around the framework you will find on the right-hand side of this page and three core areas which we are focusing on in the short term. You will find these detailed on page 27.

Our strategic framework:

Our materiality assessment has highlighted the need to leverage a framework which prompts us to think about how we act and how we invest.

Acting responsibly refers to the way we operate and do business. It is about our culture, values, business conduct and how we manage our relationships with our stakeholders.

Investing responsibly refers specifically to our products and services. It is about how we seek to integrate responsible investment ("RI") considerations into our financial advice process, investment platform tools and investment management approach.

Our current key areas of focus

	Why this pillar is important according to our assessment of materiality	Our commitments to our customers	Measuring our progress
Invest responsibly **Read more on page 28**	Customers expect us to be able to manage their money in a way that aligns with their values and needs, whatever their life stage. Customers trust us to protect, grow and pass on their wealth to the future generation. Colleagues want to be proud of the outcomes we achieve for our customers and the way we manage their money.	We will aim to: • make it easy for our customers to invest in line with their values and needs; and • safeguard the futures of our customers and their families by considering the environmental, social and governance issues that could impact their wealth where we actively manage their assets.	Our aim is to retain signatory status of the Financial Reporting Council's ("FRC") Stewardship Code and we will continue to be a signatory of the United Nations backed Principles for Responsible Investment ("UN PRI") as these are currently recognised as the custodians of best practice for responsible investment within our industry.
Reflect our community **Read more on page 29**	Customers expect us to care and understand their needs, making the right decisions in the moments that matter. Customers expect us to be able to service both them and their families as a whole. Colleagues want to feel included and part of something greater than themselves. They want to know the business values their individual needs.	We will aim to build a business that reflects the diverse needs of our customers, their families and the communities they live in.	We have set targets to increase the diversity of our senior management: 40% female representation for the end of 2025 and 5% ethnic minority representation by the end of 2023. Our aim is to have supported 100,000 young people since listing through the Quilter Foundation by 2025.
Consider climate impact **Read more on page 31**	Customers want the best for their families and future generations. Colleagues believe in the threat climate change poses; they want us to play our part to help tackle it.	We will seek to play our part in the global effort to create a more sustainable world for future generations.	We have set a target to reduce our Scope 1 and 2 emissions by 80% by 2030.

Oversight of delivery

Board	Responsibility for environmental, social and governance ("ESG") matters – captured in the responsible wealth management framework – resides with the Quilter plc Board, which has delegated oversight of the reporting framework to the Board Corporate Governance and Nominations Committee.
Executive	Responsibility for the responsible wealth manager strategy is delegated to the Chief Executive Officer, supported by the Executive Committee. The Responsible Wealth Management Steering Committee is a formal sub-committee of the Executive and provides executive oversight, direction and monitoring of the responsible wealth management strategy.

Invest responsibly

The United Nations backed Principles for Responsible Investment ("UN PRI") define responsible investment as 'a strategy and practice to incorporate environmental, social and governance ("ESG") factors into investment decisions and exercise active ownership'.

We believe that incorporating ESG data into investment decisions and exercising active ownership helps to mitigate risk and identify potential opportunities thereby contributing towards the generation of long-term sustainable returns. That is why we are in the process of integrating responsible investment ("RI") practices into the areas of the business where we actively manage assets on behalf of our customers. This includes iteratively improving the data and technology we provide to our investment professionals and broadening the impact we have through stewardship. There are differences in how this is and can be applied in practice in each area of our business and you can read more about how this was approached in 2022 on our websites or in our Stewardship Code Report.

Read more at www.quilter.com/investments/responsible-investment/ or in our Stewardship Code Report plc.quilter.com/responsible-business/reports-and-statements

We believe customers should have the information and choices to enable them to invest in line with their values and needs. That is why we strive to understand our customers' responsible investment preferences and provide them with the option to invest in a solution or service which has a specific responsible investment objective. In 2022, we made tools and training available to our advisers and investment managers so that they are able to understand a customer's responsible investment preferences and select a solution which aligns to these. We have delivered new investment strategies and portfolios in recent years which have responsible investment objectives, with some key new offerings delivered in 2022 as noted below. We will aim to continue to evaluate our proposition against our customers' responsible investment preferences and in 2023 will do so in line with the next phase of the FCA's Sustainability Disclosure Requirements ("SDR") Regime.

Marisol Hernandez
Head of Responsible Investment
Affluent Segment

Gemma Woodward
Head of Responsible Investment
High Net Worth Segment

Stuart Clark
Portfolio Manager, Wealth Select

Claudia Quiroz
Head of Sustainable Investment
Quilter Cheviot

Priorities 2022–4	2022 progress	Onward priorities
Continue to support customers, advisers and colleagues to engage with and understand responsible investment	Training for Quilter Cheviot Investment Managers to support the incorporation of RI preferences into suitability processes. Training made available to independent and Quilter advisers as part of Wealth Select launch.	Ongoing programme of engagement with customers, advisers and colleagues.
Embed responsible investment practices where relevant	Embedded consideration of responsible investment preferences into Quilter's advice and Quilter Cheviot suitability processes.	Improve ESG data coverage and broaden stewardship activities across Quilter Investors' portfolios.
Deliver reporting in line with regulatory change	Initiate roll out of task force for climate-related financial disclosures ("TCFD").	Roll out of SDR.
Ensure our proposition caters to the responsible investment preferences of our customers	Launched WealthSelect Responsible & Sustainable Portfolios in Quilter Investors. Launched Climate Assets Growth Fund, DPS Focused and a further version of the Positive Change strategy in Quilter Cheviot.	Ongoing assessment of customer preferences with updates made where relevant.

Stewardship Code

Stewardship involves engaging with companies and funds to discuss and encourage improvement in their handling and disclosure of ESG issues. Quilter was proud to retain its signatory status of the Financial Reporting Council's Stewardship Code in 2022, a status which is verified annually on the basis of our Stewardship Code Report. This report is updated annually on our website and our 2022 report will be added after it is submitted to the FRC in April. This report provides a summary of the key stewardship activities we have undertaken during the course of the year in Quilter Cheviot and Quilter Investors as well as further detail on our responsible investment activities more generally.

Propositional enhancements:

In 2022 we launched our new WealthSelect Sustainable and Responsible Portfolios and broadened our Climate Assets range through the launch of a new growth fund.

Reflect our community

We believe that having an inclusive culture that embraces diversity helps us better understand the evolving needs of our customers, and therefore improves decision making for them and our business.

We are making changes to our internal practices to enable us to attract and retain a diverse colleague community under the leadership of our Head of Inclusion and Diversity. We want to invest in initiatives designed to make our services more accessible to a broader range of clients. Quilter Cheviot's Women in Investing Hub is an example of this.

We want all of our colleagues to remain focused on the customers and advisers they serve and connected to the community they operate within. That is why we chose to establish a charitable foundation when we listed back in 2018. The Foundation aims to break down the barriers to prosperity for young people and has supported 57,710 young people since its launch.

Priorities	2022 progress	Onward priorities
Put the customer and adviser experience at the heart of our culture	Implemented next phase of customer-centric operating model.	Deliver Consumer Duty Programme.
Create a more inclusive and diverse Quilter	Quilter Cheviot's Women in Investing Hub continued & Female Client Survey conducted. Recruitment practice refresh.	2025 senior management targets. Assess routes of action to support greater diversity in adviser market.
Respond to the needs of our employees in the moments of truth	Provided additional support during the cost-of-living crisis to colleagues.	Launch refreshed wellbeing strategy.
Create a demonstrable symbol of our commitment to go beyond making a profit	Appointed new manager of the Quilter Foundation (joined January 2023) and refreshed trustee Board. Launched the Foundation's Local Community Fund. Donations to Disaster Emergency Committee ("DEC") appeals for Ukraine and Pakistan.	Launch next phase of Quilter Foundation employment grant.

Quilter Foundation highlights

3-year employment grant concluded

In 2022 our three-year employment grant concluded. We partnered with three charities, Street League, Safe New Futures and School of Hard Knocks, to support 424 15-25 year olds reduce the barriers they faced to gaining employment.

Local Community Fund launched

In response to colleague feedback, we launched the Foundation's Local Community Fund in 2022. The aim of the fund was to create a mechanism through which the Foundation could make smaller grants to causes nominated by colleagues or advisers.

During the year we granted £120,000 to 17 charities across the British Isles. This included a number of organisations contributing support to those affected by the rising cost of living.

£120,000
granted

Colleagues fundraised

£120k

In 2022 our colleagues continued to show their support for the Quilter Foundation, raising over £100,000. Colleagues also raised over £20,000 for other charitable causes. Matched funding from Quilter plc contributed a further £60,000.

DEC donations

£195k

In 2022 we unfortunately continued to see emergencies around the world. Quilter responded to both the DEC's appeal for Ukraine and it's appeal for Pakistan. Colleagues fundraised over £70,000 and Quilter plc contributed a further £125,000.

You can read more about our impact through the Foundation by visiting plc.quilter.com/responsible-business

Strategic Report
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Inclusion and Diversity Action highlights:

In 2022, we launched our two-year action plan designed to identify and deliver sustainable, long-term change.

You can read more about our two-year Inclusion and Diversity Action Plan here plc.quilter.com/responsible-business

The Action Plan was endorsed by the Quilter plc Board and delivery is overseen by the Inclusion and Diversity Executive Steering Committee, chaired by Quilter's Chief Executive Officer. Good progress was made in 2022 but we are cognisant of the industry wide challenge to address inclusion in financial services and realise that significant effort and focus is required over a sustained period. In 2022 our focus was on setting the foundations for success, encouraging data disclosure and education.

Attracting and retaining diverse talent: A thorough review of recruitment processes was conducted to ensure our talent acquisition practices can enable our action plan. In addition, the talent acquisition team, along with the wider human resources function, underwent specialist training to ensure they are appropriately equipped to support delivery of our ambition.

Education and community: The Quilter plc Board, senior leaders and line managers attended informative and inspiring sessions with John Amaechi OBE. Over 300 employees attended in total. To reinforce the importance of inclusion and diversity we also mandated a specific performance objective for managers, offering guidance and setting clear expectations. We launched our new Inclusion and Diversity Forum. The Forum meets quarterly and is designed to create a safe space for dialogue on this topic between colleagues from across our organisation. We also continue to support our employee networks – Together with Pride, Gender Diversity and Cultural Diversity.

Data disclosure: We recognise the importance of data disclosure, not least in measuring and monitoring progress but also as an indicator of colleagues' level of psychological safety in sharing personal data with Quilter. In 2022 we focused on creating psychological safety through storytelling and role modelling, and we also expanded our disclosure fields to cover a broader set of diversity characteristics.

Colleague diversity data

We use targets to drive our desired improvement in the diversity of our senior management. In 2022, our target was to achieve 38% female representation and 5% ethnic minority representation in this community. Although gender diversity improved year-on-year, we narrowly underachieved these targets, ending the year with 36% female and 4% ethnic minority representation. Nonetheless, we remain committed to sustainable change and believe the progress noted above will support this. To further reinforce our long-term goals, we have set out new minimum targets for the end of 2025 to have 40% female representation, which is in line with the FTSE Women Leaders Review Target, and 5% ethnic minority representation by the end of 2023. As we progress toward these medium-term minimum goals, we will continue to set stretch targets for the executive that will drive and support diverse representation across our senior management.

With regards to our pay gap data, in 2022 we have reported a median gender pay gap of 31% and a median bonus gap of 44%, a reduction on 2021. We have also voluntarily included our ethnicity pay gap calculations. Our median ethnicity bonus gap of 35% is lower than 2021.

The data below is as at 31 December 2022 and staff are asked to contribute their data via an electronic portal. For detail on the diversity of our Board directors see page 54.

Data disclosure response rates

Gender	Gender identity	Sexual orientation	Ethnicity	Disability	Age group	Religion	Socio economic
100%	46%	72%	90%	61%	100%	80%	60%

Gender representation

Senior management[1]

2022 | 32 (64%) | 18 (36%)

All colleagues

2022 | 1,676 (56%) | 1,329 (44%)

Latest UK Census (2021) benchmark

2022 | 49% | 51%

Male Female

Gender pay gap

Gender pay data	2022	2021
Mean hourly pay gap	30%	33%
Median hourly pay gap	31%	29%
Mean bonus gap	62%	72%
Median bonus gap	44%	53%
Female colleagues receiving a bonus	90%	92%
Male colleagues receiving a bonus	92%	91%

Ethnicity pay gap

Ethnicity pay data	2022	2021
Mean hourly pay gap	12%	15%
Median hourly pay gap	5%	4%
Mean bonus gap	48%	44%
Median bonus gap	35%	38%
Colleagues from an ethnic minority group receiving a bonus	82%	87%
White colleagues receiving a bonus	92%	92%

Ethnic group representation

Ethnic group representation	Asian[2] %	Black[3] %	Mixed[4] %	White[5] %	Other[6] %	N/A[7] %
Senior Management	2%	0%	2%	92%	0%	4%
All colleagues	6%	2%	2%	87%	1%	2%
Latest UK Census (2021) benchmark	10%	4%	3%	81%	2%	–

[1]Senior Management is defined as Executive Committee and their direct reports, excluding 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.

Consider climate impact

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 2022 we set a reduction target for the emissions associated with our direct and indirect operations (Scope 1 and 2) and continued to develop our understanding of the emissions from our value chain (Scope 3). Excluding our investments, the biggest contributor to our Scope 3 emissions are those associated with our third-party spend. In 2022, we worked with a third-party to broaden our understanding of the emissions generated by the third-parties we procure services from and the levers we have available to reduce this impact. Delivering on these opportunities will be a priority in 2023 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 page 32.

Priorities	2022 progress	Onward priorities
Contribute to a just transition to net zero by 2050	Scope 1 and 2 targets set.	Set purchased goods and services engagement target. Iteratively improve our action plan with a focus on our investments.
Enable our people to take tangible action to address the climate crisis	Colleague sustainability committee launched. First Colleague Sustainability Survey.	Iterative improvements to encourage colleague action.
Assess the action required of Quilter on biodiversity		Assess Taskforce for Nature Related Financial Disclosures recommendations and determine actions.

Colleague sustainability survey

In June 2022, we ran our first Quilter sustainability survey. The survey was designed to obtain more information on colleague commuting and working from home habits. It allowed us to hear their ideas about the opportunities we have to act more sustainably. We had a 33% response rate, with coverage across our office locations. We made the results of the survey available to colleagues so that they could see the emissions impact of different commuting choices. As a result of the feedback, we were able to refine our Scope 3 emissions calculations through the use of some actual employee commuting data and also launched a new quarterly sustainability newsletter, designed to promote the support we are making available to colleagues to enable more sustainable choices. We currently intend to repeat this survey to track the impact of our improvements and reflect on engagement.

Operational greenhouse gas emissions

Our 2022 Scope 1 and 2 emissions were 46% lower than our 2020 baseline. The primary driver of this was the reduction in our office footprint driven by the sale of our International business. Moving forwards, we anticipate short-term reductions will be harder to achieve. In 2022 we worked with a third party to update our methodology for calculating Scope 3 emissions and this has meant we have restated higher 2021 figures below.

Operational greenhouse gas emissions and energy use data

Greenhouse gas emissions as at 31 December		2022 tCO2e	2021 tCO2e
Scope 1 emissions	Global	377	1,132[1]
	UK	371	1,125[1]
Scope 2 (location-based) emissions	Global	1,085	1,622
	UK	1,043	1,505
Scope 2 (market-based) emissions	Global	833	1,151[2]
	UK	754	1,017
Total Scope 1 & 2 emissions[3]	Global	**1,462**	2,754
	UK	**1,414**	2,630
Scope 3 emissions[4] (excluding investments)	Global	39,900	56,599
	UK	39,891	54,013
Total operational emissions	Global	**41,362**	**59,353**
	UK	**41,305**	**56,643**
Operational carbon intensity (tCO2e per Full Time Equivalent (FTE))[5]	Global	**14.10**	**19.56**
	UK	**14.22**	**18.80**

Streamlined Energy and Carbon Reporting (SECR)	2022 kWh	2021 kWh
Global energy use	8,776,775	11,935,393
UK energy use	8,605,404	11,615,018

Meaning of Scope Definitions
All operational emissions data (incl. energy consumed) 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):
  - **Location-based.** This reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data).
  - **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. This includes, Quilter Financial Planning, Quilter Financial Advisers and other independent advisers who use our platform or asset management services. Our Scope 3 disclosures do not include data for the impact generated by our investments.

Footnotes to data table
[1]Including a refrigerant leak accounting for 509 tCO2e. This figure differs from last year's reported value due to underestimation of gas supply in our Southampton office.
[2]This figure differs from last year's reported value due to a change in market-based emission factors for our geothermal supply in our Southampton office.
[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 estimations and reliance on externally provided data. Following a change in methodology, our emissions from purchased goods and services have been recalculated for 2021.
[5]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.

Task Force on Climate-related Financial Disclosures statement

For accounting periods starting on or after 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.[1] 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 this report, we have chosen to produce disclosures consistent with the TCFD's recommendations and recommended disclosures in a separate standalone report, intended to supplement our annual report. This allows us to produce more detailed supplemental climate-related information, in a form tailored and accessible to a wide range of stakeholders. Our '2022 Group TCFD report' can be found online at: plc.quilter.com/responsible-business/reports-and-statements. See below for a summary of the TCFD recommended recommendations, our disclosures and where in the standalone 2022 Group TCFD report they can be found[1]:

Theme	TCFD Recommended disclosure	Our disclosure
Governance Disclose the organisation's governance around climate-related risks and opportunities.	Describe the Board's oversight of climate-related risks and opportunities. See page 9 Describe management's role in assessing and managing climate-related risks and opportunities. See pages 10 - 12	• We have presented the governance structure for Board oversight and management of climate-related risks and opportunities. • We have described relevant recent activities performed by the Board and senior management.
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.	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. See pages 14 - 16 Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. See pages 17 - 20 Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. See page 21	• The climate-related risks we have identified are market, reputational and legal, policy and regulatory, and physical risks such as extreme weather events. • Our climate-related opportunities include increased demand for sustainable products and services. • We have described how the identified risks have informed our strategy, business activities and services. We have an opportunity to expand upon how these risks have informed financial planning in our 2023 disclosure. • A climate-related scenario analysis exercise for the Group, which explored our long-term resilience to three potential climate scenarios, is described.
Risk management Disclose how the organisation identifies, assesses, and manages climate-related risks.	Describe the organisation's processes for identifying and assessing climate-related risks. See page 23 Describe the organisation's processes for managing climate-related risks. See pages 23, 25 - 30 Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. See pages 23 - 24	• We have described how climate-related risks have been integrated into our overall risk management framework, including information on how climate-related risks are determined in relation to other identified risks. • Our approach to managing climate-related risks within our investments is described in more detail, covering our approach to ESG-integration, stewardship activities and engagement.
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	Disclose the metrics used by the organisation to assess climate-related risks and opportunities In line with its strategy and risk management process. See pages 32 - 34 Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks. See pages 32 - 33 Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. See page 32	• With regard to our operational activities we use GHG metrics to assess, monitor, and manage our exposure to climate-related reputational risks. We have disclosed our Scope 1 and Scope 2 GHG emissions and estimated our Scope 3 emissions (excluding investments) and set a target to reduce our Scope 1 and 2 emissions. • With regard to our investment activities, we are not able to disclose our GHG emissions for investments due to data limitations. However, in our High Net Worth segment, we have provided a carbon-related matrix, the weighted average carbon intensity ("WACI") as a measurement of exposure to climate-related market risk in our investments. Within Affluent, we have provided carbon footprint metrics for our WealthSelect Responsible and Sustainable ranges and have disclosed the WACI of a proportion of our investments to the extent that data is available and reasonable credible.

[1]Our disclosures are consistent with the four recommendations and the eleven recommended disclosures set out in the report entitled 'recommendations of the task force on climate-related financial disclosures' published in June 2017 by the TCFD as required under the FCA's listing rules. We have considered the document entitled 'annex: implementing the recommendations of the task force on climate-related financial disclosures' published in October 2021 and highlighted where future improvements are needed to meet these enhanced recommended disclosures above.

Other key activities: our people

Talent management and engagement

The success of our business relies on recruiting and retaining the very best talent. As part of our annual talent and succession review, future skill needs of the organisation are identified in order to highlight any skill gaps within the organisation and plan for how to address these (for example through training, recruitment, apprenticeships etc).

We have continued our partnership with Future Talent, a leading education and learning platform, to provide two flagship leadership development programmes: the Transformational Leadership Programme for experienced leaders and managers looking to step into senior leadership roles, and the Aspiring Manager Transformational Leadership programme, aimed at first-time line managers or those aspiring to take on a management position. We currently have 234 people on our leadership programmes. 6% of people who have participated in the programme have since been promoted, compared with the Quilter average of 2.5%. A new coaching framework was also rolled out last year, primarily designed to support new leadership and management teams that were coming together as the business transformed. In addition, colleagues can access training and development, including degree programmes and relevant professional qualifications, where relevant to their role and development needs.

We seek the views of our colleagues through the Workday Peakon Employee Voice tool. The survey provides key engagement insights to leaders and managers and informs our people strategy to ensure we are focusing on employee needs whilst also tracking key priorities such as inclusion and diversity. Our engagement score increased to 7.4/10 in 2022, independently rated as 'good' and in the middle range of the finance sector. The Employee Forum represents colleagues across Quilter and meets with senior leaders on a monthly basis to discuss key issues that impact the interests of our people. The views of the Employee Forum, together with views and feedback from our weekly surveys, are taken into account and support management's decision making.

We continue to make the option available to permanent employees to invest in Quilter shares via a save as you earn ("SAYE") scheme and arrange townhalls and provide regular communications to explain our business performance.

HR policies

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 ILO Declaration on Fundamental Principles and Rights at Work. All employees and suppliers providing on site services in the UK are paid no less than the real Living Wage, a voluntary initiative run by the Living Wage Foundation. In October 2021 they published the rates of £11.05 per hour for London and £9.90 per hour outside of London and these were refreshed in September 2022 to £11.95 and £10.90 respectively – the largest percentage increases in recent memory in direct response to the cost of living challenges. Firms have six months to update any employees whose pay is below these minimums to remain accredited, however, we voluntarily made the appropriate changes for affected individuals with immediate effect and ensured all of our starting salaries begin in excess of these amounts. In light of the pressures faced by many of our colleagues due to the rising cost of living, we made a one off payment in August 2022 to all employees on an full time salary of £50,000 or less.

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, responsibilities for dependants, or physical or mental disability. We are committed to continuing the employment of, and for arranging training for, employees who have become disabled while employed by Quilter. We select candidates for interview, career development and promotion based on their skills, qualifications, experience and potential.

A grievance procedure is in place to provide a clear and secure route for employees to raise a complaint or problem about any issue relating to their work, working environment, pay and benefits, working hours or a concern about any other issue affecting their employment. In line with our whistleblowing policy, colleagues are required to report knowledge or suspicion of malpractice or actions that endanger Quilter's employees or assets. The Whistleblowing Policy provides employees who raise concerns in good faith with protection from detriment to their future employment opportunities. Concerns can be reported to line managers, Risk and Compliance or via the independent confidential ethics hotline which is available year round. This hotline is also available to suppliers and advisers who work with Quilter.

Our customers

Customer service and engagement

We continue to invest effort into the collation of customer feedback and seek to act upon the insights it provides to improve service and ensure our proposition continues to meet customer needs. We continue to monitor our Trustpilot score. As at December 2022, our score stood at 4.2/5, meaning we saw an improvement through the course of the year. In 2022 we linked our pre-existing customer satisfaction surveys generated for customers of our platform and Quilter Private Client Advisers to Trustpilot to enable greater transparency of the feedback we are receiving and continued to work with an external organisation to collate customer satisfaction scores for these two areas of our business. Our customer satisfaction score remained flat on 2021 at 84% and market insight indicates that this was a good outcome given the disruption seen last year due to market conditions. The feedback gained from these sources is made available to a variety of stakeholders across the business and we seek to ensure we act on any areas for improvement which are highlighted.

To broaden our understanding of our customers and target customers further, we continue to run research projects. The most notable example of this in 2022 was the Female Client Survey run by Quilter Cheviot as part of the Women in Investing initiative. The survey aimed to understand the investment experiences of our female clients including what aspects lead them to invest, how they make investment decisions, and how their differing circumstances affect the way they invest. We have released the output of this project externally and have used the insights to inform our proposition.

In advance of the implementation of the FCA's Consumer Duty in 2023, in 2022 we initiated a pan-Quilter programme designed to ensure readiness and have a specific workstream focused on customer support. One of the customer groups we have considered as part of this work is those customers who could be considered vulnerable, for whom we have already made various adjustments in recent years to ensure they are appropriately supported. The programme is also implementing a new approach to the testing of customer communications so that we can continue to ensure they are as understandable as possible.

Consumer advocacy

During 2022, we continued to call for the UK Government to protect consumers against the threat of online financial scams. This included campaigning for the online advertising elements of the Online Safety Bill to remain part of the bill and responding to Department for Digital, Culture, Media & Sport on the Online Advertising Programme to make the case that it should align with the Online Safety Bill to help prevent online financial scams advertisements. As part of our work advising NHS employees, we led successful calls for the government to extend the 2020/21 NHS Pension Scheme Pays deadline and the continuation of the extension of the cessation of abatement rules. Both issues helped to ensure healthcare workers were given adequate time to plan their finances and did not face undue tax costs while they were focused on fighting the NHS backlog, as well as ensuring the most experienced and senior doctors and nurses continue to work without being penalised for doing so.

Policies and practices

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. In our Group, individual legal entity Boards are responsible for setting product strategy and ensuring product governance is effective. The Boards delegate execution of product strategy and operational responsibility to the business Chief Executive Officer.

Our Product Governance Policy outlines minimum marketing and communications requirements for Quilter Group functions and subsidiaries. Marketing material published by businesses must be clear, fair and not misleading. Materials should be sufficient to ensure customers can make informed financial decisions in relation to the product or service, including the clear communication and explanation of charging structures for related products. All communications must consider our customers' information needs and comply with applicable regulations, including the Financial Conduct Authority's ("FCA") Treating Customers Fairly ("TCF") requirements.

Data privacy and IT security

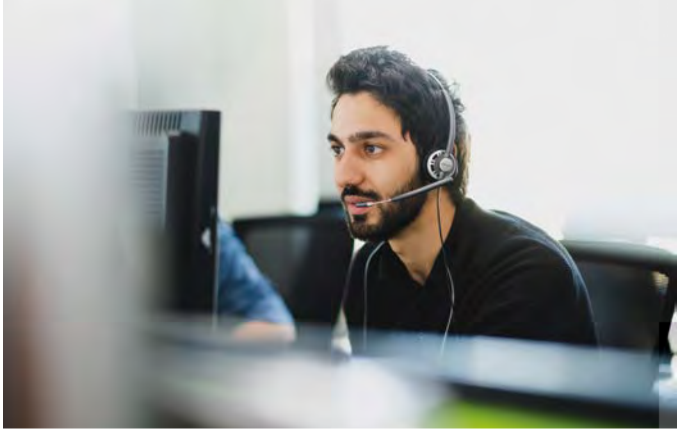
The collection and use of customers' and advisers' personal data is governed by our Privacy Policy and supporting standards and overseen by a Group Data Protection Officer ("GDPO") with the support of a formal committee, the Quilter Privacy Forum. The Board oversees Quilter's IT strategy, including our 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 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.

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.

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 reputation. We have zero tolerance for financial crime, bribery or corruption and have a robust control environment in place including the following policies: 1) Anti-money Laundering and Counter Terrorist Financing Policy, 2) Anti-bribery and Corruption Policy, 3) Fraud Prevention Policy, and 4) Financial Crime Prevention Policy. 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.



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.

Political lobbying

Quilter is a politically neutral organisation and does not engage in party political campaigning or make party political donations. We will not employ any current politician to conduct public affairs activities in any capacity. Furthermore, we will not make any award or payment in money or in kind to any current politician for the provision of public affairs activities. Quilter did not employ any former politician to conduct public affairs activities on our behalf in 2022. If Quilter wishes to employ any former UK Government Minister or senior official within two years of leaving office, the appointment must be approved by the Advisory Committee on Business Appointments ("ACOBA"), and the employee must not lobby the government for two years after leaving office, as stated in the Ministerial Code.

Quilter does, however, seek to influence government policy which could impact our customers, with particular focus on consumer rights and protection. Quilter is a member of several industry trade bodies in the UK, including the Investment Association ("IA"), Personal Investment Management and Financial Advice Association ("PIMFA"), the Association of British Insurers ("ABI"), the UK Sustainable Investment and Finance Association ("UKSIF") and The Investing and Savings Alliance ("TISA").

Non-financial information statement

The Responsible Business report from pages 26 to 35 constitutes Quilter's Non-Financial Information Statement, which complies with sections 414CA and 414CB of The Companies Act. 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:

Anti-bribery and corruption	Page 34
Business model	Pages 20 to 21
Employees	Pages 30 and 33
Environmental matters	Pages 31 to 32
Human rights	Page 35
Non-financial KPIs	Pages 16 to 19
Principal risks	Pages 47 and 48
Social matters	Page 29

Financial review

Mark Satchel
Chief Financial Officer

Review of financial performance

Overview

The Group delivered a robust set of results during 2022 against the backdrop of a recessionary global economic environment, with higher inflation, which reduced the value attributed to equity and bond investments. Accordingly, investor sentiment for wealth and savings solutions reduced during the year.

Against this backdrop, the Group's AuMA ended the year at £99.6 billion, down 11% from the starting position at the beginning of the year with £14.0 billion of negative market movements more than offsetting net inflows of £1.8 billion. Average AuMA for the year was £102.8 billion compared to £105.3 billion in the comparative year. Adjusted profit before tax was £134 million, down 3% on the prior year (2021: £138 million), reflecting lower revenues given the lower average AuMA for the year, offset by good cost discipline despite the cost-of-living and inflation pressures.

In this section, unless indicated otherwise all results are presented excluding Quilter International in both the current year and prior year comparative, following its sale to Utmost Group in November 2021.

Alternative Performance Measures ("APMs")

We assess our financial performance using a variety of measures including APMs, as explained further on pages 209 to 211. In the headings and tables presented, these measures are indicated with an asterisk: *.

Net inflows of £1.8 billion for the year were 55% lower than the prior year (2021: £4.0 billion). The more challenging macroeconomic and geopolitical environment contributed to lower investment activity across the wealth management industry, with this notably evidenced through subdued gross inflows. Net inflows are stated inclusive of net outflows from assets on third-party platforms of £1.1 billion (2021: £0.6 billion). Gross flows for the Group were 20% lower than the prior year at £10.5 billion (2021: £13.2 billion), primarily as a result of lower flows into the Quilter Platform. This was due to lower investor confidence and the wider impacts of rising interest rates and inflation on the cost-of-living, leading to an industry-wide slow-down. As a consequence, net inflows as a percentage of opening AuMA were 2% (2021: 4%).

- **The Affluent segment's** net inflows of £1.1 billion were down 62% on the prior year (2021: £2.9 billion) due to £1.3 billion lower net inflows in the Quilter Investment Platform against a strong prior year comparative, and net outflows of £1.1 billion (2021: net outflows of £0.6 billion) in assets managed by Quilter on third-party platforms in relation to legacy and closed books of business. Net inflows of £2.2 billion onto the Quilter Investment Platform were down 37% (2021: £3.5 billion), with lower gross sales in the IFA channel being a specific contributing factor. The Quilter distribution channel performed broadly in line with the prior year where the Platform is winning a greater share of sales from our own advisers, weighted towards pensions, and we established a simplified procedure to allow us to accelerate back book transfers. This is offset with lower overall market activity as investor confidence reduced during the course of 2022. Gross flows on the Quilter Investment Platform of £7.5 billion (2021: £9.0 billion) were 17% lower as clients reacted to the macro environment. Pension and ISA product sales comprise £5.5 billion (2021: £6.4 billion). Persistency for the Affluent segment remained good and slightly ahead of historical levels at 91% (2021: 90%).

- **The High Net Worth segment** recorded net inflows of £0.9 billion which were down 18% from the prior year (2021: £1.1 billion), and continued to deliver a robust performance with good flows from the Quilter channel offsetting a slowdown in IFA flows. Gross inflows of £2.3 billion were down on 2021 of £2.7 billion, offset by lower outflows compared to the prior year. This reflects improved persistency at 95% versus 94% in 2021.

Key financial highlights

Quilter highlights from continuing operations[1]	2022	2021
Assets and flows		
AuMA* (£bn)[2]	99.6	111.8
Of which Affluent	74.9	83.3
Of which High Net Worth	25.5	28.7
Inter-segment dual assets	(0.8)	(0.2)
Gross flows* (£bn)[2]	10.5	13.2
Of which Affluent	8.5	10.5
Of which High Net Worth	2.3	2.7
Inter-segment dual assets	(0.3)	0.0
Net inflows* (£bn)[2]	1.8	4.0
Of which Affluent	1.1	2.9
Of which High Net Worth	0.9	1.1
Inter-segment dual assets	(0.2)	0.0
Net inflows/opening AuMA*[2]	2%	4%
Gross flows per adviser* (£m)[2,3]	2.3	2.3
Asset retention*[2]	92%	91%
Profit and loss		
IFRS profit/(loss) before tax from continuing operations attributable to equity holders* (£m)[2]	199	12
IFRS profit/(loss) after tax from continuing operations (£m)	175	23
Adjusted profit before tax* (£m)[2]	134	138
Operating margin*[2]	22%	22%
Revenue margin* (bps)[2]	47	48
Return on equity*[2]	7.0%	8.3%
Adjusted diluted EPS* from continuing operations (pence)[2]	7.9	7.4
Recommended total dividend per share from continuing business (pence)	4.5	4.0
Basic earnings per share from continuing operations (pence)	12.2	1.4
Non-financial		
Total Restricted Financial Planners ("RFPs") in both segments[4]	1,502	1,623
Discretionary Investment Managers in High Net Worth segment[4]	179	170

[1]Continuing operations represent Quilter plc, excluding the results of Quilter International. Adjusted profit before tax for Quilter International in 2021 was £50 million. Adjusted diluted EPS from Quilter International in 2021 was 3.0 pence per share.
[2]Alternative Performance Measures ("APMs") are detailed and defined on pages 209 to 211.
[3]Gross flows per adviser is a measure of the value created by our Quilter distribution channel.
[4]Closing headcount as at 31 December.

The Group's AuMA ended the year at £99.6 billion, down 11% from the opening position at the start of 2022 (2021: £111.8 billion), due to the fall in global equity and bond indices. The Affluent segment AuMA of £74.9 billion decreased by 10% (2021: £83.3 billion) of which £24.9 billion is managed by Quilter, down on the opening position at the start of 2022 (2021: £27.4 billion). High Net Worth's AuM was £25.5 billion, down 11% from opening 2022 (2021: £28.7 billion), with all assets managed by Quilter. In total, £50.2 billion of AuMA is managed by Quilter across the Group (2021: £56.0 billion).

The Group's revenue margin of 47 bps was 1 bp lower than the prior year (2021: 48 bps). For assets administered within the Affluent segment, the revenue margin remained in line with the prior year at 27 bps. For assets managed in the Affluent segment, the revenue margin decreased by 2 bps to 47 bps as a result of anticipated mix shifts in underlying assets towards lower margin products. Within the High Net Worth segment the revenue margin decreased by 2 bps to 69 bps, primarily due to lower commission and contract charges.

Adjusted profit before tax decreased by 3% to £134 million (2021: £138 million). The decline in net management fees to £483 million (2021: £500 million) broadly matched the decline in average AuMA year-on-year (2022: £102.8 billion compared to 2021: £105.3 billion). Other revenue increased by 4% to £123 million (2021: £118 million) reflecting interest income earned on cash and capital resources, offset by lower mortgage and protection new business levels and lower adviser headcount. Operating expenses in 2022 were £472 million, down 2% on the prior year (2021: £480 million) primarily due to continued cost discipline, lower FSCS levies and the Optimisation and Simplification cost initiatives delivering the intended cost reductions. These decreased expenses have been partially offset by higher annualised FNZ charges following the late Q1 2021 launch of the Platform and inflationary increases. The Group's operating margin was 22%, in line with the prior year.

The Group's IFRS profit after tax from continuing operations was £175 million, compared to £23 million for 2021. The increase in IFRS profit is largely attributable to policyholder tax credits resulting from market losses up to December 2022 of £134 million compared to market gains in the prior year (2021: tax charge £73 million).

Adjusted diluted earnings per share for continuing operations increased 7% to 7.9 pence (2021: 7.4 pence).

Total net fee revenue*

Total net fee revenue from continuing operations 2022 (£m)	Affluent	High Net Worth	Head Office	Continuing operations
Net management fee*	300	183	–	483
Other revenue*	87	29	7	123
Total net fee revenue*	387	212	7	606

Total net fee revenue from continuing operations 2021 (£m)	Affluent	High Net Worth	Head Office	Continuing operations
Net management fee*	311	189	–	500
Other revenue*	95	23	–	118
Total net fee revenue*	406	212	–	618

Total net fee revenue for Affluent was £387 million, down 5% from the prior year (2021: £406 million). Net management fees of £300 million were 4% down on the prior year (2021: £311 million) due to the impact of lower average AuMA which decreased by 2% to £77.1 billion in 2022 (2021: £78.5 billion), and anticipated changes in fund mix in Quilter Investors where the proposition continues to evolve into a broader mix of investment strategies. Other revenue predominantly reflects revenue generated from the provision of advice within Quilter Financial Planning. Within the revenue generated by advice, mortgage and protection, recurring charges and fixed fees were at lower levels than the prior year due to lower markets and lower average adviser headcount. This decrease is offset with increased interest income earned on cash balances that support the capital and liquidity requirements of the business.

Total net fee revenue in High Net Worth was £212 million, in line with the prior year. This was principally driven by Other revenue in Quilter Cheviot, up £8 million (2021: £nil) due to interest received from clients' cash assets as a result of the rise in UK base rate. The Other revenue balance predominantly reflects the revenue generated from Quilter Private Client Advisers which was at similar levels to those of 2021. Net management fees decreased by 3% compared to the prior year which is aligned to a similar decrease in the average AuM. This also includes an expected reduction in commission revenue as the proportion of clients on fee-only propositions continues to increase.

Operating expenses*

Operating expenses decreased by £8 million to £472 million (2021: £480 million) as a result of continued cost discipline as we emerged from the 2020/2021 pandemic and faced into higher UK inflationary pressures and suppressed market conditions.

	2022		2021	
Operating expense split (£m)	Continuing operations	As a percentage of revenues	Continuing operations	As a percentage of revenues
Support staff costs	118		127	
Operations	22		27	
Technology	35		42	
Property	31		31	
Other base costs[1]	30		25	
Sub-total base costs	236	39%	252	41%
Revenue-generating staff base costs	92	15%	83	13%
Variable staff compensation	75	12%	80	13%
Other variable costs[2]	46	8%	36	6%
Sub-total variable costs	213	35%	199	32%
Regulatory/ professional indemnity costs	23	4%	29	5%
Operating expenses*	472	78%	480	78%

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

Support staff costs decreased by 7% to £118 million (2021: £127 million) primarily driven by Business Simplification activities delivering sustainable benefits.

Operations costs decreased by 19% to £22 million (2021: £27 million) which reflects the move to the outsourced operations model within the Quilter Investment Platform for the full period in 2022, and a simpler operational base following the business divestments made in preceding years. FNZ costs are reflected in Other variable costs.

Technology costs decreased as we continue to rationalise our infrastructure following the sale of Quilter International. Further reductions are due to the elimination of dual running costs following the completion of the Platform Transformation Programme and ongoing Business Simplification activity.

Property costs remained stable at £31 million (2021: £31 million) driven by an increase in operating costs because of higher occupancy post pandemic, and the rising inflationary cost associated with utility usage which were offset by the property portfolio consolidation in 2022.

Other base costs increased by 20% to £30 million (2021: £25 million) driven by annualised depreciation charges post completion of property portfolio projects.

Revenue-generating staff base costs have increased by 11% to £92 million (2021: £83 million) reflecting the competitive environment in which we operate and as a consequence of continued investment in both Affluent and High Net Worth segments, which included increasing the number of discretionary managers and the build out of the combined advice and investment proposition in High Net Worth. In particular, the Group invested in the development of further business activities located in Dublin, Ireland within the High Net Worth segment.

Variable staff compensation decreased by 6% to £75 million (2021: £80 million) with reductions in share-based payment accruals reflecting global equity market falls and further reductions relating to the business performance against the backdrop of an increasingly volatile global economy which negatively impacted markets and investor sentiment throughout 2022.

Other variable costs increased by 28% to £46 million (2021: £36 million) principally due to operating expenses associated with the new platform and increased development spend following the deferral of change activity during the pandemic.

Regulatory and professional indemnity costs decreased by 21% to £23 million (2021: £29 million) largely driven by reduced FSCS levy costs to Quilter of £6 million as a result of an overall lower industry levy.

Taxation

The effective tax rate ("ETR") on adjusted profit before tax was 14% (2021: 9%). The Group's ETR is lower than the UK corporation tax rate of 19% principally due to utilisation of previously unrecognised deferred tax assets in relation to trade losses. 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 credit of £110 million for the year ended 31 December 2022, compared to a charge of £62 million for the prior year. The income tax credit in 2022 is largely due to adverse movements in the market values of unit-linked assets during the year compared to favourable movements in those assets during 2021. The income tax expense or credit can significantly vary 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 equity holders. An adjustment is made to adjusted profit before tax to remove these distortions, as explained further on page 40 and in note 7(b) of the consolidated financial statements.

Optimisation

The Optimisation programme, which we announced in 2018, has now completed, achieving its target of annualised run-rate cost savings of £65 million. Total implementation costs since inception of £87 million are £4 million below the original £91 million estimate. In 2022, we successfully deployed the final delivery of our Group-wide general ledger system and further consolidated our data centre and data reporting solutions within the IT estate. No further costs are expected on this programme.

Business Simplification

Quilter's Business Simplification programme continues to track towards the proposed £45 million target announced at the Capital Markets Day in November 2021, with costs to achieve expected to be £55 million. In 2022, we completed the initial phase of simplification of our organisational structure following re-segmentation of the business. Further savings have been delivered across our Group functions with ongoing rationalisation of our property and technology estates being key contributors. To date the programme has delivered £23 million of annualised run-rate cost savings with an implementation cost of £17 million.

Lighthouse DB 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 Lighthouse transitioning to our systems and controls following our acquisition of Lighthouse.

A provision of £5 million (31 December 2021: £29 million) remains for the potential redress of British Steel Pension Scheme cases and other DB to DC pension transfer cases. This includes anticipated costs of legal and professional fees associated with the redress activity. The provision reflects (i) the outcome of the suitability review on a case-by-case basis for all cases identified as being in scope of the skilled person review relating to DB to DC pensions transfers by Lighthouse, (ii) redress calculations performed by the skilled person using the methodology designed following discussions and in collaboration with the FCA, as well as the offers made to customers who received unsuitable advice which caused them to sustain a loss, and (iii) an estimate for cases to be considered as part of the subsequent Group-managed past business review (covering an extension of the population of non-British Steel customers who were included in the skilled person review) with the current skilled person acting as reviewer. The provision decreased by £4 million during 2022, recognised as a reduction within expenses of the Group (and excluded from adjusted profit before tax), in order to reflect the results of the redress calculations performed under the skilled person review, and an estimate for cases to be considered as part of the past business review. During the year £4 million of additional legal, consulting, and other costs were incurred. Redress on British Steel Pension Scheme cases and other DB to DC pension transfer cases of £19 million and professional fees of £3 million were paid during the year. Payments are expected to be completed during 2023. Subject to FCA confirmation, we anticipate that the skilled person review will conclude during 2023. The FCA has agreed that the remaining review work described above (relating to certain Lighthouse non-British Steel customers who received DB pension transfer advice) can be conducted as a Group-managed past business review.

Professional indemnity insurance coverage in relation to claims in respect of legal liabilities arising in connection with Lighthouse cases has been confirmed and the proceeds received, contributing £12 million to the profit of the Group, which has also been excluded from adjusted profit before tax.

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 142 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 income statement, but is instead intended to provide additional comparability and understanding of the financial results.

Reconciliation of adjusted profit before tax to IFRS profit after tax	For the year ended 31 December 2022	For the year ended 31 December		
£m		Continuing operations	Discontinued operations[1]	Total
Affluent	105	111	50	161
High Net Worth	45	56	–	56
Head Office	(16)	(29)	–	(29)
Adjusted profit before tax*	134	138	50	188
Reallocation of Quilter International costs	–	(10)	10	–
Adjusted profit before tax after reallocation*	134	128	60	188
Adjusting for the following:				
Impact of acquisition and disposal-related accounting	(42)	(41)	–	(41)
Profit on business disposals[2]	–	2	90	92
Business transformation costs	(30)	(51)	(19)	(70)
Managed Separation costs	–	(2)	–	(2)
Other adjusting items	(1)	–	–	–
Finance costs	(10)	(10)	–	(10)
Policyholder tax adjustments	138	(7)	–	(7)
Customer remediation	12	(7)	–	(7)
Voluntary customer repayments	(6)	–	–	–
Exchange rate gain (ZAR/GBP)	4	–	–	–
Total adjusting items before tax	65	(116)	71	(45)
Profit before tax attributable to equity holders*	199	12	131	143
Tax attributable to policyholder returns	(134)	73	–	73
Income tax credit/(expense)	110	(62)	–	(62)
Profit after tax[3]	175	23	131	154

[1] 2021 discontinued operations include the results of Quilter International.
[2] In 2021, the discontinued operations profit on business disposals of £90 million resulted from the disposal of Quilter International. The £2 million continuing operations profit on business disposals resulted from the disposal of LighthouseCarrwood Limited. See note 6(a) for details.
[3] IFRS profit after tax.

The impact of acquisition and disposal-related accounting costs of £42 million (2021: £41 million) include amortisation of acquired intangible assets. These costs remained stable on those of the prior year.

Business transformation costs of £30 million were incurred in 2022 (2021: £70 million, of which £51 million was on continuing operations) consisting of:

- Business Simplification costs of £17 million (2021: £nil). In 2022, the Group simplified its structures to support the two segments, Affluent and High Net Worth, with further work planned into 2024. During the year, we also delivered early simplification benefits related to our property strategy and technology estate enabled by the completion of the Platform Transformation Programme and sale of Quilter International. To date the programme has delivered £23 million of annualised run-rate cost savings with an implementation cost of £17 million.
- The Optimisation programme incurred costs of £6 million (2021: £22 million). The Optimisation programme commenced in 2018 to provide closer business integration, create central support, rationalise technology and reduce third-party spend and is now complete, delivering annualised run-rate cost savings of £65 million. This programme concluded during 2022.
- Restructuring costs following the disposal of Quilter Life Assurance of £3 million in 2022 (2021: £1 million), including property exit costs after the conclusion of the Transitional Service Agreement with ReAssure.
- The Platform Transformation Programme concluded in 2021 with lifetime costs of £202 million. No further costs were incurred in 2022 (2021: £28 million).
- Investment in business costs of £4 million were incurred in 2022 (2021: £nil) as the Group continues to enable and support advisers, clients and improve productivity through better utilisation of technology.

Policyholder tax adjustments were a credit of £138 million for 2022 (2021: debit of £7 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 periods. 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 attributable to equity holders.

The customer remediation adjustment of £12 million of income in 2022 (2021: expense of £7 million) reflects the impact of the insurance proceeds received, final redress calculations performed compared with the provision estimated, as part of the ongoing skilled person review, and subsequent Group-managed past business review with the current skilled person acting as reviewer. Insurance proceeds in relation to claims in respect of legal liabilities arising in connection with Lighthouse DB to DC pension transfer advice have been received, contributing £12 million to the profit of the Group. These impacts are excluded from adjusted profit on the basis that the advice activities to which the charge and benefit relates was provided prior to the Group's acquisition of the business. Additionally, a provision release of £4 million was recognised in the current period (2021: net increase in provision of £7 million), with further costs recognised of £4 million in relation to the additional population to be reviewed as part of that Group-managed past business review, including associated professional costs. Further details of the provision are provided in note 28.

The voluntary customer repayments of £6 million (2021: £nil) relate to revenue previously recognised in respect of Final Plan Closure (FPC) receipts.

Foreign exchange movements for 2022 were £4 million (2021: £nil) and relate to foreign exchange gains on cash held in South African Rand in preparation for the capital return and Final Dividend payments in May 2022. Cash was converted to South African Rand upon announcement of the details of the capital return and dividend payment providing an economic hedge for the Group. The foreign exchange gain is equally offset by an amount recognised directly to retained earnings. See note 7(b)(viii) to the Group's consolidated financial statements for further detail.

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 75% of adjusted profit after tax over 2022 (2021: 76%).

Review of financial position

Capital and liquidity

Solvency II

The Group's Solvency II surplus is £820 million at 31 December 2022 (31 December 2021: £1,030 million), representing a Solvency II ratio of 230% (31 December 2021: 275%). The Solvency II information for the year to 31 December 2022 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 £45 million (31 December 2021: £62 million).

Group Solvency II capital (£m)	At 31 December 2022[1]	At 31 December 2021[2]
Own funds	1,451	1,617
Solvency capital requirement ("SCR")	631	587
Solvency II surplus	820	1,030
Solvency II coverage ratio	230%	275%

[1]Filing of annual regulatory reporting forms due 19 May 2023.
[2]As reported in the Group Solvency and Financial Condition Report for the year ended 31 December 2021.

The 45 percentage point decrease in the Group Solvency II ratio from the 31 December 2021 position is primarily due to the capital return to shareholders of £328 million from the net surplus proceeds arising from the sale of Quilter International to Utmost Group, partly offset by the net profit recognised in the period.

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 2022	At 31 December 2021
Tier 1[1]	1,249	1,412
Tier 2[2]	202	205
Total Group Solvency II own funds	1,451	1,617

[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 February 2018.

The Group SCR is covered by Tier 1 capital, which represents 198% of the Group SCR of £631 million. Tier 1 capital represents 86% of Group Solvency II own funds. Tier 2 capital represents 14% of Group Solvency II own funds and 25% of the Group surplus.

Dividend

The Board recommended a Final Dividend of 3.3 pence per share at a total cost of £45 million. Subject to shareholder approval at the 2023 Annual General Meeting, the recommended dividend will be paid on 22 May 2023 to shareholders on the UK and South African share registers on 21 April 2023 (the "Record date"). For shareholders on our South African share register, a Final Dividend of 72.78087 South African cents per share will be paid on 22 May 2023, using an exchange rate of 22.05481. This will bring the dividend for the full year to 4.5 pence per share (2021: 4.0 pence per share).

At our Capital Markets Day on 3 November 2021, we announced a revised Group dividend policy. The new policy sets a target pay-out range of 50% to 70% of post-tax, post-interest adjusted profits, revised from 40% to 60% of post-tax adjusted profits previously and applies for the 2022 financial year.

Share buyback programme

Early in 2022, the Company completed the share buyback programme that was initiated to return to shareholders the net surplus sale proceeds (after disposal costs) of £375 million from the disposal of Quilter Life Assurance. The share buyback programme was subject to staged regulatory and Board approvals and a total of 264.1 million shares were purchased and cancelled at an average price of 141.97 pence per share.

Capital Return (the "B Share Scheme" and the "Share Consolidation")

In March 2022, following the completion of the sale of Quilter International at the end of November 2021, the Company proposed to return the majority of the net surplus sale proceeds to shareholders through the issuance and redemption of a new class of redeemable B Shares followed by an Ordinary Share consolidation on a six new Ordinary Shares for seven old Ordinary Shares basis.

Following receipt of regulatory approval and shareholder approval at a General Meeting held on 12 May 2022, the B Shares, with nominal value of 20 pence per share, were issued to shareholders on 23 May 2022. The B Shares were subsequently redeemed on 24 May 2022 in the form of a payment of 20 pence per old Ordinary Share for shareholders on our UK share register. For shareholders on our South African share register, this equated to a return of 401.33300 South African cents per old Ordinary Share, using an exchange rate of 20.06665 South African cents to one pence, the average rate achieved on 7 and 8 March 2022 (the two days immediately preceding the announcement of the Capital Return). In total, £328 million of capital was returned to our shareholders through the B Share Scheme.

The six for seven Share Consolidation was executed on a contemporaneous basis with the effect of reducing the number of shares in issue to c.1.4 billion, a c.500 million decrease in the number of shares in issue since the Company was Listed on 25 June 2018. Following the Share Consolidation, the new Ordinary Shares have a nominal value of 8 1/6 pence.

Debt issue

In early January 2023, the Company announced plans to issue a new subordinated debt instrument in order to refinance its existing £200 million 4.478 percent Fixed Rate Reset Subordinated Notes due 2028 on their first call date of 28 February 2023. A new issue of £200 million 8.625 percent Fixed Rate Reset Subordinated Notes due April 2033 was completed on 18 January 2023.

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 are not directly comparable to those disclosed in the statutory statement of cash flows, which comprises flows from the entire Quilter plc Group including policyholder movements.

£m	2022	2021
Opening cash at holding companies at 1 January	756	517
Single Strategy business sale – warranty	–	(2)
Quilter International sale proceeds	–	481
Return of capital to shareholders	(328)	–
Share repurchase	(28)	(197)
Cost of disposal	(23)	–
Dividends paid	(78)	(89)
Net capital movements	(457)	193
Head Office costs, Business Simplification and Optimisation programme funding	(52)	(74)
Interest received	4	–
Interest costs	(9)	(9)
Net operational movements	(57)	(83)
Cash remittances from subsidiaries	163	184
Net capital contributions, loan repayments and investments	(15)	(53)
Other net movements	2	(2)
Internal capital and strategic investments	150	129
Closing cash at holding companies at end of year	392	756

Net capital movements
Net capital movements in the year were an outflow of £457 million. This includes £328 million of capital returned to shareholders following the sale of Quilter International, £28 million relating to the share repurchase programme, dividend payments made to shareholders of £62 million in May 2022 and £16 million in September 2022, plus £23 million of costs relating to the disposal of Quilter International.

Net operational movements
Net operational movements were an outflow of £57 million for the year and include £52 million of corporate and transformation costs. Interest paid of £9 million relates to coupon payments on the Tier 2 bond and non-utilisation fees for the revolving credit facility, with £4 million interest received on money market funds and cash holdings.

Internal capital and strategic investments
The net inflow of £150 million is principally due to £163 million of cash remittances from the trading businesses, partially offset by £15 million of net capital contributions to support business operational activities.

Mark Satchel
Chief Financial Officer

Risk review

Nick Sacre-Hardy
Chief Risk Officer

Introduction

The coming year is likely to remain challenging for Quilter given the prospect of a prolonged economic downturn, continued inflationary pressures, high interest rates and muted markets. Effective risk management is key to generating value safely and in supporting Quilter in managing through these difficult times.

The focus will remain on progressing Quilter's long-term strategy, growing with our clients and advisers, enhancing the efficiency of operations, increasing digitalisation and being a responsible wealth manager. This, alongside the FCA's new Consumer Duty, present new challenges and opportunities for Quilter to create a real competitive advantage by delivering against our established strategy. Risks remain in the execution of this strategy and the effective management of these risks will be key to ensuring Quilter's future success and the continued delivery of good customer outcomes.

How we manage risk

Our Enterprise Risk Management Framework ("ERMF") is embedded across Quilter and helps Quilter assess and manage its risk exposures. A strong and embedded risk culture is vital in ensuring that risk implications are considered when making strategic and operational decisions, and that Quilter understands its risk profile and manages the business within the approved risk appetite. The ERMF drives consistency across Quilter and aims to support the evaluation and management of business opportunities, uncertainties and threats in a structured and disciplined manner.

Risk governance

Quilter maintains a Group Governance Manual ("GGM") which sets out Quilter's approach to governance. The Quilter governance model is designed to promote transparency, accountability and consistency through the clear identification of roles, the separation of business management and governance and control structures, and by tracking performance against accountabilities. The segregation of risk taking, oversight and assurance is codified in Quilter's three lines of defence model, which ensures clear accountability and ownership for risk and controls. The Risk Function Charter provides clarity on the purpose and role of the Risk Function as Quilter's second line of defence, and the means by which it maintains its objectivity and independence from management.

The Executive Risk Forum is the primary management committee overseeing the risk profile of Quilter. This forum is chaired by the Quilter Chief Executive Officer, with representation from across the Group. 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. Similar arrangements are maintained locally in each significant business.

On a quarterly basis, the Quilter Chief Risk Officer formally reports to the Board Risk Committee the second line perspective on the risk profile of the Group, performance against risk appetite and perspectives on the effectiveness of management responses.

Policy framework

The Quilter Policy Suite forms an integral part of our governance and risk management framework, ensuring an appropriate system of internal control. Together with the GGM, they form the basis of clear delegated authorities and accountabilities, ensuring there is appropriate Board oversight and control of important decisions, and efficient and effective management of day-to-day business. The GGM and policies are approved and adopted by the Board. The policies are subject to an annual policy compliance review, with results provided to the Board.

Quilter's three lines of defence model

First line of defence

Management and employees
Primary responsibility for managing risks as part of day-to-day activities, in line with risk policies and appetite. Business management decides which risks to take and the exposure to assume.

Second line of defence

Risk function
The Risk Function, which includes Compliance, provides objective oversight, monitoring and independent challenge of the first line's risk taking, and risk management.

Third line of defence

Group Internal Audit
Group Internal Audit provides the Board and Management with independent, objective assurance.

Strategic risk appetite principles

Customer
Quilter will enable the delivery of good customer outcomes

Owner:
Chief Distribution Officer
Chief Operating Officer

Liquidity
Quilter will ensure that it has sufficient liquidity to meet its financial and funding obligations

Owner:
Chief Financial Officer

Capital
Quilter will hold or have access to sufficient capital to maintain its own capital needs

Owner:
Chief Financial Officer

Control environment
Quilter will at all times operate a robust control environment

Owners:
Chief Operating Officer
Chief Risk Officer
Chief Internal Auditor

Risk appetite framework

Our risk appetite is the amount of risk we are willing to take in the pursuit of our strategic priorities and is defined by the Board. Culturally, it sets the tone regarding our attitude towards risk taking. Risk appetite also plays a central role in informing decision making across Quilter, protecting and enhancing the return on capital invested. This risk appetite approach is applied consistently across Quilter.

To support the strategic decision-making process, we apply risk preferences which provide guidelines for striking the appropriate balance of risk and reward when setting our business strategy.

A set of strategic risk appetite principles has been determined by the Board. These principles provide the top down guidance on our attitude towards key areas of risk for Quilter. They support the ongoing management and oversight of risk, and are supported by a series of more granular risk appetite statements, measures, policies and standards. Quilter's position against these principles is measured on a regular basis through the monitoring of underlying risk metrics.

Conduct risk

The Financial Conduct Authority ("FCA") is the primary conduct regulator for Quilter's UK regulated entities. Quilter takes its regulatory obligations in relation to customers and our conduct very seriously and is committed to operating in a responsible and compliant manner.

Quilter seeks to deliver on these obligations through culture and values, backed by a rigorous governance system and an approach to compliance that drives fair outcomes for customers. The standards of behaviour Quilter expects from its staff are set out in the Quilter Code of Conduct. This code is aligned to the expectations of individuals set out in the FCA's Conduct Rules.

Conduct risk is a core element of Quilter's ERMF, recognising that conduct risks can both impact, and result from, other risks within the risk universe.

Conduct risk is monitored across Quilter's businesses, with quarterly reporting to the Board Risk Committee on Quilter's conduct risk profile, emerging issues and trends. Areas of concern are noted, and actions are identified and are tracked to completion.

Prudential risk
Quilter is prudentially regulated by the Prudential Regulation Authority ("PRA") under Solvency II, by the FCA under the Investment Firms Prudential Regime ("IFPR") and other applicable prudential regulations.

To meet these regulations, we operate a consistent approach to risk management across Quilter. We have integrated the Own Risk and Solvency Assessment ("ORSA") and Internal Capital Adequacy and Risk Assessment ("ICARA") into our risk management framework. Quilter's ORSA and ICARA are comprehensive risk processes which set out how risks are managed and how risks might change over time as we execute our strategy and respond to changes in the external environment.

We determine the capital and liquidity required to protect Quilter's resilience. We project the development of capital and liquidity requirements over our planning period. The assessments include a range of stress and scenario tests covering a broad range of potential events, including market stresses, events which could damage Quilter's reputation and operational risk events. In accordance with IFPR requirements we have developed recovery plans to identify the management actions and recovery options which are available in the event of extreme stresses, and wind-down plans to ensure that we maintain sufficient capital and liquidity to support the orderly wind-down of our investment and advice businesses.

Operational risk
Quilter operates a series of processes to facilitate the identification and management of operational risk and the reporting of risk events. A discipline of Risk and Control Self Assessments ("RCSAs") and risk event management is facilitated by our risk system, along with remedial action tracking. Root cause analysis is conducted on material events.

Digital security
Embracing Digital is a key component of Quilter's strategy, ensuring we actively engage with our current and future customers in the right way, across all facets of our business. Information security is a core part of our ongoing management of digital platforms, and a key requirement for projects that are delivering new or updated digital functionality. Real-world information security events continuously inform our risk posture, and we use a combination of internal metrics and external threat intelligence to assess and periodically revaluate the effectiveness of our control environment. Using internationally recognised methodologies, we characterise and actively monitor a wide variety of criminal actors who could be a threat to Quilter. Understanding how these criminals operate has enabled us to ensure we have the relevant controls in place and to test these controls, using both internal methods and external parties.

The identification, assessment and continuous management of digital security related risks is aligned to our ERMF. Quilter's risk taxonomy is a key part of this framework which drives our risk management processes and includes technical elements of these risks such as systems availability, data loss and compromise, but also the important wider reaching business impacts of digital risk such as customer service risk. These risks are governed as part of a well-established framework, including the executive sponsored IT and Security Governance Forum and the Operations Committee which report ultimately into Quilter plc Board Committees. The Quilter Chief Risk Officer formally reports the second line opinion on the risk profile of the firm, including information security and technology risk, on a quarterly basis. Internal Audit also regularly include digital and related risks as part of their audit planning process.

Remuneration and reward
The most important element to risk management is a good culture of risk informed decision making. We believe that a good risk culture enables effective management of risk. We link risk management to personal performance and development, as well as to Quilter's remuneration and reward schemes. An open and transparent working environment which encourages our people to embrace risk management, and speak up where needed, is critical to the achievement of our objectives.

Risk-based planning
On an annual basis a Risk Plan is developed based upon a risk analysis exercise. This analysis encompasses a risk assessment of the prevailing risk profile, as well as external factors, including regulatory change. The Risk Plan details the activities that will be undertaken by the Risk Function across the risk domains, including regulatory compliance, and includes advisory and assurance. The Risk Plan is approved annually by the Board Risk Committee, with regular tracking of progress on its delivery throughout the plan year.

Risk profile
2022 has been a very challenging year. The rapid deterioration in the economic and geopolitical environment which began at the start of the year gave rise to significant impacts on consumers and the markets, and had a material impact on Quilter's business performance, impacting net flows, assets under management and administration ("AuMA") and revenues.

Despite these challenges Quilter remained focused on its four strategic priorities. Good progress was made on a number of fronts, including the launch of Wealth Select +, the establishment of the new Affluent commercial and proposition function, continued Platform improvements and good progress in Business Simplification.

In July the FCA published the final rules and guidance in relation to the new Consumer Duty, which sets higher and clearer standards of consumer protection across financial services, and requires firms to put their customers' needs first. Good progress has been made to date in the delivery of our Consumer Duty programme with appropriate first and second line resources mobilised to support implementation by July 2023.

Principal risks and uncertainties

Principal risks and uncertainties

The Directors 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 those risks that are non-financial in nature. The articulation of these principal risks and uncertainties is consistent with Quilter's Enterprise Risk Framework categorisation, and with the 'Top Risk' reporting that is provided quarterly to the Board Risk Committee and the Board.

The Board requires management to put in place actions to mitigate these risks, and controls to maintain risk exposures within acceptable levels defined by Quilter's risk appetite. Since 2021, improvements in the risk exposure associated with Information Technology, Information Security, Change Execution, Third Party and Operational Resilience has seen them removed from the table below. The table below sets out Quilter's principal risks and uncertainties throughout 2022, including Executive Committee member ownership and key mitigants being implemented by management. The risk trend noted is the residual risk trend (risk after the application of mitigants) during 2022.

Risk trend key

→ Stable ↘ Decreasing ↗ Increasing

Business and strategic risks

Risk owner:	Risk	Mitigation:	2022 risk trend:
Chief Financial Officer	**Economic environment** Quilter's principal revenue streams are asset value related and as such Quilter is exposed to the condition of global economic markets. The evolving Ukraine conflict and increased political uncertainty in the UK saw significant market volatility during 2022 and this is expected to continue into 2023. Inflation acted as a significant headwind to Quilter, due to risings costs, and lower NCCF with the potential that higher interest rates could further impact equity markets and Quilter's flows. Inflationary pressures are expected to start easing in 2023 but the pace and timing remains uncertain.	**2022 activity** • 2022 economic scenario testing at Group and subsidiary level. • Diversification of shareholder cash balances across bank accounts and money market funds to reduce credit concentration risk. **Planned and ongoing activity** • Stress and scenario analysis, including in respect of market shocks. • Ongoing enhanced monitoring of market and liquidity risk exposures.	↗
Chief Financial Officer	**Business financial performance** Any negative impact on earnings, share price and/or capital position could have a resulting adverse effect on Quilter's market credibility and financial standing. Throughout 2022, external economic and market conditions remained challenging, and this impacted flows, AuMA and revenues. The economic and political outlook remains uncertain and ongoing inflationary pressures, alongside increasing interest rates, risk damaging consumer confidence further as cost-of-living pressures continue.	**2022 activity** • Implemented revised 2022 cost targets. • Explore structural efficiencies that can be employed to deliver 2023 cost base and beyond. **Planned and ongoing activity** • Continued monitoring of Key Risk Indicators relating to liquidity, free cash and solvency positions.	↗
Chief Executive Officer	**Strategic delivery** The current stage of our strategy brings with it continued strategic execution risk and the challenging external conditions have led to an increase in this risk over the year. Improved structural efficiency will reduce vulnerability to short-term market conditions and enable long-term investment. Customers place their trust in Quilter to help deliver their financial futures, and delivery of good customer outcomes in all of Quilter's client propositions will be key to the success of Quilter's next phase.	**2022 activity** • Reprioritisation of the operating plan. • Development of customer proposition and points of differentiation. **Planned and ongoing activity** • Maintaining robust change discipline through a comprehensive change framework and effective governance structures. • Dependency and resource mapping, identifying and retaining key capabilities.	↗

Business and strategic risks continued

Risk owner: Chief Executive Officer

Climate strategy

Climate strategy risk is the risk that Quilter fails to develop and deliver the achievable, coherent, comprehensive and robust long-term climate strategy needed to appropriately manage climate related financial and non-financial risks (as set out in our 2022 TCFD report), meet regulatory and other stakeholder expectations, and fulfil our strategic ambition. This could result in reputational damage, the potential for regulatory action, and/or financial impacts. Quilter takes its responsibility to the environment very seriously, and is determined to play its part in reducing climate impacts.

Mitigation:

2022 activity
- Recruited a Head of Responsible Wealth Management.
- Began developing a detailed climate action strategy for the business which encompasses Scope 3 emissions.
- Completed the requirements phase for 2022 TCFD-related disclosure deliverables.

Planned and ongoing activity
- Develop requirements for 2023 TCFD-related disclosure deliverables.
- Complete a full risk assessment to ensure the climate action strategy addresses any underlying risk factors.

2022 risk trend: →

Operational and regulatory risks

Risk owner: Chief Executive Officer, Quilter Financial Planning

Advice

Quilter's financial advice services are subject to fundamental regulatory conduct requirements to assure suitability of advisory recommendations. Failure to operate effective arrangements to support the ongoing delivery of suitable advice could expose Quilter to risks associated with customer detriment, regulatory censure and remediation programmes, with consequential impacts to the Group's business, financial condition and reputation. Quilter continues to build on significant improvements to the control environment over the past 18 months, with an improving trend seen against this risk.

Mitigation:

2022 activity
- Conclusion of programme of work to enhance the control environment that supports the delivery of suitable advice in the Quilter Financial Planning business.
- Defined benefit transfer advice remediation activity is entering latter stages, with a small number of residual cases being handled in compliance with the FCA's published section 404 compensation scheme.

Planned and ongoing activity
- Ongoing control improvement programme transitioning into business as usual activity.
- A programme of work designed to make doing business with us easier for customers and our advisers.
- Automating wherever possible in support of a less manual control environment.

2022 risk trend: ↘

Risk owner: HR Director

People

Quilter relies on its talent to deliver its service to customers. The tight labour market and the cost-of-living pressures are continuing to drive some challenging conditions for employee retention. Failure to attract and retain suitable talent may impact on the delivery of Quilter's strategy and may have an adverse impact on Quilter's business, its financial and operational performance and its delivery of service to customers.

Mitigation:

2022 activity
- We Rise framework to support the delivery of Quilter's strategic objectives with agility and flexibility to adapt to the changing internal and external environment.

Planned and ongoing activity
- Talent management and succession programme.
- Performance and risk-adjusted remuneration arrangements.
- Regular employee engagement surveys.
- Quilter's staff wellbeing initiative, 'Thrive'.
- Coaching programme to support new teams coming together as part of business transformation/change.

2022 risk trend: ↗

Risk owner: Chief Risk Officer

Regulatory

Quilter is subject to regulation in the UK by the PRA and the FCA. Additionally, the firm is 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 to changes in regulations or regulatory focus or interpretation in the markets in which Quilter operates. Failure to manage regulatory compliance effectively could result in regulatory censure, including the possibility of fines or prohibitions which could impact business performance and reputation.

Mitigation:

2022 activity
- Plan defined for Consumer Duty implementation and mobilisation of the programme.
- Implemented Appointed Representative regime changes.

Planned and ongoing activity
- Implement Consumer Duty requirements.
- Compliance monitoring programme.
- Regulatory engagement management, and regulatory horizon scanning.
- Staff training and staff awareness programmes.

2022 risk trend: →

Emerging risk radar

Quilter is a long-term business and as such we monitor risks which are less certain in terms of timescales and impact. 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 which feeds into our strategic planning process and informs our capital calculations. The following are the emerging risks we feel are the most significant. Economic outlook and Geopolitical risk have been split out this year so they can be appropriately articulated given the current external environment

Near term	Economic outlook and inflationary pressure	The Bank of England's Monetary Policy Committee latest projections describe a challenging outlook for the UK economy with CPI inflation expected to remain elevated in the near term, it is expected to fall sharply from mid-2023. Global GDP growth has slowed and is projected to remain weak during 2023. There are some signs that labour demand has started to soften, though the labour market remains tight. Persistent high inflation and a recession could significantly impact all of Quilter's stakeholders, including customers, colleagues, and shareholders.
Near term	Margin pressure	Increasing market pressures may require provision of services at a lower overall cost to customers to remain competitive. An inability to adapt to margin pressure could cause a reduction in market share of new business and negatively impact retention of existing business. Operating margin is a key focus with cost control and expense management activities ongoing.
Near term	Geopolitical risk	Instability within the Eurozone, the Russia-Ukraine conflict, tensions in the Middle East, Taiwan, the South China Sea and North Korea, as well as ongoing strain in trade relations between the US, China and the EU have contributed to increased volatility in the financial markets in recent years and have contributed to diminished growth expectations for the global economy. It is possible that the effects of such geopolitical events will include further financial instability, slower economic growth, significant regulatory changes, currency fluctuations or higher unemployment and inflation in the UK, continental Europe and the global economy, at least in the short to medium term.
Near term	Cyber threat developments	Quilter operates in an environment where the nature of cyber threats are continually and quickly evolving. The ever-increasing sophistication of cyber criminality presents a persistent threat of attack, capable of compromising the continuity of operations, or the security and integrity of information. Cyber security systems need to continuously monitor and innovate in response to emerging cyber threat developments.
Near term	Infectious disease outbreak	Whilst the risk of pandemic resurgence remains low, a rise in outbreaks of other infectious diseases could potentially have impacts on Quilter's operations should mitigations be required to reduce the spread.
Medium term	Disruptive competition and technology	The white labelling of platforms coupled with financial advice consolidations by private equity firms who are aligning to white labelling partners could see competitors acquire skills and technology, accelerating their digital capabilities. This, alongside advancements in Digital/Hybrid advice could see new entrants enter the already highly competitive market, having the potential to erode Quilter's market share and increase fee pressure across the value chain.
Medium term	Climate change – physical risks	Physical climate risks are now crystallising, evidenced by summer heat waves in the UK and low rainfall. Whilst Quilter's flexible working policy allowed employees to cope well with extreme heat last year, some were impacted by public transport delays and reduced childcare provision. Such events are expected to become more extreme and more frequent in future, posing challenges to Quilter, the UK's infrastructure and critical third parties' operations.
Medium term	Climate change – transition risks	To avoid a climate catastrophe, global emissions must peak by 2025, halve by 2030, and be net zero by 2050. Achieving these aims has profound implications across the global economy and all industries. A disorderly transition to a low carbon economy could have financial impacts for Quilter caused by investment volatility or increased costs due to additional regulatory burden. COP27 was an opportunity for world leaders to show how they planned on turning their promises into action and whilst disappointing progress was made on phasing out fossil fuels, a historic agreement was reached on a fund to compensate developing countries for losses and damage caused by climate change.
Longer term	Generational shifts	The UK population is ageing. A significant proportion of UK household wealth is held by the over-45s and, over the next 30 years, this is set to be transferred between generations as inheritance or gifts. These trends present both opportunities and risks to Quilter in the form of changing consumer demands and expectations.

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 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 set by the Board to direct the organisation, through setting the tone and expectations from the top, delegating its authority and assessing compliance.

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 Enterprise 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 47 to 48.

Further information on the Directors' review of Risk and internal control can be found on pages 75 to 78.

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 preferences and 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 review 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 considered the impact of market risk and the prevailing economic and geopolitical climate, and the risks and challenges this presents to the Group. In particular, the Business Plan considered the potential for volatility in debt, equity and currency markets which can adversely impact the Group's 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 any emerging risks, such as the generational shifts potentially impacting the ability of newer generations to accumulate wealth from income. 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, which are performed to identify events which would make the current plan unviable, have also been performed. The results of these tests indicate that the Group can reasonably expect to have sufficient capital and liquidity to be able to meet its liabilities over the planning period and could sustain a significant equity market fall, after management actions, well beyond the market falls experienced during the first half of 2020 with no foreseeable market recovery.

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 management action to be taken.

The Strategic Report, on pages 2 to 51, 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 47 to 48.

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 2025.

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 8 March 2023.

Ruth Markland
Chair
On behalf of the Board