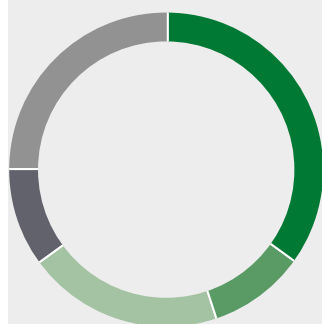


The work of the Board in 2020

Board activity and decision making

Board activity



- Business performance oversight **35%**
- People and culture **10%**
- Strategy and delivery of strategy **20%**
- Stakeholder management **10%**
- Risk management and governance **25%**

Key decisions made by the Board in 2020

Reviewing

Reviewing the Group's strategy to ensure that it remains appropriate for a rapidly changing environment and deciding to initiate a strategic review of the Group's international business.

Supporting

Supporting the Quilter management team as they provided visible and clear leadership for our people, took difficult decisions to ensure that Quilter and its people safely navigated the COVID-19 pandemic, including revising priorities, and supporting our staff and advisers by extending additional support, such as the Thrive initiative, to adviser firms.

Endorsing

Endorsing management's decision to split our second phased adviser migration for our Platform Transformation Programme into two tranches to mitigate the risk of negatively impacting our customers and advisers.

Protecting

Protecting the interests of shareholders by continuing the Group's share buyback programme and paying a modest interim dividend for 2020, given the resilience of our business.

Setting

Setting stretching but achievable financial and operating targets for management that ensured delivery of our strategic objectives and financial performance in line with the expectations of our shareholders and customer-focused services and products.

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, 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's 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

The Board is clear that engaging, consulting and making decisions balancing the needs, interests and expectations of our key stakeholders is critical to Quilter achieving its purpose of helping create prosperity for the generations of today and tomorrow. On occasions these competing stakeholder views can be contradictory and it is the Board's role to navigate these complexities to achieve long-term success. The Board has a comprehensive stakeholder engagement programme and seeks to act in the best interests of the Group, and to be 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 Quilter Board engages with our stakeholders, including some examples of how our Board has considered stakeholders when it made key strategic decisions in 2020, can be found on the following pages. In addition, throughout this report, we state how consideration of stakeholders has been embedded as part of our business operations.

You can also read more about how Quilter operates in our Responsible Business Report on pages 46 to 59.

The Board identified six key stakeholder groups whose interests and needs it regularly considers. This year, the Board refined our stakeholder map to state a broader consideration of who our stakeholders are, and given how important advisers are to Quilter's long term success, this group is now described explicitly.

Investors

Who are they

The Board considers investors in its broadest sense including equity and debt investors, alongside analysts and rating agencies. Just over half of the Group's shareholders are registered in South Africa, with the remaining 47% of our shareholders on the UK share register.

Investor priorities

- A resilient business model which generates long-term sustainable returns for shareholders
- A sustainable and growing dividend supported by cash flow and capital generation
- Robust corporate governance that ensures effective oversight and control of the business
- Financial strength and resilience that enables the business to withstand external shocks
- A business with a clear and successful strategy that is delivering growth and sustainable returns

How the Board engages with our investors

Shareholders, analysts and rating agencies

The Board and management maintain a regular and constructive dialogue with investors, to communicate with existing and potential shareholders on the Company's strategy, governance and performance. This helps to promote investor confidence and ensure continued access to capital. The Chairman and Senior Independent Director met with our major shareholders in an annual governance roadshow covering business strategy, performance, remuneration and broader governance matters and at the same time received valuable feedback from them. In addition, the Chief Executive Officer and Chief Financial Officer provided updates on our results and financial performance, undertaking two live webcasts and conducting 245 meetings with shareholders, debt holders and prospective investors in 2020.

The Company participates in investor conferences to engage with existing and prospective investors. Alongside the Chief Executive Officer and Chief Financial Officer, senior management provide insight into business strategy which helps showcase the quality of the Quilter leadership team.

The Board received regular updates from the Head of Investor Relations on key shareholder and debt holder issues and concerns. This included an annual presentation involving our corporate advisers on market dynamics and corporate perception.

Private shareholders

Our private shareholders are supported day-to-day by our registrars based in the UK and in South Africa. We closely monitor the performance of our registrars to ensure the service our shareholders receive globally is appropriate.

In 2020, given we were unable to hold an open Annual General Meeting ("AGM") due to UK Government restrictions on public gatherings in place at that time, we set up a specific AGM Hub to enable our private shareholders to raise questions with the Chairman on the business of the meeting in advance of our AGM. We strongly encouraged shareholders to vote before the meeting.

The Group's full year and interim results are sent by email to our shareholders who have provided consent for e-communications, and in addition we provide comprehensive information on our website, quilter.com.

During the year, the Board approved the Odd-lot Offer which provided small private shareholders with a cost-effective way to sell their shares in Quilter and reduced the number of private shareholders by 200,000.

Outcomes

The Board considers investor feedback on an ongoing basis. An example of how shareholders' interests are considered is set out in the Governance in action case study on page 99. In this case study, we detail how the Board decided to launch the share buyback programme and the factors considered when the Board approved the payment of the interim dividend in 2020.

In March 2020 at the beginning of the COVID-19 pandemic when market volatility was prevalent and investor confidence fragile, the Board took the decision not to extend a new Sharesave Scheme to employees. While employees value this share plan with a 45% take-up in 2019, the Board decided it was appropriate to manage costs in line with Quilter's wider efforts to make temporary tactical efficiencies rather than offer this additional benefit to colleagues at that time.

Section 172 (1) statement (continued)

Colleagues

Who are they

At Quilter, we treat all full-time, part-time and contract staff as colleagues. The success of the delivery of our strategy is dependent on talented and committed people, focused on delivering for our stakeholders in accordance with our values of Pioneering, Dependable and Stronger Together. We have 4,176 colleagues, who each take pride in working towards being part of an inclusive and diverse Quilter. We aspire to achieve a culture where everyone feels included, empowered and inspired to do the right thing for customers.

Colleague priorities

- Customer and value-led culture
- Investment in people development and technology
- Compelling colleague proposition
- Attractive reward structure
- An open and inclusive culture

How the Board engages with our colleagues

Following Cathy Turner stepping down from the Board in May 2020, the Board asked Paul Matthews to act as our Non-executive Director with responsibility to ensure that the Board understand the views of employees. Sharing the insights he gains from attending the Quilter Employee Forum, he ensures that colleagues' views are taken into consideration as part of the Board's decision making. A full description of how this happens, including some of the metrics the Board look at on a regular basis, are set out on pages 100 and 101.

In addition to this mechanism, individual Directors meet regularly with individuals identified as future senior leaders.

The Executive Directors directly engage with colleagues across the business and during 2020 provided frequent video updates to colleagues on business priorities, successes and to thank colleagues during this period of remote working.

In 2020, the Board focused on measures to improve diversity and inclusion and you can read more about the initiatives in the Board Corporate Governance and Nominations Committee Report on page 104.

Outcomes

Paul Matthews, our Non-executive Director responsible for representing the views of the workforce to the Board, shares his insights on 2020 on pages 100 and 101.

You can read more about our approach to promoting diversity and inclusion and colleague engagement in the Chief Executive Officer's statement on page 25 and on delivering for our colleagues in the Responsible Business Report on pages 52 and 53.

■ **Read more examples of how these stakeholders have been considered**
Pages 52 and 53

In the Annual Report on Remuneration on page 138 you can read about the decision to create a small discretionary bonus pool to recognise the contribution of the wider workforce during the COVID-19 pandemic.

Communities

Who are they

The Board broadly defines Communities to mean the societies in which we operate and where our products are sold. Quilter's ability to deliver sustainable value for stakeholders depends on the engagement we have with key stakeholders representing the communities' needs, including policy makers, business partners, non-governmental organisations ("NGOs") and other interest groups.

Communities

We target our efforts to make a difference in the communities we are located in or where our products and services are used.

Suppliers

We recognise the key role our suppliers play in helping us manage our business and deliver quality services for our customers.

Community priorities

- Protecting customers and investors
- Operating responsibly, including wider environmental impacts
- Being treated fairly and professionally during the sourcing process

How the Board engages with our stakeholders

The Board has delegated direct oversight of the Responsible Business agenda to the Board Corporate Governance and Nominations Committee. The Chairman updates the Board on relevant matters including the views of key stakeholders, such as policy makers, NGOs and other interest groups to understand what is important to them.

Throughout the COVID-19 pandemic Quilter has proactively engaged with our suppliers as part of our focus on operational resilience. This regular dialogue enables us to gain assurance, and support the needs of the supply chain.

Outcomes

Our work to provide comprehensive and rapid support for customers, colleagues, advisers and investors is set out on pages 17 to 19.

Quilter reduced its operational greenhouse gas emissions by 33% compared with 2019.

The Quilter Foundation directly supported 13,525 young people in local communities, providing vital financial education, employment and wellbeing support.

Quilter continued to integrate environmental, social and governance ("ESG") considerations across its investment management and stewardship activity, and achieved an 'A' rating in The United Nations backed Principles for Responsible Investment ("PRI") annual assessment. In respect to stewardship of the companies we invest in, our voting at company meetings increased by 104% compared with the previous year.

Our strategic objective is to reduce Quilter's contribution to climate change and support the transition to a low carbon economy.

Our framework helps us to reduce our direct carbon footprint, embed climate considerations in our investment management and stewardship activity and offer clients climate focused investment solutions.

■ **Read more examples of how these stakeholders have been considered**
Pages 56 to 59

Section 172 (1) statement (continued)

Regulators

Who are they

We have an open and transparent relationship with our regulators and other government authorities. Our core UK regulators are the Financial Conduct Authority and the Prudential Regulation Authority. We also have multiple international regulators who oversee our international business activities, including the Isle of Man Financial Services Authority and the Central Bank of Ireland.

Regulator priorities

Each regulator has its own statutory objectives to fulfil. These centre around ensuring firms are run in a safe and sound way to achieve fair outcomes for consumers and ensure the integrity of financial markets, promoting effective competition in the interests of consumers. The UK regulators publish annual business plans setting out their specific priorities within the context of these wider objectives.

How the Board engages with our stakeholders

Transparent and open regulatory relationships are fundamentally important to Quilter and its Board, and this principle forms the basis of our approach to regulatory engagement, deployed across the Quilter Group. We liaise with each regulator regularly to ensure our business is aligned to the evolving regulatory framework and is operating to regulatory expectations. The Board Risk Committee receives quarterly reporting on key regulatory relationships and matters under discussion as part of its standing agenda, and the Quilter Chief Risk Officer, as a standing attendee of each Board meeting, provides further updates as needed. The FCA attends a Quilter Board meeting annually to share directly their thoughts on our business and key areas of focus.

In addition, we have a regular programme of meetings on a one-to-one basis between our UK regulators and our Chief Executive, Chief Finance Officer, the Chairman and other Board Committee Chairs, covering all aspects of the regulatory agenda. Examples of key matters discussed include customer outcomes, operational and financial resilience, future strategy and plans for the Group, and diversity.

Outcomes

Our understanding of our regulators' priorities, which have customer outcomes and sustainable business at their centre, forms an integral part of the Board's decision making. Papers presented are required to consider stakeholder interests in their recommendations, including importantly customer and regulatory considerations, and is reflected practically in Quilter's Board Risk Appetite towards regulatory compliance. The Board has a low appetite for non-compliance with regulations and this position is reflected, for example, in the levels of investment in Quilter's change programme focused on regulatory change and delivering this in a timely way.

Advisers

Who are they

Financial advisers are core to our business, delivering personalised financial advice tailored to meet the specific needs of the customer. Our business model means we have three core adviser strategies comprising 1) our National business, through which our advisers provide high-quality financial advice under the Quilter brand 2) our advice Network business, which partners with third party advice firms providing them with a compelling investment proposition and robust regulatory control framework and 3) third-party independent financial planners ("IFAs") who utilise our investment platform or place clients' assets within Quilter investment management solutions.

As a firm believer in the value of advice, Quilter is committed to developing existing advisers and bringing new advisers into the industry. Since its inception in 2016, 643 financial advisers have graduated from our own-branded educational facility for advisers, the Quilter Financial Adviser School. In 2020, 211 financial advisers completed the qualification.

Priorities for advisers

- A compelling investment proposition
- The provision of high-quality, productive environments in which to operate safely
- A robust and intuitive platform

How the Board engages with our stakeholders

The Board receives regular updates from the Chief Executive Officer on key issues impacting advisers both within Quilter Financial Planning's Network and National businesses and third-party advisers who use our investment platform to serve their and our customers.

The Customer reports scrutinised by the Board and Board Risk Committee provide key insights on how effectively and safely Quilter is supporting advisers in serving customers and, in order to better understand advisers' views and culture, the Board has requested that data collated on our employees' opinions and culture is extended to include advisers. In addition, Paul Matthews, who also serves on the Quilter Financial Planning Limited Board, engages regularly with advisers to understand their needs and priorities, reporting back to the Board on his findings. This included attending the bi-annual Quilter Financial Planning Adviser Conference in February 2020. The Board has also supported management's decision to extend the support for employees' mental wellbeing to advisers. More information on the support provided is available on page 54.

The Board and the Board Technology and Operations Committee committed significant time in 2020 to ensuring the new Quilter Investment Platform is suited for the needs of advisers and their customers. Given 2020's challenging circumstances, the decision to split the second phased adviser migration into two stages was taken to limit the potential for disruption to advisers and customers. You can read more about our Platform Transformation Programme on pages 44 and 45.

The Board Technology and Operations Committee also provided oversight of the plans for, and progress in, delivering new technology solutions that are central to supporting Quilter Financial Planning's advisers, including the new payments system implemented in February 2021, which ensures advisers are properly and promptly paid for the advice they provide.

During the early part of 2020 the Board closely monitored the programme of work commenced in 2019 to further strengthen the robustness of the Quilter Investors investment process.

Outcomes

- **Read more examples of how these stakeholders have been considered**
Pages 54 and 55

One important outcome was the safe implementation of the new investment platform, which enables advisers to provide excellent advice and support for customers and an enhanced range of services.

Section 172 (1) statement (continued)

Customers

Who are they

Our customers use our products and services to meet their long-term financial needs and achieve their aspirations. Ensuring customers are at the heart of everything we do is critical to Quilter's long-term success. Maintaining strong relationships built on the delivery of outstanding service and outcomes, a positive reputation and trust are key to the longevity of Quilter's performance.

By the end of 2020 Quilter spent £174 million enhancing the core investment platform and further enhancements to our customer proposition are planned in 2021.

Customer priorities

- Products that meet their needs, expectations and risk appetite
- Excellent customer service and access to products across all channels
- Personalised customer propositions

How the Board engages with our customers

Earning and retaining the trust of customers is a high priority and the Board receives regular reports on the outcomes achieved for customers. The customer reports in 2020 confirmed that Quilter generally provided a resilient and consistent service to customers through the pandemic. The Board asked management to ensure direct feedback on end-customer satisfaction is obtained in addition to the feedback via advisers. The Board also challenged management to develop better mechanisms for measuring whether value for money is being delivered for all customers based on the work conducted by Quilter Investors in 2020.

All Board papers include, where appropriate, analysis of the impacts to customers of the proposals under consideration.

The Board looks to benchmark performance achieved for customers and uses insight from a range of internal and external research, including net promoter scores and other customer indices, to improve services. The Board receives regular updates and reports on the progress of Quilter's strategy, including the development of plans for the next strategic phase, ensuring the customer remains at the heart of our strategic investment.

The Board receives reports providing analysis and guidance in relation to the competitive environment and market share, which enables strategic insight and allows the Board to take decisions that are focused around the needs of customers.

The Board is committed to doing whatever is necessary to ensure all customers impacted by past conduct failures receive fair recompense.

To ensure that our leadership team continue to put customers at the heart of everything we do, a customer metric is included in the executive scorecard that drives the remuneration of our senior executive team.

Outcomes

When the size and scale of the COVID-19 pandemic became apparent, the Board endorsed management's action to support customers impacted by the pandemic. This included heightened internal controls to prevent fraud and cyber crime.

During 2020, a number of claims were received in relation to historic pension transfer advice in respect of the British Steel Pension Scheme provided by Lighthouse prior to its acquisition. This subsequently led to the FCA initiating a skilled person's review and an enforcement investigation, as noted elsewhere in this report. As a result, the Board has ensured that, working closely with the skilled person and the FCA, Lighthouse reviews relevant cases and offers remediation if the historic pension transfer advice in respect of the British Steel Pension Scheme was not suitable.

The introduction of the new investment platform is a further example of how the Board has overseen enhancements in how we engage with customers. Read more about this on pages 44 and 45.

■ ■ Read more examples of
how these stakeholders
have been considered
Pages 50 and 51

Your Board discharged its responsibilities in 2020 by

Actions	Purpose
Reviewing and setting the Group's strategy	<p>The Board held a two-day in person strategy meeting in August 2020 which met all the government guidance for 'gatherings' in place at that time. The management team, guided by the Board, assembled detailed analysis of each business area and details of industry trends which provided key insights on which the strategy is based. The executive team then presented a proposed long-term strategy which the Board tested and challenged. In setting the strategy, the Board carefully considered the needs of customers, shareholders, employees, advisers, the communities in which we operate and the need to maintain constructive relationships with our regulators. A key consideration was whether the global pandemic was likely to make permanent changes to the markets in which we operate, the expectations of our customers and the changes the business would need to make to adjust to those changes. The Board endorsed the overall direction of the strategy which requires the business to become more customer-centric and to drive greater efficiency throughout our business to better serve our customers and advisers and continue to enhance returns for our shareholders.</p> <p>As part of the review of the Group strategy in the summer of 2020, the Board concluded that management should conduct a strategic review of the Quilter International business. Management were asked to provide the Board with a detailed analysis of a range of options for the business including retention of the business, alternative growth strategies or a sale to a third party, so that a fact-based decision that benefited all stakeholders in the long term could be reached.</p>
Setting stretching but achievable financial and operating targets for management	<p>In October and November 2020, the Board reviewed and approved a Business Plan for the forthcoming three-year period. The Business Plan sets financial and non-financial targets for the period and shows the capital and liquidity impacts of that plan which are aligned to the Group's risk appetite. Given the significant uncertainty in the external environment at the time of setting the Business Plan, management were asked to rebase some elements of the Business Plan to take account of market movements in November 2020.</p> <p>Alongside the production of the Business Plan, management developed an Operating Plan that set out the key initiatives and programmes of work required to deliver the Business Plan and the Group Strategy. The Board carefully considered the resources available to deliver the Operating Plan, the alignment of the financial and Operating Plans, the achievability of the plans and the risks to delivery. Particularly, in 2020, the Board had to consider the challenges in delivering significant change programmes while the business continues to work largely remotely.</p>
Reviewing the response to COVID-19	<p>When the business moved to largely remote working in March 2020, and the first national lockdown was announced, management carefully reviewed all planned change activities and deprioritised certain programmes, such as new product launches for Quilter Investors. It was clear that our revenues would be impacted by lower markets and that cost control would be important to secure the long-term position of the business. Despite the imperative to control costs, your Board supported management's decision to also protect our employees. Some redundancies that had been long planned to take place in the first half of 2020 were delayed, given how difficult it would be for those seeking employment at that time. Management also identified the key projects, such as the Platform Transformation Programme, which are critical to the future of the Group and prioritised those areas to ensure delivery would be safely achieved. The Board also considered how the experience of working remotely will permanently change the way that our people wish to work and agreed to keep this under review.</p>

Your Board discharged its responsibilities in 2020 by (continued)

Actions	Purpose
Monitoring the delivery of the Operating Plan and key strategic programmes	<p>Throughout the year, the Board has received quarterly updates from the Chief Executive Officer on the delivery of the 2020 Operating Plan to ensure that the business continued to make progress on delivery of its strategy and the Business Plan.</p> <p>In addition, the Chief Operating Officer reported half yearly on the areas within her responsibility. She confirmed that Quilter's operations have remained resilient throughout 2020, despite the challenges presented by COVID-19 and material improvements have been delivered in our IT infrastructure and security.</p>
Overseeing the Group's management of material risks	<p>The business remained financially strong throughout 2020 with robust capital and solvency positions which should provide comfort to our shareholders, regulators and those we do business with.</p> <p>In addition to the usual quarterly reports from the Chief Risk Officer, the Board has spent time overseeing the handling of customer complaints arising from the Lighthouse acquisition and ensuring that any lessons arising from them have been fully learnt and embedded.</p>
Ensuring the Group's people strategy and culture are aligned with the business strategy	<p>The Board has continued to monitor closely the health, welfare and engagement of our people and the culture of our business. Regular employee opinion surveys (Peakon surveys) confirmed that the Group has an engaged and committed workforce and the Board encouraged management to extend its work in these areas to include those advisers who we do not employ, but are still critical to the success of our business.</p> <p>At the Board's request, management brought forward detailed plans on enhancing the diversity of our workforce which are discussed on pages 52 and 53. The culture of the organisation is considered to be well aligned to the Group's purpose and strategy with a strong customer-oriented mindset and it is clear that our colleagues have gone the extra mile in 2020 to continue to support our customers despite the obvious challenges. The high visibility of the leadership team through the isolation of home working has been strongly welcomed by our people. The Board has requested more granular information on the culture of individual businesses to ensure that any inconsistencies across the Group are identified and addressed.</p>
Monitoring the investment performance of our funds and solutions	<p>The Board has continued to regularly scrutinise the investment performance being delivered by Quilter Investors and Quilter Cheviot for their respective customers. In a year of volatile markets with at times unprecedented market falls, the Board has continued to emphasise the importance of robust investment processes and strong monitoring of investment risk.</p>
Monitoring how well we serve our customers	<p>The Board has continued to guide the development of a comprehensive set of metrics to ensure that we are providing outstanding service to our customers. There is good evidence to confirm that Quilter has continued to provide strong customer service despite the challenges faced in 2020 when the first UK national lockdown coincided with the first phased migration to our new investment platform. Management reacted quickly when problems were identified in this difficult period.</p>

■ **Read more in the
Responsible Business
Report**
Pages 52 and 53

Governance in action

Case study on capital management

Return of capital

In 2019 when the Board approved the sale of Quilter Life Assurance to ReAssure, the Board engaged with its major shareholders to obtain their views on the use of the sale proceeds. Having also discussed the matter with the Group's brokers, the Board agreed to return the sale proceeds to shareholders by way of a share buyback programme. The Board approved a programme with a value of up to £375 million, subject to remaining within certain pre-set parameters over share price and trading volumes. To ensure appropriate oversight, and given the challenges of buying back shares in a fairly illiquid stock on the UK and South African Stock Exchanges, the Board was clear that the programme needed to be subject to staged regulatory and Board approval. The Board delegated to the Return of Capital Committee, chaired by Glyn Jones, alongside the Chair of the Board Risk Committee, Rosie Harris, and the Chair of the Board Audit Committee,

George Reid, with our Chief Executive Officer, Paul Feeney, and our Chief Financial Officer, Mark Satchel, authority to oversee the programme within the parameters set by the Board and consider on an ongoing basis whether the return of capital continued to be appropriate and in the best interests of our shareholders.

In March 2020, the Board was finalising our 2019 results at the same time as the first signs emerged that COVID-19 was likely to become a global pandemic. The Board Committee exercised close scrutiny over the programme to ensure that it remained in the best interests of our shareholders and, as part of our shareholder governance meetings held in February 2020, reconfirmed with our major shareholders remained supportive of the launch of a share buyback programme. Over the next few months, the pandemic impacted markets causing significant share price volatility globally. At a time when many

other companies were suspending their dividend payments, we stayed in close contact with our lead regulators and monitored Quilter's share price, overall capital, liquidity and free cash. During 2020, the Committee met on three occasions and received updates from management regarding the progress of the share buyback programme and ensured that the Company stayed within risk appetite in terms of our capital, liquidity and free cash positions. Given the dislocations and volatility in markets during 2020, it has at times been challenging to maintain the pace of the share buyback programme, in part driven by the current structure whereby the programme is designed to buy back an equivalent number of shares on the London and Johannesburg Stock Exchanges to maintain our current shareholder profile.

Continuing to pay dividends in 2020

Since Listing, Quilter has paid two dividends a year, in May and September, in line with our published dividend policy. Before approving our 2019 full year results in March 2020, the Board gave careful consideration to the emerging situation with respect to the COVID-19 pandemic and agreed that it was appropriate to pay a final dividend of 3.5 pence per share, which was approved by shareholders at our Annual General Meeting in May 2020.

In the following months, Quilter, along with many other companies, paid close attention to our capital and free cash position and scrutinised what, if any, interim dividend it would be appropriate to pay in September 2020. Aware of the importance of our dividend to both private shareholders

and institutional investors, including pension funds, the Board met in July 2020, to review in detail management's recommendation on the proposed dividend rate. We also remained in close and routine contact with our lead regulators regarding our thinking in respect of the dividend. Major shareholders consulted indicated that a smaller dividend at the lower end of the 40-60% target pay-out ratio would be acceptable given the market circumstances. Given our strong cash and capital reserves, the Board agreed that it would be appropriate to pay a 2020 interim dividend, but adopted a cautious position given the market conditions, progress on the share buyback and the business outlook at that time.

The Board has again deliberated in depth on the pay-out ratio and final dividend for 2020, which was announced in March 2021, once again taking into consideration our financial position, the market conditions and business outlook. The Board has recommended to shareholders a full year final dividend of 3.6 pence per share. This will be put to shareholders for approval at our 2021 Annual General Meeting.

Employee engagement



Paul Matthews
Independent Non-executive Director

I was delighted to be asked to succeed Cathy Turner as the employee representative on the Quilter Board. Quilter is fortunate to have employees who have a strong affinity with the Group and support its exciting strategy. During a period of rapid and sometimes difficult change to bring the business to full maturity, coupled with a global pandemic which has meant our employees have largely been operating remotely, it is impressive that employee engagement has remained strong during a challenging year.

The Quilter Board receives a wide range of information on Quilter's employees through the course of the year. This ranges from the regular updates on People and Culture presented by our HR Director, reports from the Chief Executive Officer on current people initiatives and feedback in response to such actions as well as analysis from our risk team on the people risks in our business. Our risk team have particularly highlighted the pressures on our employees resulting from the high volume of change in the organisation. None of these sources of information are as valuable as direct meetings with our people which I have tried to achieve in 2020 either virtually or in person.

Looking forward

Having taken over as the Quilter Non-executive Director responsible for providing a linkage between the Quilter Board and our people in May 2020, and having so far met many people virtually, I am very much hoping to be able to meet more Quilter staff face-to-face in 2021. I hope that my interactions with the Quilter Employee Forum, the employee talent sessions the Board has recently relaunched and my regular visits to Quilter's offices around the country will soon be possible in person rather than virtually. In this hope, I will be joined by many of my fellow Directors who in more normal times would routinely travel to our various offices to attend townhalls or roadshows and benefit from the one-to-one conversations that this enables.

Key themes

Supporting our people in difficult times

Quilter conducts regular surveys on employee engagement and during 2020 there was a particular focus on how well Quilter was supporting our employees through the pandemic and keeping them informed on a fast-moving and largely unprecedented situation. Having placed a high priority on employee wellbeing, with additional support provided by Quilter to both employees and advisers, it was reassuring that employees were appreciative of these efforts. This was confirmed by the strong results for specific questions in employee opinion surveys about Quilter's response to the pandemic and supporting our people. Employees also recognised the significant efforts made to ensure that they had the right tools to fulfil their roles after moving to remote working.

"Quilter is doing a good job of keeping me updated with the information I need right now"



"Quilter is doing a good job of supporting me during COVID-19"



Note: Quilter Peakon Survey September 2020.

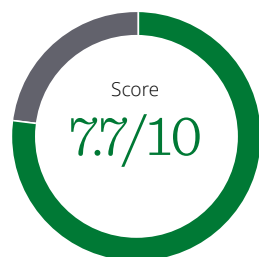
Key themes

Leadership

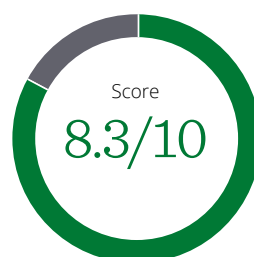
In difficult times, visible and vocal leadership becomes even more crucial and when I joined a meeting of the Quilter Employee Forum in September 2020, it was very clear that the efforts by the senior leadership team to be highly visible and accessible during remote working had been warmly welcomed by employees. Business and function leaders have successfully used video messaging to engage directly with employees. Employees shared with me their feedback that the cascading of key messages through line management was less effective and this will be an area of further focus going forward.

Good progress has been made in setting expectations for Quilter's leaders who are expected to demonstrate inclusive and responsible leadership practices and this is an area that the Board will monitor going forward.

“Senior leaders role-model the behaviours underpinning our values”



“My manager provides me with the support I need to complete my work”

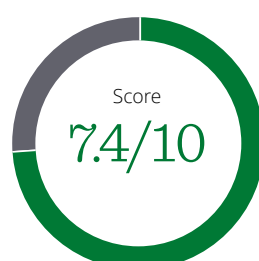


Aligning our culture and values to our strategy

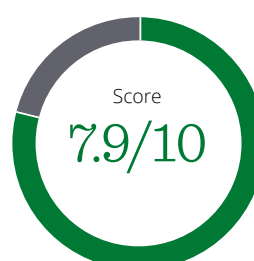
The proportion of our people who are inspired by the purpose and vision of Quilter is above the norm for the financial services industry and the majority feel that the strategy is taking Quilter in the right direction. Our employees highlight the need to build a better understanding of the work of other businesses and departments to enhance the cohesion of the Group. This is an area where we can improve even further with enhanced communications. There is strong alignment for our employees with the Quilter values of Dependable, Stronger Together and Pioneering and all three were above the average for the financial services industry. Some employees noted an element of risk aversion in the business and the Board has asked to see more granular analysis of the culture at a business level so that any material differences can be addressed.

One important measure of a strong and healthy culture is the extent to which employees feel able to voice concerns knowing that they will be listened to and appropriate action taken. The communications to staff in this area have been refreshed during the year and the employee survey makes it easy to highlight areas of potential concern and ensure that the organisation learns the appropriate lessons when things do not go according to plan. George Reid, who is our Whistleblowing champion, also references this in the Board Audit Committee report.

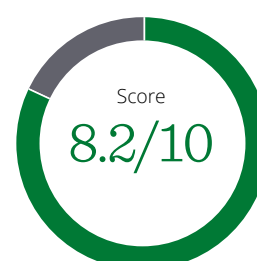
“I am inspired by the purpose and vision of Quilter”



“The overall business strategy set by senior leadership is taking Quilter in the right direction”



“I feel able to report risks without fear of reprisal”



Note: Quilter Peakon Survey September 2020.