PROSPECTUS DATED 16 JANUARY 2023

Quilter plc

(Incorporated with limited liability in England and Wales with registered number 6404270)

Legal Entity Identifier (LEI): 54930092XIVK28RZGM95

£200,000,000
8.625% Fixed Rate Reset Subordinated Notes due April 2033

Issue Price: 100%

The £200,000,000 8.625% Fixed Rate Reset Subordinated Notes due April 2033 (the "**Notes**") will be issued by Quilter plc (the "**Issuer**" or the "**Company**") and will be constituted by a trust deed dated 18 January 2023 (as amended and/or restated and/or supplemented from time to time, the "**Trust Deed**") between the Issuer and the Trustee (as defined in "*Terms and Conditions of the Notes*" (the "**Conditions**", and references herein to a numbered "**Condition**" shall be construed accordingly)).

Application has been made to the UK Financial Conduct Authority (the "**FCA**") for the Notes to be admitted to the official list of the FCA (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for the Notes to be admitted to trading on the London Stock Exchange's main market. The London Stock Exchange's main market is a UK regulated market for the purposes of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") ("**UK MiFIR**"). This Prospectus has been approved by the FCA as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**"). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

The Notes will bear interest from (and including) 18 January 2023 (the "**Issue Date**") to (but excluding) 18 April 2028 at the rate of 8.625% per annum, and thereafter at the Reset Interest Rate as provided in Condition 4, in each case, payable (subject to the following proviso and subject to the short first coupon) semi-annually in arrear on 18 April and 18 October in each year commencing on 18 April 2023 (short first coupon); provided that the Issuer will be required to defer any payment of interest which is otherwise scheduled to be paid if (i) such payment cannot be made in compliance with the solvency condition described in Condition 3(b) (the "**Solvency Condition**") or (ii) a Regulatory Deficiency Interest Deferral Event (as defined herein) has occurred and is continuing, or would occur if such interest payment were made. Any interest so deferred shall, for so long as the same remains unpaid, constitute "**Arrears of Interest**". Arrears of Interest will not themselves bear interest, and may, or will, be payable as provided in Condition 5(b).

Unless previously redeemed or purchased and cancelled, the Notes will mature on 18 April 2033 (the "**Maturity Date**") and shall, subject to the satisfaction of the Solvency Condition and provided that no Regulatory Deficiency Redemption Deferral Event (as defined herein) has occurred and is continuing or would occur if the Notes were redeemed, be redeemed on the Maturity Date. Prior to any notice of redemption before the Maturity Date or any substitution, variation or purchase of the Notes, the Issuer will be required to have complied with relevant regulatory rules including as to notifications to, or consent or non-objection from, (in each case, if and to the extent required) the Relevant Regulator (as defined herein) and to be in continued compliance with the Relevant Rules (as defined herein) applicable to it. Subject to the above, to the Relevant Rules, to satisfaction of the Solvency Condition and to no Regulatory Deficiency Redemption Deferral Event having occurred and continuing, the Notes may be redeemed at the option of the Issuer (i) before the Maturity Date on any day from (and including) 18 January 2028 to (and including) the Reset Date (as defined herein), (ii) upon the occurrence of certain specified events relating to taxation, a Capital Disqualification Event or Rating Methodology Event (as each such term is defined herein) or (iii) if at any time after the Issue Date 80 per cent. or more of the aggregate principal amount of the Notes originally issued has been purchased by the Issuer or any of its Subsidiaries (as defined herein) and cancelled, in each case at their principal amount together with any accrued but unpaid interest to (but excluding) the date of redemption and any Arrears of Interest and the Issuer will, upon the occurrence of certain specified events relating to taxation, a Capital Disqualification Event or Rating Methodology Event, also have the right to substitute the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities or Rating Agency Compliant Securities (as applicable), as described in Condition 6.

The Notes will be direct, unsecured and subordinated obligations of the Issuer, ranking *pari passu* and without preference amongst themselves, and will, in the event of the winding-up of the Issuer or in the event of an administrator of the Issuer being appointed and giving notice that it intends to declare and distribute a dividend, be subordinated to the claims of all Senior Creditors (as defined herein) of the Issuer.

The Notes have been rated BBB- by Fitch Ratings Ltd ("**Fitch**"), which is established in the United Kingdom (the "**UK**") and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). As such, Fitch is included in the latest update of the list of registered credit rating agencies on the FCA's Financial Services Register. Fitch has not been certified under Regulation (EC) No. 1060/2009 (the "**EEA CRA Regulation**") but the rating Fitch has given to the Notes has been endorsed by Fitch Ratings Ireland Limited, which is established in the European Economic Area ("**EEA**") and is certified under the EEA CRA Regulation. **A rating is not a recommendation to buy, sell or hold notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

The Notes will be in registered form and will be represented by a registered global certificate registered in the name of a nominee for a common depositary ("**Common Depositary**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**" and together with Euroclear, the "**Clearing Systems**"). Definitive Certificates (as defined in the Trust Deed) will be issued only in limited circumstances – see "*Overview of the Notes while in Global Form*". The denomination of the Notes shall be £200,000 and integral multiples of £1,000 in excess thereof.

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus.

Sole Structuring Agent to the Issuer

J.P. Morgan Cazenove

Joint Bookrunners

BofA Securities	Citigroup	J.P. Morgan Cazenove

UK MiFIR PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK PRIIPs REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by the Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and this Prospectus does not omit anything likely to affect the import of such information.

Any information contained in this Prospectus which has been sourced from a third party has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No person is or has been authorised to give any information or to make any representation other than those contained in or consistent with this Prospectus in connection with the issue or offering of the

Notes and, if given or made, such information or representations must not be relied upon as having been authorised by or on behalf of the Issuer, the Joint Bookrunners (as defined in "*Subscription and Sale*" below or the Trustee. Neither the delivery of this Prospectus nor any offering made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or that there has been no adverse change in the financial position of the Issuer since the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Joint Bookrunners and the Trustee have not separately verified the information contained in this Prospectus. None of the Joint Bookrunners nor the Trustee makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained in this Prospectus or any other information provided by the Issuer in connection with the listing of the Notes. None of the Joint Bookrunners nor the Trustee accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the listing of the Notes. Neither this Prospectus nor any other information supplied in connection with the listing of the Notes is intended to constitute, and should not be considered as, a recommendation by any of the Issuer, the Joint Bookrunners or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Notes should acquire the Notes. Each potential investor in the Notes should determine for itself the relevance of the information contained in this Prospectus and its acquisition of Notes should be based upon such investigation as it deems necessary. None of the Joint Bookrunners nor the Trustee undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to their attention.

Neither this Prospectus nor any other information provided by the Issuer in connection with the listing of the Notes constitutes an offer of, or an invitation by or on behalf of, the Issuer, the Joint Bookrunners or the Trustee to subscribe for, or otherwise acquire, any of the Notes (see "*Subscription and Sale*" below). This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Joint Bookrunners or the Trustee represents that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Joint Bookrunners or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the U.S., the United Kingdom and the EEA. Persons in receipt of this Prospectus are required by the Issuer, the Joint Bookrunners and the Trustee to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of Notes and distribution of this Prospectus, see "*Subscription and Sale*" below.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Notes may not be offered, sold or delivered within the U.S. or to U.S. persons, as defined in Regulation S under the Securities Act. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see "*Subscription and Sale*" below.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its acquisition or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Neither this Prospectus nor any financial statements nor any further information supplied pursuant to the terms of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, or constituting an invitation or offer, by or on behalf of the Issuer, the Joint Bookrunners, the Trustee or the Agents, that any recipient of this Prospectus or any financial statements or any further information supplied pursuant to the terms of the Notes should subscribe for or purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

NOTICE TO CANADIAN INVESTORS: The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

SINGAPORE SFA PRODUCT CLASSIFICATION: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as amended and modified from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

In relation to South African securities laws, this document is not intended to be nor is it an offer for sale or subscription to the public as contemplated under Chapter 4 of the South African Companies Act, No.71 of 2008, as amended, nor does it constitute an offer for subscription, sale or purchase of the Notes to any South African resident persons or company as the Notes fall within an applicable exception.

STABILISATION

In connection with the issue of the Notes, J.P. Morgan Securities plc (the "Stabilisation Manager") (or persons acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and regulations.

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Overview of the Principal Features of the Notes

The following overview refers to certain provisions of the Conditions of the Notes and the Trust Deed and is qualified by the more detailed information contained elsewhere in this Prospectus. Terms which are defined in the Conditions have the same meaning when used in this overview, and references herein to a numbered "Condition" shall refer to the relevant Condition in "Terms and Conditions of the Notes".

Issue	£200,000,000 8.625% Fixed Rate Reset Subordinated Notes due April 2033.
Issuer	Quilter plc.
Sole Structuring Agent to the Issuer	J.P. Morgan Securities plc
Joint Bookrunners	Citigroup Global Markets Limited J.P. Morgan Securities plc Merrill Lynch International
Trustee	Citicorp Trustee Company Limited.
Principal Paying Agent and Agent Bank	Citibank, N.A., London Branch.
Registrar and Transfer Agent	Citibank, N.A., London Branch.
Status and Subordination	The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders against the Issuer are subordinated in a winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become payable) or in the event of the appointment of an administrator of the Issuer where the administrator has given notice that it intends to declare and distribute a dividend in accordance with Condition 3(a) and the provisions of the Trust Deed.
Solvency Condition	Except in a winding-up, all payments (including, without limitation, any payments in respect of damages awarded for breach of any obligations) under or arising from the Notes and the Trust Deed shall be conditional upon the Issuer being solvent at the time for payment by the Issuer, and no amount shall be payable under or arising from the Notes and the Trust

Deed unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter.

Interest	The Notes will bear interest: (i) from (and including) the Issue Date to (but excluding) 18 April 2028 (the "**Reset Date**") at the rate of 8.625% per annum; and (ii) for the Reset Period thereafter, at the Reset Interest Rate (as defined in Condition 17), in each case, payable (subject as provided under "*Deferral of Interest*" below and subject to the short first coupon) semi-annually in arrear on each Interest Payment Date.
Interest Payment Dates	18 April and 18 October of each year, from (and including) 18 April 2023 to (and including) the Maturity Date (short first coupon).
Deferral of Interest	The Issuer will be required to defer any payments of interest on the Notes which would otherwise be due on any Interest Payment Date if (i) such payment cannot be made in compliance with the Solvency Condition or (ii) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if such payment of interest was made on such Interest Payment Date. See Condition 5(a). "**Regulatory Deficiency Interest Deferral Event**" means any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing and any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, the Insurance Group Parent Entity or all or part of the Group (which part includes the Issuer) to be breached and such breach is an event) which under the Relevant Rules requires the Issuer to defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes and where the Relevant Regulator has not waived the requirement to defer payment of interest under the Notes in accordance with any pre-conditions to such waiver being capable of being granted as prescribed by the Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules).
Arrears of Interest	Any interest in respect of the Notes not paid on an Interest Payment Date due to the obligation on the Issuer to defer pursuant to Condition 5(a) or due to the operation of the Solvency Condition together with any other interest in respect of Notes not paid on an earlier Interest Payment Date will, so long as the same remains unpaid, constitute "**Arrears of Interest**". Arrears of Interest shall not themselves bear interest. Arrears of Interest may be paid, in whole or in part, at any time at the option of the Issuer (subject to regulatory consent (if then required) and

to the Solvency Condition and provided that a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur upon payment of the same) upon notice to the Trustee, the Principal Paying Agent, the Registrar and the Noteholders, and in any event all Arrears of Interest will (subject, in the case of (i) and (iii) below, to regulatory consent (if then required) and to the Solvency Condition) become payable in whole (and not in part) upon the earliest of the following dates:

(i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or

(ii) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than a solvent winding-up solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (A) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (B) do not provide that the Notes shall thereby become payable) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend; or

(iii) the date of any redemption or purchase of the Notes by or on behalf of the Issuer or any of its Subsidiaries.

Redemption at Maturity

The Notes will, subject as provided under "*Deferral of Redemption*" below and subject to compliance by the Issuer with regulatory rules and provided that such redemption is permitted under the Relevant Rules, be redeemed on 18 April 2033.

Deferral of Redemption

The Issuer will be required to defer any scheduled redemption of the Notes (whether at maturity or if it has given notice of early redemption in the circumstances described below under "*Early Redemption at the Option of the Issuer*", "*Clean-up call*" and "*Early Redemption at the Option of the Issuer upon the occurrence of a Tax Event, Capital Disqualification Event or Rating Methodology Event*") if (i) the Notes cannot be redeemed in compliance with the Solvency Condition, (ii) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed or (iii) (if then required) regulatory consent has not been obtained or redemption cannot be made in compliance with the Relevant Rules at such time.

In the event of any deferral of redemption of the Notes, the Notes will become due for redemption only in the circumstances described in Condition 6(a).

"**Regulatory Deficiency Redemption Deferral Event**" means any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing and any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, the Insurance Group Parent Entity or all or part of the Group (which part includes the Issuer) to be breached and the continuation of such Insolvent Insurer Winding-up is, or as the case may be, such breach is, an event) which under the Relevant Rules requires the Issuer to defer or suspend repayment or redemption of the Notes and where the Relevant Regulator has not waived the requirement to defer or suspend repayment or redemption of the Notes in accordance with any pre-conditions to such waiver being capable of being granted as prescribed by the Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules).

Early Redemption at the Option of the Issuer	The Issuer may, subject to certain conditions and upon notice to Noteholders, elect to redeem the Notes, at their principal amount together with Arrears of Interest (if any) and any other accrued and unpaid interest on any day from (and including) 18 January 2028 to (and including) the Reset Date.
Clean-up call	Subject to certain conditions and upon notice to Noteholders, the Notes may also be redeemed at the option of the Issuer if at any time after the Issue Date 80 per cent. or more of the aggregate principal amount of the Notes originally issued has been purchased by the Issuer or any of its Subsidiaries and cancelled. The Notes shall be redeemed at their principal amount together with Arrears of Interest (if any) and any other accrued and unpaid interest.
Early Redemption at the Option of the Issuer upon the occurrence of a Tax Event, Capital Disqualification Event or Rating Methodology Event	The Issuer may, subject to certain conditions and upon notice to Noteholders, at any time elect to redeem the Notes, at their principal amount together with Arrears of Interest (if any) and any other accrued and unpaid interest, if a Tax Event, Capital Disqualification Event or Rating Methodology Event has occurred and is continuing. The Issuer may elect to redeem the Notes due to taxation if: (i) as a result of a Tax Law Change (as defined in Condition 6(c)(i)), in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts (as defined in Condition 8) on the Notes and the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it; or (ii) as a result of a Tax Law Change, in respect of the Issuer's obligation to make any payment of interest on the next following Interest Payment Date, (a) the Issuer would no longer be entitled to claim a deduction in respect of computing its taxation liabilities in the United Kingdom, or such entitlement is reduced; (b) the Issuer would not to any extent be entitled to have a loss (if any)

that has been computed taking such a deduction into account set against the profits of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date of the Tax Law Change or any similar system or systems having like effect as may from time to time exist); (c) the Notes are prevented from being treated as loan relationships for United Kingdom tax purposes; (d) the Notes or any part thereof are treated as a derivative or an embedded derivative for United Kingdom tax purposes; or (e) the Issuer would otherwise suffer adverse tax consequences, and in each such case the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it, ((i) and (ii) above each a "**Tax Event**").

A "**Capital Disqualification Event**" will be deemed to have occurred if as a result of any replacement of or change to (or change to the interpretation by any court or authority entitled to do so of) the Relevant Rules the principal amount of the Notes then outstanding is excluded (in whole or in part) from counting as Tier 2 Capital for the purposes of the Issuer or the Group, whether on a solo, group or consolidated basis, except (in any case) where such non-qualification is only as a result of any applicable limitation on the amount of such capital. See Condition 6(e).

A "**Rating Methodology Event**" means at any time, as a consequence of a change in, or clarification to, the rating methodology (or the interpretation thereof) of Fitch on or after the Issue Date, the equity credit in the capital adequacy assessment assigned by Fitch to the Notes as at such time is materially reduced when compared to the equity credit in the capital adequacy assessment assigned by Fitch on or around the Issue Date. See Condition 6(f).

Substitution and Variation	The Issuer may, subject to certain conditions and upon notice to Noteholders, at any time elect to substitute the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), (in the case of a Tax Event or a Capital Disqualification Event) Qualifying Tier 2 Securities or (in the case of a Rating Methodology Event) Rating Agency Compliant Securities if, immediately prior to the giving of the relevant notice to Noteholders, a Tax Event, Capital Disqualification Event or Rating Methodology Event has occurred and is continuing.
Additional Amounts	Payments on the Notes will be made free and clear of, and without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Taxing Territory, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is required by law, the Issuer will pay such additional amounts in relation to interest payments

	(but not in respect of principal or payments of any other amounts) as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required by law to be made ("**Additional Amounts**"), subject to some exceptions, as described in Condition 8.
Events of Default and Enforcement	If default is made for a period of 14 days or more in the payment of any interest due (including, without limitation, Arrears of Interest, if any) or principal due in respect of the Notes or any of them, the Trustee in its discretion may, and if so requested by Noteholders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to Condition 10(d)) institute proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation of the Issuer for such payment, but may take no further or other action to enforce, prove or claim for any such payment. No payment in respect of the Notes or the Trust Deed may be made by the Issuer pursuant to Condition 10(a), nor will the Trustee accept the same, otherwise than during or after a winding-up of the Issuer or after an administrator of the Issuer has given notice that it intends to declare and distribute a dividend, unless the Issuer has given prior written notice (with a copy to the Trustee) to, and received consent or non-objection (if required) from, the Relevant Regulator, which the Issuer shall provide or confirm in writing to the Trustee.
Form and Denomination	The Notes will be in registered form and will be represented by a registered global certificate registered in the name of a nominee for a common depositary for Clearstream Banking S.A. and Euroclear Bank SA/NV. Save in limited circumstances, definitive Certificates will not be issued in exchange for interests in the registered global certificate. The Notes are in denominations of £200,000 and integral multiples of £1,000 in excess thereof.
Listing	Application has been made for the Notes to be admitted to the Official List of the FCA and for the Notes to be admitted to trading on the London Stock Exchange's main market.
Ratings	The Notes have been rated BBB- by Fitch. A rating is not a recommendation to buy, sell or hold notes and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Governing Law	The Notes and the Trust Deed, and any non-contractual obligations arising out of or in connection therewith, will be governed by and construed in accordance with English law.

UK MiFIR Product Governance	Solely for the purposes of each manufacturer's product approval processes, each manufacturer has concluded that: (i) the target market for the Notes is eligible counterparties and professional clients only; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate.
PRIIPs/UK PRIIPs Regulation	No PRIIPs Regulation or UK PRIIPs Regulation key information document has been prepared as the Notes are not available to retail investors in the EEA or the UK.
Securities Identifiers for the Notes	ISIN: XS2568634054 Common Code: 256863405
Selling restrictions	There are restrictions on the offer, sale and transfer of the Notes in Canada, Singapore, the EEA, the United Kingdom and the United States. See the section herein entitled "*Subscription and Sale*".

Risk Factors

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur.

*Any of these risk factors, individually or in the aggregate, could have an adverse effect on the Issuer or the Group and the impact each risk could have on the Issuer or the Group is set out below. References to the "**Group**" shall mean the Issuer and each of its consolidated subsidiaries and subsidiary undertakings.*

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Notes for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

RISKS RELATING TO THE GROUP

1. Risks relating to the Group's industry

1.1 ***Difficult conditions or volatility in the global capital markets, the global economy generally and the UK economy specifically have had, and may continue to have, a material adverse effect on investment portfolios, sales of investment products and fees, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

The Group's results have historically been, and may continue to be, materially adversely affected by conditions in global capital markets, the global economy generally and the UK economy in particular that result in a decrease in the value of customer investment portfolios and/or result in a decrease in net flows into, or cause net flows out of, customer investment portfolios, because a significant portion of the Group's income is derived from fees which are calculated as a percentage of assets under management and under administration ("**AuMA**"). A wide variety of factors lead to volatility in financial markets and market or trading liquidity. Factors that have had, and may continue to have, a material adverse impact on customer investment portfolios include political change or uncertainty, COVID-19, concerns over low levels of growth in developed and emerging economies and corporate profits, high levels of sovereign debt, rapid rises and falls in currency exchange rates, changes in inflation expectations and long-term low, negative or increasing interest rates and bond yields. The trade, tax and immigration policies of the UK, the EU or the United States could also lead to major changes in global trade flows, which in turn could have a material impact on the global economy, or could lead to volatility and a decline in capital markets or particular asset classes, which could reduce the demand for or value of investment assets.

Uncertainty, fluctuations or negative trends in global and national economic conditions and investment climates, which have prevailed in recent years, could continue to have a material adverse effect on the Group’s business, financial condition, results of operations and prospects. For example, the rise in energy and commodity prices, exacerbated by the Russia-Ukraine conflict and supply chain stresses resulting from COVID-19-related restrictions, has increased inflationary pressures. This has resulted in increases, with the potential for further increases, in interest rates in major global economies and the markets in which the Group operates, impacting the valuation of fixed income assets. In particular, volatility in debt, equity and currency markets may directly reduce investment returns on the Group's products and solutions, thereby reducing the Group's fee income.

Factors such as consumer spending, business investment, government spending, the volatility and strength of both debt and equity markets, the direction and pace of change of interest rates and inflation all affect the economic environment, investor confidence and, ultimately, the volume and profitability of the Group's business. In an economic downturn characterised by higher unemployment, lower household income, cost of living pressures, lower corporate earnings, lower business investment and lower consumer spending, the demand for financial products and solutions could be adversely affected. Further, customer sentiment regarding the future prospects of investment markets, and of the economy more generally, could impact customer behaviour and reduce demand for the Group's products and services, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. The Group may also experience, for example, cancellation of policies and products and termination of customers that could affect the current and future profitability of the business.

In addition, a high inflationary environment, both in the UK and globally, has had, and may continue to have, an impact on the Group’s operating expenses. If the Group is unable to exercise cost discipline or otherwise manage its operating expenses in the wider context of inflationary pressure and suppressed market conditions, it could have a material adverse effect on the Group’s business, financial condition, results of operations and prospects. Uncertainty in the global capital markets, the global economy generally and the UK economy specifically may continue for a prolonged period of time. A prolonged economic crisis, downturn or period of low growth could result in lower fees or sales figures or higher operating costs for the Group in the future. These adverse changes in the economy could affect earnings or operating margin negatively and may, together with other factors, hinder or delay the Group’s ability to achieve its target to improve operating margin over time. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.2 ***Exposure to domestic and global political developments and their impact on financial markets could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

Political change has the potential to directly impact the businesses of the Group through the introduction of new laws (including tax laws) or regulations or indirectly by altering adviser, investor and customer sentiment. Any future change in government or policy in the UK could also significantly impact the Group due to changes in government policy, legislation or regulatory interpretation. This may ultimately influence investor decisions in particular markets in which the Group operates, change the structure of those markets and the products offered or increase the costs of doing business in those markets. For example, changes in taxation legislation and policy could affect investor sentiment, making investment generally, and specific types of investment products and solutions in particular, either more or less appealing.

The Group also may be affected by geopolitical events, including instability within the Euro-zone, 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 U.S., China and the EU resulting in increased import tariffs and other trade restrictions and sanctions. Such geopolitical events have contributed to increased volatility in the financial markets in recent years and have contributed to diminished growth expectations for the global economy. Additional developments may also occur that the Group cannot currently know or anticipate, or which may be impossible to plan for or protect against. It is possible that the effects of such geopolitical events will include further financial instability and 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. It could also create constraints on the ability of the Group to operate efficiently in the future political environment.

As part of the Group's ongoing strategy and business simplification programme (the "**Simplification Programme**"), the Group now focuses almost exclusively on the UK market. It is therefore exposed to the economic, market, fiscal, regulatory, legislative, political and social conditions in the UK. While the UK has now withdrawn from the EU, the long-term impact of its withdrawal remains unclear. There are also on-going tensions between the UK and the EU in relation to UK-EU trading arrangements, including the so-called Northern Ireland Protocol. The UK also remains exposed to wider political uncertainty, including in relation to calls for a second referendum on Scotland's independence from the UK and the negotiation of trade deals with the US, China and other significant jurisdictions. If Scotland were to become independent from the UK or if the current UK-EU treaty were to break down (for example as a result of disputes relating to the so-called Northern Ireland Protocol), the impact on financial and currency markets could be significant and may materially impact all financial institutions and insurance companies, including the Group. In addition, in November 2022, the UK Chancellor announced £55 billion of tax rises and spending cuts to restore the UK's public finances. Weakness in the UK economy and uncertain economic outlook, along with the announced reduction in government spending and tax rises, may negatively affect household disposable incomes and investment habits.

Any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.3 ***The Group's business is conducted in a competitive environment and, if the Group is not successful in anticipating and responding to competitive change, adviser or customer preferences or demographic trends in a timely and cost-effective manner, its business, financial condition, results of operations and prospects could be materially adversely affected.***

The markets for financial advice, investment solutions, platforms and wealth management markets in the UK and internationally are competitive, and the Group expects such competition to continue to intensify in response to competitor behaviour, consumer preferences, technological changes, the impact of consolidation, regulatory actions and other factors. The Group faces the risk that advisers and customers do not prefer the Group's platform or its savings and investment product offerings to those of competitors.

The factors affecting the Group's ability to sell its products and services and achieve continued profitability include investment management performance, price and yields offered, financial strength and ratings, range of product lines and product and service quality (including in relation to sustainability and broader environmental social and governance ("**ESG**") elements within those products and services), choice of distributor and distribution method, quality of advice, customer perception of the Group's multi-channel (advised and open market) offering, brand strength, innovation of competitors, developing demographic trends and customer appetite for certain savings products. For example, as is common place in an investment business, many of the Group's customers are in their fifties or older, since older customers tend to have more significant assets to invest. The Group will lose assets if customers withdraw assets for use in retirement or due to their passing away. There will therefore be a continued need for the Group to attract new clients in the future to compensate for this natural loss of AuMA or clients and for the Group to develop its product set to keep pace with the demographic trends, such as with regard to decumulation products and intergenerational transfers. If the Group is unable to attract new clients in the future, or if younger generations of clients do not generate wealth at a rate similar to historical periods, the Group may experience decreased demand for its services or products.

The Group may face competitors that are larger, have greater financial resources, have a greater market share, offer a broader range of products and/or offer greater or more advanced technology-enabled solutions. The Group's competitors could offer similar products or services at a lower price and thereby undercut its offerings. The Group may therefore fail to compete if it does not match the pricing, terms or fee structures offered by competitors. Alternatively, if the Group matches such lower pricing, terms or fee structures offered by competitors, or if the Group otherwise elects to alter its fee structure for any reason (including as described in the next paragraph), the Group may earn lower fees, which could have a material adverse effect on the Group’s operating margins and, in turn, the Group’s business, financial condition, results of operations and prospects. The Group's ability to generate an appropriate return depends significantly upon its capacity to anticipate and respond appropriately to these competitive pressures and trends.

In addition, in light of prevailing market conditions and the cost of living crisis, the industry in general, and the Group in particular, is likely to face increased pressure to reduce fees in the upcoming period in order to retain current customers, as well as to attract new customers. Pricing pressure is currently strong in relation to fund charges in particular, but may also affect other types of fees in the future. If as a result of this pricing pressure the Group reduces its fees this could have a material adverse effect on the Group’s earnings and may, together with other factors, prevent or delay the Group’s ability to achieve its target to improve operating margins over time.

The Group could also be impacted by ongoing consolidation in the advice market. If advice firms in the Group's network sell down their business and are acquired by rival networks or by firms in rival networks, the Group could lose a significant number of advisers, the Group’s primary distribution channel. As such, if there is a significant amount of market consolidation with regard to advice firms, it could adversely impact the Group's AuMA. In addition, the Group's operating margins could be impacted, in part, by increased competition if it is unable to maintain its market share, service levels, fees and charges, quality of service or ability to respond to consumer preferences, including with regard to the increasing popularity of technology-based advice solutions.

As an advice-led business with a significant proportion of its investment portfolios actively managed, the Group aims to attract advisers and customers to its products and platform by adding value rather than providing solely automated, index based or other passive solutions. However, the Group faces competition from direct-to-consumer advice models, such as emerging financial technology competitors, as well as from consumers electing to follow automated, index based or other passive solutions. The Group thus faces the risk that its advice-led proposition may not appeal to customers or that customers withdraw assets from their financial advisers in favour of competing models. Equally, customers may move away from advice-based models to self-directed execution-only models or from actively managed solutions to lower fee passive solutions.

If the Group is not successful in anticipating and responding to competitive change, adviser or customer preferences or demographic trends in a timely and cost-effective manner, its business, financial condition, results of operations and prospects could be materially adversely affected.

1.4 ***The Group is exposed to a deterioration in demand or an increase in supply for wealth management and retirement related products, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

Historically, supply and demand for wealth management and retirement-related products have been variable, and the operating results of wealth management and retirement solution companies have fluctuated significantly because of volatile and sometimes unpredictable developments, many of which are beyond the direct control of any company. Uncertainty, fluctuations or negative trends in global and national economic conditions and investment climates, which have prevailed in recent years, including impacts to consumer confidence with increases in inflation and pressure on household budgets have had, and may continue to have, an adverse impact on demand for wealth management and retirement related products. Increases in interest rates and returns available on cash assets may alter the relative attractiveness of different asset classes and may give rise to an increase in demand for cash assets over equity assets, which may have a further adverse impact on the demand for the Group’s wealth management and investment products.

The supply of wealth management and retirement related products is related to, amongst other factors, prevailing prices, the level of industry profitability and capital surplus which, in turn, may fluctuate in response to changes in inflation rates, the rates of return on investments being earned by the industry, changing business opportunities, legislative changes, opportunities from technological change as well as other social, economic, legal and political changes. As a result, the wealth management and retirement-related products industry has historically been variable. Increases in the supply of wealth management and retirement related products (whether through an increase in the number of competitors, an increase in the capitalisation available to wealth managers, or otherwise) and, similarly, reduction in consumer demand for wealth management and retirement related products, could have adverse consequences for the Group, including lower fees or higher expenses for the Group, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Although the Group has a diverse range of products and solutions, the Group could experience the effects of this variable nature, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.5 ***The following risks may adversely affect the level of customer investment portfolios and the Group's AuMA, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

1.5.1 Decline in equity markets

During 2020, international equity markets experienced significant volatility as a consequence of the COVID-19 pandemic. A decline in the equity markets, including as a result of decreased investor confidence in specific markets or globally, has in the past reduced, and may in the future reduce, revenues by reducing the value of the Group’s AuMA. A proportion of the Group’s AuMA is invested in equity markets globally. The Group's fee income is therefore directly exposed to fluctuations in equity markets as its fees and commissions tend to be charged as a percentage of AuMA. Profits could also be reduced as a result of current investors withdrawing assets or cancelling products in volatile equity markets or reducing their rates of ongoing investment with the Group's products and solutions. Declines in equity markets in 2022 relating to concerns over the prospects for the global and UK economy, expectations of increasing interest rates and concerns over high levels of national debt, particularly in the UK, have had, and may continue to have, an adverse impact on the value of the Group's AuMA and fee revenues.

1.5.2 Decline in fixed income markets

A decline in the fixed income markets, including as a result of decreased investor confidence in specific markets or globally, increases in interest rates, changes in relative yield among instruments with different maturities, available liquidity in the markets in which a security trades, an issuer's actual or perceived creditworthiness, an issuer's ability to meet its obligations, could reduce revenues by reducing the value of the investment assets managed or administered by the applicable business. A proportion of the Group's AuMA is invested in fixed income markets globally. The Group's fee income is therefore exposed to fluctuations in fixed income markets as its fees and commissions are generally charged as a percentage of AuMA.

1.5.3 Rise in interest rates

Since the Group's business depends, in part, on fees related primarily to the value of AuMA, a rise in interest rates could reduce revenues by reducing the volume and value of the investment assets the Group manages, particularly within fixed interest portfolios. As a result, the Group may experience a reduction in the level of AuMA and, as a result, lower fee income.

1.5.4 Fluctuations in currency exchange rates

Customer portfolios managed by the Group include a range of assets that are denominated in foreign currencies, including foreign equities, bonds and property. The effect of exchange rate fluctuations on these assets could lead to fluctuation in the amount of fee income generated. In addition, a depreciation in the pound sterling may negatively impact demand for sterling-denominated investments offered on the Group's platform. In the short to medium term, volatility of financial markets may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.5.5 Widening in credit spreads

Widening credit spreads may reduce the level of the Group's AuMA, which could impact Group profitability in several ways. Profits from fees taken on unit-linked funds and other third party assets invested in corporate bonds would fall when spreads widen. In addition, market volatility can make it difficult to value certain securities (for example, emerging market debt or high yield bonds) if trading becomes less frequent. Accordingly, valuations of investments may include assumptions or estimates that may have significant period-to-period changes due to market conditions, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

1.5.6 Falls in property prices

The Group is subject to property price risk indirectly due to customer holdings of investment properties in various portfolios, which are made up of funds typically managed by third parties. Profits from fees taken on unit-linked funds and other assets invested in property would fall when the value of underlying properties falls. A fall in property prices could have an adverse impact on AuMA, would reduce the attractiveness of related products, services and portfolios to customers, and would directly reduce the fee income the Group generates calculated as a percentage of the value of AuMA.

1.5.7 Changes in short or long-term inflation

The Group is subject to inflation risk through its holdings of fixed interest and other investments on behalf of customers and as a result of the potential for the cost of claims and expenses to rise faster than anticipated in the Group's respective pricing or solvency capital calculations. Changes in inflation could also affect the value perceived to be offered by the Group's policies and so adversely affect persistency levels.

There is a risk that inflation will increase further or that the recent increases in inflation will become persistent, increasing the risk that more abrupt central bank monetary policy, in the form of raising interest rates, will continue. The Russia-Ukraine conflict and its impact on the supply of energy and other critical commodities has added further pressure to the current inflationary trend. Further increases in inflation could have a material adverse effect the level of customer investment portfolios and the Group's AuMA. Furthermore, a prolonged period of rising inflation may develop into slow or stagnant economic growth, which in turn may impact the level of the Group’s AuMA.

1.5.8 Liquidity risk

The Group may hold certain investments within investment portfolios on behalf of customers that may lack liquidity, such as privately placed fixed-maturity securities, high yield bonds, emerging market debt, private equity investments and unlisted equities, as the inputs used for their valuation are not directly observable in the market.

If significant amounts of cash are required at short notice in excess of expected cash requirements, it may be difficult to sell these investments in a timely manner. In such circumstances, the Group may be forced to sell them for less than they otherwise would have been able to. The reported values of relatively illiquid types of investments, investments in the asset classes described in the paragraph above and, at times, high quality, generally liquid asset classes, do not necessarily reflect the lowest current market price for the asset. If the Group were forced to sell certain assets in the current market, there can be no assurance that the Group would be able to sell them for the prices at which they were recorded and the Group may be forced to sell them at significantly lower prices. While this is unlikely to impact the Group's liquidity position, it may have a material adverse effect on the value and liquidity of the Group's customers' portfolios.

1.5.9 Climate risk-related transition risk

Shifts in the supply and demand for certain commodities, products or services reflecting changing understanding and attitudes to climate-related risks, or other volatility in market prices for such goods and services, specific industries or market segments as a result of government or regulatory climate policy action and a transition to a lower-carbon economy could reduce revenues by reducing the value of the investment assets managed or administered by the applicable business.

1.6 ***The Group’s business is subject to uncertain economic, social and financial market conditions resulting from the COVID-19 pandemic, and the emergence of new variants or diseases could materially adversely affect the Group’s business, financial condition, results of operations and prospects.***

On 11 March 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic. Since then, several variants of COVID-19 have emerged, including mutations that have resulted in a high transmissibility of the COVID-19 virus. The spread of COVID-19, and variants of COVID-19, resulted in a sharp economic downturn in markets in which the Group operates and the global economy more widely. In the year ended 31 December 2020, market volatility and lower investor confidence resulted in lower AuMA for the Group and, as a result, lower revenues. In the future, there may be further variants of COVID-19, or the emergence of new diseases, which could result in governments in affected areas re-imposing measures designed to contain the outbreak, including business closures, travel restrictions, stay-at-home orders and prohibitions on gatherings and events, any of which could have a further material adverse effect on the economy and, in turn, the Group. See “*1.1 Difficult conditions or volatility in the global capital markets, the global economy generally and the UK economy specifically may adversely affect the investment portfolios, sales of investment products and fees, which in turn could have a material adverse effect on the Group's business, financial condition, results of operations and prospects*”.

As experienced during the height of the COVID-19 pandemic, a future pandemic arising from a COVID-19 variant or a new disease may also result in increased operational risk through enforced remote working, staff absences for sickness and childcare, market volatility and, through the Group’s outsourcing arrangements, impacts on the quality and continuity of service to customers and the reputation of the Group. In addition, a future pandemic, or an aggravation of the COVID-19 pandemic, may increase Group’s exposure to risks arising from extensive working from home, including cyber-attacks, data loss and occupational health.

Any of the above, individually or in aggregate, could have a material adverse effect on the Group’s business, financial condition, results of operations and prospects.

2. Risks relating to the Group's business

2.1 ***Failure by the Group to offer products, services and platforms that meet adviser and customer needs and which are considered suitable could result in advisers ceasing to recommend the Group's products or services, or recommending fewer of the Group's products or services, and declining persistency of the Group's products.***

The Group is reliant on its ability to offer products and a platform that meet customers' needs so that advisers will continue to recommend investment solutions that are managed or administered by the Group. As part of the Group's advised channel, restricted financial planners ("**RFPs**") choose from a panel of products and providers pre-researched by the Group to provide choices that meet the needs of the advisers' customer base, but can choose from a wider solution base if the restricted suite of solutions does not meet a particular customer's needs. Third party advisers, which form the Group's open market distribution channel, advise across products provided by a number of other providers. The successful distribution of the Group's products and services therefore depends, in part, on the choices advisers may make with regard to the advice they give to customers. The Group therefore depends on its ability to provide products and services that advisers believe are suited to customers' needs.

Advisers may make judgements as to wealth management products and services on the basis of suitability for their customers by considering, among other things, the tolerance for risk and prospects for future investment returns in light of the product offering, past investment performance, degree of integration of ESG and sustainability factors in the product design and investment strategies (and alignment with customer preferences), perceived financial strength and stability, credit and other ratings (if applicable), the quality of the service, price, technical support and other product features. Advisers may choose a preferred platform on which to operate their accounts for customers, based on ease of use, breadth of products and fund managers offered, perceived reliability and service, price, technological features and other factors. Additional factors may also impact the decisions that advisers make with respect to their use of the Group's products and services, such as the degree of success the Group has in maintaining a competitive UK investment platform. An unfavourable assessment of the Group or its products or services based on any of these factors could result in the Group generally, or certain of its products or services, not being actively marketed by advisers to the Group's customers, with the consequence that the Group's sales volumes may decrease, or withdrawals may increase, resulting in reduced fees and other income.

Competition for the Group’s products and services is dependent, in part, on the pricing of such products and services, including the fees associated with the fund solutions the Group provides. The Group may fail to compete if it does not match the pricing, terms or fee structures offered by competitors, some of which may charge lower fees than the Group. Alternatively, if the Group matches such pricing, terms or fee structures offered by competitors, or if the Group otherwise elects to alter its fee structure for any reason (including as described in the next paragraph), the Group may earn lower fees, which could have a material adverse effect on the revenue it earns and retains on these funds and its operating margins.

In addition, in light of prevailing market conditions and the cost of living crisis, the industry in general, and the Group in particular, is likely to face increased pressure to reduce fees in the upcoming period in order to retain current customers, as well as to attract new customers. Pricing pressure is currently strong in relation to fund charges in particular, but may also affect other types of fees in the future. If as a result of this pricing pressure the Group reduces its fees this could have a material adverse effect on the Group’s earnings and may, together with other factors, prevent or delay the Group’s ability to achieve its target to improve operating margins over time.

The Group is also exposed to the risk that advisers may change their business models in ways that affect how they recommend the Group's products or services, either in response to changing business priorities or as a result of shifts in regulatory supervision or potential changes in applicable laws and regulations. This may concern, for instance, requirements and standards applicable to the distribution of the Group's products or services, as well as changes in distribution trends. For example, the increasing popularity of internet-based investing systems and platforms in recent years has led to the growth of advisers offering simplified investment management services to certain segments of the market. Each of these factors may result in advisers ceasing to recommend the Group's products or services, or recommending fewer of the Group's products or services, and a lowering of the persistency of the Group's products.

2.2 ***The asset classes or investment strategies underlying the portfolios managed by the Group may become less attractive to customers or their advisers, which could reduce demand for the Group's products and have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

The Group's product offering includes outcome-oriented, multi-asset solutions that combine products from a range of providers and in various asset classes. These include multi-asset investments managed by Quilter Investors (including Cirilium) and bespoke investment portfolios managed by Quilter Cheviot. These investment products and solutions are, in part, determined by the relative attractiveness to investors of the respective asset classes or portfolio mix, as relevant. If these asset classes or investment strategies were to become unsuitable for customers or less-favoured by advisers, or if there were to be a further significant shift towards investors investing through competing products, such as passive or index-based investment products, investment vehicles representing asset classes that the Group does not offer or reflecting ESG preferences not offered by the Group, there may be reduced sales or increased redemptions from the Group's products. Such developments could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.3 ***Actual or perceived underperformance of customer assets that are managed by the Group could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

A significant part of the Group's offering involves the delivery of advice-led wealth solutions (through Quilter Financial Planning) and the management of multi-asset solutions and investment portfolios (through Quilter Investors and Quilter Cheviot). As a result, an important factor in the Group's ability to maintain and grow its customer base and its network of advisers is the investment performance of the customer assets that the Group manages. Any sustained period of actual or perceived underperformance of products, solutions or portfolios delivered by the Group (through portfolios managed by it or through its network, including third party assets invested through Quilter Cheviot), whether relative to peer, customer expectations, benchmarks or internal targets, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

When financial advisers select investment products or when customers select a wealth manager, one of the most important considerations for such customers and/or such intermediaries and advisers is the historical investment performance of the products or solutions offered. If the Group were to fail to provide satisfactory investment returns in its managed portfolios or wealth management solutions, customers of such solutions (or customers generally) may decide to reduce their investments or withdraw assets altogether in favour of better performing services or competing investment managers, which would lead to a direct reduction in the level of the Group's AuMA and, as a result, lower fee income.

Investment underperformance relative to competitors, customer or adviser expectations or relevant benchmarks would also make it more difficult for the Group to attract new customers and advisers and could damage the Group's reputation and brands, which have in part been built around its investment performance generally. As a result, the Group's ability to attract assets from existing and new customers and advisers might diminish, particularly given the competitive nature of the wealth management market. Independent financial advisers ("**IFAs**"), RFPs, appointed representative ("**AR**") firms and other intermediaries, who typically play a significant role in referring new customers to the Group and distributing the Group's products, may reduce the frequency at which they recommend or cease to recommend some or all of the Group's products to their customers. Any sustained period of underperformance by the Group across a range of its managed portfolios or other wealth management products (including as a result of model errors or manipulations) could have a material adverse effect on its business, results of operations, financial condition and prospects.

In addition, the Group relies on representations made to it by distributors or other persons when assessing whether to accept products requested by such distributors and other persons on behalf of their advised clients onto its platform as part of the onboarding review process. It also depends on AR firms complying with Group policies and restrictions on the areas of business in which they are authorised to represent the Group. If the representations made to it are incorrect, or there is non-compliance with policies or restrictions on authorisation, the Group may be exposed to claims, including potential class actions, regulatory actions and other proceedings, as well as reputational damage, in circumstances where products accepted onto its platform have performed poorly and/or customers have invested in unsuitable products and customers have suffered losses as a result. This could also result in the Group incurring costs and devoting resources to legal or regulatory proceedings arising from such matters.

2.4 ***The Group is exposed to conduct risk.***

Conduct risk is the risk that decisions and behaviours of a company, its employees, advisers, RFPs or AR firms lead to its customers being treated unfairly, receiving unsuitable advice or otherwise result in detrimental customer outcomes. Conduct risk may arise where the Group fails to design, implement or adhere to appropriate policies and procedures, offer products, services or other propositions that do not meet the needs of customers or fails to perform in accordance with its intended design, fails to communicate appropriately with customers, fails to deal with complaints effectively, sells or recommends unsuitable products or solutions to customers, fails to provide them with adequate information to make informed decisions or provide unsuitable investment or financial planning advice to customers, fails to comply with the terms and conditions of customers' products, retains fees to which the Group is not entitled (whether because the Group (or a relevant AR) has ceased to provide an on-going service to those customers or otherwise) or mis-charges customers, makes errors in the processing of customers' tax charges or deductions, or fails to do any of the foregoing on an ongoing basis after initial sales, among other things. This risk may also arise as a result of employee or AR (mis)conduct, including failure to follow Group policies or failure to stay within the scope of authorisation to represent the Group.

The Group is regulated to provide financial advice through Quilter Financial Planning, and this advice, including in respect of mortgage and protection products, is provided by over 1,500 RFPs and 176 discretionary investment managers as at 30 June 2022. As a consequence, the Group is exposed to conduct risk arising from the activities and advice practices of these financial advisers. This advice is provided across a complex range of products and investment choices. The financial advice industry in the UK has been exposed to mis-selling advice practices, such as investment advice or pension transfer advice, which have resulted in significant costs of redress.

Conduct risk remains the subject of close regulatory scrutiny, as evidenced by the FCA's new consumer duty. See "*—Risks relating to regulation and legislation—3.5 A number of complex regulatory change initiatives have recently been delivered or are expected to be delivered in the short term, and the effect of these regulatory initiatives is uncertain*" and "*Regulatory Overview—2. Regulation in the United Kingdom—2.5 New consumer duty*". Failing to protect the interests of customers as required by current regulation or in future as required by the new consumer duty and/or failing to demonstrate sufficient suitability processes and monitoring could lead to customer complaints, legal proceedings and/or regulatory enforcement action. Moreover, certain customers of the Group's advisers may be 'vulnerable', requiring a higher standard of care and conduct in relation to products and services offered to these customers. Given that regulation includes principles-based rules and regulations, the rules and regulations may be subject to differing applications and interpretations by regulators, the Financial Ombudsman Service or market participants over time. This could in turn lead to financial penalties, customer redress, reputational damage and, in the case of regulatory enforcement action, the suspension or revocation of regulatory permissions, licences or approvals. Moreover, if the Group fails to detect misconduct on a timely basis, or at all, the Group may face further reputational or financial damage. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.5 *The Group may not be able to successfully execute its strategic initiatives, including the Simplification Programme.*

Since its public listing in 2018, the Group has sought to transform its business into a modern, UK-focused full-service wealth manager. The Group's strategy is now focused on growing with its clients and advisers, enhancing the efficiency of its operations, increasing digitalisation across the business and becoming a more responsible wealth manager. In 2021, the Group announced the Simplification Programme, which was launched in 2022 and focuses on the decommissioning of the Group's legacy IT estate, efficiencies and automation in operational areas and simplification of the Group's structures as it reorganised the business into two segments, Affluent and High Net Worth. The Simplification Programme aims to reduce operating costs by around £45 million by the end of 2024 on a run-rate basis, with costs to achieve the Simplification Programme expected to be £55 million.

If the Group fails to execute on or benefit from its strategy of aiming to be the leading UK wealth manager by streamlining its services, increasing its operational focus and efficiency and executing on other strategic initiatives, it may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. While the Simplification Programme had delivered £13 million of annualised run-rate cost savings for the six months ended 30 June 2022, with an implementation cost of £12 million as at the same date, there can be no assurance that the Group will be able to continue to successfully reduce costs in the future or successfully simplify the Group's structures.

Successful execution of the Simplification Programme is not assured, and depends upon such factors as continued strong senior executive sponsorship, staff engagement, discipline and rigour in delivery, external stakeholder support, including meeting regulatory expectations and requirements, and capacity to develop innovative solutions to unlock the full benefits available through simplification of the Group. If one or more of the assumptions that the Group has made in setting its targets or objectives are inaccurate, or if one or more of the risks described in this section occur, the Group may be unable to achieve its targets or objectives under the Simplification Programme. In particular, the Group may fail to meet its cost savings targets or may incur greater implementation costs than anticipated. If the Group's strategy is not implemented successfully, if the Group's strategy does not yield the anticipated benefits, or if the Group is unable to control costs in delivering its strategy, the Group may be unable to achieve its targets or objectives, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Furthermore, even if the Group successfully executes the Simplification Programme, the cost savings may not be sufficient to maintain competitive advantage and/or achieve the Group's targets or objectives and the Group may need to further reduce operating costs in the future.

2.6 ***If the Group fails to manage conflicts of interest across the Group, it could result in reputational damage, regulatory liability or customer restitution, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

The Group faces significant potential and actual conflicts of interest, including those which result from the Group's advised distribution channel. In particular, the risk of perceived or actual conflicts arises as a result of the fact that other businesses within the Group receive flows as a result of advice delivered through the Quilter Financial Planning network. Additionally, potential conflicts of interest include conflicts around fee arrangements, cross-selling, incentives and inducements, the management of the Quilter Financial Planning panel and Group products therein, adviser disclosures (relating to ownership and restricted status), gifts and hospitality.

While the Directors believe these potential and actual conflicts of interest have been adequately identified and the Group has policies and procedures to manage the risk of conflicts of interests, there can be no assurance that the Group will not suffer reputational damage or potential regulatory liability if its procedures and systems to identify, record and manage potential and actual conflicts of interest fail or are insufficient. Any such failure could have a material adverse effect on the Group's business, reputation, financial condition, results of operations and prospects. In addition, the Group is subject to the risk that poor decisions or actions will arise from any unidentified conflicts of interest, which may result in customer detriment, financial loss, reputational damage, regulatory action or customer restitution.

2.7 ***A computer system failure, security breach or cyber-attack could significantly disrupt the Group's ability to trade, manage systems and platforms on behalf of customers and advisers, or otherwise operate its business.***

The Group uses computer systems to conduct its business, which involves managing and administering assets on behalf of customers in its wealth portfolios and on its platform. The Group's business is highly dependent on its ability to access these systems to perform necessary business functions and to provide adviser and customer support, administer products, make changes to existing policies, file and pay claims, manage customers' investment portfolios and produce financial statements and regulatory returns. The Group has in the past experienced, and may in the future experience, incidents with its IT systems. There can be no assurance that IT incidents will not result in material disruptions to the Group's systems, or those managed by third-party outsourced providers or suppliers on which the Group relies, which could adversely affect the Group's customer experiences. If serious breaches, errors or breakdowns in the Group's IT systems, or those of key third-party outsourced providers or suppliers, are prolonged or occur on a regular basis then the Group could lose fee and commission income, damage the goodwill its advisers or customers accord to it and damage its reputation, and could also materially breach contracts it has with its advisers or customers.

The Group is increasingly exposed to the risk that third parties or malicious insiders may attempt to use cyber-crime techniques, including distributed denial of service attacks, to disrupt the availability, confidentiality and integrity of its IT systems, which could result in disruption to key operations, make it difficult to recover critical services, and damage assets. Additionally, further escalation of the conflict in Ukraine could increase the threat of cyber-attacks, for example aimed at critical UK infrastructure or financial institutions in retaliation for economic sanctions. If the Group is subject to a cyber-attack, its systems may be subject to down-time in an effort to prevent a security breach. Such an outage may lead to reputational damage or customer confusion, which could have a material adverse effect on the

Group's business, financial condition, results of operations and prospects or damage its reputation. The Group continues to invest in its information security controls in response to emerging threats, such as cyber-crime and fraud, and to seek to ensure that controls for known threats remain robust. The risks associated with cyber-attacks, where an individual or group seeks to exploit vulnerabilities in IT systems for financial gain or to disrupt services, are a material risk to the Group and the UK financial system, which has a high degree of interconnectedness between market participants, centralised market infrastructure and in some cases complex legacy IT systems. The Group cannot be certain that its infrastructure and controls will prove effective in all circumstances and any failure of the controls could result in significant financial losses and a material adverse effect on the Group's operational performance and reputation.

The Group also adopted a hybrid working approach to manage the impact of COVID-19, which is still in place. Hybrid working arrangements have led to some shifts in the relative IT, security and operational risk profile, with some elements increasing in risk. While the Group has established and enhanced certain key controls to reduce the likelihood of such risks where possible, there remains a risk of exposure of sensitive data, operational incidents and incidences of fraud, which may have a material adverse effect on the Group's reputation, operational processes and financial position.

Furthermore, the Group's computer systems may be vulnerable to disruptions or breaches as a result of human error, natural disasters, man-made disasters, pandemics or other events beyond the Group's control, and disaster recovery and business continuity protocols may not prove effective. This could result in loss of trust from the Group's advisers or customers, causing reputational damage, regulatory action and financial loss.

2.8 ***The Group possesses highly sensitive data in relation to its employees, customers and adviser network. A security breach or data theft could damage the Group's reputation and have a material adverse effect on its business, financial condition, results of operations and prospects.***

The Group's business, by its nature, requires it to store, retrieve, evaluate and utilise customer and company data and information, which is highly sensitive. The Group is subject to the risk of actual or attempted IT security breaches from parties with criminal or malicious intent.

If attempts by malicious third parties or insiders to disrupt the Group's IT systems compromise its sensitive data (whether corporate, adviser or customer), such a breach could result in loss of trust from the Group's advisers or customers, causing reputational damage and financial loss. Cyber-attacks can be technologically sophisticated and may be difficult or impossible to detect and defend against. In addition, there can be no assurance that the Group will successfully detect a cyber-attack, if one has occurred, on a timely basis or at all. As a result, there can be no assurance that such attacks will not be successful and result in a material adverse effect on the Group's business, financial condition, results of operations and prospects or damage its reputation. If the Group is the victim of a cyber-attack, the Group may also be subject to down time to prevent a security breach.

Any breach in security of the Group's systems, for example from increasingly sophisticated attacks by cyber-crime groups or fraudulent activity in connection with adviser or customer accounts, could disrupt the Group's business, result in the disclosure of confidential information, create significant financial or legal exposure and damage the Group's reputation or brands, any of which may in turn have material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.9 ***The Group may fail to maintain or adapt its current and legacy IT systems and it may fail to implement its IT initiatives on budget, on time or at all.***

The Group's IT systems are critical to the operation of its business and the delivery of products and services to customers. Failure to devote significant resources to support existing systems and upgrade legacy systems could result in the failure to accurately record customer information or the inability to gather information for pricing and solvency valuations, and to attract and retain advisers and customers, for whom online functionality is becoming increasingly important. Much of the Group's legacy IT estate is currently being replaced by cloud-based applications in order to reduce internal complexity. Nevertheless, a range of legacy applications are still supported, including certain technology relating to the divested business of Quilter International Holdings Limited, Quilter International Ireland DAC and their subsidiaries ("**Quilter International**"), which will continue to be supported until the date on which all of the services have come to an end under a transitional services agreement. The agreement is currently planned to end on 30 November 2023, after which a period of decommissioning activity will be required to remove the related technology from the Group's environment. If the Group fails to maintain and develop adequate IT systems, it could also incur higher administrative costs both from the processing of business and remediation of disputes.

Furthermore, the inability of the Group to keep pace with software and infrastructure investment requirements and innovation may have an adverse impact on its ability to remain competitive within the relevant markets. While the Group completed its "Platform Transformation Programme" in 2021, the Group's ongoing IT initiatives may not deliver what is required either on time or within budget, or provide the performance levels required to support the current and future needs of the Group's business.

2.10 ***If the Group is unable to continually attract talented, quality advisers and retain and build its Quilter Financial Planning network, the Group may fail to achieve its strategy, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

The Group's primary distribution channel is its network of RFPs and third party advisers, through which it sells and distributes its products and solutions. The Group depends on its ability to continually attract, train and retain high calibre advisers, as well as AR firms, in a competitive market. The Directors believe high quality RFPs are a key element to driving growth and delivering net client cash flows within the Group. If the Group is unable to identify and attract high quality advisers, either through organic recruitment or acquisition activity, the Group may fail to achieve its strategy or achieve the anticipated benefits of its strategy, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Furthermore, the Group may be unable to retain the existing high quality advisers or AR firms within the Quilter Financial Planning network. This could result from competition for such advisers and AR firms. In addition, the Group may, in light of market conditions or a shift in strategy, change the advice proposition offered by the Quilter Financial Planning network and/or the range of advice services or products offered by it. Any such change may, in turn, lead to attrition of such advisers and/or AR firms who have different views as to the advice proposition or range of services or products that are attractive to customers. If the Group loses one or more of its significant AR firms, or loses a material number of advisers, either as a result of factors outside of the Group's control (such as the acquisition of the AR firm by one of the Group's competitors) or factors within the Group's control (such as failure to offer competitive incentive plans or deliver good service or different views as to the advice proposition or range of services or products offered), the Group may be unable to replace the lost advisers, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Going forward, a long-term challenge for the Group, and for the industry as a whole, will be the supply of suitably qualified advisers. If the Group is unable to attract and retain suitably qualified advisers as a result of the tightening supply, the Group may fail to compete with its competitors and may ultimately fail to realise its business strategy. In addition, the Group's efforts to attract and retain suitably qualified advisers may require significant continued investment to ensure they do not prefer the Group's competitors, including potentially with regard to long-term incentive plans. If the Group is not able to successfully recruit and retain qualified, quality advisers, its business, financial condition, results of operations and prospects could be materially adversely affected.

2.11 ***The Group is reliant on its ability to attract and retain talented investment managers and portfolio managers. The loss of a number of such managers could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

The continued success of the Group depends on its ability to attract and retain talented investment managers and portfolio managers. In the High Net Worth segment, 176 discretionary investment managers (as at 30 June 2022) actively manage investment portfolios individually tailored for the Group's customers. Within the Affluent segment, Quilter Investors is a retail asset manager in the UK with a core team of multi-asset portfolio managers utilising investment processes and tools. The Group's overall business depends on continued significant contribution to its growth by these multi-asset portfolio managers. Within these portfolios, managers have discretion (within the stated objectives and mandate of the product or portfolio) to manage the investments and portfolios for which they are responsible.

The loss of a number of the managers described above could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. The Group could experience a decline in the performance of affected assets, which may reduce AuMA and revenues. The Group, in particular in its High Net Worth segment, is reliant on the performance of its principal investment managers and portfolio managers, it is important that it retains such managers, and, where necessary, replaces them, either internally or from external sources. There can be no guarantee that the Group will be able to retain them or, should they leave, replace them (either internally or from external sources).

In order to retain its principal investment managers and portfolio managers and, when necessary, attract new managers, the Group must offer competitive compensation arrangements, the costs of which may be significant. The rates of compensation vary depending on the particular role of individual managers, but may be substantial. In less successful years, the compensation arrangements may be insufficient for the Group to meet the expectations of these managers and other employees, potentially constraining the Group's ability to retain or recruit. If the Group needs to replace one or a team of its principal managers with external hires, it may face difficulty as the market for experienced and talented managers is extremely competitive. Even if the Group were successful in attracting a replacement manager from external sources, the costs of such recruitment may be significant. If the Group is unable to attract and retain experienced and talented managers, whether as a result of cost constraints or otherwise, its business, financial condition, results of operations and prospects could be materially adversely affected.

2.12 ***The failure to attract or retain senior management or other necessary personnel could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

Failure to attract and retain senior management and key employees could have a material adverse effect on the Group's business, financial condition, results of operations and prospects, and presents a significant risk to the delivery of the Group's overall strategy.

As a financial services organisation, the Group relies, to a considerable extent, on the quality of key talent and business leaders in the locations in which it operates. The success of the Group's operations is dependent on, among other things, its ability to attract and retain highly qualified professionals. Competition for highly qualified professional people in the industry and jurisdictions in which the Group operates is intense. The Group's ability to attract, retain and develop key people and, in particular, directors and specialists, is dependent on a number of factors, including prevailing market conditions, the Group's culture and working environment, and the Group's ability to offer competitive compensation packages. In addition, the Group may fail to, or may experience a delay in, receiving approval for certain senior persons by the relevant regulator.

It is therefore important that individuals identified as having key talents and skills critical to the success of the business are engaged and retained and, where necessary, in the event of any unexpected departures, are replaced with the best available talent from either internal or external sources.

2.13 ***The Group is dependent on the strength of its brands, which are vulnerable to adverse market perception or negative publicity.***

The Group’s success and results of operations are dependent on the strength and reputation of the Group and its brand. The Group is vulnerable to adverse market perception because it operates in an industry where integrity, service and customer trust and confidence are paramount. If advisers are concerned about appearing closely associated with the "Quilter" brand, they may recommend products and solutions from competitors to avoid the perception of a conflict of interest, even where one does not exist. This could result in reduced profitability for the Group.

The Group's success and results are also, to a certain extent, dependent on the strength of its sub-brands, including Quilter Cheviot, Quilter Investors, Quilter Private Client Advisers, Quilter Financial Planning, Cirilium, Creation, Generation, WealthSelect and other brands, which may become vulnerable to adverse market and customer perception. The Group is exposed to the risk that litigation, employee misconduct, AR misconduct, operational failures, the outcome of regulatory investigations, press speculation, fraudulent activity by third parties (including brand impersonation and account takeover) and negative publicity, loss of confidential customer information, cyber security breaches and inadequate services, among other factors, whether or not well founded, could significantly impact its brands or reputation.

The Group's brands or reputation could also be affected if the Group or advisers recommend products or services that do not perform as expected (whether or not the expectations are well founded) or in line with the customers' expectations for the product range. If customers have experienced financial losses or do not achieve expected performance levels as a result of advice given by their advisers, these customers may cease to do business with the Group, may complain or may bring claims against the Group. As a result, the Group may face reputational damage or regulatory sanctions, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.14 ***The Group's customers may withdraw assets under management or assets under administration at short notice.***

The Group's revenues are predominantly derived from management and administration fees, the quantum of which is based on the value of AuMA in most of the Group's business units. A high proportion of the Group's wealth management products permit investors or customers to reduce the aggregate amount of their investment with no, or only short periods of, notice, or to withdraw altogether from such portfolios or contracts. If interest rates rise, stock markets decline or the Group's investment performance underperforms, the pace of redemptions and withdrawals could accelerate. A significant or systemic withdrawal of AuMA would result in lower management fees and therefore revenues and, depending on the extent of such withdrawals, could impact the Group's ability to achieve its financial targets and strategic initiatives.

Redemptions and withdrawals of investment assets may also be requested more quickly than assets can be sold to meet such redemptions and withdrawals, especially in products where the underlying assets are less liquid. In exceptional circumstances, a third party fund manager that manages assets which comprise a portion of a portfolio managed by the Group may suspend dealing in a fund or in a range of funds, or take other mitigating actions, if the manager determines it would be in the best interests of investors. This may give rise to liquidity risks to the Group in circumstances where it is unable to match the proceeds received from the sale of underlying assets and the payments out to customers. In addition, if such funds hold a large portion of illiquid assets, the Group may be exposed to further risks, including reputational risks, if the investors seek to redeem their investments before or during the fund's suspension.

2.15 ***All of the Group's businesses are subject to operational risks, including the risk of direct or indirect loss resulting from inadequate or failed internal and external processes, systems, poor data handling and human error or from external events.***

The Group's business is dependent on its ability to manage a range of internal and external processes, systems and data, including, for example, (i) processing and reporting on a large number of transactions across numerous and diverse products; (ii) platform administration and reporting services to advisers; (iii) its ability to correctly manage customer policies and assets; (iv) compliance with relevant regulatory reporting requirements; and (v) its ability to maintain the integrity of a large volume of data. Furthermore, the long-term nature of certain businesses within the Group means that accurate records have to be maintained for significant periods.

The Group cannot predict or anticipate the specifics or timing of all possible operational and systems failures which may adversely impact the Group's business. The systems and processes on which the Group is dependent to serve customers and advisers may fail due to IT malfunctions, human error, intentional interference, business interruptions, non-performance by third parties or other external events. If systematic or human errors or failed internal or external processes were to materialise with respect to any of the foregoing or similar risks, this could disrupt business operations, resulting in material brand and reputational damage, loss of customers or advisers, and regulatory action, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. The Group may also be required to conduct thorough investigations of the circumstances surrounding the breach and regulatory investigations may also follow. The costs involved in such investigations, including management's time and professional fees, could be material to the Group.

2.16 ***The Group is subject to various risks relating to the outsourcing and procurement of services to third party contractors, suppliers, agents and service providers.***

The Group outsources and procures certain functions and services externally to third parties and may increase its use of outsourcing in the future. In order to perform these functions and services, certain third parties are also required to store and process sensitive data on the Group's behalf. If the Group does not effectively develop and implement its outsourcing strategies and its internal capability to manage such strategies, third party providers do not perform as anticipated, or the Group experiences technological or other problems with a transition, it may not realise productivity improvements or cost efficiencies and may experience operational difficulties, increased costs and a loss of business. Moreover, if the contracts with any of these third party providers were terminated, the Group may not find alternative service providers on a timely basis or on comparable terms or may suffer disruption as a result of the transition of functions to the new service provider.

Furthermore, mistakes by third party providers, for example in relation to pricing functions, could result in reputational damage, a requirement to pay compensation to customers or regulatory action or fines. The Group may be unable to recover losses from third party providers, for example in the event of a provider's financial distress or limitations on liability. In addition, the ability to receive services from third party providers outside the UK (or the jurisdictions in which subsidiaries operate) might be impacted by cultural differences, political instability, unanticipated regulatory requirements or policies inside or outside the UK. As a result, the Group's ability to conduct business might be adversely affected and result in regulatory action. Regulatory scrutiny of outsource arrangements is expected to remain high for the foreseeable future, with a significant focus on this area by both the Prudential Regulation Authority ("**PRA**") and the FCA. Failure by an outsource partner to perform outsourced functions, or to perform them to the required standards, including the implementation of regulatory change projects, could have a material adverse effect on the Group's reputation, lead to the loss of customers or to regulatory fines.

The Group also depends upon third-party suppliers to provide key equipment, technology and services for the provision of the Group's services, certain of which are only available from a limited number of third parties. While the Group has contractual protections in place with its third party suppliers, the Group does not have operational or financial control over them, and the Group has limited or no influence with respect to the manner in which they conduct their business. Therefore, the Group is also exposed to risks associated with cyber-crime and fraud with respect to its third party contractors, suppliers, agents and service providers. If these third parties fail to provide equipment, technology or administrative services on a timely basis, the Group may be unable to provide services to its advisers and customers until an alternative source can be found, which may not be available on favourable terms or at all. If third parties that hold sensitive data on our behalf suffer a security breach, it could have a material adverse effect on the Group's reputation, results of operations, lead to the loss of customers or to regulatory fines. The Group's key counterparties in relation to outsourcing (identified by the Group as material outsourcers per the applicable regulator's definition) include FNZ (providing significant business process and operational activities for the Group following the launch of the new platform), Citigroup (providing middle and back office services for Quilter Investors, including registrar services, trade processing, accounting services, custodial services and depositary functions), SS&C (providing fund administration services for Quilter Investors), S&P Global (providing the core investment platform for Quilter Investors, HCL (providing application development and maintenance services), Iress (providing advice front-office and payment software) and Service Express (providing infrastructure management and support services). If any of the Group's contracts with key suppliers are terminated, if the Group is unable to renew these contracts on favourable terms, or if the Group is unable to find suitable replacement providers, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Material breach of contract by any of the Group’s key suppliers could also have a material adverse effect on the Group's reputation and business, financial condition, results of operations and prospects. It may not be possible to recover all or part of such losses from the relevant supplier, either due to limitation of liability provisions in the relevant contract or financial distress affecting the relevant supplier.

2.17 ***The markets in which the Group operates are characterised by continued improvements in operational infrastructure. Failure to keep pace with such changes could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

The markets in which the Group operates are characterised by continued improvements in operational infrastructure, including changes in use and adviser or customer requirements and preferences, frequent product and service introductions employing new technologies, and the emergence of new industry standards and practices that could render the Group's existing technology and systems obsolete.

There can be no assurance that the Group will be able to anticipate and respond to the demand for new services, products and technologies in a timely and cost-effective manner, to adapt its infrastructure to technology advancements and changing standards or to retain the Group's advisers or customers. The Group's failure to meet any of these demands could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.18 ***Errors may affect the calculation of unit prices or deduction of charges for the Group's unit-linked products or mutual funds which may require it to compensate customers retrospectively.***

The majority of the Group's investment contracts are unit-linked contracts, where product benefits are linked to the prices of underlying unit funds, and mutual funds business. There is a risk of error in the calculation of the prices of these funds by the relevant external parties or in the prices used in the Group’s systems, which may be due to human error in data entry, IT-related issues, the improper configuration of transaction reporting systems, the failure of outsourcing parties to perform required duties or other causes. Additionally, it is possible that policy or fund charges which are, or will be, deducted from these contracts or funds are taken incorrectly, or the methodology is subsequently challenged by policyholders, investors or regulators and changed retrospectively. Any of these factors could give rise to future liabilities, such as compensation payments to customers. The Group has in the past experienced, and may in the future experience, such errors. Payments due to errors or compensation could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.19 ***Breaches by the Group of investment mandates could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

The Group is generally required to invest in accordance with specific investment mandates or objectives established for the particular portfolio or product (or in the case of segregated mandates set by the customer or its adviser). If investments are made or managed in breach of an investment mandate, including with regard to the use of benchmark indices, the Group could be required to unwind the relevant transactions, could suffer reputational and brand damage and likely would be liable for any losses suffered by an affected party in doing so. Such losses could be significant and exceed amounts recoverable under the Group's insurance policies, if any. The potential reputational and brand damage and the obligation to compensate for such losses could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.20 ***The Group may be unable to fully capture the expected value from acquisitions and disposals or may be subject to liabilities from historical corporate transactions, either of which could materially and adversely affect the Group's results of operations, financial conditions or prospects.***

The Group may from time to time undertake acquisitions and disposals as part of its strategy, which could subject the Group to a number of risks. Some of these risks may affect the expected future value of an acquisition. For example, the rationale and assumptions underlying the business plans supporting the valuation of a target business may prove inaccurate, in particular with respect to synergies and expected commercial demand. Moreover, the Group may fail to successfully integrate any acquired business, including its technologies, products and personnel. The Group may also fail to retain key employees, advisers, customers and suppliers of any acquired business, which could reduce its value to the Group. Additionally, the Group may fail to capture the fair or expected value of disposals it undertakes.

Acquisitions and disposals may also pose risks to the Group's existing businesses. For example, the acquisitions and disposals may divert management's attention and resources from existing operations. Furthermore, the Group may be required to obtain regulatory and other approvals in connection with certain acquisitions and there can be no assurance that such approvals will be obtained and, even if granted, that there will be no burdensome conditions attached to such approvals. The Group may also be required or wish to terminate pre-existing contractual relationships, which could prove costly or be executed at unfavourable terms and conditions.

Finally, acquisitions and disposals may expose the Group to the risk of liabilities from historical corporate transactions. For example, the Group may fail to discover certain contingent or undisclosed liabilities in businesses that it acquires, or its due diligence to discover any such liabilities may be inadequate. The Group may also be subject to legacy conduct and other exposures with respect to the businesses the Group has or will acquire, including with regard to legacy advice on the books and advice provided by, for example, unregulated IFAs in unregulated markets. Moreover, the Group may be exposed to claims of breach of representations and warranties under the sale agreements of disposed businesses. If any of the aforementioned transpire, the Group could suffer reputational and brand damage and may be liable for losses suffered by an affected party.

Any of the above could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.21 ***The Group faces residual risks relating to the disposal of Quilter International.***

On 30 November 2021, the Group completed the sale of Quilter International to Utmost Group plc ("**Utmost**") for consideration of £481 million. As part of the sale, the Group entered into a transitional service agreement (the "**TSA**") with Utmost and incurred certain obligations. In particular, the Group is obligated to provide certain IT, operational and other transitional services to Quilter International under a transitional services agreement. The agreement is currently planned to end on 30 November 2023.

The complexity and time required to perform and transition the obligations under the TSA could give rise to ineffective or inefficient operations for a transitionary period. In addition, the Group may be exposed to liability, with a cap of 100 per cent. of the aggregate service fees paid and payable during a contract year (defined as each period of 12 months commencing on 30 November 2021 and any anniversary thereof), subject to limited customary exclusions, if there are failures to provide the relevant services to the required standard.

Furthermore, the Group are materially dependent on the delivery of migration activities by Utmost in order to exit the TSA. While the Group has oversight processes in place to track Utmost's progress, the Group does not have operational or financial control over them, and the Group has limited or no influence with respect to the manner in which they deliver the migration. Failure to deliver a safe and well-controlled migration could have a material adverse effect on the Group's reputation and business, financial condition, results of operations and prospects.

In addition, the sale and purchase agreement (the "**SPA**") contains customary warranties and customary covenants in relation to the operation of the Quilter International business, including warranties that remained in effect after the completion date of the sale. The transaction documentation also includes a customary tax indemnity given by the Group in favour of the purchaser. These warranties, covenants and indemnity may result in claims being brought against the Group. Both the Group's liability in respect of the warranties and pre-completion covenants under the SPA and the Group's liability under the tax indemnity are subject to customary limitations, and the maximum liability of the Group for all claims under the SPA and tax indemnity is capped, in aggregate, at £481 million. While capped, any claims brought against the Group in relation to the TSA or SPA may last a number of years and could involve significant cost, damage the Group's reputation or divert management's attention from the day-to-day running of the Group's business, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.22 ***Risk management policies and procedures may leave the Group exposed to unidentified or unanticipated risk, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

Management of risk requires, among other things, policies and procedures to identify, quantify, manage and mitigate risks and to anticipate emerging risks. Some risk exposures are quantified using mathematical models which are calibrated using a combination of historical data and expert judgement. As a result, these methods may not fully predict future exposures, which can be significantly greater than historical measures indicate, particularly in unusual markets and environments. Other risk management methods depend upon the evaluation of information, regarding markets, customers, catastrophe occurrence or other matters, that is, or will be, accessible to the Group. This information may not always be accurate, complete, up to date or properly evaluated. Although the Group makes use of forward-looking risk indicators and other risk management tools where appropriate, it is not possible for these indicators to precisely predict future outcomes which may result in the Group being exposed to unforeseen financial impacts or reputational damage.

2.23 ***Counterparty default risk could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

The Group is exposed to credit default risk through its investment portfolios, which include investments in corporate bonds, unsecured cash instruments and structured credit assets, as well as exposures through counterparty risks in derivatives contracts, reinsurance contracts and other financial instruments. The risks in these assets and exposures may be borne by the Group, by unit holders or by the policyholders whose policies the assets back, or a mixture of all these. A counterparty default could create an immediate loss or a reduction in future profits, depending on where the loss occurred in the business.

With respect to secured transactions, the Group's credit risk may be impacted where the collateral held cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to it. Partnership agreements may also be terminated on certain dates or subject to certain conditions and could be subject to renewal on less favourable terms or not at all. There can be no assurance that any such non-renewals, losses or impairments to the carrying value of these assets would not have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.24 ***Adverse capital and credit market conditions may significantly affect the Group's ability to meet liquidity needs, access to capital and cost of capital.***

The capital and credit markets have been experiencing volatility and disruption over recent years. In some cases, the markets have exerted downward pressure on availability of liquidity and credit capacity for certain groups and the ability to access equity capital.

The Group depends on liquidity to pay operating expenses, dividends on ordinary shares, interest on debt and to meet other liabilities. Without sufficient liquidity, the Group will be forced to curtail operations, and the business will suffer. The principal sources of liquidity are fees related primarily to the value of AuMA, premiums and cash flow from the assets held for the account of the business, consisting mainly of cash or assets that are readily convertible into cash. Sources of liquidity in normal markets may include a variety of short-term and long-term instruments, including repurchase agreements, commercial paper, medium-term and long-term debt, junior subordinated debt securities, capital securities and shareholders' equity. The Group may not have access to all of these short-term and long-term instruments.

The availability of additional financing will depend on a variety of factors, such as market conditions, the general availability of credit, the overall availability of credit to the financial services industry, the Group's credit capacity and credit ratings, as well as the possibility that lenders could develop a negative perception of the Group's long-term or short-term financial prospects if the Group incurs large investment losses or if the level of business activity decreased due to a market downturn. In tight credit markets, an unwillingness by providers of finance to extend credit may lead to difficulties and additional costs in financing investment portfolios or certain credit sensitive instruments which form part of those portfolios. Internal sources of liquidity may prove to be insufficient, and in such case, the Group may not be able to successfully obtain additional financing on favourable terms, or at all.

Disruptions, uncertainty or volatility in the capital and credit markets may also limit the Group's access to capital required to operate its businesses. Such market conditions may limit the Group's ability to replace any maturing liabilities in a timely manner, satisfy statutory capital requirements, generate fee income and market-related revenue to meet liquidity needs, and access the capital necessary to grow the Group's business. As such, the Group may be forced to delay raising capital, issue shorter-term securities than would be preferable, bear an unattractive cost of capital or scale back business activities, sell parts of the business or take other mitigating actions which could decrease profitability and significantly reduce financial flexibility. Consequently, the Group's business, financial condition, results of operations and prospects, as well as its statutory capital position could be materially adversely affected by disruptions in the financial markets.

2.25 *The Group's debt obligations could adversely affect the Group's business.*

The Group currently has debt service obligations that may in the future require the Group to dedicate a greater portion of its cash flow from operations to making payments on its debt, thereby reducing the availability of assets for other purposes. Such debt obligations may also increase the Group's vulnerability to adverse general economic or industry conditions that are beyond its control, and may place the Group at a competitive disadvantage compared to its competitors that may have less debt. Increased interest rates could also increase the Group's debt interest costs under its revolving credit facility, if the Group were to draw down on it. A significant increase in the amount of interest payable by the Group could adversely affect the Group's business, financial condition, results of operations and prospects. In addition, if in the longer term the Group wishes to take on additional borrowings (for example, to finance future growth), the Group's current debt obligations may increase the cost of such additional borrowings. This could have a material adverse effect on the Group's business, financial condition and results of operations.

2.26 *The Group's borrowing costs and access to the debt capital markets depend significantly on its credit ratings.*

Rating agencies assign ratings based upon several factors. While most of the factors relate to the rated company, some of the factors relate to general economic conditions and circumstances outside the rated company's control. The Group cannot predict what actions rating agencies may take, or what actions may be taken in response to the actions of rating agencies, which could adversely affect the Group's business. In addition, changes in methodologies and criteria used by rating agencies to determine credit ratings could result in ratings downgrades that do not reflect changes in the general economic conditions or the Group's financial condition. As with other companies in the financial services industry, the ratings could be downgraded at any time and potentially without notice by any rating agency.

A downgrade may adversely affect the Group's ability to market products and retain existing customers and clients, which may negatively impact new sales and adversely affect its ability to compete. In addition, the interest rates paid on the Group's borrowings and the Group's financial flexibility may be impacted by its credit ratings. Any future adverse changes in the credit ratings of the Group could negatively impact the volume and pricing of the Group's funding, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.27 *The inability of the Group to adequately insure against specific risks could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.*

The Group's business entails the risk of liability related to litigation from customers, shareholders, employees or third party service providers and actions taken by regulatory agencies, which may not be adequately covered by insurance or at all. Specifically, there is a risk that claims may arise in relation to damage resulting from the Group's employees' or service providers' operational errors or negligence, or misconduct or misrepresentation by its employees, agents and other operational personnel, including the Group's RFPs, IFAs and Mortgage & Protection Advisers. There can be no assurance that a claim or claims will be covered by insurance or, if covered, that any such claim will not exceed the limits of available insurance coverage or that any insurer will meet its obligations to insure. There can also be no assurance that insurance coverage with sufficient limits will continue to be available at a reasonable cost. Renewals of insurance policies or claims under existing policies may expose the Group to additional costs through higher premiums or the assumption of higher deductibles or co-insurance liability. A significant increase in the costs of maintaining insurance cover or the costs of meeting liabilities not covered by insurance could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.28 ***Catastrophic events, which are often unpredictable by nature, could result in material losses and abruptly and significantly interrupt business activities.***

Whilst the Group does not generally take principal risk in these areas, the Group is indirectly exposed to volatile natural and man-made disasters such as pandemics, hurricanes, floods, windstorms, earthquakes, terrorism, riots, fires and explosions. Such events could adversely impact investment markets and cause falls in the value of customers' investment portfolios. Furthermore, pandemics, natural disasters, terrorism and fires could disrupt operations and result in significant loss of property, key personnel and commercial information. Because the majority of the Group's operations are centralised in one location, the Group may be more vulnerable to such catastrophic events. If the Group's business continuity plans have not included effective contingencies for such events, or if the Group's disaster recovery processes are insufficient, these events could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, the Group is exposed to the risk of catastrophic mortality through its life insurance operations, so that an event such as a pandemic or other event that causes a large number of deaths in the UK could have an adverse impact on the Group's financial results in any period. Catastrophic events could also harm the financial condition of the Group's reinsurers and thereby increase the probability of default on reinsurance recoveries. Catastrophic events, depending on their severity, could therefore have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

2.29 ***The Group is exposed to additional local political, economic, regulatory and business risks and challenges in the other jurisdictions in which it operates, which may affect the demand for its products and services or adversely affect the Group's reputation.***

While the Group operates primarily in the UK, it has a presence in Jersey and Ireland, as well as a small captive general insurance company in the Isle of Man. The Group's international operations expose the Group to additional risks, including in relation to local political, economic, regulatory and business challenges which may affect the demand for the Group's products and services, its reputation, the level of the Group's AuMA, the credit quality of local counterparties or capital requirements of the Group. These risks include, for example, political, social or economic instability in countries in which the Group operates, credit risk of counterparties, lack of local business experience in certain markets and risks of regulatory non-compliance. The nature of some of the jurisdictions in which the Group operates means that these risks can be more acute internationally than in the UK market.

Because the Group operates internationally, the Group may also face increased costs due to the complexity of managing operations in a number of markets, including with regard to changing regulatory frameworks. In addition, international regulations may change in such a way as to prohibit or restrict the sale of certain products or services in one or more of the jurisdictions in which the Group operates, including as a result of increased regulatory attention on improved customer outcomes.

Any of the preceding factors could have a material adverse effect on the Group's reputation and business, financial condition, results of operations and prospects.

3. Risks relating to regulation and legislation

3.1 ***The Group's business is subject to extensive regulation, and the Group faces risks associated with compliance.***

The Group is subject to extensive regulation in each of the jurisdictions in which it conducts business. Likewise, some of the investment vehicles it manufactures (such as UK UCITS funds operated under the regime for such funds) also have to satisfy various regulatory requirements in order to be authorised by the FCA. Regulatory agencies have broad regulatory and administrative powers over many aspects of financial services businesses such as the Group, which may include governance, systems and controls requirements, conduct of business requirements (including marketing and selling practices, advertising, customer documentation and service standards), market conduct, product authorisation and governance, solvency, liquidity, intra-group transactions, risk concentration and permitted investments. Regulators are concerned primarily with financial stability, market integrity and the protection of customers rather than with the interests of the shareholders or creditors of financial services firms.

In the UK, the Group's business is subject to regulation by the FCA and the PRA. The FCA and the PRA have broad powers, including the authority to grant, vary the terms of or cancel a regulated firm's authorisation, to investigate marketing and sales or advice practices and to require the maintenance of adequate financial resources. The FCA and the PRA have the power to take a range of investigative, disciplinary or enforcement actions, including public censure, customer restitution, fines or sanctions and (in practice) to require compensation. High levels of regulatory engagement could divert management's attention from the day-to-day running of the Group's business. The FCA and the PRA may make enquiries of the companies that they regulate and, like all UK regulated financial services firms, the Group faces the risk that the FCA or the PRA could find that it has failed to comply with applicable regulations or has not undertaken corrective action as required. A Group company is currently under regulatory investigation by the FCA. See "*—3.2 A Group company is under regulatory investigation by the FCA, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.*"

Companies within the Group are responsible for contributing to compensation schemes such as the UK Financial Services Compensation Scheme (the "**FSCS**") in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers. Challenging economic conditions are one of the factors that may lead to increased provisions in respect of this scheme. The ultimate cost may be significant and may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Over the last few years, the Group has made the strategic decision to focus on the UK market, as a result of which it has sold certain businesses with a non-UK focus. However, the Group has historically written business in a number of jurisdictions internationally and may be exposed to risks in respect of this business, including the risk of reputational damage or litigation (for example, relating to the sale agreements). Outside the UK, the Group's businesses are regulated by local regulators that often have similar powers to the FCA or PRA, including the Central Bank of Ireland ("**CBI**"), the Dubai Financial Services Authority ("**DFSA**"), the Jersey Financial Services Commission ("**JFSC**") and the Isle of Man Financial Services Authority ("**IoMFSA**").

Under Sections 1471 through 1474 of the US Internal Revenue Code of 1986, as amended commonly referred to as the Foreign Account Tax Compliance Act ("**FATCA**"), the Group is subject to the FATCA reporting regime, which may lead to a compliance risk for the Group. Some countries (including the UK) have entered into intergovernmental agreements with the United States to facilitate the reporting of information required under FATCA. Intergovernmental agreements often require financial institutions in those countries to report information on their US account-holders to the taxing authorities of those countries, which will then pass the information on to the US Internal Revenue Service. Various companies in the Group are financial institutions for the purposes of FATCA and the intergovernmental agreement between the United States and the UK. While the Directors believe the Group has taken all necessary steps to comply with FATCA and any legislation implementing the intergovernmental agreement between the United States and the UK, if the Group is deemed not to be FATCA compliant, the Group could face certain withholding penalties, which may lead to reputational damage, regulatory fines, loss of market share, financial losses and legal risk.

Enforcement or other action taken by regulators against the Group could have a detrimental impact on the Group's reputation or have a material adverse effect on the Group's business, financial condition, results of operations and prospects. Costs relating to skilled person reviews on areas of regulatory concern and subsequent remediation projects can be significant. Fines imposed by regulators for breaching regulatory requirements can also be substantial. In addition, the FCA's Senior Managers and Certification Regime (the "**SMCR**") means that enforcement or other action can also be taken against certain individuals in the Group, including senior management. Any such actions may last a number of years and could divert management's attention from the day-to-day running of the Group's business, result in increased turnover if senior staff elect to leave the Group due to exposure, and involve considerable cost and expense.

The Group is also exposed to risk from potential non-compliance by staff, employee misconduct or negligence and fraud, which could result in regulatory sanctions and serious reputational or financial harm. In particular, financial institutions can suffer material losses due to the actions of 'rogue traders' or ‘rogue advisers’, as relevant. It is not always possible to deter or prevent employee misconduct, and the precautions the Group takes to detect and prevent this activity may not always be effective.

A determination that the Group has failed to comply with applicable regulation could have an adverse impact on the Group's reported results or on relations with the Group's regulators and current and potential customers. Regulatory action against a member of the Group could result in the suspension or revocation of regulatory authorisations, permissions or approvals, financial penalties, customer restitution, and adverse publicity for, or negative perceptions regarding, the Group. This may result in regulators subjecting the Group to closer scrutiny than would otherwise be the case, which in turn may result in higher compliance costs, fines or other sanctions for the Group. The Group may also be subject to regulatory action and restitution payments to customers with respect to historical business and legacy products, whether or not still managed or administered, including where the Group no longer sells into a jurisdiction or no longer sells certain products or solutions.

Any of these matters may have a material adverse effect on the Group's business, financial condition, results of operations and prospects, and it could divert management's attention from the day-to-day running of the Group's business.

3.2 ***A Group company is under regulatory investigation by the FCA, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

In June 2019, the Group acquired Lighthouse Group plc ("**Lighthouse**"). Prior to the acquisition, Lighthouse advisers advised around 300 British Steel Pension Scheme members to undertake a defined benefit ("**DB**") to defined contribution ("**DC**") pension transfer. Of this number, approximately 80 transfers were undertaken prior to June 2017, after which the transfer values of the pension scheme were fundamentally enhanced by the trustees of the British Steel Pension Scheme.

During 2020, the FCA reported the results of its thematic review into the general market of advising on DB to DC pension transfers, which included British Steel Pension Scheme member pension transfers. The FCA review determined that the percentage of unsuitable files for British Steel Pension Scheme member DB to DC pension transfer advice was higher than the equivalent percentage for other DB to DC pension transfer advice in their thematic sample. The FCA review included a sample of DB to DC pension transfer advice provided by Lighthouse advisers, including to British Steel Pension Scheme members.

In March 2020, the FCA informed the Group that it had opened an enforcement investigation into Lighthouse in respect of whether Lighthouse has breached certain FCA requirements in connection with advising on and arranging DB to DC pension transfers (including, but not limited to, in relation to British Steel Pension Scheme members) in the period from 1 April 2015 to 30 April 2019.

As with any regulatory investigation it is difficult to predict when the investigation will be completed or its outcome. If the FCA decides to take enforcement action, the Group may incur a public censure, fines or other sanctions, adverse publicity or reputational damage, and individuals who were formerly or presently employed by the Group or its AR firms could be censured, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. This investigation is ongoing and, therefore, the Group has not recognised a provision for any potential fines or other sanctions that could be imposed on Lighthouse in connection with advising on and arranging DB to DC pension transfers. There can be no assurance at this stage as to the outcome of the matter.

3.3 ***The ongoing skilled person review in respect of the pension transfer advice undertaken by Lighthouse advisers, and any subsequent complaints to the Financial Ombudsman Service, could result in material costs of redress, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

In March 2020, the Group was also informed by the FCA that it would be required to appoint a skilled person, under section 166(3)(a) of the Financial Services and Markets Act 2000 ("**FSMA**"), to review the advice given by Lighthouse advisers on DB to DC pension transfers between 1 April 2015 and 27 January 2020. The review covers all British Steel Pension Scheme DB to DC pension transfer advice activity undertaken by Lighthouse advisers, and a representative sample of other Lighthouse DB to DC pension transfer advice activity, in each case within the relevant period.

During 2021, a loss assessment and redress calculation methodology was designed by the skilled person following discussions and in collaboration with the FCA, to ensure consistency and compliance with the FCA's Final Guidance 17/9 "Guidance for firms on how to calculate redress for unsuitable defined benefit pension transfers", which was used to calculate redress offers for those cases where the skilled person determined that a British Steel Pension Scheme member received unsuitable DB pension transfer advice which caused them to sustain losses. The first offers relating to the provision balance were made to customers during the second half of 2021. During the period to 30 June 2022, the skilled person completed their review of all cases within the initial scope of the review, reflecting the outcome on suitability of the DB to DC pension transfer advice review for each case, and all remaining offers were made to customers who received unsuitable DB to DC pension transfer advice which caused them to sustain a loss.

While the Group's financial statements as at 30 June 2022 included a provision of £3 million in respect of the payment of any final redress offers made on or before 30 June 2022 in respect of the initial scope of the skilled person review and associated expenses for Lighthouse DB pension transfer advice provided to British Steel Pension Scheme members and to members of other schemes (31 December 2021: £29 million; 30 June 2021: £35 million), estimating the amount of the provision requires judgement, particularly with respect to the number of customers who may have been affected, the estimated financial loss suffered by customers and the estimated rates of redress. Such estimates are difficult to quantify and uncertain. Amounts which the Group is eventually liable to pay may be materially different to the amount of provisions set aside to cover such risks, or existing provisions may need to be materially increased to cover such risk or in response to changing circumstances (including but not limited to the matters set out below).

In the second half of 2022, the skilled person recommended a potential review of a further sample of Lighthouse DB to DC pension transfer advice cases not relating to the British Steel Pension Scheme. In December 2022, the FCA confirmed to the Group that it agreed with the skilled person's recommendation. The FCA also confirmed that, given the co-operation of the Group in relation to the skilled person review and established past business review methodology and consistent with the recommendation made by the skilled person, this further sample should be reviewed under a Group-managed past business review process with the current skilled person acting as expert. The FCA also agreed with the skilled person that the further sample should be selected on a risk-based approach and has set out to the Group the key risk factors to use to determine the sample. The review of this sample may uncover some additional cases where customer redress is required, but until the relevant sample has been reviewed, uncertainty exists as to the number of cases where this will be required and the value of total redress which may be payable and a reliable estimate of such amounts cannot currently be determined. If, when the review of these further cases is completed, high levels of unsuitable DB to DC pension transfer advice are found within that further sample, it is possible that an additional further sample of cases is required to be reviewed, which could result in further material costs of customer redress. In addition, any expenses associated with the past business review process will be borne by the Group, and the past business review process could further divert the Group's resources and management's attention from the day-to-day running of the business. It is also possible that it could be decided that specific cases within the skilled person review should be included within the scope of the Group-led past business review in order to be re-assessed, or the Group might decide for other reasons to make redress offers on specific cases including in the interests of concluding the skilled person review. This might give rise to additional redress costs and associated expenses. The Group's financial statements as at 30 June 2022 do not include a provision for redress offers relating to the review of this further sample of cases or redress offers on cases already reviewed, and (in either case) associated expenses.

Customers have the legal right to challenge the outcome of a complaint made to a Group company and subsequently refer the complaint about the provision of, or failure to provide, a financial service (as defined in the FCA Handbook) to the Financial Ombudsman Service. Certain customers who have been included in the skilled person review work already undertaken have made such challenges, where: (i) relevant DB to DC pension transfer advice was found to be suitable by the skilled person; or (ii) where relevant DB to DC pension transfer advice was found to be unsuitable by the skilled person, but the customer disagrees with the way in which their redress offer has been calculated by the skilled person. There is also a risk that additional customers may bring similar challenges to the Financial Ombudsman Service as customers have a period of six months from receiving the outcome of the skilled person's review of their complaint to do so.

The skilled person is independent from the Group and has run a robust process, which has been overseen by the FCA. The Group does not consider any of the complaints that have been referred by customers to the Financial Ombudsman Service to have merit (and in some cases, the Group considers that complaints do not fall within the statutory jurisdiction of the Financial Ombudsman Service) and so the provision recorded by the Group does not include any amounts in relation to such complaints including, but not limited to, any obligations that may arise in the event that any challenges to the Financial Ombudsman Service over the outcome of the skilled person review in respect of particular customers are upheld. There is a risk that the Financial Ombudsman Service may uphold some or all of the challenges made. In some cases the Financial Ombudsman Service has made an initial non-binding adjudication on the challenges made in favour of the customer. Such initial adjudications are non-binding on the parties and in all cases either the Group or the customer has referred the matter to the Ombudsman for a final decision and no cases have yet received a final decision. As noted above, the Group does not consider that the relevant cases have merit (and in some cases considers they do not fall within the statutory jurisdiction of the Financial Ombudsman Service). This opinion has not been changed by the initial adjudications. However, as noted above there is a risk that the final decision may be to uphold some or all of the challenges made. In addition, the FCA has also recently consulted on and published changes to its industry-wide redress methodology guidance for customers who have received unsuitable advice to make a DB to DC transfer. Following this consultation process, changes to the FCA's current redress methodology will come into force on 1 April 2023. Depending on individual circumstances this may result in a particular customer receiving a lower or higher redress amount, or it may make no change to the amount of redress they are entitled to. However, customers who have already accepted redress from Lighthouse (whether directly, via the skilled person review or as a result of them referring the matter to the Financial Ombudsman Service) will not be entitled to receive any additional redress. It is possible that customers who raise challenges to the Financial Ombudsman Service and are successful in those challenges may have their redress calculated under this revised methodology and so there is a risk that this might increase the relevant redress that they are offered and paid. As a result of these risks, it is possible that further material costs of redress may be incurred by the Group in relation to the skilled person review.

In November 2022, the FCA published a policy statement containing final rules for a redress scheme for former members of the British Steel Pension Scheme who received unsuitable advice (the "**BSPS Redress Scheme**"). The BSPS Redress Scheme will cover those persons who received advice between 26 May 2016 and 29 March 2018 to transfer out of the British Steel Pension Scheme. The final rules for the BSPS Redress Scheme set out how advisers must determine whether they gave unsuitable advice and whether they must pay redress. Independent checks and monitoring will be put in place to ensure that firms comply with the rules and consumers can be confident in the outcome of the review. The BSPS Redress Scheme will start on 28 February 2023, with eligible customers starting to receive compensation after this date. The Group may therefore face further costs of redress as a result of the BSPS Redress Scheme. The BSPS Redress Scheme will not cover individuals that have accepted redress for that advice, referred the matter to the Financial Ombudsman Service or received a final outcome following a suitability assessment of their case conducted through a skilled person review. Therefore, based on the final rules of the BSPS Redress Scheme, this process will not include

Lighthouse cases that have already been reviewed by the skilled person where the customer received a final outcome. However, it will include a small cohort of cases where members of the Group other than Lighthouse provided relevant advice ("**Non-Lighthouse BSPS Redress Scheme Cases**"). The Group's financial statements as at 30 June 2022 included a provision of £1.6 million in respect of possible redress and associated costs in respect of the Non-Lighthouse BSPS Redress Scheme Cases. This provision did not include any Lighthouse cases relating to British Steel Pension Scheme members subject to the skilled person review. The Group is currently considering whether, based on the final rules for the BSPS Redress Scheme, there are any Lighthouse cases relating to British Steel Pension Scheme members that were subject to the skilled person review which may fall within the scope of the BSPS Redress Scheme. If so, the Group will consider whether the provision in respect of the BSPS Redress Scheme should be increased. No decision has been taken and any decision that is taken will also be subject of review by the Group's auditors in due course. However, the Group may decide that the provision should be increased. In addition, all estimates for potential redress and associated costs are difficult to quantify and uncertain. As a result of a combination of these factors, the amounts which the Group is eventually liable to pay in respect of the BSPS Redress Scheme may be materially different to the amount of the provision in respect of the BSPS Redress Scheme in the Group's financial statements as at 30 June 2022.

Any of the above, individually or in aggregate, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.4 ***The Group's businesses are subject to the risk of adverse changes in the laws, regulations and regulatory requirements in the markets in which they operate.***

Financial services laws, regulations and regulatory requirements currently affecting the Group (and the financial products that it manufactures) may change at any time in ways that could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. It is difficult to accurately predict the timing, scope or form of future regulatory initiatives, although it is widely expected that there will continue to be a substantial amount of regulatory change and a high degree of supervisory oversight of regulated financial services firms. In addition, under certain principles-based rules and regulations, there may be different industry views about how to achieve particular outcomes. Regulators may from time to time have different views about how market participants should meet regulatory outcomes and interpretations may differ from generally accepted market practice.

The Group will not always be able to predict accurately the impact of future legislation or regulation or changes in the interpretation or operation of existing legislation or regulation on its business, financial condition, results of operations and prospects. Changes in government policy, legislation or regulatory interpretation applying to companies in financial services industries may be applied retrospectively, and/or may adversely affect the Group's product range, distribution channels, capital requirements, results and financing requirements.

Where regulatory change occurs, the Group may face high implementation costs (including costs for IT related changes), as well as increased ongoing costs in areas such as governance, IT and compliance. Regulatory change may also result in lower margins, or certain products or services having to be changed in material ways or, in extreme cases, withdrawn.

At present, the risk of regulatory change is heightened as the UK Government and regulators consider how the UK regulatory regime could or should be changed in light of the UK's withdrawal from the EU ("**Brexit**"). This may be fuelled by political pressure to be seen to be extracting a "dividend" from the

UK's exit from the EU, in part to compensate for the commercial toll that Brexit has taken on the UK financial services industry and the loss of access to EU customers and, in part, to vindicate the arguments given in support of an exit at the time of the UK referendum on Brexit.

In connection with the UK Solvency II regime, on 17 November 2022 the Chancellor of the Exchequer in the UK confirmed that plans to reform the UK Solvency II regime would go ahead. On the same date, HM Treasury published a consultation response setting out the final reform package. The HM Treasury consultation response states that the UK Government will legislate as necessary to implement the new regime and the Financial Services and Markets Bill (the "**FSMB**"), also includes legislative measures intended to pave the way for Solvency II reform in the UK. In the context of these developments, it is likely that UK regulatory policy will further evolve under the Solvency II regime, with possible divergence from the EU Solvency II regime in the future likely (although it is not possible to assess how significant such divergence will be over time).

The FCA has also expressed concerns as to low levels of financial resilience and rising costs, meaning that consumers are at risk of serious financial problems, a position that is emerging against a backdrop of rising inflation and interest rates and major geopolitical uncertainty. These factors may result in further regulatory interventions.

3.5 ***A number of complex regulatory change initiatives have recently been delivered or are expected to be delivered in the short term, and the effect of these regulatory initiatives is uncertain.***

Regulatory reform initiatives could lead to increased compliance costs or other adverse consequences for firms within the financial services industry, including the Group. Recent and ongoing regulatory reform initiatives which could impact the Group include the following.

Under the FCA's new Consumer Duty, all financial services firms need to ensure that their products and services provide fair value to retail customers. See "*Regulatory Overview—2. Regulation in the United Kingdom—2.5 New consumer duty*". Manufacturers must ensure that their products provide fair value to retail customers in the target markets for those products, and to consider their value assessment when selecting distribution channels. Distributors need to assess their fees against the extent and quality of their services and consider whether their fees would result in a product ceasing to provide fair value to the customer. Whilst parts of the Group, including Quilter Investors are already subject to rules on assessing value, for other parts of the Group, performing detailed value assessments will be a new requirement. Quilter Investors' latest published report reflects the conclusion that overall, based on the FCA's seven assessment requirements, Quilter Investors' funds continue to provide good value to investors. While the majority of funds continue to deliver their investment objectives, shorter term performance has been mixed in some cases, and the Group continues to monitor and assess all funds, taking steps where possible to improve investor outcomes.

The new regime sets higher and more exacting standards of consumer protection. It is intended to apply across all of a firm's activities, from high-level strategic planning to individual customer interactions. Firms must implement the regime for all new and existing products and services currently on sale by 31 July 2023. The rules will be extended to closed book products (i.e. which are no longer on sale) by 31 July 2024. Firms will need to monitor, evidence and report against many of the new regime's requirements. The Group may incur significant costs associated with making necessary changes in order to ensure compliance with the new regime. In addition, the Group may face challenges with resource stretch and competing priorities with respect to any required implementation projects. If the

Group fails to comply with the new regime, it may face reputational damage, penalties imposed by the FCA or costs and payments associated with any investigations and/or required remediation, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The FCA has introduced an enhanced regime for firms with appointed representatives, which will apply to the Group from December 2022. This includes enhanced oversight and risk management obligations, an obligation for in scope firms to conduct a new annual review of their appointed representatives, a new annual self-assessment obligation and new FCA reporting obligations.

Effective March 2022, the FCA has also introduced new rules and guidance to strengthen operational resilience and have stated that they are scaling up their efforts to deal with firms who do not meet the new standards. The applicable requirements under the new regime are extensive and onerous, and the Group may need to invest significant time and resource to ensure compliance.

In general, the UK regulators have a strong focus on IT risks and issues, with concerns around legacy systems and the risk of cybercrime. UK regulators are also concerned about high rates of malicious IT security breaches. This increased focus gives rise to regulatory risks for the Group, in common with most financial services firms, given the industry's high dependency on IT, concerns around legacy systems and cost pressures in the current challenging economic circumstances.

The Group may also be impacted by the new Sustainability Disclosure Requirements ("**SDR**") and ESG product labelling regime. See "*—3.6 A number of disclosure and other regulatory initiatives are being introduced in relation to climate change, ESG and greenwashing, the cost and effect of which is uncertain but is likely to be significant*".

The continuing introduction of new regulatory requirements applicable to the Group could significantly impact the manner in which it operates and could materially and adversely impact the profitability of one or more of the Group's business lines or the level of capital required to support its activities. Although the full impact of the regulations described above cannot be determined, many of their requirements could have material and adverse consequences on the Group and the industry in which the Group operates. These regulations could make it more expensive for the Group to conduct its business, require that the Group makes changes to its business model, require that the Group satisfies increased capital requirements, necessitate time-consuming and costly implementation measures, or subject the Group to greater regulatory scrutiny. In addition, the Group's multi-channel business model may mean that regulatory changes impact aspects of the Group's business which would not be relevant to some of its competitors. Individually or in aggregate, these regulations could therefore have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

From time to time, regulators may launch a review of a particular industry or product. While the Group may not be specifically targeted, these reviews could negatively impact the Group's reputation or demand for the Group's products, which could in turn have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.6 ***A number of disclosure and other regulatory initiatives are being introduced in relation to climate change, ESG and greenwashing, the cost and effect of which is uncertain but is likely to be significant.***

Both in the UK and elsewhere, there is an increased focus on climate change and ESG issues generally. Climate change and ESG risks are increasingly taken into account in investment decision-making, prudential matters, risk management and scenario planning. In addition, there is an increased demand from clients, investors, distributors and other stakeholders for climate change and ESG issues to be reflected in a firm's products and services, and for specific data on relevant matters to be provided (e.g., greenhouse gas emissions). Furthermore, governments, including the UK government, are under increasing pressure to accelerate the pace of change to meet net zero commitments and to be seen to be taking more effective action. As a result, a number of new laws and regulatory initiatives have been introduced which have had and will continue to have an impact on the Group, and more are expected in the near future.

For example, there have recently been changes to the UK listing rules and to the UK regulatory regime for asset owners and life insurers to mandate disclosures based on the recommendations of the Taskforce on Climate-related Financial Disclosures ("**TCFD**"). Further requirements have been proposed pursuant to an FCA consultation paper titled "Sustainability Disclosure Requirements (SDR) and investment labels", issued in October 2022, which sets out the details of a new ESG labeling regime and includes a new "anti-greenwashing rule", with UK authorised firms being required to ensure that any reference to the sustainability characteristics of a product or service is consistent with the sustainability profile of that product or service, clear, fair and not misleading.

Further regulatory proposals are expected in due course on related topics. For example, the UK Transition Plan Taskforce was launched by HM Treasury in April 2022 to develop a gold standard approach for private sector climate transition plans in the UK. This is now open for consultation. The FCA is also expected to require some or all UK listed and/or authorised firms to report on their alignment with the UK taxonomy and to comply with the sustainability disclosure standards being prepared by the International Sustainability Standards Board, in each case, when finalised.

The regulatory initiatives referred to above are likely to require significant cost and implementation projects within the UK financial services industry, including for the Group. For example, if the Group wishes to align some or a significant number of its fund and portfolio management offerings to the FCA's new labelling regime, it will need to launch an implementation project with considerable IT and other resource committed. Product terms, fund documents, marketing materials and other communications will need to be re-considered, websites will need to be updated, and new systems will need to be built to comply with initial and ongoing disclosure obligations.

Further, there is likely to be considerable uncertainty as to regulatory expectations, at the outset, which raises regulatory risk. "Greenwashing" is also likely to represent a regulatory priority for the FCA and other UK regulatory bodies going forward, and both entity- and product-level greenwashing represents an increasing risk for regulated firms. Greenwashing issues also generate significant press attention, which could result in damage to the Group's reputation or brand(s). The Group may also face reputational damage if it is found to have sold on an advised basis, or via its platform, the products of a third party provider where greenwashing has occurred.

Any of the above-mentioned matters may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.7 ***Regulatory authorities or customers may attempt to seek redress against the Group where it is alleged that advice given generally or in relation to products or services was unsuitable or unfairly priced, or otherwise failed to meet regulatory requirements or customer expectations.***

The Group is exposed to the risk of regulatory action or claims from customers regarding unsuitable advice or misleading information from advisers, including within Quilter Financial Planning and Quilter Cheviot. For example, regulators or customers could allege that customers were recommended products or solutions that were not suitable for them, or that the terms and conditions of relevant products or solutions, the nature of the products or solutions, or the circumstances under which the products or solutions were recommended, were misrepresented to them. In the UK, any such issues or disputes arising in relation to private individuals that cannot be resolved privately may be resolved ultimately by the Financial Ombudsman Service, by FCA enforcement action or by litigation. Under the FSMA, the Financial Ombudsman Service is required to make decisions on, among other things, complaints relating to activities and transactions under its jurisdiction. If the Financial Ombudsman Service orders redress, or if the scope of its jurisdiction is amended or extended, it may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Complaints may also arise if customers feel that they have not been treated reasonably or fairly, or that the duty of care which they are owed has been breached. Issues may also arise if it is alleged that investment decisions for discretionary portfolios do not properly match investments to objectives or adequately balance risk against performance, leading to inappropriate risk exposure for customers, financial loss or reputational damage. The Group may also receive complaints resulting from recommendations for products or services that were not or are not suitable, with the potential for customer detriment, resulting in the Group's financial loss, damage to reputation, or regulatory fines or censure. In the UK, suitability has been an important area of regulatory focus, as demonstrated by FCA thematic reviews and proposed follow-up work. The FCA's supervisory focus on suitability could result in additional skilled person reviews and enforcement actions, which may increase the Group's exposure in this area. See "*—3.2 A Group company is under regulatory investigation by the FCA, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects*" and "*—3.3 The ongoing skilled person review in respect of the pension transfer advice undertaken by Lighthouse advisers, and any subsequent complaints to the Financial Ombudsman Service, could result in material costs of redress, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects*".

The Group may be exposed, in particular, to risks relating to "vulnerable customers", which the FCA has defined as someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care. The FCA has noted that vulnerability can affect consumers across all financial products and services. Failure to identify customer vulnerability could lead to poor customer outcomes and detriment, including if a customer is not able to fully understand products or services or if information is not provided in an appropriate format for the customer's needs. If the Group does not have adequate policies to identify vulnerable customers, or if such policies are not embedded in a way that promotes the fair treatment of all customers, the Group's UK regulated firms could fall below regulatory expectations in this area, which could result in regulatory action.

In addition, the Group may be exposed, in particular, to risks in relation to potential unsuitable DB to DC pension transfer advice provided across the Group. DB to DC pension transfer advice has become a recent area of focus for the FCA and also claimant law firms, claims management companies and consumer bodies, which may result in an increase in the level of complaints in relation to such advice when compared to past experience. See "*—3.2 A Group company is under regulatory investigation by the FCA, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects*" and "*—3.3 The ongoing skilled person review in respect of the pension transfer advice undertaken by Lighthouse advisers, and any subsequent complaints to the Financial Ombudsman Service, could result in material costs of redress, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects*" in relation to the British Steel Pension Scheme specifically. However, risks may also arise in relation to customers advised to transfer out of other DB pension schemes.

In addition, in recent years the industry in general has experienced an increase in the use of social media by customers, commentators and claims management companies to exert influence over financial services firms in their decision making. While a considerable amount of time and resources may have been invested in reviewing and assessing historical sales or advice practices and in the maintenance of risk management, legal and compliance procedures to monitor current sales practices, there can be no assurance that all of the issues associated with current and historical practices have been, or will be, identified in the course of any review by the Group, nor that any issues already identified will not be more widespread than presently estimated. The negative publicity associated with issues identified in any sales or advice practices, any compensation payable in respect of any such issues and regulatory changes resulting from such issues, have had, and may continue to have, a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Issues and disputes may arise from time to time from the way in which the insurance, banking, asset management and advisory industries has sold or administered an insurance policy, investment solution or other product or in the way in which they have treated policyholders, investors or customers, either individually or collectively. The regulator may intervene directly where larger groups or matters of public policy are concerned. There have been several industry-wide financial product mis-selling issues in the past in which the regulator in the UK has intervened directly, including the sale of personal pensions, the sale of mortgage-related endowments and investments in split capital investment trusts. Certain designated consumer bodies are also empowered under FSMA to make "super-complaints" to the FCA in relation to issues causing detriment to large numbers of consumers.

3.8 *The Group is subject to the risk of having insufficient capital resources to meet the minimum required by regulators.*

The Group is subject to the UK Solvency II regime in relation to the overall Group capital and solvency. In addition, as a UK life assurance company, Quilter Life & Pensions Limited is subject to UK Solvency II supervision at an entity level. The UK Solvency II regime (like the EU Solvency II regime from which it is derived) is a risk-based capital regime which includes requirements for the calculation of the regulatory balance sheet and capital requirements, systems of governance for insurance entities and groups, a risk management system, the Own Risk and Solvency Assessment ("**ORSA**") and public and private reporting requirements. The UK Solvency II regime requires insurance firms and groups to identify, assess and quantify the broad range of risks facing the firm and make judgements in relation to calculation methodologies and assumptions on future experience.

Non-insurance regulated entities within the Group are subject to other prudential requirements. The UK non-insurance regulated entities within the Group are supervised from a prudential perspective by the FCA pursuant to the UK prudential regime. For the UK investment firms within the Group, the Investment Firms Prudential Regime ("**IFPR**"), which came into force in January 2022, establishes the relevant prudential requirements. In particular, they are subject to the Prudential Sourcebook for MiFID Investment Firms ("**MIFIDPRU**"), on a solo and on a consolidated basis.

Under the regime, UK investment firms are required to perform an Internal Capital Adequacy and Risk Assessment ("**ICARA**") at least annually or following a material change in their business model or operating model. The ICARA process covers the internal systems and controls that a firm must operate to identify and manage potential material harm that may arise from the operation of its business, to ensure that its operations can be wound down in an orderly manner, and to demonstrate that they have implemented methods and procedures to ensure adequate financial resources, with due attention to all material risk. Regulators then conduct a Supervisory Review and Evaluation Process to assess the soundness of the firm's ICARA and take any appropriate actions that may be required. For example, the FCA can impose a capital add-on, which would require a firm to maintain an increased level of capital if the FCA believes the internal assessment does not adequately reflect the risks within the firm.

Quilter Cheviot Europe Limited (an Irish entity within the Group) performs its own ICARA under the EU prudential regime under the supervision of the Central Bank of Ireland.

The Group is not currently subject to the requirements of the Financial Conglomerates Directive ("**FICOD**") (as implemented into UK law), pursuant to a direction from the PRA and the FCA dated 2 November 2022 (the "**FICOD Waiver**"). The FICOD Waiver came into effect on 5 November 2022 and is stated to end on 5 November 2027. There is a risk that the FICOD Waiver may not be renewed after 5 November 2027 or that it is revoked (in whole or in part) prior to this date. In the event that the FICOD Waiver ceased to be in effect, the Group may require additional capital in order to meet applicable capital requirements.

In addition, the Group may become subject to additional capital requirements as a result of new laws or regulatory requirements introduced over time. A perceived or actual shortage of capital could result in actions or sanctions, which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects. This, in turn, may affect the Group's capacity to continue its business operations, pay future dividends or pursue acquisitions or other strategic opportunities, impacting future growth potential. Furthermore, if in the event of a stressed scenario the Group has insufficient capital to absorb all losses up to a confidence level defined in the Group's capital risk appetite, it could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group's regulatory positions under the applicable prudential regimes require management to make judgements, estimates and assumptions. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, there can be no assurance that one or more of these judgements, estimates and assumptions will not be subsequently revised as a result of new factors or circumstances emerging, which could result in the Group having insufficient capital resources and could, in turn, have a material adverse effect on the Group's business, financial condition, results of operations and prospects. While management's assumptions are subject to the Directors' approval, regulators can challenge this approval and may come to a different view on what capital requirement consequences that may have. In certain circumstances, management actions may require regulatory approval, which, if not granted, may have an impact on the Group's solvency position.

The Group may be unable to meet its regulatory solvency and capital requirements for a number of reasons. For example, the Group's capital bases could be eroded over time due to poor trading and losses therefrom or other impacts outside of the Group's control, such as regulatory fines or increased compliance costs. If the Group's capital bases are eroded significantly, the Group may have insufficient capital resources to meet the minimum required by regulators. Any of the above could lead to reputational damage as a result of decreased investor confidence or regulatory action, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.9 ***Changes in the interpretation of tax laws, changes to tax rates, changes to tax laws, the introduction of new tax legislation or a difference in view as to the proper application of tax laws to the Group could impact demand for the Group's products or services, or otherwise have a material adverse effect on the Group's business, financial condition, results of operations and prospects.***

Adverse changes in taxation laws (including changes to rates of taxation) and adverse changes in the interpretation and application of existing taxation laws by courts or taxation authorities in any of the jurisdictions in which the Group operates could have a material adverse effect on the Group's business, financial condition, results of operations and prospects, either directly in relation to the Group’s tax liabilities or through an impact on the demand for the Group's products or services.

The Group currently benefits from customer demand supported by government policies aimed at encouraging personal savings through the application of tax relief to certain types of investment and tax wrappers. Changes in taxation legislation and policy, either as a result of a change in government or otherwise, could affect investor sentiment, making investment generally, and specific types of investment products or solutions in particular, either more or less appealing. For example, the Group may be adversely affected by the loss of favourable tax treatment on savings by individuals through Individual Savings Accounts ("**ISAs**") or tax wrapper products, an increase in rates of capital gains tax, a decrease in or removal of tax free allowances or a reduction in disposable income as a result of an increase in income tax or the introduction of wealth taxes.

The Group cannot predict the impact of future adverse changes in tax legislation on the tax efficiency and attractiveness of its products and services or its business generally. Amendments to existing legislation (particularly if there is a withdrawal of any tax relief or an increase in tax rates) or the introduction of new rules may have an impact on the investment decisions of existing or potential customers or the advice provided to customers. Changes from time to time in the interpretation of existing tax laws, amendments to existing tax rates or the introduction of new tax legislation could significantly change saving and investment patterns, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The nature of the Group’s business, and of the products and services the Group provides, is such that the Group is required to adopt certain views as to the proper application of taxation laws (including value added tax laws) to the Group’s business, where the proper application of such taxation laws may otherwise be uncertain. In light of that uncertainty, a revenue authority could adopt a contrary view as to the proper application of any such taxation law to the Group’s business, which could affect the Group’s historical and future tax liabilities. This could, in turn, have a material adverse effect on the Group’s business, financial condition, results of operations and prospects.

3.10 ***The Group is involved in various legal and regulatory proceedings and may be involved in more in the future.***

The Group, like other financial services firms, is, and may in the future be, subject to legal proceedings, ombudsman processes, regulatory investigations and general litigation. Depending on the context, these may be initiated by regulators, customers or other third parties and arise in the normal course of its business (together, "**proceedings**"). Due to the nature of these proceedings, it is not feasible to forecast or determine the final results of all such proceedings. It is also possible that a regulator may carry out a review of products previously sold or services previously supplied, whether as part of an industry-wide review, a firm-specific assessment or otherwise. It is not possible to predict the outcome of such reviews. Possible outcomes include a requirement to compensate customers for losses they have incurred as a result of the products they were sold or services they received or the initiation of regulatory enforcement action against the Group, which could result in various possible remedies such as the imposition of a fine. This may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.11 ***The Group may fail to detect or prevent money laundering and other financial crime activities if financial crime risks are not correctly identified and if effective controls to mitigate those risks are not implemented. This could expose the Group to heavy fines, additional regulatory scrutiny and reputational risk.***

The Group is required to comply with applicable anti-money laundering, anti-terrorism, sanctions, anti-tax evasion, anti-fraud, anti-bribery and corruption, insider dealing and other laws and regulations, including the UK Bribery Act 2010, the UK Criminal Finances Act 2017 and the extra-jurisdictional reach of international laws such as the US Foreign Corrupt Practices Act. Sanctions laws are a particular area of focus at present, given the global response to the invasion of Ukraine by Russia.

These laws and regulations require the Group, among other things, to conduct customer due diligence regarding fiscal evasion, anti-money laundering, sanctions and politically exposed persons screening, keep customer and supplier account and transaction information up to date and implement effective financial crime policies and procedures. Where applicable, these laws restrict or prohibit transactions with certain countries and with certain companies and individuals identified on lists maintained by the UK government, the US government and others.

Financial crime is the subject of close scrutiny and supervision by regulators globally. Anti-money laundering, anti-bribery and anti-corruption, and insider dealing and sanctions laws and regulations are increasingly complex and detailed and are the subject of regulatory supervision, requiring businesses to maintain systems, sophisticated monitoring and skilled compliance personnel. The FCA and other regulatory authorities may from time to time make enquiries of companies within their respective jurisdictions regarding compliance with regulations governing the conduct of business or the operation of a regulated business (including the degree and sufficiency of supervision of the business) and the handling and treatment of customers or conduct investigations when it is alleged that regulations have been breached. Responding to such enquiries may be time-consuming and expensive.

Financial crime is continually evolving, and the expectations of regulators are high. This requires proactive and adaptable responses from the Group so that it is able to effectively deter threats and criminality. Even known threats can never be fully eliminated, and there may in the future be instances where the Group may be used by other parties to engage in money laundering and other illegal or improper activities. In addition, the Group relies on its employees, external administrators and certain other third parties to identify and report such activities. There is a risk that they will fail to do so or otherwise fail to comply with or implement the Group's policies and procedures relating to financial crime.

Where the Group is unable to comply with applicable laws, regulations and expectations, regulators and relevant law enforcement agencies have the ability and authority to impose significant fines and other penalties, including requiring a complete review of business systems, day-to-day supervision by external consultants and ultimately the revocation of regulatory authorisations and licences. In the UK, anti-money laundering, sanctions compliance and financial crime compliance is expected to remain a key regulatory priority from a supervisory and enforcement perspective. The reputational damage to the Group's business and global brands could be severe if it were found to have breached anti-money laundering or sanctions requirements. The Group's financial position and reputation could also suffer if it were unable to protect customers or prevent the business from being used by criminals for illegal or improper purposes.

The Group cannot guarantee that its current policies and procedures are sufficient to completely prevent situations of fiscal evasion, sanctions evasion, money laundering, bribery, fraud or corruption, including actions by the Group's employees, for which the Group might be held responsible. Any such event may have severe consequences, including sanctions, fines and reputational consequences, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.12 ***The Group must comply with data protection regulations, including GDPR.***

The Group is subject to regulations in the jurisdictions in which the Group operates regarding the use of personal data. The Group collects and processes personal data (including significant volumes of "Special Category Data", as defined by the GDPR) from its customers, third party claimants, business contacts and employees as part of the operation of its business, and therefore it must comply with data protection and privacy laws. Those laws generally impose certain requirements on the Group in respect of the collection, retention, transfer, use and processing of such personal information. Failure to operate effective data processing controls could potentially lead to regulatory censure, fines, reputational and financial costs as well as result in potential inaccurate rating of policies or overpayment of claims. In an extreme case, the regulator could withdraw the licence to process personal data, which would result in an inability to conduct business operations.

The EU General Data Protection Regulation (Regulation EU) 2016/679) ("**EU GDPR**") came into effect on 25 May 2018, which replaced the UK Data Protection Act 1998 (as well as the equivalent laws in other EU and EEA Member States). Following the withdrawal of the UK from the EU, the EU GDPR forms part of domestic law by virtue of the EUWA ("**UK GDPR**"). In addition, the Data Protection Act 2018 ("**DPA 2018**"), supplementing the obligations in the EU GDPR, came into effect on 25 May 2018 and, following the withdrawal of the UK from the EU, the DPA 2018 supplements UK GDPR. The UK GDPR and DPA 2018 regulate the processing, collection and retention of data (including personal data) in the UK. The UK GDPR and DPA 2018 have introduced substantial changes to the data protection regime in the UK, and there remains some uncertainty over how compliance with the regulation will be applied and interpreted by the UK's Information Commissioner's Office ("**ICO**") and by the courts in the event of customer litigation, as well as whether the UK will implement new laws that are materially different to the EU GDPR in the future. There is also significant uncertainty around US data protection laws, including as a result of future changes in leadership or policy.

The Group seeks to ensure that procedures are in place to comply with the relevant data protection regulations by its employees and any third party service providers, and also implement security measures to help prevent cyber-theft. Notwithstanding such efforts, the Group is exposed to the risk that this data could be wrongfully appropriated, lost or disclosed, stolen or processed in breach of data protection laws. In addition, the Group may not have the appropriate controls in place today and may be unable to invest on an ongoing basis to ensure such controls are current and keep pace with the growing threat. Within Quilter Financial Planning, both the Group and AR firms are data controllers for the same data, which adds complexity to the delivery and increases the requirements for the business post-deployment.

If the Group or any of the third party service providers on which it relies (including non-subsidiary affiliates of the Group) fails to comply with existing data protection laws, or fails to adapt to any new or amended data protection laws, due to any failure to store or transmit customer information in a secure manner or any loss or wrongful processing of personal customer data, the Group could be subject to investigative and enforcement action by relevant regulatory authorities, claims or complaints from the individuals to whom the data relates or could face liability under data protection laws. Any of these events could also result in the Group suffering reputational damage as well as the loss of new or repeat business, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.13 ***The Group may be subject to regulatory action or financial penalties if it fails to comply with the CASS rules.***

As the Group holds and controls client money and safe custody assets, it must comply with the FCA's Client Asset sourcebook ("**CASS**") rules. The CASS requirements help to protect clients' assets and money when a firm is responsible for them and helps to ensure that client assets and money could be returned within a reasonable timeframe in the event of a firm's insolvency. Client money and asset protection remains at the core of the FCA's agenda, and larger firms (such as those within the Group) are therefore required to submit monthly Client Money and Asset Returns to the FCA to provide key data in relation to CASS processing. This enables the FCA to oversee firms' CASS processing and to discuss any potential areas of concern. Adherence to CASS requirements relies on a number of complex operational processes and systems, both internal and external, resulting in a high inherent risk of non-compliance. Any CASS breaches are reported to the FCA, including as part of the firms' annual external CASS audit, and the FCA would be immediately notified of any material breaches. If any such breaches were not fully remediated, or the FCA considered the Group does not have sufficient regard for the protection of clients' assets, the Group may be subject to regulatory action or financial penalties, which could also result in adverse publicity and reputational damage, and ultimately have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

3.14 ***The Issuer may in future become subject to regimes governing the recovery, resolution or restructuring of insurance companies and, as the scope and implications of these regimes are still evolving, it is unclear what the consequences could be for the Issuer and its creditors.***

As part of the global regulatory response to the risk that systemically important financial institutions could fail, banks, and more recently insurance companies, have been the focus of new recovery and resolution planning requirements developed by regulators and policy makers nationally and internationally.

Recovery and resolution reforms for banks in the EEA and in the UK now provide resolution authorities with the power to write down indebtedness or to convert that indebtedness to capital (known as "bail-in"), as well as other resolution powers. While organisations such as the Financial Stability Board have previously considered introducing recovery and resolution regimes for insurers (in particular those that are systemically important), there is still a lack of consensus in the area, and it remains unclear whether, and in what form, the regimes currently applicable to banks could be extended to insurance companies.

In May 2021, HM Treasury launched a further consultation proposing amendments to the current insolvency arrangements for insurers (the "**HMT Consultation**"). One of the proposals in the HMT Consultation was to clarify and extend the powers under section 377 of the FSMA to, amongst other things, enable the write-down and deferral of unsecured liabilities of UK insurers prior to an insurer becoming insolvent in certain circumstances. These proposals would extend the courts' power to write-down such liabilities earlier, provided the court is satisfied that (i) the insurer is, or is likely to become, unable to pay its debt, and (ii) it is reasonably likely to lead to a better outcome for the insurer's creditors as a whole, such powers can be used without requiring that the insurer is unable to pay its debts. On 7 April 2022, HM Treasury confirmed its intention to proceed with the proposed insolvency arrangements for insurers, including the amendments to section 377 of the FSMA. Further, the HMT Consultation noted that the HM Treasury was actively engaging with the Bank of England to develop a proposal for the introduction of a specific UK resolution regime for insurers aligned with internationally agreed standards and best practice. HM Treasury is expected to provide further detail on such proposals in due course. It therefore remains unclear what recovery and resolution regime could apply to the Issuer in the future and, consequently, what the implications could be for the Issuer and its creditors.

There is a risk that any such recovery or resolution regime may have the result that an investor's recovery in a default or other significant adverse scenario would not be as expected at the time of investing.

RISKS RELATING TO THE NOTES

Defined terms used in these risk factors have the same meaning as in the Conditions

Risks relating to the structure of the Notes

The Issuer may redeem the Notes at par before maturity in certain circumstances, and an investor may not be able to reinvest the redemption proceeds at as effective a rate of return as that in respect of the Notes.

The Notes may, subject as provided in the Conditions, be redeemed before the Maturity Date (i) at the sole discretion of the Issuer on any day from (and including) 18 January 2028 to (and including) the Reset Date, (ii) if at any time after the Issue Date 80 per cent. or more of the aggregate principal amount of the Notes has been purchased by the Issuer or any of its Subsidiaries and cancelled, (iii) at any time following a Tax Event, (iv) at any time following a Capital Disqualification Event or (v) at any time following a Rating Methodology Event, in each case at their principal amount together with interest accrued but unpaid to (but excluding) the date specified for redemption in accordance with the Conditions and any Arrears of Interest.

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect, or is perceived to be able to elect, to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

The cash paid to Noteholders upon such a redemption may be less than the then current market value of the Notes or the price at which such Noteholders purchased the Notes. Subject to the contractual and regulatory restrictions on doing so set out in the Conditions, the Issuer might redeem the Notes when its cost of borrowing for an instrument with a comparable regulatory and rating agency capital treatment at the time is lower than the interest payable on them. At those times, an investor generally may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest payable on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in the light of other investments available at that time.

The Notes are unsecured and subordinated obligations of the Issuer. On a winding-up of the Issuer, if the Issuer's assets are insufficient to meet all its obligations to senior-ranking and pari passu creditors, investors in the Notes will lose all or some of their investment in the Notes.

The Issuer's payment obligations under the Notes will be unsecured and will be subordinated to the claims of all Senior Creditors of the Issuer (i) on a winding-up of the Issuer (other than in certain limited circumstances) or (ii) in the event that an administrator is appointed to the Issuer and gives notice that it intends to declare and distribute a dividend and, in each case, shall rank junior to the claims of all policyholders and other unsubordinated creditors of the Issuer and to claims in respect of any subordinated indebtedness of the Issuer other than indebtedness which ranks, or is expressed to rank, *pari passu* with or junior to the Notes. Accordingly, the assets of the Issuer would be applied first in satisfying all senior-ranking claims in full, and payments would be made to holders of the Notes, pro rata and proportionately with payments made to holders of any other *pari passu* instruments (if any), only if and to the extent that there are any assets remaining after satisfaction in full of all such senior-ranking claims. If the Issuer's assets are insufficient to meet all its obligations to senior-ranking and *pari passu* creditors, the holders of the Notes will lose all or some of their investment in the Notes.

There is no restriction on the amount of securities which the Issuer may issue and which rank senior to, or *pari passu* with, the Notes and, accordingly, the Issuer may at any time incur further obligations (including by issue of further debt securities) which rank senior to, or *pari passu* with, the Notes. Consequently, there can be no assurance that the current level of senior or *pari passu* debt of the Issuer will not change. The issue of any such securities may reduce the amount (if any) recoverable by Noteholders on a winding-up of the Issuer and/or may increase the likelihood of a deferral of payments under the Notes.

If the Issuer's financial condition deteriorates such that there is an increased risk that the Issuer may be wound-up or enter into administration, such circumstances can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes, whether or not the Issuer is wound-up or enters into administration.

Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated, an investor in the Notes will lose all or some of its investment should the Issuer become insolvent and its assets are insufficient to meet all its obligations to senior ranking and *pari passu* creditors.

Waiver of set-off.

The holders of the Notes waive any right of set-off, counterclaim, compensation or retention in relation to the Notes insofar as permitted by applicable law.

In certain circumstances, payments of interest on, and redemption of, the Notes must be deferred by the Issuer.

The payment obligations by the Issuer under the Notes are conditional upon (i) there being no breach of the Solvency Condition (as described in Condition 3(b)) at the time of such payment and no such breach occurring as a result of such payment, (ii) in the case of the payment of interest, there being no Regulatory Deficiency Interest Deferral Event at the time of such payment and no such event occurring as a result of such payment, (iii) in the case of the redemption of the Notes, there being no Regulatory Deficiency Redemption Deferral Event at the time of such payment and no such event occurring as a result of such payment and (iv) (if then required) regulatory consent having been obtained and such redemption being made in compliance with the Relevant Rules at such time, and notification to, or consent or non-objection from, the Relevant Regulator (to the extent then required by the Relevant Regulator or the Relevant Rules). Any amounts of principal, interest, Arrears of Interest and any other amounts in respect of the Notes which cannot be paid on the scheduled payment date by virtue of such provisions must be deferred by the Issuer, and non-payment of the amounts so deferred shall not constitute a default under the Notes or the Trust Deed for any purpose, including enforcement action against the Issuer.

Any interest in respect of the Notes so deferred will, so long as the same remains unpaid, constitute Arrears of Interest. Arrears of Interest will not themselves bear interest. The holders of the Notes have no right to require payment of Arrears of Interest, and Arrears of Interest will become payable only at the discretion of the Issuer or upon the earliest of the dates set out in Condition 5(b)(i) to (iii).

If redemption of the Notes is deferred, the Notes will only become due for redemption in the circumstances described in Condition 6(a)(iv) and (v).

The circumstances in which a Regulatory Deficiency Interest Deferral Event or a Regulatory Deficiency Redemption Deferral Event may occur are dependent upon the solvency position of the Issuer, the Insurance Group Parent Entity and the Group (i.e. the Insurance Group Parent Entity and its subsidiaries) under the Relevant Rules and the requirements of the Relevant Rules. Events which constitute a Regulatory Deficiency Interest Deferral Event or a Regulatory Deficiency Redemption Deferral Event could include, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, the Insurance Group Parent Entity or all or part of the Group (which part includes the Issuer) to be breached and the occurrence and continuation of an Insolvent Insurer Winding-up, in each case, where such event is an event which under the Relevant Rules means that the Issuer must defer or suspend payments on, and/or the redemption of, the Notes and where the Relevant Regulator has not waived the requirement to defer payment under, and/or redemption of, the Notes in accordance with any pre-conditions to such waiver being capable of being granted as prescribed by the Relevant Rules, in each case on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules.

Any actual or anticipated deferral of interest or redemption can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes. In addition, as a result of the deferral provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other securities or instruments that do not require deferral of interest or principal, and may be more sensitive generally to adverse changes in the Issuer's financial condition.

The terms of the Notes may be modified, or the Notes may be substituted, by the Issuer without the consent of the Noteholders in certain circumstances, subject to certain restrictions.

In the event of certain specified events due to a Tax Event, a Capital Disqualification Event or a Rating Methodology Event, the Issuer may (subject to certain conditions) at any time substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), (in the case of a Tax Event or a Capital Disqualification Event) Qualifying Tier 2 Securities or (in the case of a Rating Methodology Event) Rating Agency Compliant Securities, without the consent of the Noteholders.

Qualifying Tier 2 Securities and Rating Agency Compliant Securities must, *inter alia*, have terms not materially less favourable to holders than the terms of the Notes, as reasonably determined by the Issuer in consultation with an independent investment bank or independent financial adviser of international standing. Rating Agency Compliant Securities must also be assigned substantially the same equity credit in the capital adequacy assessment or, at the absolute discretion of the Issuer, a lower equity credit in the capital adequacy assessment (provided such equity credit is still higher than the equity credit assigned to the Notes immediately after the occurrence of the relevant Rating Methodology Event) as that which was assigned to the Notes on or around the Issue Date. However, there can be no assurance that, due to the particular circumstances of a holder of Notes, such Qualifying Tier 2 Securities or Rating Agency Compliant Securities will be as favourable to each investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the Qualifying Tier 2 Securities or Rating Agency Compliant Securities (as the case may be) are not materially less favourable to holders than the terms of the Notes. In addition, the tax and stamp duty consequences of holding the Qualifying Tier 2 Securities or Rating Agency Compliant Securities could be different for some categories of Noteholders from the stamp and tax duty consequences for them of holding the Notes prior to such substitution.

The terms of the Notes may be modified with the consent of specified majorities of the Noteholders at a duly convened meeting, and the Trustee may consent to certain modifications to the Notes, or substitution of the Issuer, without the consent of the Noteholders.

The Trust Deed constituting the Notes contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Trust Deed constituting the Notes also provides that, subject to the prior consent of the Relevant Regulator being obtained (to the extent that such consent is required), the Trustee may (except as set out in the Trust Deed), without the consent of Noteholders, agree to certain modifications of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or to the substitution of another company as principal debtor under the Notes in place of the Issuer in the circumstances described in Condition 11.

Restricted remedy for non-payment when due.

In accordance with the current requirements for eligible Tier 2 Capital, the sole remedy against the Issuer available to the Trustee or (where the Trustee has failed to proceed against the Issuer as provided in the Conditions) any Noteholder for recovery of amounts which have become due in respect of the Notes will be the institution of proceedings for the winding-up of the Issuer and/or proving in such winding-up or administration and/or claiming in the liquidation of the Issuer. In particular, a deferral of payments as described in the risk headed "*In certain circumstances, payments of interest on, and redemption of, the Notes must be deferred by the Issuer*" above shall not constitute a default under the Notes or the Trust Deed for any purpose, including enforcement action against the Issuer.

The Issuer is the ultimate holding company of the Group and therefore payments on the Notes are structurally subordinated to the liabilities and obligations of the Issuer's subsidiaries.

The Issuer is the ultimate holding company of the Group, with certain of its operations being conducted by operating subsidiaries. Accordingly, in the event of a winding up or administration of the Issuer or a subsidiary, creditors of a subsidiary would have to be paid in full before sums would be available to the shareholders of that subsidiary (i.e. the Issuer or a subsidiary of the Issuer) and so to Noteholders. The Conditions do not limit the amount of liabilities that the Issuer's subsidiaries may incur. In addition, the Issuer may not necessarily have access to the full amount of cash flows generated by its operating subsidiaries, due in particular to legal or tax constraints, contractual restrictions and the subsidiary's financial requirements and regulatory capital requirements.

Limitation on gross-up obligation under the Notes

The Issuer's obligation, if any, to pay additional amounts in respect of any withholding or deduction in respect of taxes imposed in a Taxing Territory under the terms of the Notes applies only to payments of interest and not to payments of principal.

As such, the Issuer would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders will receive less than the full amount which would otherwise be due to them under the Notes, and the market value of the Notes may be adversely affected.

Changes to Solvency II may increase the risk of deferral of payments or the occurrence of a Capital Disqualification Event

Solvency II requirements may change as a result of any changes made to the UK regulatory regime following the end of the transition period associated with the UK's exit from the European Union, the nature and extent of which changes in particular remain uncertain as at the date of this Prospectus or changes to the way in which the Relevant Regulator interprets and applies existing requirements to the UK insurance industry. Any such changes, either individually and/or in aggregate, may lead to further unexpected requirements in relation to the calculation of the Issuer's, the Insurance Group Parent Entity's or the Group's Solvency Capital Requirement, and such changes may make the Issuer's, the Insurance Group Parent Entity's or the Group's capital adequacy requirements more onerous. Such changes that may occur subsequent to the date of this Prospectus and/or any subsequent changes to such rules and other variables may individually and/or in aggregate negatively affect the calculation of the Issuer's, the Insurance Group Parent Entity's or the Group's Solvency Capital Requirement and thus increase the risk of deferral of payments of interest and/or principal or the occurrence of a Capital Disqualification Event and subsequent redemption of the Notes by the Issuer.

Risks relating to the Notes generally

Change of law.

The Conditions are based on English law in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes.

Integral multiples of less than £200,000.

The denomination of the Notes is £200,000 and integral multiples of £1,000 in excess thereof. Accordingly, it is possible that the Notes may be traded in the clearing systems in amounts in excess of £200,000 that are not integral multiples of £200,000. Should definitive Certificates be required to be issued, they will be issued in principal amounts of £200,000 and higher integral multiples of £1,000 but will in no circumstances be issued to Noteholders who hold Notes in the relevant clearing system in amounts that are less than £200,000.

If definitive Certificates are issued, Noteholders should be aware that definitive Certificates which have a denomination that is not an integral multiple of £200,000 may be illiquid and difficult to trade.

The Trustee is not obliged to act unless instructed and may request that the Noteholders provide an indemnity and/or security and/or prefunding to its satisfaction.

The Trustee is not obliged to act unless instructed and in certain circumstances (including without limitation the taking of steps and/or actions and/or the instituting of enforcement or other steps pursuant to Condition 10 of the Conditions), the Trustee may (at its sole discretion) request the Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of the Noteholders. The Trustee shall not be obliged to take any such steps and/or actions and/or to institute any such proceedings unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (ii) in either case, it shall have been indemnified and/or secured and/or prefunded to its satisfaction, nor shall it be responsible for any loss or liability incurred by any person as a result of any delay in exercising such power or not taking any such steps and/or action and/or instituting any such proceedings. Negotiating and agreeing to any indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such steps and/or actions and/or the instituting of any such proceedings can be taken. The Trustee may not be able to take steps and/or actions and/or institute any such proceedings notwithstanding the provision of an indemnity and/or security and/or prefunding to it in breach of the terms of the Trust Deed constituting the Notes and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such steps and/or actions and/or institute any such proceedings directly.

Risks related to the market generally

The secondary market generally.

The Notes have no established trading market when issued, and one may never develop. If a market for the Notes does develop it may not be liquid. If the Notes are issued to a single investor or a limited number of investors, this may result in an even more illiquid or volatile market in the Notes. Investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market and/or which are rated. Illiquidity may have a severely adverse effect on the market value of the Notes.

If the Issuer's financial condition deteriorates such that there is an increased risk that the Issuer may be wound-up or enter into administration, or if at any time there is any actual or anticipated deferral of interest or redemption and/or any risk of early redemption in accordance with the Conditions, such circumstances can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes.

Exchange rate risks and exchange controls.

The Issuer will pay principal and interest on Notes in Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Sterling would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks.

Investment in the Notes, which initially bear a fixed rate of interest, involves the risk that subsequent increases in market interest rates may adversely affect the market value of the Notes. In particular, the Notes are subject to reset provisions. Accordingly, the Notes will initially bear interest at a fixed rate of interest from (and including) the Issue Date to (but excluding) the Reset Date. From (and including) the Reset Date, however, the interest rate will be reset to the Reset Interest Rate (as described in Condition 4). This reset rate could be less than the Initial Interest Rate, which could affect the amount of any interest payments under the Notes and so the market value of an investment in the Notes. In addition, since the Notes are resettable securities, the future yield is uncertain. Such uncertainty may also adversely affect the market value of the Notes.

Investors will have to rely on the procedures of Euroclear and Clearstream, Luxembourg for transfer, payment and communication with the Issuer.

The Notes will be represented by a Global Certificate (as defined in the Trust Deed). The Global Certificate will be deposited with a common depositary for, and registered in the name of the common nominee of, Euroclear and Clearstream, Luxembourg. Except in the limited circumstances described in the Global Certificate, investors will not be entitled to receive definitive registered notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate.

While the Notes are represented by the Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg. The Issuer will discharge its payment obligations under the Notes by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note Certificate must rely on the procedures of Euroclear or Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Credit ratings may not reflect all risks.

The credit ratings assigned to the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the relevant Notes. A credit rating is not a recommendation to buy, sell or hold Notes and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the EEA CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the EEA CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the EEA CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website in accordance with the EEA CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use, for UK regulatory purposes, ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Notes changes for the purposes of the EEA CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

Documents Incorporated by Reference

The following documents which have previously been published shall be incorporated in, and form part of, this Prospectus:

(a) the following sections of the Annual Report 2020 of the Issuer, which include the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2020 (available at: https://plc.quilter.com/siteassets/documents/reports/annual-report-2020.pdf):

Independent auditors' report	pages 158 to 166
Consolidated income statement	page 167
Consolidated statement of comprehensive income	page 168
Consolidated statement of changes in equity	page 169
Consolidated statement of financial position	page 170
Consolidated statement of cash flows	page 171
Notes to the financial statements	pages 172 to 255
Alternative Performance Measures	pages 270 to 273;

(b) the following sections of the Annual Report 2021 of the Issuer, which include the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2021 (available at: https://plc.quilter.com/siteassets/documents/reports/annual-report-2021.pdf):

Independent auditors' report	pages 152 to 160
Consolidated income statement	page 161
Consolidated statement of comprehensive income	page 162
Consolidated statement of changes in equity	page 163
Consolidated statement of financial position	page 164
Consolidated statement of cash flows	page 165
Notes to the financial statements	pages 166 to 239
Alternative Performance Measures	pages 255 to 258;

(c) the Issuer's interim results for the six months ended 30 June 2022, which include the unaudited consolidated interim financial statements of the Issuer for the six months ended 30 June 2022 (available at: https://plc.quilter.com/siteassets/documents/stock-exchange-announcements/quilter-plc-interim-results-2022.pdf); and

(d) the Issuer's trading statement for the third quarter of 2022 (available at: https://plc.quilter.com/siteassets/documents/stock-exchange-announcements/2022-q3-trading-update.pdf).

Any statement made in this Prospectus or in a document incorporated by reference or deemed incorporated herein by reference is deemed to be modified or superseded for purposes of this Prospectus if, and to the extent that, a statement contained in this Prospectus or in any other document subsequently incorporated or deemed incorporated by reference herein modifies or supersedes that statement.

Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Any non-incorporated parts of a document referred to herein (which, for the avoidance of doubt, means any parts not listed in the cross-reference lists above) are either not relevant for investors or covered elsewhere in this Prospectus.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Presentation of Financial and Other Information

1. Presentation of Financial Information

Unless otherwise stated, the financial information incorporated by reference and set out in this Prospectus has been prepared in accordance with the requirements of the UK Prospectus Regulation, the UK listing rules and International Financial Reporting Standards as adopted by the UK ("**IFRS**"). The significant accounting policies applied in the financial information of the Group are applied consistently in the financial information incorporated by reference in this Prospectus and are set out within Note 1 to the audited consolidated annual financial statements of the Issuer for the year ended 31 December 2020, Note 1 to the audited consolidated annual financial statements of the Issuer for the year ended 31 December 2021 and Note 1 to the unaudited consolidated interim financial statements of the Issuer for the period ended 30 June 2022.

2. Key Performance Indicators

To assist prospective investors in comparing the Group's historical financial performance from period to period, certain key performance indicators ("**KPIs**") and other operating metrics have been presented in this Prospectus, and are defined as follows:

- **Net flows as percentage of opening AuMA**, as used in this Prospectus, represents the level of flows during the period in relation to the asset base, discretely from market movements.

- **Number of RFPs**, as used in this Prospectus, represents the 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.

- **Number of Discretionary Investment Managers**, as used in this Prospectus, represents the number of individuals who provide discretionary investment management services to clients of Quilter Cheviot in line with individual circumstances and investment objectives.

- **Operating margin**, as used in this Prospectus, 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.

- **Adjusted profit before tax**, as used in this Prospectus, represents the Group’s IFRS profit before tax adjusted for specific items that management considers to be outside of the Group’s normal operations or one-off in nature. 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. The IFRS profit before tax is adjusted for items such as goodwill impairment and amortisation of intangibles, business transformation costs, financing costs on external borrowings and policyholder tax adjustments and to exclude non-core operations.

The KPIs and other metrics included in this Prospectus and described above are derived from management estimates, are not part of the Group’s financial statements or financial accounting records and have not been audited or otherwise reviewed by outside auditors, consultants or experts. The Group's use or computation of these terms may not be comparable to the use or computation of similarly titled measures reported by other companies in the Group's industry. Any or all of these terms should not be considered in isolation or as an alternative measure of performance under IFRS. In addition, historical data for the financial KPIs presented below have been rebased to exclude contributions from Quilter International, which was sold on 30 November 2021. Further information on the Group's alternative performance measures is included on pages 255 to 258 of the Annual Report 2021 of the Issuer, Note 7 to the audited consolidated annual financial statements of the Issuer for the year ended 31 December 2021 and Note 5 to the unaudited consolidated interim financial statements of the Issuer for the period ended 30 June 2022.

3. Currency Presentation

Unless otherwise indicated, all references in this document to "British pounds sterling", "sterling", "pounds sterling", "GBP", "£" or "pence" are to the lawful currency of the UK. The Issuer prepares its financial information in pounds sterling.

4. Market, economic and industry data

Certain information regarding market size, market data, market share, market position, growth rates and other industry data pertaining to the Group and its business contained in this document consist of Directors' estimates based on data compiled by professional organisations and on data from other external sources. In addition, the following sources have been cited throughout this Prospectus:

- Berenberg Diversified Financials research, November 2021;
- Compeer UK Wealth Management Report, 2021; and
- Credit Suisse Global Databook 2021.

Industry publications and market research generally state that the information they contain has been obtained from sources the Directors believe to be reliable but that the accuracy and completeness of such information is not guaranteed and any estimates or projections they contain are based on a number of significant assumptions.

In some cases there is no readily available external information (whether from trade and business organisations and associations, government bodies or other organisations) to validate market related analyses and estimates, requiring the Group to rely on internally developed estimates. The Group does not intend, and does not assume any obligation, to update industry or market data set forth in this document. Because market behaviour, preferences and trends are subject to change, prospective investors should be aware that market and industry information in this document and estimates based on any data therein may not be reliable indicators of future market performance or the Group's future results of operations.

The Issuer confirms that all such data contained in this document has been accurately reproduced and, so far as the Issuer is aware and able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third-party information has been used in this document, the source of such information has been identified.

5. No incorporation of website information

The contents of the Issuer's website do not form part of this document.

6. Information not contained in this document

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this document or that the information in this document is correct as of any time subsequent to the date hereof.

7. Forward-looking statements

This document, including the documents incorporated by reference herein, includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Group's control and all of which are based on the Directors' current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "predicts", "continues", "assumes", "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors or the Group concerning, among other things, the results of operations, financial condition, prospects, growth and strategies of the Group and the industry in which it operates.

These forward-looking statements and other statements contained in this document regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Group. Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Important factors that could cause the Group's actual results to so vary include, but are not limited to those described in *"Risk Factors*".

Forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. The Issuer and the Joint Bookrunners expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law, the UK Prospectus Regulation, the UK listing rules or the disclosure and transparency rules of the FCA made under section 73A of the FSMA.

Description of the Issuer

1. Overview

Quilter plc (the “**Issuer**”) and its subsidiaries (together, the “**Group**” or "**Quilter**") is a modern, UK-focused full-service wealth manager, providing advice-led investment solutions and investment platform services to nearly 500,000 clients as at 30 June 2022.

The Issuer was incorporated as a private company limited by shares in England and Wales, under the Companies Act 1985, on 19 October 2007 with registered number 06404270. On 8 July 2010, the Issuer’s name changed from Skandia UK Holdings Limited to Old Mutual Wealth Management Limited. On 27 March 2018, the Issuer re-registered as a public company under the Companies Act 2006 and again changed its name to Quilter plc.

Quilter plc listed on the London and Johannesburg Stock Exchanges on 25 June 2018. Quilter plc has a premium listing on the London Stock Exchange and a secondary listing on the Johannesburg Stock Exchange. The shares track under the QLT ticker.

The Issuer's registered office and principal place of business is Senator House, 85 Queen Victoria Street, London EC4V 4AB.

The Issuer is not registered as an external company in South Africa.

The principal legislation under which the Issuer operates is the UK Companies Act 1985 and UK Companies Act 2006 and the regulations made thereunder.

The business of the Issuer, and its principal activity, is to act as the ultimate holding company of the Group. The principal activity of the Group is to provide advice-led investment solutions and investment platform services to wealth management customers, principally in the affluent and high net worth market segments.

2. History and Development

Old Mutual acquired the Skandia Group in 2006. Skandia was a life assurance group headquartered in Sweden, which originally launched in the UK in 1979 and pioneered the concept of open architecture fund platforms that have since become the industry norm. In September 2014, the Group merged all of the Skandia businesses, including its platform, into a single business under the "Old Mutual Wealth" brand.

In March 2016, the board of Old Mutual plc announced that the long-term interests of Old Mutual plc shareholders and other stakeholders would be better served by separating the four businesses then owned by the Old Mutual plc group from each other so that they could operate as fully independent businesses. In June 2018, Old Mutual Wealth listed on the London Stock Exchange and Johannesburg Stock Exchange under the new, unifying brand of "Quilter".

The Group began transforming its business in 2012 from a traditional UK and European life assurer, which was dependent upon legacy business, to a full service, UK-focused wealth manager with the majority of profits coming from advice-driven wealth management. The Group has undertaken this transformation through disposals, acquisitions and a number of other strategic steps and operational investments. In particular:

- the Group divested its European life assurance businesses to streamline and de-risk the business and support the financing of its acquisitions, allowing the Group to focus on its core UK business;

- the Group acquired Intrinsic Financial Services ("**Intrinsic**") in July 2014, rebranded as Quilter Financial Planning. Intrinsic increased the Group's distribution capabilities by approximately 3,000 advisers and has grown to become the second largest restricted financial advice business in the UK. Intrinsic also owned 50 per cent. of the Cirilium fund range;

- the Group acquired the remaining 50 per cent. stake in the Cirilium fund range that it did not already own from Henderson Global Investors in December 2014, providing continuity of ownership to financial advisers and their customers and further strengthening the resources available to the Group's multi-asset funds;

- the Group acquired Quilter Cheviot, one of the UK's leading discretionary wealth managers, in February 2015, representing a significant milestone in the Group's transition from primarily a platform business to a multi-channel wealth management business that delivers increased value to customers and advisers;

- the Group acquired the Financial Adviser School from Sesame Bankhall in February 2016, supporting the growth and development of the adviser community;

- the Group acquired Caerus Capital Group in June 2017, building on the Group's controlled distribution strategy in the UK by adding 300 advisers to the Group's network (of which 130 were RFPs);

- the Group sold its Single Strategy asset management business in 2018, fully focusing on the advice-led wealth management market, where it sees the greatest long-term shareholder value creation opportunities;

- the Group broadened the reach of its advice business, acquiring the Charles Derby Group in February 2019 to create UK-wide scale in Quilter's national advice business. The subsequent acquisition of Lighthouse Group plc in June 2019 added 390 financial advisers, bolstering the national advice business while simultaneously broadening the network business;

- the Group sold Quilter Life Assurance, Quilter's heritage UK life assurance business, for £446 million in December 2019, allowing the Group to simplify and focus its business;

- the Group sold Quilter International for £481 million in November 2021, completing Quilter's multi-year transformation to be a simpler, UK-centric wealth manager and enabling reorganisation of the business around its two core client segments: Affluent and High Net Worth;

- the Group migrated clients and advisers onto a new UK platform in 2021 following the completion of a years-long Platform Transformation Programme, broadening the Group's product range, modernising and improving the Group's offering to new and existing customers and advisers and delivering even better customer outcomes and journeys; and

- the Group announced a business simplification programme (the "**Simplification Programme**") in 2021, which focuses on the decommissioning of the Group's legacy IT estate, efficiencies and automation in operational areas and simplification of the Group's structures as it reorganised the business into two segments, Affluent and High Net Worth. See "*3. Business Overview—3.3 The Group's Strategy*" for more information on the Simplification Programme.

3. Business Overview

The Group is a full-service wealth manager, well positioned in the UK advice, wealth management and investment management markets. The Group has an open and unbundled model, with client choice at the heart of the offering. The Group's business model supports both its advisers and their clients, as well as third-party independent financial advisers and their clients, as their financial requirements evolve throughout their lives.

The Group's business is comprised of two client-focused segments: High Net Worth and Affluent. The Group services clients and uses the same operating model for both segments. It identifies these two client segments because the core proposition differs slightly for each. The Affluent segment serves a greater number of clients and is a single-expert proposition: clients have a single point of contact (either a Quilter adviser or their own third-party independent financial adviser ("**IFA**")) and a more unitised investment portfolio approach. On the other hand, High Net Worth clients value a more bespoke, discretionary managed proposition. Accordingly, clients in the High Net Worth segment are more commonly served by two experts, an adviser (either one of the Group's private client advisers or a client's own IFA) together with an investment manager.

The Group offers a range of premium products and value-based solutions to meet its clients' needs. Accordingly, the Group offers (i) a higher pricing differential for more bespoke and actively managed services, (ii) propositions with appropriate price, value and cost to manufacture trade-off for clients who are more value conscious, and (iii) a range of lower fee and lower cost to manufacture solutions for clients focused on competitive pricing.

The service offerings for each segment are set out below.

High Net Worth

The High Net Worth segment typically serves clients with over £250,000 of investible assets and comprises Quilter Cheviot and Quilter Private Client Advisers.

- *Quilter Cheviot* provides discretionary investment management, predominantly in the UK, with bespoke investment portfolios tailored to the individual needs of high net worth customers, charities, companies and institutions through a network of branches in London and the regions. Quilter Cheviot also provides investment management services by operations in the Channel Islands and the Republic of Ireland.

- *Quilter Private Client Advisers* provides financial advice for protection, mortgages, savings, investments and pensions, specialising in helping clients with complex financial matters such as significant investments, estate planning and preparing for retirement.

Affluent

The Affluent segment typically serves clients with over £50,000 of investible assets and comprises Quilter Investment Platform, Quilter Investors and Quilter Financial Planning.

- *Quilter Investment Platform* is a leading investment platform provider of advice-based wealth management products and services in the UK, which serves a largely affluent customer base through advised multi-channel distribution.

- *Quilter Investors* is a leading provider of investment solutions in the UK multi-asset market. It develops and manages investment solutions in the form of multi-asset funds and managed portfolio service ("**MPS**") for the Group and third-party clients. It has MPS and fund ranges that cater for different client risk appetite and sustainability preferences.

- *Quilter Financial Planning* is a primarily restricted financial adviser network including Quilter Financial Advisers and Lighthouse, providing financial planning advice and financial solutions for both individuals and businesses through a network of intermediaries. It operates across all markets, from wealth management and retirement planning advice through to dealing with personal mortgage and protection needs.

3.1 ***The Group's Business Model***

The Group's business model reflects the belief that a wealth management customer, no matter their investable assets, needs three things, each of which are provided by the Group: (i) financial advice, (ii) a platform on which to hold their assets and (iii) investment solutions to deliver returns aligned to their risk appetite and ESG values.

- *Financial Advice* – The Group enables clients to access financial advice through two distribution channels—a Quilter adviser or an IFA. The Group earns revenues from the advice provided by its advisers. A client typically pays a one-off initial advice fee, then an ongoing annual advice fee representing a percentage of their investment.

- *Platforms* – Investment platforms are custodians for managing and holding investments, with assets held in collective investment accounts or appropriate tax efficient wrappers such as ISAs or pensions. The Group earns revenues from the assets held on its platform. A client pays a fee on a daily basis, representing a percentage of their investments under administration. The Group's platform is available to its advisers and independent advisers, as well as directly via a dedicated customer service portal.

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

The Group benefits from providing all three of the above. First, the Group's dual financial advice channels (both own advisers and IFAs) give it greater breath and strategic control of distribution as the IFA market consolidates. Second, the Group's own platform gives it scale and operating leverage across the business. Finally, the Group's own investment solutions enable it to capture an additional source of revenue.

3.2 *The Group's Markets*

The Group operates within the advice, wealth management and investment management markets, serving clients through the accumulation and decumulation phases of their lives. With a differentiated business model at scale, the Group believes there is scope to win market share despite the broader industry facing challenges such as constrained supply of financial advisers, fee pressure, the cost of regulation and ongoing regulatory and fiscal changes.

Regulatory and digital trends have encouraged clients and advisers to consolidate investment assets onto platforms, and the Group expects these trends to continue in the near to medium term. As the Group organises itself around its client segments, Affluent and High Net Worth, it sees an opportunity to grow with its customers and advisers, to enhance efficiency, enabled by technology, all while embodying a belief in responsible wealth management.

The Group believes the following market dynamics have had and will continue to have an impact on the markets in which it operates.

Large and growing market

The UK wealth management market is the fifth largest in the world (*Source:* Credit Suisse Global Databook 2021), and it delivered approximately 13 per cent. compound annual growth in assets between 2015 and 2021 (*Source:* Compeer UK Wealth Management Report, 2021). Despite the near-term headwinds created by the current macro-economic uncertainty, the Group believes the UK wealth market remains a structural growth opportunity. The "baby boomer" generation is a key customer demographic for the UK wealth management market as they enter retirement, and the Group continues to build relationships with younger generations as intergenerational wealth transfer is expected to support the continued growth of the industry.

Global health pandemic disruption resulted in savings surge but subsequently tempered by cost of living crisis

The economic and social fallout from the COVID-19 pandemic disrupted many industries globally. The uncertainty from the COVID-19 pandemic increased the UK population's propensity to save, with those remaining in employment accumulating a total estimated additional UK savings of approximately £200 billion between March 2020 and June 2021 (*Source:* Berenberg Diversified Financials research, November 2021). While the savings accumulated during the pandemic may, in time, be invested by UK households, the Group recognises that recent economic challenges, including increasing energy costs, higher interest rates on mortgages and other cost of living pressures, will most likely reduce the ability of households to save and invest in the near term.

Strong demand for advice delivered cost efficiently

The demand for trusted financial advice is strong, driven by UK Pension Freedom, continually changing taxes, allowances and reforms, together with the market volatility and uncertainty following the COVID-19 pandemic. The shortage of advisers in the UK makes it difficult for those needing advice to access an adviser, often referred to as the "advice gap". The Group believes it has an opportunity to bridge that gap by offering trusted face-to-face advice as well as digitally-enabled solutions, which can help advisers more cost effectively service clients where it has previously been uneconomic.

Anytime-anywhere visibility of savings

Technology is present in all aspects of modern life, including wealth management. Clients expect digital access to their investment portfolios and a seamless experience through whichever channel they wish to be served. Digital innovation across the industry can improve customer experience and outcomes while offering opportunities for businesses like the Group to support more clients, more efficiently.

Demand for relevant investment solutions with consistently good customer outcomes

The investment management market is highly competitive. In a world of lower asset returns and continuing market volatility, advisers are seeking to find the best value for their clients while delivering good investment outcomes through the cycle. Manufacturers of investment solutions, like the Group, who can provide products aligned to the advice process while aiming to achieve consistently good investment performance, hope to attract strong flows in a competitive environment.

Rise of ESG

ESG considerations are increasingly a key driver in investment decisions. Evolving legislative and regulatory requirements, including the UK Government's Green Finance Strategy, mean ESG will become woven into the investment world's fabric. Consumer demand for responsible investment shows no sign of abating, and the Group has continued to focus on strengthening the integration of ESG factors within its investment processes.

3.3 ***The Group's Strategy***

Since its public listing in 2018, the Group has sought to transform its business into a simpler, modern, full-service wealth manager. The Group's strategy is focused on growing with its clients and advisers, enhancing the efficiency of its operations, increasing digitalisation across the business and becoming a more responsible wealth manager. The Group believes this will enable it to increase flows from its two main distribution channels, manage more of those flows in its investment solutions and become more efficient, delivering top-line growth and operating leverage.

Underpinning these priorities is an understanding that embodying a diverse and inclusive culture, where colleagues embrace the Group's cultural values of being pioneering, dependable and stronger together will not only help the Group achieve its goals but also benefit all of its stakeholders.

The four strategic pillars underlying the Group's strategy for delivering growth and driving efficiency are to (i) grow with its clients and advisers, (ii) enhance efficiency, (iii) embed digital, and (iv) be a responsible wealth manager.

Grow with its clients and advisers

The Group seeks to grow its clients and advisers principally by aligning its expertise and resources around the needs of its advisers and two client segments, Affluent and High Net Worth, and by evolving its proposition to deliver a relevant service offering and good customer outcomes.

In 2021, the Group recorded a 3 per cent. increase in total client numbers and households served, with a 36 per cent. year-on-year increase in gross sales and a 167 per cent. increase in net inflows as multi-year transformation initiatives drove momentum in a return to business growth. The Group experienced additional growth in its advisers, with 104 new advisers graduating from the Financial Adviser School, as well as a net addition of one investment manager.

In 2022, the Group focused on continuing to grow its adviser and investment manager numbers and productivity, with eight additional investment managers added between 30 June 2021 and 30 June 2022. Going forward, the Group aims to integrate Quilter Private Client Advisers' advice force into its High Net Worth proposition. Additionally, the Group continues to build upon its new platform growth while seeking to attract new advisers and clients with broader propositions. In the first half of 2022, the Group made good progress building incremental platform flows from targeted IFA firms, with 80 firms adopting the Group as a platform of choice during the period and contributing to incremental gross inflows.

To monitor this strategic objective, the Group tracks key performance indicators ("**KPIs**") such as number of clients, net flows as a percentage of opening AuMA, number of RFPs, number of Discretionary Investment Managers and asset persistency. See "*—3.4 Key Performance Indicators*" below for certain of the Group's KPIs.

Enhance efficiency

The Group seeks to enhance its efficiency principally by maximising synergies across its business, increasing operational efficiency and reducing costs and complexity.

In 2018, the Group announced an optimisation programme (the "**Optimisation Programme**"), a multi-phase programme which aimed to make the Group more focused, streamlined and efficient. The Optimisation Programme was launched in 2019 and, as of 30 June 2022, achieved its target of delivering annualised run-rate cost savings of £65 million by mid-2022, with total implementation costs since inception of £84 million. A limited amount of work on the Optimisation Programme remains underway, and the Group estimates the total delivery cost of the Optimisation Programme was less than £87 million when it concluded at the end of 2022, below the original £91 million estimate.

In November 2021, building upon the Optimisation Programme, the Group announced the Simplification Programme, which is anticipated to reduce operating costs by around £45 million by the end of 2024 on a run-rate basis, with costs to achieve the Simplification Programme expected to be approximately £55 million. The Simplification Programme was launched in 2022 and focuses on the decommissioning of the Group's legacy IT estate, efficiencies and automation in operational areas and simplification of the Group's structures as it reorganised the business into two segments, Affluent and High Net Worth. In the first half of 2022, the Group started to simplify its structures, with further work planned into 2024. During the period, the Group also delivered early simplification benefits related to its property strategy and technology estate enabled by the completion of the Platform Transformation Programme and the sale of Quilter International. As of 30 June 2022, the Simplification Programme had delivered £13 million of annualised run-rate cost savings with an implementation cost of £12 million.

To monitor this strategic objective, the Group tracks KPIs such as operating margin, adjusted profit before tax, IFRS profit or loss after tax and total shareholder return. See "*—3.4 Key Performance Indicators*" below for certain of the Group's KPIs.

Embed digital

The Group seeks to embed digital technology by enhancing and modernising its digital service experience to engage better with existing and potential clients. Towards this end, the Group successfully completed its Platform Transformation Programme in 2021, laying the foundation for further digital enhancements of the client and back-office experience. The Group also launched e-delivery of client reporting in its High Net Worth segment in 2021. In 2022, the Group launched a mobile app for the "Affluent Online Customer Centre" and is enhancing client and adviser portals in its High Net Worth segment. The Group is also working towards building a hybrid advice offering in its Affluent segment and delivering a single domain website strategy to facilitate online customer journeys.

To monitor this strategic objective, the Group tracks KPIs such as the number of unique visits to Quilter websites and the number of online portal customer registrations. In addition, from the year ending 31 December 2022, the Group intends to monitor the number of customer app log-ins and telephone-advised customer numbers. See "*—3.4 Key Performance Indicators*" below for certain of the Group's KPIs.

Be a responsible wealth manager

The Group aims to be a responsible wealth manager by acting and investing responsibly. To guide this activity the Group has a strategic framework, which was refreshed in September 2022, to include a two-year action plan designed to build on the milestones it has delivered of late, some of which are highlighted below.

In 2021, the Quilter Foundation renewed its partnership with financial education charity MyBnk, committing £500,000 to its programmes over the next three years. The Group formulated a five pillar inclusion and diversity strategy, which it launched in the first half of 2022. Building on its 2030 target to reduce Scope 1 and Scope 2 greenhouse gas emissions, the Group is developing a Climate Action Plan for its operations and investments to support the Paris Agreement objectives.

In 2022, the Group launched a refresh of WealthSelect, its managed portfolio service serving the Affluent segment, to include responsible and sustainable investment options. This significant expansion of the WealthSelect managed portfolios introduced a simpler charging structure and increased the number of portfolios to cover risk appetite, investment style and ESG preferences. These portfolios, together with two new tools (client profiler and solution explorer), allow advisers to incorporate clients' responsible investment preferences when determining the most appropriate investment solution. The Group aims to further develop its suite of responsible investment strategies in the future, implementing updates where required to align with a range of new regulations due to be issued in the coming years.

To monitor this strategic objective, the Group tracks KPIs such as the Group's UN Principles for Responsible Investment rating, female representation in senior leadership, ethnic minority representation in senior leadership, Scope 1 and 2 greenhouse gas emissions and number of young people supported by the Quilter Foundation. See "*—3.4 Key Performance Indicators*" below for certain of the Group's KPIs.

3.4 ***Key Performance Indicators***

The Group has identified the KPIs it considers to be useful in assessing the Group's performance against its strategic priorities. These encompass both financial and non-financial measures, as set out below. Historical data for the financial KPIs presented below have been rebased to exclude contributions from Quilter International, which was sold on 30 November 2021. Further information on the Group's alternative performance measures is included on pages 255 to 258 of the 2021 Annual Report of the Issuer, Note 7 to the audited consolidated annual financial statements of the Issuer for the year ended 31 December 2021 and Note 5 to the unaudited consolidated interim financial statements of the Issuer for the period ended 30 June 2022.

	As at / Six months ended 30 June		**As at / Year ended 31 December**	
	2022	**2021**	**2021**	**2020**
Net flows as percentage of opening AuMA (%) (1)	3	4	4	2
Number of RFPs (2)	1,567	1,701	1,623	1,842
Number of Discretionary Investment Managers (3)	176	168	170	169
Operating margin (%) (4)	20	18	22	19
Adjusted profit before tax (£m) (5)	61	56	138	108
IFRS profit/(loss) after tax (£m) (6)	151	(13)	68	23

(1) 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, discretely from market movements.

(2) 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.

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

(4) 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.

(5) In determining adjusted profit before tax, the Group's IFRS profit before tax is adjusted for specific items that management considers to be outside of the Group's normal operations or one-off in nature. 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. The IFRS profit before tax is adjusted for items such as goodwill impairment and amortisation of intangibles, business transformation costs, financing costs on external borrowings and policyholder tax adjustments and to exclude non-core operations.

(6) IFRS profit after tax from continuing operations, prepared in accordance with IFRS.

3.5 ***The Group's Capital Position***

The Group is prudentially regulated by the PRA for the purposes of the Solvency II (as defined in "*Terms and Condition of the Notes*") regime. The figures disclosed in this section may not add up exactly to the totals shown due to rounding. The Solvency II information as at and for the year to 30 June 2022 disclosed in this section has not been audited.

Group own funds position

As at 30 June 2022, the Group's Solvency II own funds totalled £1,440 million (31 December 2021: £1,617 million; 31 December 2020: £1,897 million) corresponding to a Group Solvency II ratio of 219 per cent. (31 December 2021: 275 per cent.; 31 December 2020: 217 per cent.). The Group's eligible own funds decreased in the first half of 2022 mainly due to the capital return 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. The Group's eligible own funds decreased during 2021 mainly due to the share buyback programme carried out in the year. The sale of Quilter International, at a value below its net contribution to the Group own funds, also contributed to the reduction in own funds in the year.

The Group Solvency II position as at 30 June 2022 has been prepared on a pro forma basis (including the impact of certain unverified year-to-30 June 2022 profits from the asset management and advice businesses (the "**Adjustment Profits**")) and has not been audited. Inclusion of the Adjustment Profits presents a position that is more comparable with the 31 December 2021 position. The Group Solvency II position at 30 June 2022 is presented after allowing for the impact of the foreseeable interim dividend payment to shareholders in September 2022 of £16 million (31 December 2021: £62 million; 31 December 2020: £61 million).

In addition, the reported Group Solvency II own funds as at 31 December 2021 are presented before the deduction for the anticipated return to shareholders of a proportion of the Quilter International sale proceeds amounting to £328 million in May 2022. The return of capital was not approved as at 31 December 2021 and did not fall into the 'foreseeable dividend' category. For this reason, the capital return was not deducted from the own funds figure as at 31 December 2021.

Composition and classification of the Group's own funds

	As at 30 June 2022			
	Total	**Tier 1**	**Tier 2**	**Tier 3**
	(£ million)			
Ordinary share capital	115	115	-	-
Share premium reserve	58	58	-	-
Subordinated liabilities	202	-	202	-
Reconciliation reserve	1,065	1,065	-	-
Total eligible own funds to meet the Group SCR	**1,440**	**1,238**	**202**	**-**

	As at 31 December 2021				**As at 31 December 2020**			
	Total	**Tier 1**	**Tier 2**	**Tier 3**	**Total**	**Tier 1**	**Tier 2**	**Tier 3**
	(£ million)							
Ordinary share capital	115	115	-	-	124	124	-	-
Share premium reserve	58	58	-	-	58	58	-	-
Subordinated liabilities	205	-	205	-	209	-	209	-
Reconciliation reserve	1,239	1.239	-	-	1,506	1,506	-	-

Total eligible own funds to meet the Group SCR	**1,617**	**1,412**	**205**	**-**	**1,897**	**1,688**	**209**	**-**

The Group has not placed reliance on the use of transitional measures as set out in the onshored version of Directive (EU) 2009/138 (known as the Solvency II Directive) and has not applied for the use of the matching adjustment or the volatility adjustment mechanism.

Reconciliation between the Group's IFRS equity and Solvency II own funds

The IFRS accounting basis is used as the starting point for the Group's Solvency II balance sheet. The table below presents the reconciliation between IFRS equity and Solvency II own funds.

IFRS equity compared to Group Solvency II own funds	**As at 30 June**	**As at 31 December**	
	2022	**2021**	**2020**
		(£ million)	
IFRS equity	1,523	1,739	1,878
Revaluation of technical provision (net of deferred tax)	224	247	729
Removal of goodwill and intangibles	(433)	(457)	(556)
Removal of contract-related balances	(10)	(9)	(226)
Removal of deferred tax on intangibles and contract-related balances	18	20	24
Revaluation of subordinated debt	-	(2)	(7)
Investment business adjustments and exclusion of Quilter Insurance Company Limited (1)	(5)	12	9
Solvency II net assets	**1,317**	**1,550**	**1,851**
Inclusion of subordinated debt	202	205	209
Fungibility restriction (2)	(63)	(76)	(101)
Deduction of foreseeable dividends	(16)	(62)	(61)
Total Group Solvency II own funds	**1,440**	**1,617**	**1,897**

(1) Quilter Insurance Company Limited ("**QICL**") is the Group's captive insurer based on the Isle of Man. QICL is outside the scope of Solvency II Group supervision as a result of a scope exclusion waiver issued by the PRA.

(2) Relates to the deferred tax assets of a number of UK holding companies and non-financial undertaking within the Group.

*Eligible own funds to meet the Group's solvency capital requirement ("**SCR**")*

At 30 June 2022, the Group only had unrestricted Tier 1 and Tier 2 own funds items. For the SCR eligibility criteria, the eligible amounts of Tier 2 items for the Group did not exceed 50 per cent. of the Group SCR. There was therefore no eligibility restriction when calculating the ratio of eligible own funds to the consolidated Group SCR at 30 June 2022.

	As at 30 June	**As at 31 December**	
Group own funds	**2022**	**2021**	**2020**
		(£ million)	
Tier 1	1,238	1,412	1,688
Tier 2	202	205	209

Tier 3	-	-	-
Total Group Solvency II own funds	**1,440**	**1,617**	**1,897**

Calculation of the Group SCR

The Group applies Method 1 (the accounting consolidation-based method) as referred to in Article 230 of the Solvency II Directive to calculate the Group solvency position. The Group SCR is calculated by applying the Standard Formula to the consolidated data of all insurance entities and certain holding companies, allowing for diversification benefits between the risk modules and between entities. Following the sale of Quilter International, Quilter Life & Pensions Limited ("**QLPL**") is the only remaining insurance entity in the Group that is subject to Group Solvency II reporting.

The capital requirements for the Group asset management and advisory entities are included in the Group SCR based on the sectoral rules within the onshored version of Directive (EU) 2013/36 (known as the Capital Requirements Directive).

Risk modules	**As at 30 June 2022**	**As at 31 December 2021**	**As at 31 December 2020**
		(£ million)	
Market risk	254	312	364
Counterparty default risk	21	13	16
Life underwriting risk	237	269	484
Total before diversification	**512**	**594**	**865**
Diversification	(117)	(130)	(185)
Basic solvency capital requirement	**395**	**464**	**680**
Operational risk	11	13	27
Loss-absorbing capacity of deferred taxes	(28)	(175)	(108)
Other financial sector entities	278	284	277
Group solvency capital requirement	**657**	**587**	**876**

The Group SCR as at 30 June 2022 was £657 million (31 December 2021: £587 million; 31 December 2020: £876 million). It increased by £70 million over the first half of 2022 primarily due to the impact of market movements. It decreased by £289 million over 2021 due to the sale of Quilter International. The Group calculates the SCR based on the Standard Formula which prescribes the levels of stresses applied for risks.

At 31 December 2021, neither the Group nor its UK insurance undertaking was required to hold a capital add-on in excess of the calculated SCR position. Neither the Group nor its UK insurance undertaking utilises any undertaking-specific parameters or any simplified calculation options when calculating the SCR.

Solvency II coverage ratio

The Group's Solvency II surplus was £783 million as at 30 June 2022 (31 December 2021: £1,030 million; 31 December 2020: £1,021 million), representing a Solvency II ratio of 219 per cent. (31 December 2021: 275 per cent.; 31 December 2020: 217 per cent.).

The Group's Solvency II capital position at 30 June 2022 has been prepared on a pro forma basis (including the impact of the Adjustment Profits) and has not been audited. Inclusion of the Adjustment Profits presents a position that is more comparable with the 31 December 2021 position. The Group Solvency II capital position is presented after allowing for the impact of the foreseeable interim dividend payment to shareholders in September 2022 of £16 million (31 December 2021: £62 million; 31 December 2020: £61 million).

	As at 30 June	**As at 31 December**	
Group capital	**2022**	**2021**	**2020**
		(£ million)	
Own funds	1,440	1,617	1,897
Solvency capital requirement	657	587	876
Solvency II surplus	783	1,030	1,021
Solvency II coverage ratio	219%	275%	217%

The 56 percentage point decrease in the Group Solvency II ratio from the 31 December 2021 position is primarily due to the capital return 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.

The 58 percentage point increase in the Group Solvency II ratio during 2021 is primarily due to the capital movements associated with the sale of Quilter International, the £197 million share repurchase programme and the net profit recognised in the period. The SCR reduced in 2021 as a consequence of the sale of Quilter International completing on 30 November 2021.

Capital return

On 12 May 2022, shareholder approval was received, at the Issuer's general meeting, for a capital return of £328 million (20 pence per share) to the shareholders of the Issuer by way of a B share scheme, reflecting the net surplus proceeds from the sale of Quilter International after retaining funds for the Simplification Programme and selected revenue-enhancing investments.

To maintain comparability of shareholder metrics before and after the capital return, the scheme was accompanied by a share consolidation.

The capital return reduced the Group's IFRS net assets and Solvency II own funds by £328 million, comprised of £331 million cash paid upon redemption of the B shares, offset by a foreign exchange gain of £3 million on Rand held between the date the capital return was announced and the redemption of the B shares for the Johannesburg Stock Exchange portion of the capital return. The capital return reduced the Group's solvency ratio by around 56 per cent.

Capital requirements for regulated subsidiaries

In addition to Solvency II supervision at Group level, the Group's UK life insurance undertaking, QLPL, is also subject to Solvency II at entity level. Other regulated entities in the Group are subject to the locally applicable entity-level capital requirements in the jurisdictions in which they operate. In addition, the Group's asset management and advice businesses are subject to group supervision by the FCA under the UK Investment Firms Prudential Regime ("**IFPR**"). The

IFPR replaced the Capital Requirements Directive regime for UK MiFID investment firms, other than PRA-designated firms, from 1 January 2022.

The solvency and the capital requirements for the Group and its regulated subsidiaries are reported and monitored through regular Capital Management Forum meetings.

4. Organisational Structure of the Group

The Issuer is the ultimate holding company of the Group.

5. Board of Directors

The Directors of the Group are listed in the table below together with any significant external appointments.

Name	Function on the Board	Principal Activities Performed Outside the Issuer
Ruth Markland	Chair	No other directorships
Steven Levin	Chief Executive Officer	Director of The Quilter Foundation
Mark Satchel	Chief Financial Officer	No other directorships
Neeta Atkar MBE	Independent Non-executive Director	Non-executive Director of Nomura Europe Holdings plc and Senior Independent Director of the British Business Bank plc
Tim Breedon CBE	Senior Independent Director	Non-executive Director of Barclays plc, Chair of Barclays Bank Ireland plc and of Apax Global Alpha Limited
Tazim Essani	Independent Non-executive Director	Non-executive Director of City of London Investment Group plc, Council Member and Audit and Risk Committee Member of the Royal Horticultural Society and Remuneration Committee Member of Sovereign Housing Association Limited
Moira Kilcoyne	Independent Non-executive Director	Non-executive Director of Arch Capital Group Ltd and Elliot Opportunity II and a member of the Board of Governors of FINRA
Paul Matthews	Independent Non-executive Director	Executive Mentor at Merryck & Co
George Reid	Independent Non-executive Director	Senior Independent Director and Audit Committee Chair of FIL Life Insurance Limited
Chris Samuel	Independent Non-executive Director	Chair of BlackRock Throgmorton Trust plc and JP Morgan Japanese Investment Trust plc and Non-executive Director of UIL Limited

The business address of each of the Directors for the purposes of this Prospectus is Senator House, 85 Queen Victoria Street, London EC4V 4AB.

5.1 ***Directors' Biographies***

The management experience and expertise of each of the Directors is set out below.

Ruth Markland

Ruth, a solicitor and previously Managing Partner of Freshfields Bruckhaus Deringer's Asia business, has a wealth of FTSE-100 Board experience. She spent over ten years on the Boards of Standard Chartered plc and Sage Group plc, where she served as Senior Independent Director and Chair of the Remuneration Committees. Ruth was also an independent Non-executive Director of Deloitte LLP for five years until May 2020 and was a member of the Supervisory Board of Arcadis NV until April 2022. Her considerable experience in senior board roles provides her with the skills and experience to effectively Chair the Quilter Board. Ruth was appointed as Chair of the Board on 12 May 2022.

Steven Levin

Steven is an experienced leader with an ability to cut through organisational complexity to drive strategic delivery. He has deep industry knowledge, having worked in asset management, investments, platform and distribution roles. This breadth of experience positions him well to lead the integrated customer centric propositions at Quilter. Having been a member of the Executive Committee since 2011, he 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. He is a trusted leader who is highly respected by the Board, his Executive Committee and the wider business for his insight and customer focus. Steven joined Quilter plc and its predecessor companies in June 1998, initially joining Old Mutual Group in Cape Town, South Africa. Relocating to London in 2010 as the Product and Proposition Director for Old Mutual plc, he became a Managing Director in 2011 in what was to become Quilter plc. Most recently, Steven has been instrumental in bringing together Quilter's Platform, Asset Management and Advice businesses into a single affluent customer focused business. Steven is a qualified Actuary and Chartered Financial Analyst.

Mark Satchel

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.

Neeta Atkar MBE

Neeta has extensive experience of the financial services industry, having worked initially at the Bank of England and subsequently the Financial Services Authority before taking on roles with

Andersen Consulting, Abbey National, Royal & Sun Alliance, Lloyds Banking Group and, latterly, with TSB Bank where as Chief Risk Officer, she was a member of the executive team responsible for creating and listing the Bank on the Stock Exchange. Neeta has broad experience of chairing risk committees, gained previously at Yorkshire Building Society and currently at Nomura Europe Holdings plc and at the British Business Bank plc, where she is also the Senior Independent Director. This experience, together with her deep understanding of customers, risk and regulation, will enable Neeta to make a significant contribution to the Board as it continues to ensure that Quilter's risk management framework is integrated with its strategy.

Tim Breedon CBE

Tim is an experienced Non-executive Director and Committee member. He has had a distinguished career in financial services, with past appointments including Group Chief Executive Officer of Legal & General, being a Member of the Takeover Panel, and holding Non-executive Director roles with the Association of British Insurers and the Financial Reporting Council. In February 2022, Tim retired from the board of Barclays Bank plc, and stood down as chair of the Barclays plc and Barclays Bank plc Board Risk Committee, and as a member of the Barclays Board Audit Committee, Board Nomination Committee and Board Remuneration Committee. Tim continues to serve on the Board of Barclays plc and chairs Barclays Bank Ireland PLC and Apax Global Alpha Limited. Tim's extensive business leadership and governance best-practice experience enables him to provide challenge, advice and support to Quilter management on business strategy, performance, decision making and governance matters. Tim was appointed as Senior Independent Director on 12 May 2022 and his prior experience enables him to act as a helpful sounding board for the Chair and other Board members.

Tazim Essani

Tazim's wealth of experience in senior executive roles at regulated financial services businesses over the last 30 years equips her well to provide strategic guidance and constructive challenge to Quilter's leadership team. Her executive career has focused on strategy and business development to drive growth and transformation, with her previous roles including a senior business strategy role at Santander UK, Group Head of Corporate Development at Close Brothers Group plc and senior roles at GE Capital and Royal Bank of Scotland. Throughout her career, Tazim has developed a deep understanding of corporate finance, transformational change and business development, enabling her to contribute strongly to the Board's deliberations. Alongside Paul Matthews, Tazim is a designated Workforce Engagement Director with a particular interest in promoting diversity and inclusion. Tazim is a Non-executive Director of City of London Investment Group plc, a Council Member of the Royal Horticultural Society and an executive coach at The Alliance.

Moira Kilcoyne

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

Paul Matthews

Paul is an experienced FTSE-100 Board Director who has over four decades' worth of knowledge of the savings and pensions industry. His career at Standard Life, spanning nearly 30 years, where his roles included Group Executive Director, Chief Executive Officer UK & Europe and Chair of Standard Life Wealth, enables him to identify, and support management to understand, the opportunities and risks facing Quilter, particularly in its distribution businesses. This insight enables him to effectively assess and challenge the executive's strategy proposals, execution and risk management. As an executive mentor at Merryck & Co, Paul uses his extensive leadership skills and experience to coach senior leaders. Paul's track record in leading major businesses that rely on having strong leadership and positive cultures is also helpful in discharging his role as a designated Workforce Engagement Director, which he performs alongside Tazim Essani.

George Reid

George has extensive financial experience having spent over 20 years in the accounting profession. This knowledge, gained during lengthy tenures at PwC, and, latterly, Ernst & Young LLP as managing partner and Head of Financial Services for Scotland and UK regions, provides George with a deep understanding of accounting and audit matters, and the control environment required for a wealth management business. Such experience allows him to critically assess key accounting and financial considerations including those associated with our recent disposal of Quilter International. George is a Fellow of the Institute of Chartered Accountants in England and Wales. In September 2021, George was appointed as the Senior Independent Director and Audit Committee Chair of FIL Life Insurance Limited. In July 2022, George was appointed as a member of the Board Corporate Governance and Nominations Committee.

Chris Samuel

Chris is an experienced Chair and Non-executive Director and his deep experience in the financial services industry enables him to challenge, advise and support Quilter's management team on a wide range of business, investment, distribution, finance and operational matters. Chris was Chief Executive of Ignis Asset Management, a business with circa. £65bn of assets under management, from 2009 to mid-2014. Over this period, he led the successful transformation, and then sale, of the business. Chris has held Board-level positions at a number of asset management businesses including Gartmore, Hill Samuel Asset Management, Cambridge Place Investment Management and spent 10 years with a US Investment Bank, Prudential-Bache. He began his career with KPMG where he qualified as a Chartered Accountant. Chris chairs BlackRock Throgmorton Trust plc and JP Morgan Japanese Investment Trust plc and is a Non-executive Director of UIL Limited.

5.2 ***Potential Conflicts of Interest***

In accordance with the Companies Act 2006 and the Group's Articles of Association, Directors are required to declare any potential or actual conflicts of interest that could interfere with their ability to act in the best interests of the Group. The Company Secretary maintains a conflicts of interest register, which is reviewed by the Board and the Board Corporate Governance and Nominations Committee. Noting the recommendations of the Code, the Board Corporate Governance and Nominations Committee is required to pre-approve, on behalf of the Board, any new external appointments that a Director wishes to adopt.

There are no potential or actual conflicts of interest between the duties of each of the Directors and their private interests or other duties. The Group has appropriate procedures in place to identify and manage conflicts of interest should they arise.

6. Major Shareholders

As at 13 December 2022, the Issuer had been notified in accordance with Rule 5 of the FCA's DTRs, of the following holdings of voting rights in its Ordinary Share capital:

Name of shareholder	**Number of voting rights attaching to Quilter shares**	**% interest in voting rights attaching to Quilter shares (1)**	**Nature of holding notified**
Blackrock Inc.	111,805,973	6.81%	Direct
Coronation Asset Management (Pty) Ltd	195,332,204	13.91%	Direct
Equiniti Trust (Jersey) Limited (2)	42,996,532	3.06%	Direct
Ninety One UK Ltd	82,416,634	5.01%	Indirect
Norges Bank	44,285,747	3.15%	Direct
Old Mutual Limited	68,070,687	4.85%	Indirect
Public Investment Corporation of the Republic of South Africa	210,834,490	15.02%	Direct

(1) The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the FCA's DTR.

(2) These shares are held by Equiniti Trust (Jersey) Limited in its capacity as trustee of the Quilter Employee Benefit Trust.

7. Recent developments

Quilter is in the process of preparing its year-end financial statements. Based on preliminary (unaudited) figures, the Group expects to report full year AuMA broadly similar to the Q3 2022 position of £96.9 billion (31 December 2021: £111.8 billion), the decrease during the year is due to positive net flows offset by adverse market movements.

Retention rates remain stable and gross flows for the final quarter remain resilient while reflecting the normal seasonality of the business. Therefore, overall, Q4 2022 net flows are expected to be modestly lower than Q3 2022 but remain positive.

All figures in the paragraphs above are expressed on a continuing basis (that is, excluding Quilter International, the sale of which completed on 30 November 2021).

Regulatory Overview

1. Overview

The Group is one of the UK's leading advice-led, investment and wealth management groups. The Group operates in large and growing markets, including financial advice, life assurance, discretionary wealth, investment solutions, retail asset management and investment administration. As such, the Group operates in a highly regulated environment in the UK, as well as in a limited number of other jurisdictions. This section of the prospectus is intended to give an overview of the regulatory framework that currently applies to the Group.

2. Regulation in the United Kingdom

2.1 *Financial Services Act 2012*

Between 1 December 2001 and 31 March 2013, UK regulated firms in the Group were required to be authorised by the Financial Services Authority (the "**FSA**"). Accordingly, those firms were required to comply with the rules and guidance made by the FSA pursuant to the Financial Services and Markets Act 2000 ("**FSMA**") and set out in the FSA Handbook of rules and guidance.

The Financial Services Act 2012 (and the secondary legislation made under it) reformed the framework for financial regulation in the UK. In 2013, the FSA was replaced by the FCA, the PRA and the Financial Policy Committee (the "**FPC**"). Therefore, with effect from 1 April 2013, a majority of UK regulated firms in the Group became authorised and regulated by the FCA. Quilter Life & Pensions Limited is a UK insurance firm within the Group and as such is a dual-regulated firm in the UK, which means that it is authorised, prudentially regulated and supervised by the PRA, and regulated for conduct of business purposes by the FCA. UK regulated entities in the Group must comply with the rules and guidance of the PRA and the FCA (as applicable) made under FSMA.

The FPC is a subcommittee of the court of directors at the Bank of England, and has powers and responsibilities in relation to systemic risk within the financial services sector, responding to sectoral issues that could threaten UK economic and financial stability. The FPC has powers to give directions to the PRA and the FCA.

2.2 *Financial Conduct Authority and Prudential Regulation Authority*

The FCA regulates the conduct of every authorised firm. Its "operational objectives" are to secure an appropriate degree of protection for consumers, protect and enhance the integrity of the UK financial system, and promote effective competition in the interests of consumers. The FCA also has a "strategic objective" of ensuring that relevant markets function well.

The FCA must have regard to various regulatory principles when discharging its general functions, including the desirability of sustainable growth in the economy of the UK in the medium or long term. The PRA is responsible for the prudential regulation of insurance companies, banks, building societies, credit unions and certain designated investment firms, with three statutory objectives. The PRA's general objective is to promote the safety and soundness of PRA-authorised persons. It also has a specific "insurance objective" of contributing to the securing of an appropriate degree of protection for those who are or may become policyholders of PRA-authorised insurers, as well as a general secondary objective to facilitate effective competition.

In a letter dated 7 April 2022, the then UK Chancellor set out his recommendation that the FCA should have regard to the UK Government's commitment to achieve a net-zero economy by 2050 under the Climate Change Act 2008 (2050 Target Amendment) Order 2019 when considering how to advance its objectives and discharge its functions. It should also have regard "*to the Government's energy security strategy and the important role that the financial system will play in supporting the UK's energy security - including through investment in transitional hydrocarbons like gas - as part of the UK's pathway to net zero".* A similar letter was sent to the PRA, also dated 7 April 2022.

Pursuant to the Financial Services and Markets Bill 2022-23, it has since been proposed for the FCA and the PRA to have a new secondary objective to provide a greater focus on medium- to long-term growth and international competitiveness. They would also be subject to a new regulatory principle requiring them to have regard to the need to contribute towards achieving compliance with section 1 of the Climate Change Act 2008; i.e. to bring greenhouse gas emissions to net zero by 2050. This would replace the sustainable growth principle referred to above.

2.3 ***Financial Services and Markets Act 2000***

2.3.1 FCA/PRA rule making powers

The FCA and the PRA have powers under FSMA to make rules, which are set out in the PRA's Rulebook of rules and guidance (the "**PRA Rulebook**") and the FCA handbook of rules and guidance (the "**FCA Handbook**"), respectively. These rules are legally binding. FSMA contains checks and balances in relation to the exercise of these powers, including the procedures that the regulators must follow in the exercise of their rule-making powers. The FCA has the statutory power to make general rules, applying to firms for which it is the sole regulator and rules applying to PRA-authorised firms, although only in pursuance of its objectives. The PRA has the statutory power to make general rules that apply to PRA-authorised firms, although, in line with the power designated to the FCA, only to advance its objectives. The PRA and the FCA are required to consult with one another before making any rules.

2.3.2 Permission to carry out regulated activities in the UK

Under section 19 of FSMA, it is unlawful to carry on a regulated activity in the UK without permission to do so from the relevant regulator under Part 4A of FSMA (a "**Part 4A Permission**") unless an exemption applies.

In order to authorise a person to carry on regulated activities in the UK, the PRA and/or the FCA must determine that the applicant meets regulatory requirements, including certain "threshold conditions". The threshold conditions are the minimum conditions that must be satisfied (both at the time of authorisation, and on an ongoing basis) in order for a firm to gain and continue to have permission to carry on the relevant regulated activities under FSMA. Dual-regulated firms must meet both the PRA and the FCA threshold conditions. These relate to matters including the applicant's legal form, whether the applicant has adequate resources (both financial and non-financial) to carry on its business and whether, having regard to all the circumstances (including whether the applicant's affairs are conducted soundly and prudently), and the applicant is a fit and proper person to conduct the relevant regulated activities.

The Part 4A Permission contains a description of the activities that an authorised firm is permitted to carry on. When granting a Part 4A Permission, the relevant regulator may impose such limitations and requirements as it considers appropriate.

Once authorised, in addition to continuing to meet the threshold conditions, firms must comply with the provisions of FSMA, related secondary legislation and the rules made by the PRA and the FCA under FSMA.

2.3.3 Supervision and enforcement

The PRA and the FCA have extensive powers to supervise and intervene in the affairs of the firms they are responsible for regulating. The nature and extent of the PRA and the FCA's supervisory relationship with a firm depends on, among other considerations, how much of a risk the PRA and the FCA consider that firm could pose to the achievement of their statutory objectives.

The PRA and the FCA have powers to take a range of enforcement actions, including the ability to sanction UK authorised firms. In particular, enforcement action may include restrictions on undertaking new business, public censure, restitution, fines and, ultimately, revocation of permission to carry on regulated activities. The PRA and the FCA may also take enforcement action against certain individuals, for example, under the Senior Managers and Certification Regime ("**SMCR**"). For more on this, see 2.7 below ("*Senior Managers and Certification Regime and Approved Persons Regime*").

The PRA and the FCA have further powers to obtain injunctions against UK authorised firms where a UK authorised firm has breached relevant requirements, including requirements imposed by or under FSMA, and to impose or seek restitution orders where clients or other affected parties have suffered loss, or the firm has obtained a profit as a result of a breach of a relevant requirement. In certain circumstances, the PRA and the FCA also have the power to take action against unauthorised parent undertakings of UK authorised persons (such as the Issuer), including by issuing directions to do or refrain from doing a particular activity.

2.4 ***Principles for Businesses and Fundamental Rules***

The FCA's Principles for Businesses (the "**Principles**") set out high-level principles that apply to all authorised persons in the UK. Amongst other things, the Principles require firms to treat customers fairly, maintain adequate financial resources and communicate with customers in a way that is clear, fair and not misleading.

The FCA has also established six key outcomes it expects firms to focus on in order to ensure that they are treating customers fairly in accordance with the Principles. These include ensuring that consumers can be confident they are dealing with firms where the fair treatment of customers is central to the firm's corporate culture, and that products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly. See also Section 2.5 below ("*New consumer duty*").

In addition to the Principles, PRA-authorised persons are also subject to certain overarching rules issued by the PRA, known as the "Fundamental Rules". These rules are core to the PRA's supervisory approach and underpin the PRA Rulebook. The Fundamental Rules require firms to conduct their business with integrity, maintain adequate capital resources and organise and control their affairs responsibly and effectively, amongst other things.

The emphasis and reliance on these overarching rules and principles by the PRA and the FCA has marked a move to more judgment-based regulation in recent years, focusing on the achievement of good outcomes.

2.5 ***New consumer duty***

The FCA has published new rules and guidance to bring into effect a new consumer duty. This has been done with support from the UK Government, with section 29 of the Financial Services Act 2021 requiring the FCA to consult on whether it should make rules providing that authorised persons owe a duty of care to consumers, which it did in December 2021.

The new regime comprises a significant regulatory initiative for the FCA, with far reaching implications for relevant firms. The FCA has made achieving improved outcomes for consumers a key regulatory priority in the coming years.

The regime comprises a new Principle for Businesses that will expressly require firms to “deliver good outcomes for retail customers” and which imposes a higher and more exacting standard of conduct than the existing Principles for Businesses (most notably, the existing treating customers fairly obligation in Principle 6). It also includes three cross-cutting rules to support the consumer principle by setting out expectations on culture and behaviour: to act in good faith, to avoid causing foreseeable harm to retail customers, and to support customers to pursue their financial objectives. Further rules are made in relation to four outcomes that focus on products and services, price and value, consumer understanding and consumer support. The regime will come into effect in phases, starting from 31 July 2023.

On top of this, the FCA has also set interim deadlines that firms should meet during the implementation period. Firms’ boards were required to agree implementation plans by end October 2022. Product manufacturers are required to complete all reviews necessary for their existing products and services by the end of April 2023 so that they can share with distributors the information necessary for them to meet their new obligations under the duty.

Implementation projects for the new regime are expected to involve significant cost, time and resource. Although consumer groups have been supportive, affected firms and relevant trade bodies have flagged the significant amount of work involved, and the shift it will bring towards an outcomes-based regulatory regime.

The FCA is expected to embed the new duty in its approach to authorisation, supervision and enforcement. It has also stated that the duty will drive its supervision strategies and prioritisation.

2.6 ***Senior Management, Systems and Controls***

Within the FCA Handbook, the Senior Management Arrangements, Systems and Controls Sourcebook ("**SYSC**") contains general organisational requirements that apply to a number of different types of UK authorised firms, including UK authorised asset management and investment firms and insurers. These requirements elaborate on Principle 3 of the FCA Principles for Businesses, which requires firms to take reasonable care to organise and control their affairs responsibly and effectively, with adequate risk management systems.

Among other things, in broad terms, SYSC contains rules relating to the persons who effectively direct the business of a relevant firm. It requires firms to employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them, requires firms to implement systems and controls relating to compliance and risk controls and contains requirements relating to outsourcing and conflicts of interest, amongst other things.

2.7 ***Senior Managers and Certification Regime and Approved Persons Regime***

The SMCR requires most UK authorised firms to allocate responsibility for certain senior management functions to individuals pre-approved by the FCA and PRA ("**Senior Managers**"). The SMCR also introduced a certification regime for staff employed in positions where they could pose a significant risk of harm to their firm or its customers. A new set of Conduct Rules was also introduced that apply to Senior Managers, certified employees and almost all other individuals working for in scope firms. Furthermore, additional Conduct Rules apply to Senior Managers.

In addition, UK authorised firms with appointed representatives are required to take reasonable care to ensure that individuals performing certain "controlled functions" within an appointed representative have the prior approval of the FCA. Individuals who perform controlled functions in the appointed representative fall broadly into two categories: those who exercise significant influence over the appointed representative's affairs and those who deal with its customers. The FCA will only approve an individual to carry out a controlled function if it is satisfied that they are a "fit and proper" person to carry out the relevant function. Individuals approved by the FCA to carry out controlled functions are subject to other rules imposed by the FCA. Where an individual breaches these rules, the FCA may impose sanctions on the individual concerned.

2.8 ***Conduct of Business Requirements***

The FCA regulates, through the Conduct of Business Sourcebook ("**COBS**"), the Mortgage and Home Finance: Conduct of Business Sourcebook ("**MCOB**") and the Insurance: Conduct of Business Sourcebook ("**ICOBS**"), the distribution and sale of certain products and services. COBS applies to various firms in the Group (including as regards the distribution of funds and where insurance products have an investment element), MCOB applies to firms and appointed representatives in the Group carrying out home finance activities and ICOBS applies in relation to non-investment insurance products.

The scope and range of the obligations imposed on an authorised firm under COBS, MCOB and ICOBS vary according to the scope of the firm's business and the nature of its clients. By way of example, the rules in COBS, MCOB and ICOBS require firms to provide clients with information about the firm, meet certain standards of product disclosure, assess suitability when advising on certain products, report appropriately to clients and provide certain disclosures, including in relation to client assets held in custody.

2.9 ***Client Assets***

Principle 10 of the FCA's Principles for Businesses requires firms to arrange adequate protection for assets when the firm is responsible for them. CASS elaborates on this requirement, setting out the rules that apply to firms that are permitted to hold client money and assets. This includes certain firms in the Group.

The requirements set out in CASS aim to protect money and assets belonging to a firm's clients from the insolvency of that firm and to ensure that, if a firm is subject to insolvency proceedings, client money and assets can be promptly returned to the client. The rules seek to achieve this by requiring firms to keep client money and assets separate from their own, by preventing firms from using client money and assets for their own purposes and by requiring firms to keep records of the client money and assets that they do hold.

2.10 ***Prudential Requirements***

Regulatory capital requirements form an integral part of the FCA and the PRA's prudential regime for UK authorised firms. The FCA and the PRA have detailed rules relating to the maintenance of minimum levels of regulatory capital for authorised firms, which amplify the general principle under which a firm must maintain adequate financial resources in order to be able to meet its liabilities as they fall due. The adequacy of a firm's financial resources is assessed in relation to the particular risks to which the firm may be exposed, given its business activities. The FCA and the PRA also expect firms to take a proactive approach to monitoring and managing risks.

Regulatory capital requirements exist on two levels. The first is a solo requirement aimed at individual authorised entities (with the relevant firm being required to submit periodic returns to demonstrate compliance with the relevant requirement). The second is a consolidated (or group) requirement and relates to a part of or the entire group of which an authorised firm or firms form part.

The solo prudential requirements that apply to the FCA and PRA-authorised firms in the Group depend on the FCA and the PRA's prudential classification of individual firms. This in turn depends on the level of risk involved in performing the activities the relevant entity is authorised to perform.

The Investment Firms Prudential Regime ("**IFPR**") applies to all FCA authorised MiFID investment firms other than those which have been PRA designated. Investment firms falling directly within the scope of the regime are subject to the regulatory capital requirements of the Prudential sourcebook for MiFID Investment Firms. Other UK authorised firms are subject to different prudential rules, depending on their prudential categorisation.

The prudential rules applicable to UK UCITS management companies and AIFMs depends on whether the firms in question are also authorised to carry on MiFID activities such as portfolio management. Where this is the case, UK UCITS management companies and AIFMs are required to comply with IFPR as regards their MiFID business. All UCITS management companies and AIFMs (regardless of whether they carry on any MiFID activities) are required to comply with certain base own funds requirements in the FCA's Interim Prudential sourcebook for Investment Businesses.

The PRA Rulebook implements the prudential standards established under the UK Solvency II regime applying to insurers. Under the UK Solvency II regime, firms must hold eligible own funds covering both the SCR and the minimum capital requirement ("**MCR**"). The "Own Funds" Part of the PRA Rulebook sets out the capital resources that are deemed to be eligible for these purposes, while provisions relating to the MCR and the SCR are set out in the 'Minimum Capital Requirement' and the relevant 'Solvency Capital Requirement' Parts of the PRA Rulebook, respectively.

2.10.1 Solo supervision

Solo supervision refers to entity-level prudential supervision by a financial services regulator. The Issuer is not an authorised firm and is not therefore subject to solo supervision. The Issuer's UK life insurance subsidiary, Quilter Life & Pensions Limited is subject to solo supervision under the UK Solvency II regime by the PRA. No other entities in the Group are subject to solo supervision under Solvency II in any jurisdiction. The Group's UK MiFID investment firms are subject to solo supervision by the FCA under the IFPR. Other regulated entities in the Group are subject to the applicable entity level capital requirements in the jurisdictions in which they operate.

2.10.2 Group supervision

Group supervision refers to the consolidated supervision of a group of entities by a financial services regulator. The PRA exercises group supervision over the Quilter plc Solvency II Consolidation Group on a Solvency II basis. The "Quilter plc Solvency II Consolidation Group" consists of the Issuer and all of its subsidiaries except for Quilter Insurance Company Limited, which is referenced in a Solvency II scope exclusion waiver.

The FCA exercises group supervision over the Quilter plc IFPR Consolidation Group on an IFPR basis. The "Quilter plc IFPR Consolidation Group" consists of the Issuer and its investment firm subsidiaries together with certain holding companies and services companies. The Group's insurance subsidiaries are outside the scope of the Quilter plc IFPR Consolidation Group.

2.11 ***Data Protection and the Information Commissioner's Office***

The data protection regime in the UK consists of GDPR and the Data Protection Act 2018 (the "**DPA**"), each of which came into force in the UK on 25 May 2018. This regime regulates the manner in which natural persons' personal data is obtained, maintained and used by organisations, including the Group. Personal data includes any information relating to natural persons who (i) can be identified, or who are identifiable, directly from the information in question or (ii) who can be indirectly identified from that information in combination with other information.

The Group is required to comply with GDPR and the DPA and any breach could give rise to criminal or civil liability and other enforcement action by the Information Commissioner's Office, the body responsible for enforcement of each of GDPR and the DPA.

2.12 ***Consumer Complaints and Compensation***

*2.12.1 Financial Ombudsman Service (“**FOS**”)*

UK authorised firms fall under the compulsory jurisdiction of the FOS, which is a body established under FSMA. Authorised firms are required to have adequate complaints handling procedures in place but, where these are exhausted and the complaint or dispute has not been resolved, the FOS provides for dispute resolution in respect of certain categories of customer complaints brought by individuals and small business customers. Firms covered by the FOS are required to pay levies and case fees, which provide the funding for the FOS. Awards made by the FOS are binding on the firms to which they relate.

*2.12.2 Financial Services Compensation Scheme (“**FSCS**”)*

The FSCS, established under FSMA, seeks to protect customers of UK authorised firms that are unable or unlikely to be able to meet their financial obligations to customers. The FSCS provides compensation (up to certain limits) to certain categories of customer who suffer loss as a consequence of the failure by a regulated firm to meet its liabilities arising from claims made in connection with regulated activities. The FSCS is funded by way of levies imposed on all of its participating financial services firms, including certain authorised firms within the Group. These levies may change over time.

2.12.3 Pensions

The Pensions Ombudsman investigates and decides complaints and disputes over the manner in which pension schemes are run and works closely with the FOS in cases where their remit overlaps.

2.12.4 Codes of Practice

Insurance firms within the Group also comply with certain binding and non-binding codes of practice and other guidance issued by various trade associations, including the Association of British Insurers.

3. Overview of specific areas of regulation

3.1 ***Investment firms***

The UK regulatory regime imposes detailed rules and regulatory requirements applicable to firms that engage in investment activities such as investment advice, portfolio management, dealing and custody. This includes provisions relating to systems and controls, outsourcing, customer classification, conflicts of interest, best execution, client order handling, suitability and appropriateness, transparency, transaction reporting, inducements and product governance.

3.2 ***Fund management***

The UK regulatory regime contains extensive requirements applicable to UK authorised funds and their managers. Some of these rules are derived (pre-Brexit) from the EU UCITS Directive, which sets out the framework for the regulation of UCITS and UCITS management companies in the EU. Others are derived from the EU Alternative Investment Fund Managers Directive ("**AIFMD**"), which sets out the framework for the regulation of the management of certain non-

UCITS collective investment undertakings. AIFMD applies to AIFMs, that is, to firms whose regular business it is to manage an alternative investment fund ("**AIF**") within the meaning of AIFMD. In broad terms, an AIF is a non-UCITS collective investment undertaking that raises capital from a number of investors with a view to investing it in accordance with a defined investment policy for the benefit of those investors.

The UK regime for UK authorised funds and fund managers is extensive, including highly detailed requirements on authorisation, depositaries, delegation, mergers, eligible investments, remuneration, and the information that must be provided to investors.

3.3 ***PRIIPs Regulation***

The PRIIPs Regulation has been in force in the UK since 1 January 2018. The Regulation requires manufacturers of PRIIPs (meaning packaged retail and insurance-based investment products) to provide a key information document ("**KID**") containing certain pre-contract product disclosures to retail investors when they are considering buying a PRIIP. The KID must provide a comprehensible explanation of the PRIIP, as well as enable retail investors to compare the KID with other similar investment product KIDs and is intended to enable investors to make more informed investment choices. This includes, for example, details of future performance scenarios and the assumptions made to produce them, but does not include details of past performance.

PRIIPs include both packaged retail investment products (that is, investment products in relation to which the amount repayable to the retail investor fluctuates because of exposure to reference values or to the performance of one or more assets that are not directly purchased by the retail investor) and insurance based investment products (that is, insurance products that offer a maturity or surrender value that is directly or indirectly exposed to market fluctuations). Subject to transitional provisions, this includes products such as units in an investment fund, life insurance policies with an investment element and structured deposits. As such, the Group is required to comply with KID requirements when manufacturing or distributing such products.

The PRIIPs Regulation is subject to an exemption for EU and UK UCITS, which are subject to a separate (albeit similar) disclosure framework under which they prepare a Key Investor Information Document or KIID. It is expected, however, that the two regimes will eventually be aligned.

Post-Brexit, the UK Government has made certain changes to the PRIIPs regime in the UK to improve the way it functions and address potential risks of consumer harm, following feedback from the industry and the FCA. These changes were made pursuant to the Financial Services Act 2021 and included powers to enable the FCA to clarify the scope of the PRIIPs Regulation through its rules, to replace the term “performance scenario” with “appropriate information on performance”, and to enable the exemption for UCITS to be further extended.

The FCA has since issued the Product Disclosure Sourcebook setting out rules to be applied when determining the scope of the regime, and guidance on when a PRIIP is “made available” to a retail investor. Other targeted amendments to the PRIIPs Regulation have also been made by the FCA on summary risk indicators, risk disclosures and transaction costs.

It is possible, however, that further changes will be made to the PRIIPs Regulation over time. The FCA has also indicated support for a comprehensive review of the UK retail disclosure regime in the future, with the potential for better alignment across the various disclosure frameworks post-Brexit.

3.4 ***Investment Firms Prudential Regime***

The FCA's new IFPR applies to all UK investment firms and came into force in January 2022. The UK investment firms within the Group are supervised by the FCA pursuant to this regime. In particular, they are subject to the Prudential sourcebook for MiFID Investment Firms ("**MIFIDPRU**") on a solo and on a consolidated basis.

Firms subject to this regime are also required to perform an Internal Capital Adequacy and Risk Assessment ("**ICARA**") at least annually or following a material change in their business model or operating model.

3.5 ***Solvency II***

The UK Solvency II regime is derived from the EU Solvency II regime (currently as retained and re-enacted, as applicable, by the European Union (Withdrawal) Act 2018 and relevant secondary legislation) and sets out the framework for the solvency and supervisory regime for UK insurance firms. The aims of the prudential framework under the UK Solvency II regime are to ensure the financial stability of the insurance industry and protect policyholders through establishing solvency requirements better matched to the true risks of the business.

Solvency II adopts a three-pillar approach to prudential regulation:

(i) Pillar 1 relates to minimum capital requirements, covering technical provisions, the SCR and the MCR, rules on market consistent valuation, investment of assets and the use of internal models to calculate the SCR;

(ii) Pillar 2 covers risk management, governance requirements, supervisory review and the Own Risk and Solvency Assessment ("**ORSA**") of an insurer; and

(iii) Pillar 3 covers public and supervisory reporting and disclosure.

In June 2020, HM Treasury announced that it would review certain features of the Solvency II regime to ensure that it is properly tailored to the UK insurance sector following the UK's withdrawal from the EU, and HM Treasury subsequently published its proposals in an April 2022 consultation paper. The HM Treasury consultation ended on 21 July 2022 and on 17 November 2022 the Chancellor of the Exchequer in the UK confirmed that plans to reform the UK Solvency II regime would go ahead. On the same date, HM Treasury published a consultation response setting out the final reform package.

The HM Treasury consultation response states that the UK Government will legislate as necessary to implement the new regime and the Financial Services and Markets Bill (the "**FSMB**") also includes legislative measures intended to pave the way for Solvency II reform in the UK. In the context of these developments, it is likely that UK regulatory policy will further evolve under the Solvency II regime, with divergence from the EU Solvency II regime in the future likely (although it is not possible to assess how significant such divergence will be over time).

As a Solvency II firm (as defined in the PRA Rulebook) within the Group, Quilter Life & Pensions Limited must comply with the rules set out in those parts of the PRA Rulebook that apply to Solvency II firms. The FCA Handbook also contains rules and guidance that apply to dual-regulated firms, including insurance firms such as Quilter Life & Pensions Limited. Relevant elements of the PRA Rulebook in relation to Solvency II group supervision also apply to the Group.

3.6 ***Money Laundering***

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 impose various requirements on firms in relation to money laundering. It reflects the requirements of the Fourth Money Laundering Directive which entered into force on 25 June 2015 and was required to be transposed into UK law by 26 June 2017, as well as the Fifth Money Laundering Directive, which was transposed on 10 January 2020.

The UK regime was further amended by the Money Laundering and Transfer of Funds (Information) (Amendment) (EU Exit) Regulations 2019 to reflect the UK's exit from the EU.

3.7 ***Market Abuse Regulation***

The UK Market Abuse Regulation ("**MAR**") sets out the UK regulatory framework on market abuse, with the FCA stating that "*UK MAR aims to increase market integrity and investor protection, enhancing the attractiveness of securities markets for capital raising*". It includes a prohibition on insider dealing, on the unlawful disclosure of inside information and on market manipulation, providing the FCA with comprehensive powers to prevent and detect such activities. It also expressly prohibits the manipulation of benchmarks such as LIBOR.

Post-Brexit, a UK version of MAR operates in parallel to the original EU version. Various amendments have been made to the UK version of MAR, in the process of onshoring the regulation and ensuring it operates effectively following the withdrawal of the UK from the EU. In the main, however, these have largely been technical in nature. Certain limited changes were also made pursuant to the Financial Services Act 2021, including a clarification as to insider lists and on the timing of disclosures of relevant transactions.

In addition to the civil regime under FSMA and MAR, the FCA has the power to prosecute the criminal offences of insider dealing under the Criminal Justice Act 1993 and certain criminal offences relating to benchmarks under the Financial Services Act 2012.

3.8 ***Insurance Distribution Directive***

The EU Insurance Distribution Directive (the "**IDD**") regime, which EU member states (including the UK at that time) were obliged to apply to relevant firms by 1 October 2018, covers all participants in the sale of insurance products. The IDD regime was intended to strengthen policyholder protection and make it easier for firms to trade cross-border. Post-Brexit, the IDD regime continues to apply to firms within the Group, with relevant secondary legislation onshored as part of the UK's preparations for Brexit and certain changes made to ensure the regime operates effectively post-Brexit.

Various technical amendments have been made to the UK IDD regime in the process of onshoring the regulation and ensuring it operates effectively following the withdrawal of the UK from the EU.

4. Regulation in Other Jurisdictions

The Group contains operating subsidiaries regulated in Ireland by the Central Bank of Ireland (the "**CBI**") and on a cross-border basis within the EEA, in Jersey by the Jersey Financial Services Authority, in Guernsey by the Guernsey Financial Services Commission, in Dubai by the Dubai Financial Services Authority, in South Africa by the Financial Sector Conduct Authority and in the Isle of Man by the Isle of Man Financial Services Authority.

The Group has an EU UCITS fund range domiciled in Ireland comprising one umbrella fund (Quilter Investors ICAV) and four sub-funds (Quilter Investors Compass 2 Portfolio, Quilter Investors Compass 3 Portfolio, Quilter Investors Compass 4 Portfolio, and Quilter Investors Compass 5 Portfolio). A third-party regulatory host (KBA Consulting Management Limited) acts as the fund manager, with day-to-day responsibility for investment management and distribution delegated to Quilter Investors Limited. The fund range is authorised as a UCITS by the CBI.

5. Recent and Future Regulatory Developments

5.1 *Post-Brexit changes*

Various changes to the UK regulatory regime are being considered by the UK Government, the PRA and the FCA post-Brexit, given the ability that now exists to diverge from EU regulatory requirements.

This includes various measures included in the FSMB, which was introduced to Parliament on 20 July 2022 following a consultation on the optimal structure for UK financial services post-Brexit. It aims to implement the outcomes of the Government's future regulatory framework review and to make changes to update the UK regulatory regime. The FSMB intends to move away from the onshored EU legislation towards the historic approach taken under FSMA, where primary responsibility for regulation is delegated to the UK regulatory authorities, subject to the oversight of Parliament. The FSMB will establish a framework to revoke EU law relating to financial services, and will enable HM Treasury, the FCA and PRA to replace it with legislation and regulatory rule sets to deliver a comprehensive FSMA model of regulation.

Further, on 1 March 2022, HM Treasury published its response to a consultation on the wholesale markets review, which proposed wide-scale changes to the onshored UK MiFID regime. The FSMB would implement the results of the wholesale markets review, with provisions in respect of digital settlement assets, direct supervision of critical third-party service providers, changes to the financial promotions regime, and provisions on insurers in financial difficulties, among other things.

5.2 *Thematic Reviews*

Thematic reviews are part of the UK regulators' approach to supervising the firms they regulate. They may conduct a thematic review to assess a current or emerging risk regarding an issue or product across a number of firms in a sector or market. From time-to-time regulated firms in the Group are asked to participate in thematic reviews.

The Group monitors thematic reviews to identify findings that may be relevant to its businesses. Recent FCA thematic reviews that are relevant to all FCA authorised firms include, but are not limited to, TR11/2 on “Observations on wind-down planning: liquidity, triggers & intragroup dependencies” (April 2022), TR20/1 on “The effectiveness of Independent Governance Committees and Governance Advisory Arrangements” (June 2020) and TR19/2 on “General insurance distribution chain” (April 2019). See also below on DB-DC pensions transfers.

Recent PRA thematic reviews relevant to all PRA authorised firms include a review of how firms deal with climate related financial risk (October 2022). The PRA letter on this provides a summary of capabilities that it expects firms to be able to demonstrate, sets out thematic observations on firms’ levels of embeddedness, and provides examples of effective practices identified. In 2022, the PRA has started actively supervising firms against its supervisory expectations on this subject.

In 2022, the PRA also conducted a review of written auditor reports to the PRA – the PRA’s letter to Chief Financial Officers included thematic feedback, in particular on accounting for climate-related financial risks and on disclosures (October 2022). Among other things, the letter observed that auditors had noted a lack of reasonable and supportable data available to management about their exposure to climate risk, and available to auditors to substantiate the impact of climate risks on the balance sheets. Where data was available, firms’ control environments around the quality of new data sources and use of proxies were immature.

The PRA letter encouraged firms to have detailed plans for developing their capabilities to capture the impact of climate risks on balance sheets to ensure that firms’ accounting practices evolve in lockstep with improvements in risk monitoring. It also provided views on “key plan elements” that would contribute to a firm’s planning for the development of capabilities to capture the impact of climate risks on balance sheets over time. It foreshadowed that, in the next round of auditor reporting questions, it will ask for views on the progress made in 2022 against these key plan elements.

5.3 ***Regulatory developments in relation to DB-DC pensions transfers***

In May 2022, the FCA confirmed it is now in the supervisory and enforcement stage of a review of past business of DB to DC pensions transfer advice, with a view to redressing previous unsuitable advice. The goal is for this review to be substantially complete by the end of 2022.

As a related initiative, in November 2022, the FCA issued a policy statement containing final rules on a redress scheme for people who transferred out of the British Steel Pension Scheme and suffered financial loss following unsuitable transfer advice. The scheme will start on 28 February 2023. The redress scheme has been made under section 404 of FSMA and is intended to return relevant persons to the position they would have been in, had the advice been suitable and compliant with the FCA regime.

The scheme requires firms who advised scheme members to transfer out of the scheme to review the advice they gave, identify if it was unsuitable, tell members the outcome of the assessments, and calculate/pay redress where required. In response to requests for clarification, the FCA has also published certain FAQs on the scheme.

The FCA has also recently consulted on changes to certain guidance (previously issued) relating to the calculation of redress for customers who have received unsuitable advice to make a DB to DC transfer. Following this consultation, revisions to the FCA's current redress methodology will come into effect on 1 April 2023. The previous guidance comprised FCA Finalised Guidance 17/9 (FG17/9) setting out how firms should calculate redress for unsuitable DB pensions transfers. The FCA has committed to reviewing the guidance every four years. The FCA has also separately issued statements as to its expectations of firms in handling such complaints. Following a review, in 2019, the FCA also stated, "*Too much advice the FCA has seen to date is still not of an acceptable standard. The FCA is concerned that firms are recommending that large numbers of consumers transfer out of their defined benefit pension schemes despite the FCA's stance that transfers are likely to be unsuitable for most clients".*

The redress scheme will not cover individuals that have accepted redress for that advice, referred the matter to the Financial Ombudsman Service or received a final outcome following a suitability assessment of their case conducted through a skilled person review. Therefore, based on the redress scheme final rules, this process will not include Lighthouse cases that have already been reviewed by the skilled person and the individual received a final outcome. However, it will include a small cohort of cases where members of the Group, other than Lighthouse, provided relevant advice. It is also possible that it may include a small cohort of Lighthouse cases that were subject to the skilled person review. The Group is currently considering, based on the final rules of the redress scheme, whether there are any such cases.

5.4 ***Other pensions-related initiatives***

In July 2019, the FCA issued Feedback Statement (FS) 19/5 titled "Effective competition in non-workplace pensions". This outlined a package of measures on which it sought feedback. It subsequently published Consultation Paper (CP) 21/32 titled "Improving outcomes in non-workplace pensions" (November 2021) proposing new rules and guidance.

In this paper, the FCA observed that the non-workplace pension market is large, with around 13 million accounts and an aggregate value of around £470 billion. Such pensions are used by self-employed consumers without access to a workplace pension, as well as by consumers wanting to supplement their workplace pension savings or consolidate existing pension pots.

The FCA consultation paper addressed the difficulties that some consumers have in identifying appropriate investments, and the risk of consumers leaving large amounts of their pension pots in cash. Going forward, relevant firms will be required to provide a default investment option, and to send a notification or warning to consumers with significant and sustained levels of cash to warn about the risk of their savings being eroded by inflation.

The consultation closed in February 2022 and the FCA has indicated an intention to publish a policy statement and final rules by the end of 2022. Other work relating to FCA concerns around value for money, transparency and comparability of charges is ongoing.

A separate UK regulatory initiative relates to pensions dashboards. In general terms, a pensions dashboard will be a secure digital interface that will enable a consumer to find and view simple information about all their pensions (state, work-related and personal) in a single place.

In November 2022, the FCA published final rules requiring FCA regulated pensions providers to provide and enable information about personal and stakeholder pensions for pensions dashboards. This forms part of the UK Government's pensions dashboard initiative.

The new rules were published in FCA Policy Statement (PS) 22/12 titled "Pensions Dashboards rules for pension providers – feedback on CP22/3 and our final rules and guidance". Most pensions providers will be required to implement their dashboard obligations by 30 June 2023.

Commercial providers of dashboards (to be known as Qualifying Pensions Dashboard Services or QPDS) will need to be FCA authorised in respect of the activity of providing a qualifying pensions dashboard service or PDS.

5.5 ***Climate change and ESG***

A number of new laws and regulatory initiatives have been introduced in the UK in relation to climate change and ESG, reflecting the strong focus on these subjects by regulators, central banks and the public. They are particularly relevant to the Group given its carbon reduction goals, its vision to be a responsible investor and a responsible, inclusive employer, the ESG ratings and solutions it has introduced, its inclusion of ESG preferences into the advice process, and its proactive approach to embedding ESG across its business. Being a responsible wealth manager is now one of the four pillars of the Group's overall business strategy.

The new laws and regulatory initiatives introduced or currently being considered in the UK relevant to the Group include the following:

5.5.1 Disclosures, labelling and reporting

The FCA has made changes to the UK listing rules and the regulatory regime for asset owners and life insurers to mandate disclosures based on the recommendations of the Taskforce on Climate-related Financial Disclosures ("**TCFD**"). Among other things, this requires firms to disclose information on how they are managing climate related opportunities and risks, including in respect of governance, risk management and climate related metrics and targets. In due course, these requirements are expected to be updated to require some or all UK listed and/or authorised firms to report on their alignment with a UK taxonomy and to comply with the sustainability disclosure standards being prepared by the International Sustainability Standards Board ("**ISSB**").

As regards the UK taxonomy, in October 2022, the UK Green Technical Advisory Group or GTAG published advice regarding the development of a UK green taxonomy. This is an independent expert group providing non-binding advice to the UK Government. The UK Government is expected to consult on aspects of the UK green taxonomy in due course. The precise timing is unclear, but if and when UK firms become subject to an obligation to report against a taxonomy, this will involve significant implementation projects, as seen in the EU in connection with reporting requirements introduced under the EU Taxonomy Regulation.

Further requirements have been proposed pursuant to an FCA consultation paper titled "Sustainability Disclosure Requirements ("**SDR**") and investment labels" issued in October

2022. This sets out the details of a new ESG labelling regime, plus the first phase in the roll out of SDR for the UK financial services industry. The bulk of the provisions in the consultation concern UK asset and fund managers, with additional provisions applicable to advisers, platforms and other types of distributors. A significant number of the proposals in the paper will therefore apply to relevant entities in the Group. The paper also includes a new "anti-greenwashing rule", with all FCA regulated firms being required to ensure that any reference to the sustainability characteristics of a product or service is consistent with the sustainability profile of that product or service, and clear, fair and not misleading. The FCA has said that it wishes to have "*an explicit rule on which to challenge firms that we consider to be potentially greenwashing their products or services, and take enforcement action against them as appropriate*."

The labelling regime will require firms with relevant retail business to consider if they wish to use the label or not with any new or existing funds and portfolio managed clients. If a label is used, prescribed criteria and implementation guidance must be met. This is highly onerous. If a label is not used, changes may need to be made to the relevant fund and/or its name and marketing materials to comply with the ban on retail facing business using prescribed terms such as "ESG", "impact", "green", "sustainable" and so on where a label is not used (subject to exceptions).

The SDR provisions in the consultation provide an overlay, with onerous and highly detailed requirements comprising four strands: (1) consumer-facing product level disclosures (to comprise a new two page stand-alone document), (2) pre-contractual product level disclosures (generally to be added to a fund prospectus), (3) ongoing product level disclosures – either in the form of a public product-level sustainability report or (when required to be provided on demand only) on-demand sustainability information, and (4) entity level disclosures – in the form of a sustainability entity report, made public. These provisions are subject to detailed rules on scope and will require extensive implementing projects. The FCA's cost benefit analysis accompanying the consultation suggests a significant spend on IT changes, and other line items such as governance.

The FCA intend to set out rules in a final policy statement by June 2023. The requirements would then come into effect in phases, for example the labelling, naming, marketing and initial disclosure requirements by 30 June 2024. The "anti-greenwashing rule", however, will enter into effect as soon the FCA publishes the relevant policy statement.

5.5.2 Review of TCFD disclosures

As indicated above, in December 2020, the FCA introduced a rule for commercial companies with a UK premium listing to disclose against the TCFD recommendations on a comply or explain basis. In December 2021, this was extended to issuers of standard listed shares, among others.

Where the rules apply, a company must include: (a) a statement in its annual financial report setting out whether it has made disclosures consistent with the TCFD's recommendations and recommended disclosures in its annual financial report, (b) where some or all such disclosures have been made in a document other than the annual financial report, an explanation of why and a reference to where the disclosures can be found, and (c) where a company has not made disclosures, an explanation of why, and a description of any steps it is taking or plans to take to be able to make consistent disclosures in the future (including time frames).

In July 2022, the FCA published a series of observations following a review of the TCFD disclosures by premium listed companies, noting that increasing transparency on climate and sustainability risks and opportunities is a key regulatory priority for the FCA. Alongside this, the Financial Reporting Council ("**FRC**") published a document titled "CRR Thematic review of TCFD disclosures and climate in the financial statements" (July 2022). The FCA described this as an in-depth, comprehensive review of the climate-related disclosures of a sample of 25 premium listed companies. It also included examples of better practice.

Overall, the FCA indicated it was encouraged by an improvement in the disclosures, both in terms of quantity and quality. However, the FCA clearly considers there is further work to be done. For example, 80 per cent. of listed companies appeared to make a net zero commitment, but the FCA stated that it had carried out a further analysis on the content of some of those commitments and observed that they were often not clear, and in some cases, risked being misleading as a result. It also found a number of reporting gaps; for example, on the resilience of strategy (scenario analysis), on the process for managing relevant risks, on metrics used to assess climate-related risks and opportunities, and on metrics and targets.

Other shortcomings were also identified; for example, on self-reporting. The FCA noted that 98 per cent. of the companies whose disclosures were reviewed considered themselves compliant on a particular point, but the FCA considered only 50 per cent. to be mostly or partly compliant on a sample-based review. The FCA also observed that relevant companies often do not provide details of their methodological approaches and reliance on estimates or assumptions. Nor do they specify the extent of their value chain coverage.

In a similar vein, the FRC document referred to a lack of maturity in relevant disclosures, and set out a number of ways in which relevant companies could make significant improvements in the next round of disclosures.

In November 2022, the FRC published a further document titled "Review of Corporate Governance Reporting". Among other things, this considered the environment and TCFD-related reporting on the basis that climate-related issues are becoming highly important for stakeholders, as well as a principal or emerging risk for many companies. The FRC said they were pleased to see the majority of companies taking steps to improve their reporting and strengthen their governance of climate-related issues during the year. However, they made a number of detailed recommendations, and also expressed a desire to see TCFD disclosures becoming more specific and granular, more balanced between risks and opportunities, and better linked with other narrative reporting; it also expects materiality decisions to be better explained.

5.5.3 Transition plans

In November 2022, the UK Transition Plan Taskforce launched a consultation on an approach for private sector climate transition plans in the UK. This contains recommendations to develop "gold standard" transition plans and implementation guidance, with proposals open for consultation until February 2023.

A good transition plan is recommended to cover (a) an entity's high-level ambitions to mitigate, manage and respond to the changing climate and to leverage opportunities of the transition to a low greenhouse gas and climate resilient economy. This includes a net zero commitment, which the Group has already made; (b) short, medium and long-term actions the entity plans to take to achieve its strategic ambition, alongside details on how those steps will be financed; (c) governance and accountability mechanisms that support delivery of the plan and robust periodic reporting; and (d) measures to address material risks to, and leverage opportunities for, the natural environment and stakeholders such as the workforce, supply-chains, communities or customers which arise as part of these actions.

The taskforce recommends an entity publish a standalone transition plan every three years, or sooner if there are significant changes. Progress and material updates should be reported annually as part of the TCFD or ISSB aligned disclosures in the annual financial report.

5.5.4 ESG ratings

The UK is considering whether to bring ESG data and ratings providers within the scope of FCA regulation and impose regulatory requirements on them. Over time, particular concerns have arisen over the transparency of the methodology underlying ESG ratings, governance and conflicts. An increased reliance in the market on ESG data and ratings have brought these concerns to the fore.

In Feedback Statement 22/4 titled "ESG integration in UK capital markets: Feedback to CP21/18" (June 2022), the FCA stated that there was a clear rationale for regulatory oversight of certain ESG data and rating providers, and that it supported the UK Government's consideration of bringing ESG data and ratings providers within its regulatory perimeter. Work to this end is believed to be ongoing.

5.5.5 Greenwashing risks and issues

A number of regulatory bodies in the UK have expressed concerns about greenwashing risks and issues, with various guidance being issued to make regulatory expectations clearer. This includes a Dear Chair letter issued by the FCA in July 2021, expressing concerns about standards in the authorised funds industry as regards funds whose strategies focus on ESG themes, and providing a set of guiding principles to clarify expectations. It also includes the Green Claims Code published in September 2021 by the UK Competition and Markets Authority, with supporting guidance. Most recently, the International Organization of Securities Commissions published a call for action on 7 November 2022, calling on voluntary standard setting bodies and industry associations to promote good practices among members to counter the risk of greenwashing related to asset managers and ESG rating and data providers.

Action has been taken (or foreshadowed) by regulators in a number of jurisdictions as regards product or entity level greenwashing by financial services firms, and more is expected. The FCA has also noted, "*We will continue to consider responses to serious misconduct in this space, including the use of our enforcement power in the event of serious misconduct."*

Terms and Conditions of the Notes

The following (save for any text in italics) is the text of the terms and conditions of the Notes, substantially as they will appear on the Certificates in definitive form (if issued).

The £200,000,000 8.625 per cent. Fixed Rate Reset Subordinated Notes due April 2033 (the "**Notes**") are constituted by a trust deed dated 18 January 2023 (as amended and/or restated and/or supplemented from time to time, the "**Trust Deed**") between Quilter plc (the "**Issuer**") and Citicorp Trustee Company Limited (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes (the "**Noteholders**"). These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes referred to below. An Agency Agreement dated 18 January 2023 (as amended and/or restated and/or supplemented from time to time, the "**Agency Agreement**") has been entered into in relation to the Notes between the Issuer, the Trustee, Citibank, N.A., London Branch as principal paying agent and the other agents named in it. The principal paying agent, the paying agents, the agent bank, the registrar and the transfer agents for the time being appointed under the Agency Agreement (if any) are referred to below respectively as the "**Principal Paying Agent**", the "**Paying Agents**" (which expression shall include the Principal Paying Agent), the "**Agent Bank**", the "**Registrar**" and the "**Transfer Agents**" (which expression shall include the Registrar). Copies of the Trust Deed and the Agency Agreement (i) are available for inspection or collection by the Noteholders during usual business hours and upon reasonable notice at the specified offices of the Paying Agents and the Transfer Agents and (ii) may be provided by email to a Noteholder following their prior written request to the Trustee or a Paying Agent and provision of proof of holding and identity (in a form satisfactory to the Trustee or the relevant Paying Agent, as the case may be).

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1. Form, denomination and title

The Notes are issued in registered form in specified denominations of £200,000 and integral multiples of £1,000 in excess thereof.

The Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Notes by the same Noteholder.

Title to the Notes shall pass upon registration in the register of the Noteholders that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Certificate representing it or the theft or loss of the relevant Certificate and no person shall be liable for so treating the Noteholder.

2. Transfers of Notes

(a) Transfer of Notes

One or more Notes may, subject to Condition 2(d), be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such

Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. A Note may not be transferred unless the principal amount of the Notes transferred (and where not all of the Notes held by a Noteholder are transferred, the principal amount of the balance of the Notes not transferred) are in a specified denomination. In the case of a transfer of Notes to a person who is already a Noteholder, a new Certificate representing the enlarged holding may be issued but only against surrender of the Certificate representing the existing holding of such person. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) **Delivery of new Certificates**

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within three Business Days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of any Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the Noteholder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Noteholder entitled to the new Certificate to such address as may be so specified, unless such Noteholder requests otherwise and pays in advance to the Registrar or relevant Transfer Agent (as applicable) the costs of such other method of delivery and/or such insurance as it may specify.

(c) **Transfer free of charge**

Transfers of Notes and the issue of new Certificates on transfer shall be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges by the person submitting such Notes or Certificates that may be imposed in relation to the transfer or its registration (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) **Closed periods**

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on the due date for redemption or substitution of that Note or (ii) during the period of seven days ending on (and including) any Record Date.

3. Status

(a) **Ranking**

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become payable) or the appointment of an administrator of the Issuer where the administrator has given notice that it intends to declare and distribute a dividend, the payment obligations of the Issuer under or arising from the Notes and the Trust Deed, including any Arrears of Interest and any damages awarded for breach of any obligations in respect of the Notes, shall be subordinated in the manner provided in this Condition 3(a) and in the Trust Deed to the claims of all Senior Creditors of the Issuer, but shall rank (a) at least *pari passu* with all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all obligations which rank, or are expressed by their terms to rank, *pari passu* therewith ("**Pari Passu Securities**"); and (b) shall rank in priority to the claims of holders of: (i) all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed by their terms to rank, *pari passu* therewith; and (ii) all classes of share capital of the Issuer (together, the "**Junior Securities**").

(b) **Solvency Condition**

Without prejudice to Condition 3(a), all payments (including, without limitation, any payments in respect of damages awarded for breach of any obligations) under or arising from the Notes and the Trust Deed shall be conditional upon the Issuer being solvent at the time for payment by the Issuer, and no amount shall be payable under or arising from the Notes and the Trust Deed unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**").

For the purposes of this Condition 3(b), the Issuer will be solvent if (i) it is able to pay its debts owed to Senior Creditors and Pari Passu Creditors as they fall due and (ii) its Assets exceed its Liabilities. A certificate as to the solvency of the Issuer signed by two Authorised Signatories or, if there is a winding-up or administration of the Issuer, by two directors or authorised signatories of the liquidator or, as the case may be, the administrator of the Issuer shall, in the absence of manifest error, be treated and accepted by the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further investigation and without liability to any person.

Without prejudice to any other provision in these Conditions, amounts representing any payments of principal or interest or any other amount (including any damages awarded for breach of any obligations) in respect of which the conditions referred to in this Condition 3(b) are not satisfied on the date upon which the same would otherwise be due and payable ("**Solvency Claim**"), will be payable by the Issuer in the circumstances described in Condition 10(b), as further provided in Condition 3(a). A Solvency Claim shall not bear interest.

(c) **Set-off, etc.**

Subject to applicable law, no Noteholder may exercise, claim or plead any right of set-off, counterclaim, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Notes or the Trust Deed and each Noteholder shall, by virtue of being the holder of any Note, be deemed to have waived all such rights of set-off, counterclaim, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer is discharged by set-off, such Noteholder shall, unless such payment is prohibited by applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of its winding-up or administration, the liquidator or administrator, as appropriate, of the Issuer for payment to the Senior Creditors in respect of amounts owing to them by the Issuer, and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer, or the liquidator or administrator, as appropriate, of the Issuer (as the case may be), for payment to the Senior Creditors in respect of amounts owing to them by the Issuer and, accordingly, any such discharge shall be deemed not to have taken place.

On a winding-up of the Issuer, there may be no surplus assets available to meet the claims of the Noteholders after the claims of the parties ranking senior to the Noteholders (as provided in Condition 3) have been satisfied.

(d) **References to include principal and interest**

The foregoing provisions of this Condition 3 apply only to the principal, interest and other amounts under or arising from the Notes and nothing in this Condition 3 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof and in such capacity the Trustee shall rank as an unsubordinated creditor of the Issuer.

4. Interest

(a) **Interest rate and Interest Payment Dates**

Subject to Condition 3(b) and Condition 5, each Note bears interest on its outstanding principal amount:

(i) from (and including) the Issue Date to (but excluding) the Reset Date at the Initial Interest Rate; and

(ii) for the Reset Period thereafter, at the Reset Interest Rate,

payable, in each case, on 18 April 2023 and thereafter semi-annually in arrear on each Interest Payment Date.

(b) **Interest accrual**

Each Note will cease to bear interest from (and including) its due date for redemption unless, upon surrender, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

(c) **Calculation of interest**

Interest shall be calculated per £1,000 in principal amount of the Notes (the "**Calculation Amount**") by applying the rate of interest referred to in Condition 4(a) to such Calculation Amount, multiplying the resulting figure by the applicable day count fraction as described below in this Condition 4(c) and rounding the resultant figure to the nearest pence (with half of any pence being rounded upwards). The amount of interest payable in respect of a Note shall be calculated by multiplying the amount of interest per Calculation Amount determined as aforesaid by the specified denomination of such Note and dividing the resulting figure by £1,000.

Where interest is to be calculated in respect of any period, the applicable day count fraction will be (a) the actual number of days in the period from and including the date from which interest begins to accrue (the "**Accrual Date**") to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date (or, in respect of any period prior to the first Interest Payment Date, from and including 18 October 2022) to but excluding the next following Interest Payment Date multiplied by two.

(d) **Determination of Reset Interest Rate**

The Agent Bank will on the Reset Determination Date determine the Reset Interest Rate applicable to the Reset Period and shall promptly notify the Issuer thereof.

(e) **Publication of Reset Interest Rate**

The Issuer shall (at its own cost and expense) cause the Agent Bank to give notice of the Reset Interest Rate to the Issuer, the Principal Paying Agent, the Trustee and to any stock exchange or other relevant authority on which the Notes are at the relevant time listed and to be notified to Noteholders in accordance with Condition 15 as soon as possible after its determination, but in no event later than the fourth Business Day thereafter. The Reset Interest Rate so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of manifest error.

(f) **Notifications, etc. to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Reset Reference Banks (or any of them) or the Agent Bank, will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Agent Bank and all Noteholders and (in the absence of wilful default and gross negligence) no liability to the Issuer, the Trustee or the Noteholders shall attach to the Reset Reference Banks (or any of them) or the Agent Bank in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 4.

5. Deferral of payments

(a) **Mandatory deferral of interest**

Payment of interest on the Notes will be mandatorily deferred on each Mandatory Interest Deferral Date. The Issuer shall notify the Noteholders, the Principal Paying Agent, the Registrar and the Trustee of any Mandatory Interest Deferral Date in accordance with Condition 5(c).

A certificate signed by two Authorised Signatories confirming that, as applicable, (a) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made on the relevant Interest Payment Date, or (b) a Regulatory Deficiency Interest Deferral Event has ceased to occur and/or payment of interest on the Notes on the relevant Interest Payment Date would not result in a Regulatory Deficiency Interest Deferral Event occurring, shall be treated and accepted by the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further investigation and without liability to any person.

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any payment of interest on a Mandatory Interest Deferral Date in accordance with this Condition

5(a) or in accordance with Condition 3(b) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate any payment in respect of the Notes or take any other action with respect to such deferral under the Notes or the Trust Deed.

(b) **Arrears of Interest**

Any interest in respect of the Notes not paid on an Interest Payment Date as a result of the obligation on the Issuer to defer any payment pursuant to Condition 5(a) or due to the operation of the Solvency Condition contained in Condition 3(b), together with any other interest in respect of the Notes not paid on an earlier Interest Payment Date shall, so long as the same remains unpaid, constitute "**Arrears of Interest**". Arrears of Interest shall not themselves bear interest.

Any Arrears of Interest may (subject to Condition 3(b) and (to the extent then required by the Relevant Regulator or the Relevant Rules) to any notifications to, or consent or non-objection from, the Relevant Regulator and to any other requirements under the Relevant Rules) be paid in whole or in part at any time (provided that at such time a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur if payment of such Arrears of Interest were made) upon the expiry of not less than 14 days' notice to such effect given by the Issuer to the Trustee, the Principal Paying Agent, the Registrar and the Noteholders in accordance with Condition 15, and in any event all Arrears of Interest will become due and payable (subject, in the case of (i) and (iii) below, to Condition 3(b) and (to the extent then required by the Relevant Regulator or the Relevant Rules) to any notifications to, or consent or non-objection from, the Relevant Regulator) in whole (and not in part) upon the earliest of the following dates:

(i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date; or

(ii) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than a solvent winding-up solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (A) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (B) do not provide that the Notes shall thereby become payable) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend; or

(iii) the date of any redemption or purchase of the Notes by or on behalf of the Issuer or any of its Subsidiaries pursuant to Condition 6.

(c) **Notice of deferral**

The Issuer shall notify the Trustee and the Principal Paying Agent in writing and notify the Noteholders in accordance with Condition 15 not less than five Business Days prior to an Interest Payment Date if that Interest Payment Date is a Mandatory Interest Deferral Date and specify that interest will not be paid because a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made (in whole or in part) on such Interest Payment Date, provided that (i) if a Regulatory Deficiency Interest Deferral Event occurs less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral to the Trustee, the Principal Paying Agent, the Registrar and the Noteholders in accordance with Condition 15 as soon as reasonably practicable following the occurrence of such event and the Issuer shall not be in breach of its obligation to give not less than five Business Days' notice in such circumstances and (ii) any delay in giving any notice pursuant to this Condition 5(c) shall not result in such interest becoming due and payable on the relevant Mandatory Interest Deferral Date.

6. Redemption, substitution, variation, purchase and options

(a) Redemption at maturity and deferral of redemption date

(i) Subject to Condition 3(b), Condition 6(a)(ii), Condition 6(b) and to compliance by the Issuer with regulatory rules including (to the extent then required by the Relevant Regulator or the Relevant Rules) on notification to, or consent or non-objection from, the Relevant Regulator and provided that such redemption is permitted under the Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules), unless previously redeemed or purchased and cancelled as provided below, each Note shall be redeemed on the Maturity Date at its principal amount together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date specified for redemption in accordance with these Conditions.

(ii) No Notes shall be redeemed on the Maturity Date pursuant to Condition 6(a)(i) or prior to the Maturity Date pursuant to Condition 6(c), Condition 6(d), Condition 6(e), Condition 6(f) or Condition 6(g) if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption is made on, if Condition 6(a)(i) applies, the Maturity Date or, if Condition 6(c), Condition 6(d), Condition 6(e), Condition 6(f) or Condition 6(g) applies, any date specified for redemption in accordance with such Conditions.

(iii) If the Notes are not to be redeemed on the Maturity Date pursuant to Condition 6(a)(i) or on any date specified for redemption pursuant to Condition 6(c), Condition 6(d), Condition 6(e), Condition 6(f) or Condition 6(g) (as applicable) as a result of circumstances where:

(A) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed on such date;

(B) the Solvency Condition would not be satisfied on such date and immediately after the redemption; or

(C) the Relevant Regulator does not consent to the redemption or objects to the redemption (to the extent that consent or non-objection is then required by the Relevant Regulator or the Relevant Rules) or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date,

the Issuer shall notify the Trustee, the Registrar and the Principal Paying Agent in writing and notify the Noteholders in accordance with Condition 15 no later than five Business Days prior to the Maturity Date or, as appropriate, the date specified for redemption in accordance with Condition 6(c), Condition 6(d), Condition 6(e), Condition 6(f) or Condition 6(g) (or as soon as reasonably practicable if the relevant circumstance requiring redemption to be deferred arises, or is determined, less than five Business Days prior to the relevant redemption date, and the Issuer shall not be in breach of its obligation to give not less than five Business Days' notice in such circumstances) provided that any delay in giving any notice pursuant to this Condition 6(a)(iii) shall not result in the principal amount of the Notes becoming due and payable on the Maturity Date pursuant to Condition 6(a)(i) or on any date specified for redemption pursuant to Condition 6(c), Condition 6(d), Condition 6(e), Condition 6(f) or Condition 6(g) (as applicable).

(iv) If redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified for redemption in accordance with Condition 6(c), Condition 6(d), Condition 6(e), Condition 6(f) or Condition 6(g) as a result of Condition 6(a)(ii) or the Relevant Regulator does not consent to the redemption or objects to the redemption (to the extent that consent or non-objection is then required by the Relevant Regulator or the Relevant Rules) or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date, subject (in the case of (A) and (B) only) to Condition 3(b) and (to the extent then required by the Relevant Regulator or the Relevant Rules) to any notifications to, or consent from, the Relevant Regulator and to such redemption being otherwise permitted under the Relevant Rules, such Notes shall be redeemed at their principal amount together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date specified for redemption, upon the earliest of:

(A) in the case of a failure to redeem due to the operation of Condition 6(a)(ii) only, the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased (unless, on such 10th Business Day, a further Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or redemption of the Notes on such date would result in a Regulatory Deficiency Redemption Deferral Event occurring, in which case the provisions of Condition 6(a)(ii), Condition 6(a)(iii) and this Condition 6(a)(iv) shall apply *mutatis mutandis* to determine the due date for redemption); or

(B) the date falling 10 Business Days after the Relevant Regulator has agreed to the repayment or redemption of the Notes; or

(C) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than a solvent winding-up solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (x) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (y) do not provide that the Notes shall thereby become payable) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend.

(v) If deferral of redemption pursuant to Condition 6(a)(ii) does not apply, but redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified for redemption in accordance with Condition 6(c), Condition 6(d), Condition 6(e), Condition 6(f) or Condition 6(g) as a result of the Solvency Condition not being satisfied at such time and immediately after such payment, subject (to the extent then required by the Relevant Regulator or the Relevant Rules) to any notifications to, or consent or non-objection from, the Relevant Regulator and to such redemption being otherwise permitted under the Relevant Rules, such Notes shall be redeemed at their principal amount together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date specified for redemption on the 10th Business Day immediately following the day that (A) the Issuer is solvent for the purposes of Condition 3(b) and (B) redemption of the Notes would not result in the Issuer ceasing to be solvent for the purposes of Condition 3(b), provided that if on such Business Day specified for redemption a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if the Notes were to be redeemed, or if the Solvency Condition would not be satisfied on such date and immediately after the redemption, then the Notes shall not be redeemed on such date and Condition 3(b) and 6(a)(iv) shall apply *mutatis mutandis* to determine the date of the redemption of the Notes.

(vi) A certificate signed by two Authorised Signatories confirming that (A) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if redemption of the Notes were to be made or (B) a Regulatory Deficiency Redemption Deferral Event has ceased to occur and/or redemption of the Notes would not result in a Regulatory Deficiency Redemption Deferral Event occurring or (C) that any circumstance described in Condition 6(a)(iii)(B) or (C) applies, shall be treated and accepted by the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further investigation and without liability to any person.

(vii) Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of redemption of the Notes in accordance with Condition 3(b) or this Condition 6(a) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any other action with respect to such deferral under the Notes or the Trust Deed.

(b) **Conditions to redemption, substitution, variation or purchase**

Any redemption, substitution, variation or purchase of the Notes is subject to the Issuer having complied with regulatory rules including (to the extent then required by the Relevant Regulator or the Relevant Rules) on notification to, or consent or non-objection from, the Relevant Regulator and such redemption, substitution, variation or purchase being otherwise permitted under the Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Capital). A certificate signed by two Authorised Signatories confirming such compliance shall be conclusive evidence of such compliance and shall be accepted by the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further investigation and without liability to any person. In the case of a redemption or purchase that is within five years of the Issue Date, if required by the Relevant Rules, (i) such redemption or purchase shall be funded out of the proceeds of a new issuance of capital of at least the same quality as the Notes and shall be otherwise permitted under the Relevant Rules; or (ii) such redemption or purchase shall be effected by the exchange or conversion of such Notes into another form of capital of at least the same quality as the Notes and shall be otherwise permitted under the Relevant Rules; or (iii) (in the case of a redemption pursuant to Condition 6(c) or Condition 6(e) only) such redemption shall be subject to the Relevant Regulator being satisfied that the Solvency Capital Requirement will be exceeded by an appropriate margin immediately after such redemption (taking into account the solvency position of the Issuer and the Group, including by reference to the Issuer's and the Group's medium-term capital management plans). Furthermore, in the case of any redemption pursuant to Condition 6(c) or Condition 6(e) that is within five years of the Issue Date, if required by the Relevant Rules, such redemption shall be subject to the following additional conditions:

(a) in the case of any redemption pursuant to Condition 6(c) only, the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the relevant change in tax treatment is material; or

(b) in the case of any redemption pursuant to Condition 6(e) only, the Relevant Regulator considering that the relevant change in the regulatory classification of the Notes is sufficiently certain; and

(c) in the case of redemption pursuant to Condition 6(c) or 6(e), the Issuer having demonstrated to the satisfaction of the Relevant Regulator that such change was not reasonably foreseeable as at the Issue Date.

(c) **Redemption, substitution or variation at the option of the Issuer due to Taxation**

If immediately prior to the giving of the notice referred to below:

(i) as a result of a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of the UK or any political subdivision or authority therein or thereof having the power to tax, including any treaty to which the UK is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions (in respect of securities similar to the Notes and which are capable of constituting Tier 2 Capital under the Relevant Rules applicable at issuance) or which differs from any specific written confirmation given by a tax authority in respect of the Notes, which change or amendment becomes, or would become, effective, or in the case of a change or proposed change in law if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by UK Act of Parliament or by Statutory Instrument, on or after the Issue Date (each a "**Tax Law Change**"), in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts on the Notes and the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it; or

(ii) as a result of a Tax Law Change, in respect of the Issuer's obligation to make any payment of interest on the next following Interest Payment Date: (v) the Issuer would no longer be entitled to claim a deduction in respect of computing its taxation liabilities in the UK, or such entitlement is reduced; (w) the Issuer would not to any extent be entitled to have a loss (if any) that has been computed taking such a deduction into account set against the profits of companies with which it is grouped for applicable UK tax purposes (whether under the group relief system current as at the date of the Tax Law Change or any similar system or systems having like effect as may from time to time exist); (x) the Notes are prevented from being treated as loan relationships for UK tax purposes; (y) the Notes or any part thereof are treated as a derivative or an embedded derivative for UK tax purposes; or (z) the Issuer would otherwise suffer adverse tax consequences, and in each such case the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it,

then the Issuer may:

(A) subject to Condition 3(b), Condition 6(a)(ii) and Condition 6(b) and having given not less than 15 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), redeem in accordance with these Conditions (unless otherwise specified herein) at any time all, but not some only, of the Notes at their principal amount, together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date specified for redemption in accordance with these Conditions; or

(B) subject to Condition 6(b) (without any requirement for the consent or approval of the Noteholders) and having given not less than 15 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become, Qualifying Tier 2 Securities and the Trustee shall (subject to the following provisions of this paragraph (B) and subject to the receipt by it of the certificates of the Authorised Signatories referred to below and in the definition of Qualifying Tier 2 Securities) agree to such substitution or variation. The Trustee shall, at the request and expense of the Issuer, use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Tier 2 Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation if the terms of the securities into which the Notes are to be substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it. If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Trustee (a) a certificate signed by two Authorised Signatories stating that the relevant requirement or circumstance referred to in sub-paragraph (i) or (ii) above applies and (b) an opinion in form and substance satisfactory to the Trustee of independent legal advisers or other tax advisers of recognised standing that the relevant requirement or circumstance referred to in sub-paragraph (i) or (ii) above (other than the pre-condition that the Issuer cannot avoid the requirement or circumstance by taking measures reasonably available to it) applies. Such certificate confirming that the relevant requirement or circumstances referred to in sub-paragraph (i) or (ii) above applies shall be conclusive evidence that such requirement or such circumstances apply and shall be accepted by the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further investigation and without liability to any person. Upon expiry of such notice the Issuer shall (subject to Condition 6(b) and, in the case of a redemption, to Condition 3(b), Condition 6(a)(ii), Condition 6(a)(iii), Condition 6(a)(iv) and Condition 6(a)(v)) either redeem, vary or substitute the Notes, as the case may be, pursuant to the relevant terms of this Condition 6(c).

In connection with any substitution or variation in accordance with this Condition 6(c), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

(d) **Redemption at the option of the Issuer**

Unless the Issuer shall have given notice to redeem the Notes under Condition 6(c), Condition 6(e), Condition 6(f) or Condition 6(g) on or prior to the expiration of the notice referred to below, the Issuer may at its option, subject to Condition 3(b), Condition 6(a)(ii) and Condition 6(b) and having given not less than 15 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable) redeem in accordance with these Conditions all, but not some only, of the Notes on any day from (and including) 18 January 2028 to (and including) the Reset Date at their principal amount, together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date specified for redemption in accordance with these Conditions.

Upon expiry of the notice referred to in this Condition 6(d) the Issuer shall (subject to Condition 6(b), Condition 3(b), Condition 6(a)(ii), Condition 6(a)(iii), Condition 6(a)(iv) and Condition 6(a)(v)) be bound to redeem the Notes in accordance with the terms of this Condition 6(d).

(e) **Redemption, substitution or variation at the option of the Issuer due to Capital Disqualification Event**

If immediately prior to the giving of the notice referred to below a Capital Disqualification Event has occurred and is continuing, then:

(i) the Issuer may, subject to Condition 3(b), Condition 6(a)(ii) and Condition 6(b) and having given not less than 15 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), redeem in accordance with these Conditions all, but not some only, of the Notes at any time. The Notes will be redeemed at their principal amount, together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date specified for redemption in accordance with these Conditions; or

(ii) the Issuer may, subject to Condition 6(b) (without any requirement for the consent or approval of the Noteholders) and having given not less than 15 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), substitute at any time all (and not some only) of the Notes for, or vary the terms of the Notes so that they remain or become Qualifying Tier 2 Securities and the Trustee shall (subject to the following provisions of this paragraph (ii) and subject to the receipt by it of the certificates of the Authorised Signatories referred to below and in the definition of Qualifying Tier 2 Securities) agree to such substitution or variation. The Trustee shall, at the request and expense of the Issuer, use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Tier 2 Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation if the terms of the securities into which the Notes are to be substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it. If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6(e), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories stating that a Capital Disqualification Event has occurred and is continuing as at the date of the certificate. Such certificate shall be conclusive evidence that a Capital Disqualification Event has occurred and is continuing as at the date of the certificate and shall be accepted by the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further investigation and without liability to any person. Upon expiry of such notice the Issuer shall (subject to Condition 6(b) and, in the case of a redemption, to Condition 3(b), Condition 6(a)(ii), Condition 6(a)(iii), Condition 6(a)(iv) and Condition 6(a)(v)) either redeem, vary or substitute the Notes, as the case may be, pursuant to the relevant terms of this Condition 6(e).

In connection with any substitution or variation in accordance with this Condition 6(e), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

(f) **Redemption, substitution or variation at the option of the Issuer for rating reasons**

If a Rating Methodology Event occurs and within the period from and including the date of the occurrence of such Rating Methodology Event to and including the date which is the first anniversary of such occurrence, the Issuer gives the notice referred to below and if on the date of such notice the Rating Methodology Event is continuing, then:

(i) the Issuer may, subject to Condition 3(b), Condition 6(a)(ii) and Condition 6(b) and, having given not less than 15 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), redeem in accordance with these Conditions all, but not some only, of the Notes at any time. The Notes will be redeemed at their principal amount, together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date specified for redemption in accordance with these Conditions; or

(ii) the Issuer may, subject to Condition 6(b) (without any requirement for the consent or approval of the Noteholders) and having given not less than 15 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), substitute at any time all (and not some only) of the Notes for, or vary the terms of the Notes so that they become Rating Agency Compliant Securities, and the Trustee shall (subject to the following provisions of this paragraph (ii) and subject to the receipt by it of certificates of Authorised Signatories referred to below and in the definition of Qualifying Tier 2 Securities and Rating Agency Compliant Securities) agree to such substitution or variation. The Trustee shall, at the request and expense of the Issuer, use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Rating Agency Compliant Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation if the terms of the securities into which the Notes are to be substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it. If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6(f) the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories stating that a Rating Methodology Event has occurred and is continuing as at the date of the certificate. Such certificate shall be conclusive evidence that a Rating Methodology Event has occurred and is continuing as at the date of the certificate and shall be accepted by the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further investigation and without liability to any person. Upon expiry of such notice the Issuer shall (subject to Condition 6(b) and, in the case of a redemption, to Condition 3(b), Condition 6(a)(ii), Condition 6(a)(iii), Condition 6(a)(iv) and Condition 6(a)(v)) either redeem, vary or substitute the Notes, as the case may be, pursuant to the relevant terms of this Condition 6(f).

In connection with any substitution or variation in accordance with this Condition 6(f), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

(g) **Clean-up call**

Subject to Condition 3(b), Condition 6(a)(ii) and Condition 6(b) and if at any time after the Issue Date, 80 per cent. or more of the aggregate principal amount of the Notes originally issued has been purchased by the Issuer or any of its Subsidiaries and cancelled pursuant to these Conditions, then the Issuer may, at its option, having given not less than 15 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), redeem in accordance with these Conditions all, but not some only, of the Notes at any time. The Notes will be redeemed at their principal amount, together with Arrears of Interest, if any, and any other interest accrued to (but excluding) the date specified for redemption in accordance with these Conditions.

Prior to the publication of any notice of redemption pursuant to this Condition 6(g), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories stating that, as at the date of the certificate, 80 per cent. or more of the aggregate principal amount of the Notes originally issued has been purchased by the Issuer or any of its Subsidiaries and cancelled. Such certificate shall be conclusive evidence that, as at the date of the certificate, 80 per cent. or more of the aggregate principal amount of the Notes originally issued has been purchased by the Issuer or any of its Subsidiaries and cancelled and the Trustee shall be entitled to rely on such certificate with further investigation and without liability to any person. Upon expiry of such notice the Issuer shall (subject to Condition 3(b), Condition 6(a)(ii), Condition 6(a)(iii), Condition 6(a)(iv), Condition 6(a)(v) and Condition 6(b)) redeem the Notes pursuant to the relevant terms of this Condition 6(g).

(h) **Purchases**

Subject to Conditions 3(b) and 6(b), the Issuer and any of its Subsidiaries for the time being may at any time purchase (or otherwise acquire) Notes in the open market or otherwise and at any price.

(i) **Cancellation**

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may (at the option of the Issuer or the relevant Subsidiary) be held, reissued, resold or surrendered for cancellation by surrendering the Certificate representing such Notes to the Registrar and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled promptly. Any Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(j) **Trustee not obliged to monitor**

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within these Conditions and will not be responsible to Noteholders for any loss arising from any failure or delay by the Trustee to do so. Unless and until the Trustee has written notice of the occurrence of any event or circumstance within these Conditions, it shall be entitled to assume that no such event or circumstance exists.

7. Payments

(a) **Method of payment**

(i) Payments of principal in respect of Notes shall be made in Sterling against surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (including Arrears of Interest) on the Notes shall be paid in Sterling to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made in Sterling by transfer to a Sterling account maintained by or on behalf of the payee with a bank and (in the case of interest payable on redemption) upon surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar.

(b) **Payments subject to fiscal laws**

All payments are in all cases subject to any applicable fiscal or other laws, regulations and directives in any jurisdiction and the Issuer will not be liable to pay any additional amount in respect of taxes or duties of whatever nature imposed or levied by or pursuant to such laws, regulations or directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders in respect of such payments. For the purpose of this paragraph, the phrase "subject to any applicable fiscal or other laws, regulations and directives" shall include any withholding or deduction required pursuant to an agreement described in section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended, (the "**Code**") or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretation thereof, or any law implementing an intergovernmental approach thereto.

(c) **Appointment of Agents**

The Principal Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Agent Bank initially appointed by the Issuer and their respective specified offices are listed below. Subject as provided in the Agency Agreement, the Principal Paying Agent, the Paying Agents, the Agent Bank, the Registrar and the Transfer Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Agent Bank, the Registrar and any Transfer Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, and (iv) whenever and for so long as a function expressed in these Conditions to be performed by the Agent Bank is required to be performed, an Agent Bank.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 15.

(d) **Non-Business Days**

If any date for payment in respect of any Note is not a Business Day, the Noteholder shall not be entitled to payment until the next following Business Day and shall not be entitled to any interest or other sum in respect of such postponed payment.

8. Taxation

All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Taxing Territory, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts in relation to interest payments (but not in respect of principal or payments of any other amounts) as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required by law to be made ("**Additional Amounts**"), except that no such Additional Amounts shall be payable with respect to any Note:

(a) *Other connection*

the holder of which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with that Taxing Territory other than the mere holding of the Note; or

(b) *Lawful avoidance of withholding*

the holder of which could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption in the place where the relevant Certificate is presented for payment; or

(c) *Presentation more than 30 days after the Relevant Date*

in respect of which the *relevant* Certificate is surrendered (if relevant) more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such Additional Amounts on surrendering it on the thirtieth day after the Relevant Date; or

(d) *Any combination*

where such withholding or deduction arises out of any combination of paragraphs (a) to (c) above.

As used in these Conditions, "**Relevant Date**" in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the relevant Certificate (if required) being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation (if required). References in these Conditions to interest shall be deemed to include any Additional Amounts that may be payable under this Condition 8 or any undertaking given in addition to or in substitution for it under the Trust Deed.

9. Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest including, without limitation, Arrears of Interest) from the appropriate Relevant Date in respect of them.

10. Events of default and enforcement

(a) Rights to institute and/or prove in a winding-up

Notwithstanding any of the provisions below in this Condition 10, the right to institute winding-up proceedings in respect of the Issuer is limited to circumstances where payment has become due and is not duly paid. Pursuant to Condition 3(b), no principal, interest or any other amount will be due on the relevant payment date if the Solvency Condition is not, or would not be, satisfied, at the time of and immediately after any such payment. In the case of any payment of interest in respect of the Notes, such payment will be deferred and not be due if Condition 5(a) applies, and, in the case of any payment of principal, such payment will be deferred and will not be due if Condition 6(a)(ii) applies or the Relevant Regulator does not consent to the redemption or objects to the redemption (to the extent that consent or non-objection is then required by the Relevant Regulator or the Relevant Rules), or such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date.

If default is made for a period of 14 days or more in the payment of any interest due (including, without limitation, Arrears of Interest, if any) or principal due in respect of the Notes or any of them, the Trustee in its discretion may, and if so requested by Noteholders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to Condition 10(d)) institute proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation of the Issuer for such payment, but may take no further or other action to enforce, prove or claim for any such payment. No payment in respect of the Notes or the Trust Deed may be made by the Issuer pursuant to this Condition 10(a), nor will the Trustee accept the same, otherwise than during or after a winding-up of the Issuer or after an administrator of the Issuer has given notice that it intends to declare and distribute a dividend, unless the Issuer has given prior written notice (with a copy to the Trustee) to, and received consent or non-objection (if required) from, the Relevant Regulator, which the Issuer shall provide or confirm in writing to the Trustee.

(b) **Amount payable on winding-up or administration**

If an order is made by the competent court or resolution passed for the winding-up of the Issuer (except, in any such case, a solvent winding-up, solely for the purpose of a reconstruction or amalgamation of the Issuer or any substitution of the Issuer pursuant to Condition 11(d) or otherwise, the terms of which reconstruction, amalgamation or substitution (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become payable) or an administrator of the Issuer gives notice that it intends to declare and distribute a dividend, the Trustee at its discretion may, and if so requested by Noteholders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to Condition 10(d)), give notice to the Issuer (or, as applicable, the administrator or liquidator) that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount together with Arrears of Interest, if any, and any other accrued interest, and the claim in respect thereof will be subordinated as provided in Condition 3(a).

(c) **Enforcement**

Without prejudice to Condition 10(a) or (b) but subject to Condition 10(d), the Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed, or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed including, without limitation, payment of any principal or interest (including, without limitation, Arrears of Interest, if any) in respect of the Notes and any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums (in cash or otherwise) sooner than the same would otherwise have been payable by it. Nothing in this Condition 10(c) shall, subject to Condition 10(a), prevent the Trustee instituting proceedings for the winding-up of the Issuer, proving in any winding-up of the Issuer and/or claiming in any liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Notes or the Trust Deed (including without limitation, payment of any principal or interest (including, without limitation, Arrears of Interest, if any) in respect of the Notes and any damages awarded for any breach of any obligations).

(d) **Entitlement of the Trustee**

The Trustee shall not be bound to take any of the actions referred to in Conditions 10(a), 10(b) or 10(c) to enforce the obligations of the Issuer under the Trust Deed or the Notes unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (ii) in either case, it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(e) **Right of Noteholders**

No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or claim in the liquidation of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such winding-up, fails or is unable to do so within a reasonable period and such failure or inability shall be continuing, in which case the Noteholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 10.

(f) **Extent of Noteholders' remedy**

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee or the Noteholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

11. Meetings of Noteholders, modification, waiver and substitution

(a) **Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of Noteholders (including by way of conference call or video conference) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Trustee (subject to it being indemnified and/or secured and/or prefunded to its satisfaction) or by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Arrears of Interest on the Notes, (ii) to reduce or cancel the principal amount of the Notes, (iii) to reduce the rate or rates of interest or Arrears of Interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any interest amount in respect of the Notes, (iv) to vary the currency or currencies of payment or denomination of the Notes, (v) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (vii) to modify Condition 3, in which case the necessary quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed made in the circumstances described in Condition 6(c) or 6(e) in connection with the substitution or variation of the Notes so that they remain or become Qualifying Tier 2 Securities or in the circumstances described in Condition 6(f) in connection with the substitution or variation of the Notes so that they become Rating Agency Compliant Securities, and to which the Trustee has agreed pursuant to the relevant provisions of Condition 6(c), 6(e) or 6(f), as the case may be.

(b) **Modification and waiver**

The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of these Conditions and/or the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and, unless the Trustee otherwise agrees, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 15.

(c) **Notice to Relevant Regulator**

No modification to these Conditions or any provisions of the Trust Deed or the Agency Agreement shall become effective unless (to the extent then required by the Relevant Regulator or the Relevant Rules) the Issuer shall have given at least one month's prior written notice to, and received consent or no objection from, the Relevant Regulator (or such other period of notice as the Relevant Regulator may from time to time require or accept) and the Issuer shall promptly provide a copy of any such consent (or confirm in writing that it has received no objection) to the Trustee.

(d) **Substitution**

The Trustee may agree with the Issuer, without the consent of the Noteholders, to the substitution on a subordinated basis equivalent to that referred to in Condition 3 of any person or persons incorporated in any country in the world (the "**Substitute Obligor**") in place of the Issuer (or any previous Substitute Obligor under this Condition 11(d)) as a new principal debtor under the Trust Deed and the Notes provided that:

(i) a trust deed and a supplemental Agency Agreement are executed or some other form of undertaking is given by the Substitute Obligor in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of the Trust Deed, the Agency Agreement and the Notes, with any consequential amendments which the Trustee may deem appropriate, as fully as if the Substitute Obligor had been named in the Trust Deed and the Agency Agreement and on the Notes as the principal debtor in place of the Issuer (or of any previous Substitute Obligor, as the case may be);

(ii) (unless the successor in business of the Issuer is the Substitute Obligor) the obligations of the Substitute Obligor under the Trust Deed and the Notes are guaranteed by the Issuer (or the successor in business of the Issuer) on a subordinated basis equivalent to that referred to in Condition 3 and in the Trust Deed and in a form and manner satisfactory to the Trustee, and provided further that the obligations of such guarantor shall be subject to a solvency condition equivalent to that set out in Condition 3(b), such guarantor shall not exercise rights of subrogation or contribution against the Substitute Obligor without the consent of the Trustee and the only event of default applying to such guarantor shall be an event of default equivalent to that set out in Condition 10(a);

(iii) the directors of the Substitute Obligor or other officers acceptable to the Trustee certify that the Substitute Obligor is solvent at the time at which the said substitution is proposed to be effected (and the Trustee may rely absolutely on such certification and shall not be bound to have regard to the financial condition, profits or prospects of the Substitute Obligor or to compare the same with those of the Issuer);

(iv) (without prejudice to the rights of reliance of the Trustee under sub-paragraph (iii) above) the Trustee is satisfied that the said substitution is not materially prejudicial to the interests of the Noteholders;

(v) (without prejudice to the generality of sub-paragraph (i) above) the Trustee may in the event of such substitution agree, without the consent of the Noteholders, to a change in the law governing the Trust Deed, the Agency Agreement and/or the Notes, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders;

(vi) the substitution does not cause a Capital Disqualification Event, a Ratings Methodology Event or an event as described in Condition 6(c) to occur in respect of the Notes immediately following the substitution; and

(vii) the Issuer and the Substitute Obligor comply with such other requirements in the interests of the Noteholders as the Trustee may direct.

Any such substitution shall be notified by the Issuer to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

In connection with any proposed substitution as aforesaid, the Trustee shall have regard to the interests of the Noteholders as a class and the Trustee shall not have regard to the consequences of such substitution or such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. In connection with any substitution or such exercise as aforesaid, no Noteholder shall be entitled to claim, whether from the Issuer, the Substitute Obligor or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or any such exercise upon any individual Noteholders except to the extent already provided in Condition 8 and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Any substitution pursuant to this Condition 11 shall be subject (to the extent then required by the Relevant Regulator or the Relevant Rules) to any notifications to, or consent or non-objection from, the Relevant Regulator. The Issuer shall promptly provide a written copy of any such notification or consent (or confirm in writing that it has received no objection) to the Trustee.

12. Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in Condition 11) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder or the Trustee be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

13. Limitation on Trustee actions and indemnification of the Trustee

(a) **Limitation on Trustee actions**

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

(b) **Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including (i) provisions relieving it from taking any action unless indemnified and/or secured and/or prefunded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

14. Replacement of Notes and Certificates

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or such other Transfer Agent as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificates) and otherwise as the Issuer may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15. Notices

Notices to Noteholders shall be mailed to them at their respective addresses in the Register and, if and for so long as the Notes are admitted to trading on any stock exchange, notices will also be given in accordance with any applicable requirements of such stock exchange. Any notice shall be deemed to have been given on the second weekday (being a day other than a Saturday or a Sunday) after the date of mailing or on the date of publication, or, if published more than once or on different dates, on the first date on which publication is made.

16. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

17. Definitions

As used herein:

"**Additional Amounts**" has the meaning given to it in Condition 8;

"**Arrears of Interest**" has the meaning given to it in Condition 5(b);

"**Assets**" means the unconsolidated gross assets of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events, all in such manner as the Directors may determine;

"**Authorised Signatory**" has the meaning given to it in the Trust Deed;

"**Benchmark Gilt**" means, in respect of the Reset Period, such United Kingdom government security customarily used in the pricing of new issues with a similar tenor having a maturity date on or about the Maturity Date as the Issuer (on the advice of an investment bank or financial adviser of international repute) may determine to be appropriate following any guidance published by the International Capital Market Association at the relevant time;

"**Benchmark Gilt Quotation**" means, with respect to a Reset Reference Bank and the Reset Period, the arithmetic mean of the bid and offered yields (on a semi-annual compounding basis) for the Benchmark Gilt in respect of the Reset Period, expressed as a percentage, as quoted by such Reset Reference Bank on a dealing basis for settlement on the next following dealing day in London;

"**Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business:

(i) (in the case of Condition 2(b)) in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be);

(ii) (in the case of Condition 7(d)) in London and (if relevant) in the relevant place of surrender; or

(iii) (in any other case) in London;

A "**Capital Disqualification Event**" is deemed to have occurred if as a result of any replacement of or change to (or change to the interpretation by any court or authority entitled to do so of) the Relevant Rules, the principal amount of the Notes then outstanding is excluded (in whole or in part) from counting as Tier 2 Capital for the purposes of the Issuer or the Group, whether on a solo, group or consolidated basis, except (in any case) where such non-qualification is only as a result of any applicable limitation on the amount of such capital;

"**Code**" has the meaning given to it in Condition 7(b);

"**dealing day**" means a day on which the London Stock Exchange plc (or such other stock exchange on which the Benchmark Gilt is at the relevant time listed) is ordinarily open for the trading of securities;

"**Directors**" means the directors of the Issuer;

"**EUWA**" means the European Union (Withdrawal) Act 2018;

"**Extraordinary Resolution**" has the meaning given to it in the Trust Deed;

"**Fitch**" means Fitch Ratings Ltd (or any successor rating agency);

"**Group**" means, at any time, the Insurance Group Parent Entity and its Subsidiaries at such time;

"**Group Insurance Undertaking**" means an insurance undertaking or reinsurance undertaking within the meaning of the Relevant Rules whose data is included for the purposes of the calculation of the Solvency Capital Requirement of the Group pursuant to the Relevant Rules;

"**Initial Interest Rate**" means 8.625 per cent. per annum;

"**Insolvent Insurer Winding-up**" means:

(i) the winding-up of any Group Insurance Undertaking; or

(ii) the appointment of an administrator of any Group Insurance Undertaking,

in each case, where the Issuer has determined, acting reasonably, that the assets of that Group Insurance Undertaking may or will be insufficient to meet all the claims of the policyholders and/or beneficiaries pursuant to contracts of insurance or reinsurance written by that Group Insurance Undertaking which is in winding-up or administration (and for these purposes, the claims of such policyholders or such beneficiaries pursuant to a contract of insurance or reinsurance shall include all amounts to which such policyholders or such beneficiaries are entitled under applicable legislation or rules relating to the winding-up of insurance or reinsurance companies to reflect any right to receive or expectation of receiving benefits which such policyholders or such beneficiaries may have);

"**Insurance Group Parent Entity**" means the Issuer or any Subsidiary or parent company of the Issuer which from time to time constitutes the highest entity in the relevant insurance group or other financial group for which supervision of group capital resources or solvency is required (whether or not such requirement is waived in accordance with the Relevant Rules) pursuant to the Relevant Rules in force from time to time (which, as at the Issue Date, is the Issuer);

"**Interest Payment Date**" means 18 April and 18 October in each year, from (and including) 18 April 2023 to (and including) the Maturity Date;

"**Issue Date**" means 18 January 2023, being the date of the initial issue of the Notes;

"**Junior Securities**" has the meaning given to it in Condition 3(a);

"**Level 2 Regulations**" means the Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council of the European Union on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II), as amended by Commission Delegated Regulation (EU) 2019/981 of 8 March 2019;

"**Liabilities**" means the unconsolidated gross liabilities of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for contingent liabilities and for subsequent events, all in such manner as the Directors may determine;

"**Mandatory Interest Deferral Date**" means each Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest (in whole or in part) were made on such Interest Payment Date;

"**Maturity Date**" means 18 April 2033;

"**Minimum Capital Requirement**" means the Minimum Capital Requirement, the minimum consolidated group Solvency Capital Requirement or such other applicable minimum capital requirements (as applicable) referred to in the Relevant Rules;

"**Pari Passu Creditors**" means creditors of the Issuer (including holders of Pari Passu Securities) whose claims rank, or are expressed to rank, *pari passu* with, the claims of the Noteholders;

"**Pari Passu Securities**" has the meaning given to it in Condition 3(a);

"**Qualifying Tier 2 Securities**" means securities issued (including by way of exchange, conversion or otherwise) directly by the Issuer or indirectly and guaranteed by the Issuer (such guarantee to rank on a subordinated basis equivalent to that referred to in Condition 3 and in the Trust Deed) that:

(i) have terms not materially less favourable to a holder than the terms of the Notes, as reasonably determined by the Issuer in consultation with an independent investment bank or independent financial adviser of international standing, provided that they shall (1) contain terms which comply with the Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Capital), (2) include terms which provide for the same rate of interest and Interest Payment Dates from time to time applying to the Notes, (3) rank senior to, or *pari passu* with, the Notes, (4) preserve any existing rights under these Conditions to any accrued interest and any Arrears of Interest and any other amounts which have not been paid, (5) where the Notes which have been substituted or varied had a solicited published rating from a rating agency immediately prior to their substitution or variation, each such rating agency has ascribed, or announced its intention to ascribe, an equal or higher published rating to the relevant Qualifying Tier 2 Securities and (6) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; and

(ii) if the Notes were listed or admitted to trading on a Recognised Stock Exchange immediately prior to the relevant substitution or variation, are listed or admitted to trading on a Recognised Stock Exchange,

and provided that a certificate to the effect of (i) above, signed by two Authorised Signatories, shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further investigation and without liability to any person) prior to the issue of the relevant securities;

"**Rating Agency Compliant Securities**" means securities issued directly or indirectly by the Issuer that are:

(i) Qualifying Tier 2 Securities; and

(ii) assigned substantially the same equity credit in the capital adequacy assessment or, at the absolute discretion of the Issuer, a lower equity credit in the capital adequacy assessment (provided such equity credit is still higher than the equity credit assigned to the Notes immediately after the occurrence of the relevant Rating Methodology Event) that was assigned by Fitch to the Notes on or around the Issue Date and provided that a certificate to such effect of two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further investigation and without liability to any person) prior to the issue of the relevant securities;

"**Rating Methodology Event**" means at any time, as a consequence of a change in, or clarification to, the rating methodology (or the interpretation thereof) of Fitch on or after the Issue Date, the equity credit in the capital adequacy assessment assigned by Fitch to the Notes as at such time is materially reduced when compared to the equity credit in the capital adequacy assessment assigned by Fitch on or around the Issue Date;

"**Recognised Stock Exchange**" means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time;

"**Record Date**" has the meaning given to it in Condition 7(a);

"**Regulatory Deficiency Interest Deferral Event**" means any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing and any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, the Insurance Group Parent Entity or all or part of the Group (which part includes the Issuer) to be breached and such breach is an event) which under the Relevant Rules requires the Issuer to defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes and where the Relevant Regulator has not waived the requirement to defer payment of interest under the Notes in accordance with any pre-conditions to such waiver being capable of being granted as prescribed by the Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules);

"**Regulatory Deficiency Redemption Deferral Event**" means any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing and any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, the Insurance Group Parent Entity or all or part of the Group (which part includes the Issuer) to be breached and the continuation of such Insolvent Insurer Winding-up is, or as the case may be, such breach is, an event) which under the Relevant Rules requires the Issuer to defer or suspend repayment or redemption of the Notes and where the Relevant Regulator has not waived the requirement to defer or suspend repayment or redemption of the Notes in accordance with any pre-conditions to such waiver being capable of being granted as prescribed by the Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Capital under the Relevant Rules);

"Relevant Date" has the meaning given to it in Condition 8;

"**Relevant Regulator**" means the Bank of England acting as the UK Prudential Regulation Authority through its Prudential Regulation Committee or such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Issuer and/or the Insurance Group Parent Entity and/or the Group;

"Relevant Rules" means, at any time, any legislation, rules, guidelines or regulations or expectations set forth in applicable published supervisory statements (whether having the force of law or otherwise) then applying to the Issuer, the Insurance Group Parent Entity or the Group relating, but not limited to, to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing) and without limitation to the foregoing, includes (to the extent then applying as aforesaid) Solvency II and any legislation, rules, guidelines or regulations or expectations set forth in applicable published supervisory statements of the Relevant Regulator relating to such matters;

"**Reset Date**" means 18 April 2028;

"**Reset Determination Date**" means the second Business Day prior to the Reset Date;

"**Reset Interest Rate**" means, in respect of the Reset Period, the rate of interest determined by the Agent Bank on the Reset Determination Date as the sum of:

(i) the Reset Reference Rate in respect of the Reset Period (expressed as a rate per annum); and

(ii) the Reset Margin;

"**Reset Margin**" means 5.309 per cent. per annum;

"**Reset Period**" means the period from (and including) the Reset Date to (but excluding) the Maturity Date;

"**Reset Reference Banks**" means five leading gilt dealers in the principal interbank market relating to Sterling selected by the Issuer;

"**Reset Reference Rate**" means, in respect of the Reset Period, the percentage rate (rounded, if necessary, to three decimal places, with 0.0005 rounded upwards) determined by the Agent Bank on the basis of the Benchmark Gilt Quotations provided (upon request by or on behalf of the Issuer) by the Reset Reference Banks to the Issuer and by the Issuer to the Agent Bank at approximately 3.00 p.m. (London time) on the Reset Determination Date. If at least four quotations are provided, the Reset Reference Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Rate will be the Initial Interest Rate less the Reset Margin;

"**Senior Creditors**" means (a) creditors of the Issuer who are unsubordinated creditors of the Issuer including all policyholders of the Issuer and all beneficiaries under contracts of insurance or reinsurance written by the Issuer (for the avoidance of doubt, the claims of policyholders and such beneficiaries shall include all amounts to which policyholders or such beneficiaries are entitled under applicable legislation or rules relating to the winding-up of insurance or reinsurance companies to reflect any right to receive or expectation of receiving benefits which policyholders or such beneficiaries may have) and (b) other creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer (other than those (A) whose claims are in respect of instruments or obligations which constitute, or would but for any applicable limitation on the amount of any such capital constitute, (i) Tier 1 Capital or (ii) Tier 2 Capital or (B) whose claims otherwise rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders);

"**Solvency Capital Requirement**" means the Solvency Capital Requirement or the consolidated group Solvency Capital Requirement (as applicable) referred to in, or any other applicable capital requirement (other than the Minimum Capital Requirement) howsoever described in, the Relevant Rules;

"**Solvency II**" means the United Kingdom transposition of the Solvency II Directive and the Level 2 Regulations, as they each form part of retained European Union law (as defined in the EUWA), as amended from time to time and any additional measures adopted to give effect thereto (whether implemented by way of regulation, guidelines or otherwise);

"**Solvency II Directive**" means Directive 2009/138/EC of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended);"**Sterling**" and "**£**" means the lawful currency of the United Kingdom;

"**Subsidiary**" has the meaning given to it under section 1159 of the Companies Act 2006 (as amended from time to time);

"**successor in business**" has the meaning given to it in the Trust Deed;

"**Tax Law Change**" has the meaning given to it in Condition 6(c);

"**Taxing Territory**" means the United Kingdom or any political subdivision or authority therein or thereof having power to tax, or any other territory or any political subdivision or authority thereof or therein having power to tax to whose taxing jurisdiction the Issuer becomes generally subject;

"**Tier 1 Capital**" has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

"**Tier 2 Capital**" has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules); and

"**United Kingdom**" or "**UK**" means the United Kingdom of Great Britain and Northern Ireland.

18. Governing law and jurisdiction

(a) Governing law

The Trust Deed, the Notes and any non-contractual obligations arising out of or in connection with the Trust Deed and the Notes are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The Issuer has in the Trust Deed (i) agreed for the benefit of the Trustee and the Noteholders that the Courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with the Notes; (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; and (iii) consented to the enforcement of any judgment. The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee or any of the Noteholders from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and that, to the extent allowed by law, the Trustee or any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.

Overview of the Notes while in Global Form

1. Initial Issue of Certificates

The Global Certificate (as defined in the Trust Deed) will be registered in the name of a nominee for the Common Depositary and may be delivered on or prior to the Issue Date.

Upon the registration of the Global Certificate in the name of any nominee for the Common Depositary and delivery of the Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

2. Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system approved by the Trustee (an **Alternative Clearing System**) as the holder of a Note represented by the Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to the registered holder of the Global Certificate in respect of each amount so paid.

3. Exchange

Interests in the Global Certificate will be exchangeable (free of charge to the holder), in whole but not in part, for Definitive Certificates only if:

(a) an Event of Default (as defined in the Trust Deed) has occurred and is continuing; or

(b) the Issuer has been notified that Euroclear and Clearstream, Luxembourg are both closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or both announce an intention permanently to cease business or do in fact do so.

Any reference herein to Euroclear and/or Clearstream, Luxembourg, shall, wherever the context so permits, be deemed to include a reference to any Alternative Clearing System.

4. Amendments to Conditions

The Global Certificate contains provisions that apply to the Notes that it represents, some of which modify the effect of the terms and conditions of the Notes set out in this Information Memorandum. The following is a summary of certain of those provisions:

4.1 Payments

All payments in respect of Notes represented by the Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment (where **Clearing System Business Day** means Monday to Friday (inclusive) except 25 December and 1 January). The calculation of all payments on the Notes will be made in respect of the total aggregate amount of the Notes represented by the Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Conditions, all in accordance with the Conditions and the Trust Deed.

4.2 Meetings

For the purposes of any meeting of Noteholders, the holder of the Notes represented by the Global Certificate shall be treated as being entitled to one vote in respect of each £1,000 in principal amount of the Notes.

4.3 Trustee's Powers

In considering the interests of Noteholders while the Global Certificate is held on behalf of, or registered in the name of any nominee for, a Clearing System, the Trustee may have regard to any information provided to it by such Clearing System or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Certificate and may consider such interests and treat such accountholders as if such accountholders were the holders of the Notes represented by the Global Certificate.

4.4 Notices

So long as all the Notes are represented by the Global Certificate and it is held on behalf of a Clearing System, notices to Noteholders will be given by delivery of the relevant notice to that Clearing System for communication by it to entitled accountholders in substitution for notification as required by the Conditions, provided that, so long as the Notes are admitted to trading on any stock exchange, notices will also be given in accordance with any applicable requirements of such stock exchange. A notice will be deemed to have been given to accountholders on the day on which such notice is sent to the relevant Clearing System for delivery to entitled accountholders.

4.5 Electronic Consent and Written Resolution

While the Global Certificate is registered in the name of any nominee for a Clearing System, then:

(a) approval of a resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer, and/or the Trustee, as the case may be, by accountholders in the clearing system with entitlements to such Global Certificate or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, "**commercially reasonable evidence**" includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. None of the Issuer and the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Use of Proceeds

The Issuer intends to use the proceeds from the issue of the Notes for its general corporate purposes, including the refinancing of its GBP200,000,000 4.478 per cent. Fixed Rate Reset Subordinated Notes due 2028.

The expenses in connection with the admission to trading of the Notes are expected to amount to £6,000.

Taxation

United Kingdom Taxation

The following summary is of a general nature and is not intended to be exhaustive. It is a summary of the Issuer's understanding of current United Kingdom law, as applied in England and Wales, and published HM Revenue and Customs' practice (which may not be binding on HM Revenue and Customs), in each case as at the latest practicable date before the date of this Prospectus. It assumes that there will be no substitution of the Issuer and does not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). It does not necessarily apply where the income is deemed for tax purposes to be the income of any other person, and it relates only to the position of persons who hold their Notes as investments (regardless of whether the holder also carries on a trade, profession or vocation through a permanent establishment, branch or agency to which the Notes are attributable) and are the absolute beneficial owners thereof. Further, this summary relates only to the United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation (as well as the United Kingdom) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes. Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 ("**ITA 2007**"). The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the FSMA) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without deduction of or withholding on account of United Kingdom tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20%), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HM Revenue and Customs can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Subscription and Sale

Citigroup Global Markets Limited, J.P. Morgan Securities plc and Merrill Lynch International (together, the "**Joint Bookrunners**") have, pursuant to a Subscription Agreement dated 16 January 2023 between the Issuer and the Joint Bookrunners, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the Notes at an issue price equal to 100 per cent. of their principal amount, less a combined management and underwriting commission, subject to the provisions of the Subscription Agreement. In addition, the Issuer will pay certain costs incurred by the Joint Bookrunners in connection with the issue of the Notes. The Joint Bookrunners are entitled to terminate the Subscription Agreement in certain circumstances prior to the issue of the Notes.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act.

Each Joint Bookrunner has represented that it has offered and sold the Notes, and has agreed that it will offer and sell the Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the Issue Date, only in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Joint Bookrunner has agreed that, at or prior to confirmation of sale of Notes it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the Issue Date, except in accordance with Regulation S under the Securities Act. Terms used above have the meanings given to them by Regulation S under the Securities Act."

Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

UK

Prohibition of Sales to UK Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Other regulatory restrictions

Each Joint Bookrunner has represented warranted and agreed that: (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the UK.

Prohibition of Sales to EEA Retail Investors

Each Joint Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Canada

No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Notes. The Notes have not been, and will not be, qualified for sale under the securities laws of Canada or any province or territory thereof and no securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of the Notes and any representation to the contrary is an offence.

Each Joint Bookrunner has represented, warranted and agreed that it has not offered, sold or distributed and will not offer, sell or distribute any Notes, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws and, without limiting the generality of the foregoing:

(a) any offer, sale or distribution of the Notes in Canada has and will be made only to purchasers that are resident in, or subject to the securities laws of, the province of Ontario that are (i) "accredited investors" (as such term is defined in section 1.1 of National Instrument 45-106 Prospectus Exemptions ("NI 45-106") or, in Ontario, as such term is defined in section 73.3(1) of the Securities Act (Ontario)) and "permitted clients" (as such term is defined in section 1.1 of National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations) that are not individuals, (ii) purchasing as principal, or are deemed to be purchasing as principal in accordance with applicable Canadian securities laws, and (iii) not a person created or used solely to purchase or hold the Notes as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106;

(b) it is either (i) appropriately registered under applicable Canadian securities laws in each relevant province or territory to sell and deliver the Notes, (ii) such sale and delivery will be made through an affiliate of it that is so registered if the affiliate is registered in a category that permits such sale and has agreed to make such sale and delivery in compliance with the representations, warranties and agreements set out herein, or (iii) it is relying on an exemption from the dealer registration requirements under applicable Canadian securities laws and has complied with the requirements of that exemption; and

(c) it has not and will not distribute or deliver this Prospectus, or any other offering material in connection with any offering of the Notes, in or to a resident of Canada other than in compliance with applicable Canadian securities laws.

Singapore

Each Joint Bookrunner has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Bookrunner has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

General

No action has been or will be taken by the Issuer or the Joint Bookrunners that would permit a public offering of the Notes, or possession or distribution of this document or other offering or publicity material relating to the Notes in any country or jurisdiction where action for that purpose is required.

Each Joint Bookrunner will comply in all material respects with all applicable securities laws and regulations (to the best of its knowledge and belief after due and careful enquiry) in each jurisdiction in which it purchases, offers, sells or delivers the Notes or has in its possession or distributes the Prospectus or any other offering material, in all cases at its own expense.

Additional Information

1. PricewaterhouseCoopers LLP of 7 More London Riverside, London SE1 2RT, United Kingdom audited the Issuer's consolidated accounts for the financial years ended on 31 December 2021 and 31 December 2020, without qualification, in accordance with International Standards on Auditing (UK) ("**ISAs (UK)**") and applicable law. PricewaterhouseCoopers LLP is a member of the Institute of Chartered Accountants of England and Wales and has no material interest in the Issuer.

2. Other than as set out below, there are no material contracts entered into other than in the ordinary course of the Group's business which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Noteholders under the Notes.

   Disposal of Quilter International

   On 1 April 2021, Quilter Holdings Limited ("**Holdco**"), a subsidiary of the Issuer, entered into a sale and purchase agreement with, amongst others, Utmost Holdings Isle of Man Ltd ("**Utmost**") in relation to the sale by Holdco and Quilter UK Holding Limited of the entire issued share capital of Quilter International Holdings Limited and Quilter International Ireland DAC (the "**SPA**"). This sale completed on 30 November 2021. Holdco provided customary warranties to Utmost under the sale and purchase agreement and the limitation period runs until 30 May 2023 for non-tax warranty claims (other than claims in respect of the fundamental warranties), 30 November 2024 for other claims (including those in respect of the fundamental warranties) and 30 November 2025 for tax warranty claims and claims under the customary tax indemnity that Holdco also entered into with Utmost. Both the Group's liability in respect of the warranties and pre-completion covenants under the SPA and the Group's liability under the tax indemnity are subject to customary limitations, and the maximum liability of the Group for all claims under the SPA and tax indemnity is capped, in aggregate, at £481 million although lower limitations apply in respect of claims that are not under the fundamental warranties or tax indemnity.

   On 30 November 2021, Quilter Business Services Limited ("**QBS**") entered into a transitional services agreement with Quilter International Business Services Limited to provide transitional services for up to 24 months from completion of the sale and purchase agreement (the "**TSA**"). QBS is receiving fees for providing the transitional services. Subject to limited customary exceptions, the Group's liability under the TSA is capped at 100 per cent. of the aggregate service fees paid and payable during a contract year (defined as each period of 12 months commencing on 30 November 2021 and any anniversary thereof).

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg with a Common Code of 256863405 and an ISIN of XS2568634054.

4. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

5. The yield of the Notes from the Issue Date to the Reset Date is 8.630%, on a semi-annual basis. The yield is calculated as at the Issue Date on the basis of the issue price of 100% and the initial interest rate of 8.625% per annum. It is not an indication of future yield.

6. It is expected that the applications for the Notes to be admitted to the Official List of the FCA and to trading on the London Stock Exchange's main market will be granted on or about 18 January 2023 and that such admission will become effective, and that dealings in the Notes on the London Stock Exchange will commence, on or about 19 January 2023.

7. The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolutions of the board of directors of the Issuer passed on 6 January 2023.

8. Other than as set out below, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) during the 12 months preceding the date of this Prospectus which may have, or have had, a significant effect on the Issuer's or the Group's financial position or profitability.

Lighthouse Pension Transfer Advice

In June 2019, the Group acquired Lighthouse. Prior to the acquisition, Lighthouse advisers advised around 300 British Steel Pension Scheme members to undertake a DB to DC pension transfer. Of this number, approximately 80 transfers were undertaken prior to June 2017, after which the transfer values of the pension scheme were fundamentally enhanced by the trustees of the British Steel Pension Scheme.

During 2020, the FCA reported the results of its thematic review into the general market of advising on DB to DC pension transfers, which included British Steel Pension Scheme member pension transfers. The FCA review determined that the percentage of unsuitable files for British Steel Pension Scheme member DB to DC pension transfer advice was higher than the equivalent percentage for other DB to DC pension transfer advice in their thematic sample. The FCA review included a sample of DB to DC pension transfer advice provided by Lighthouse advisers, including to British Steel Pension Scheme members.

In March 2020, the FCA informed the Group that it had opened an enforcement investigation into Lighthouse in respect of whether Lighthouse has breached certain FCA requirements in connection with advising on and arranging DB to DC pension transfers (including, but not limited to, in relation to British Steel Pension Scheme members) in the period from 1 April 2015 to 30 April 2019.

As with any regulatory investigation it is difficult to predict when the investigation will be completed or its outcome. If the FCA decides to take enforcement action, the Group may incur a public censure, fines or other sanctions, adverse publicity or reputational damage, and individuals who were formerly or presently employed by the Group or its AR firms could be censured, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. This investigation is ongoing and, therefore, the Group has not recognised a provision for any potential fines or other sanctions that could be imposed on Lighthouse in connection with advising on and arranging DB to DC pension transfers. There can be no assurance at this stage as to the outcome of the matter.

In March 2020, the Group was also informed by the FCA that it would be required to appoint a skilled person, under section 166(3)(a) of the FSMA, to review the advice given by Lighthouse advisers on DB to DC pension transfers between 1 April 2015 and 27 January 2020. The review covers all British Steel Pension Scheme DB to DC pension transfer advice activity undertaken by Lighthouse advisers, and a representative sample of other Lighthouse DB to DC pension transfer advice activity, in each case within the relevant period.

During 2021, a loss assessment and redress calculation methodology was designed by the skilled person following discussions and in collaboration with the FCA, to ensure consistency and compliance with the FCA's Final Guidance 17/9 "Guidance for firms on how to calculate redress for unsuitable defined benefit pension transfers", which was used to calculate redress offers for those cases where the skilled person determined that a British Steel Pension Scheme member received unsuitable DB pension transfer advice which caused them to sustain losses. The first offers relating to the provision balance were made to customers during the second half of 2021. During the period to 30 June 2022, the skilled person completed their review of all cases within the initial scope of the review, reflecting the outcome on suitability of the DB to DC pension transfer advice review for each case, and all remaining offers were made to customers who received unsuitable DB to DC pension transfer advice which caused them to sustain a loss.

While the Group's financial statements as at 30 June 2022 included a provision of £3 million in respect of the payment of any final redress offers made on or before 30 June 2022 in respect of the initial scope of the skilled person review and associated expenses for Lighthouse DB pension transfer advice provided to British Steel Pension Scheme members and to members of other schemes (31 December 2021: £29 million; 30 June 2021: £35 million), estimating the amount of the provision requires judgement, particularly with respect to the number of customers who may have been affected, the estimated financial loss suffered by customers and the estimated rates of redress. Such estimates are difficult to quantify and uncertain. Amounts which the Group is eventually liable to pay may be materially different to the amount of provisions set aside to cover such risks, or existing provisions may need to be materially increased to cover such risk or in response to changing circumstances (including but not limited to the matters set out below).

In the second half of 2022, the skilled person recommended a potential review of a further sample of Lighthouse DB to DC pension transfer advice cases not relating to the British Steel Pension Scheme. In December 2022, the FCA confirmed to the Group that it agreed with the skilled person's recommendation. The FCA also confirmed that, given the co-operation of the Group in relation to the skilled person review and established past business review methodology and consistent with the recommendation made by the skilled person, this further sample should be reviewed under a Group-managed past business review process with the current skilled person acting as expert. The FCA also agreed with the skilled person that the further sample should be selected on a risk-based approach and has set out to the Group the key risk factors to use to determine the sample. The review of this sample may uncover some additional cases where customer redress is required, but until the relevant sample has been reviewed, uncertainty exists as to the number of cases where this will be required and the value of total redress which may be payable and a reliable estimate of such amounts cannot currently be determined. If, when the review of these further cases is completed, high levels of unsuitable DB to DC pension transfer advice are found within that further sample, it is possible that an additional further sample of cases is required to be reviewed, which could result in further material costs of customer redress. In addition, any expenses associated with the past business review process will be borne by the Group, and the past business review process could further divert the Group's resources and management's attention from the day-to-day running of the business. It is also possible that it could be decided that specific cases within the skilled person review should be included within the scope of the Group-led past business review in order to be re-assessed, or the Group might decide for other reasons to make redress offers on specific cases including in the interests of concluding the skilled person review. This might give rise to additional redress costs and associated expenses. The Group's financial statements as at 30 June 2022 do not include a provision for redress offers relating to the review of this further sample of cases or redress offers on cases already reviewed, and (in either case) associated expenses.

Customers have the legal right to challenge the outcome of a complaint made to a Group company and subsequently refer the complaint about the provision of, or failure to provide, a financial service (as defined in the FCA Handbook) to the Financial Ombudsman Service. Certain customers who have been included in the skilled person review work already undertaken have made such challenges, where: (i) relevant DB to DC pension transfer advice was found to be suitable by the skilled person; or (ii) where relevant DB to DC pension transfer advice was found to be unsuitable by the skilled person, but the customer disagrees with the way in which their redress offer has been calculated by the skilled person. There is also a risk that additional customers may bring similar challenges to the Financial Ombudsman Service as customers have a period of six months from receiving the outcome of the skilled person's review of their complaint to do so.

The skilled person is independent from the Group and has run a robust process, which has been overseen by the FCA. The Group does not consider any of the complaints that have been referred by customers to the Financial Ombudsman Service to have merit (and in some cases, the Group considers that complaints do not fall within the statutory jurisdiction of the Financial Ombudsman Service) and so the provision recorded by the Group does not include any amounts in relation to such complaints including, but not limited to, any obligations that may arise in the event that any challenges to the Financial Ombudsman Service over the outcome of the skilled person review in respect of particular customers are upheld.

There is a risk that the Financial Ombudsman Service may uphold some or all of the challenges made. In some cases the Financial Ombudsman Service has made an initial non-binding adjudication on the challenges made in favour of the customer. Such initial adjudications are non-binding on the parties and in all cases either the Group or the customer has referred the matter to the Ombudsman for a final decision and no cases have yet received a final decision. As noted above, the Group does not consider that the relevant cases have merit (and in some cases considers they do not fall within the statutory jurisdiction of the Financial Ombudsman Service). This opinion has not been changed by the initial adjudications. However, as noted above there is a risk that the final decision may be to uphold some or all of the challenges made. In addition, the FCA has also recently consulted on and published changes to its industry-wide redress methodology guidance for customers who have received unsuitable advice to make a DB to DC transfer. Following this consultation process, changes to the FCA's current redress methodology will come into force on 1 April 2023. Depending on individual circumstances this may result in a particular customer receiving a lower or higher redress amount, or it may make no change to the amount of redress they are entitled to. However, customers who have already accepted redress from Lighthouse (whether directly, via the skilled person review or as a result of them referring the matter to the Financial Ombudsman Service) will not be entitled to receive any additional redress. It is possible that customers who raise challenges to the Financial Ombudsman Service and are successful in those challenges may have their redress calculated under this revised methodology and so there is a risk that this might increase the relevant redress that they are offered and paid. As a result of these risks, it is possible that further material costs of redress may be incurred by the Group in relation to the skilled person review.

In November 2022, the FCA published a policy statement containing final rules for the BSPS Redress Scheme. The BSPS Redress Scheme will cover those persons who received advice between 26 May 2016 and 29 March 2018 to transfer out of the British Steel Pension Scheme. The final rules for the BSPS Redress Scheme set out how advisers must determine whether they gave unsuitable advice and whether they must pay redress. Independent checks and monitoring will be put in place to ensure that firms comply with the rules and consumers can be confident in the outcome of the review. The BSPS Redress Scheme will start on 28 February 2023, with eligible customers starting to receive compensation after this date. The Group may therefore face further costs of redress as a result of the BSPS Redress Scheme. The BSPS Redress Scheme will not cover individuals that have accepted redress for that advice, referred the matter to the Financial Ombudsman Service or received a final outcome following a suitability assessment of their case conducted through a skilled person review. Therefore, based on the final rules of the BSPS Redress Scheme, this process will not include Lighthouse cases that have already been reviewed by the skilled person where the customer received a final outcome. However, it will include the Non-Lighthouse BSPS Redress Scheme Cases. The Group's financial statements as at 30 June 2022 included a provision of £1.6 million in respect of possible redress and associated costs in respect of the Non-Lighthouse BSPS Redress Scheme Cases. This provision did not include any Lighthouse cases relating to British Steel Pension Scheme members subject to the skilled person review. The Group is currently considering whether, based on the final rules for the BSPS Redress Scheme, there are any Lighthouse cases relating to British Steel Pension Scheme members that were subject to the skilled person review which may fall within the scope of the BSPS Redress Scheme. If so, the Group will consider whether the provision in respect of the BSPS Redress Scheme should be increased. No decision has been taken and any decision that is taken will also be subject of review by the Group's auditors in due course. However, the Group may decide that the provision should be increased. In addition, all estimates for potential redress and associated costs are difficult to quantify and uncertain. As a result of a combination of these factors, the amounts which the Group is eventually liable to pay in respect of the BSPS Redress Scheme may be materially different to the amount of the provision in respect of the BSPS Redress Scheme in the Group's financial statements as at 30 June 2022.

9. The Trust Deed provides that the Trustee may rely on certificates or reports from any auditors or other parties in accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document in connection therewith contains any limit on the liability of such auditors or such other party.

10. Except as disclosed in the Issuer's interim results for the six months ended 30 June 2022 and its trading statement for the third quarter of 2022, there has been no significant change in the financial performance or financial position of the Issuer or the Group since 30 June 2022.

Except as disclosed in the Issuer's interim results for the six months ended 30 June 2022 and its trading statement for the third quarter of 2022, there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2021.

11. The Prospectus will also be available for inspection on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

12. Copies of the following documents will be available for inspection on the website of the Issuer at https://plc.quilter.com/investor-relations/debt-holder-centre/, so long as any of the Notes is outstanding:

    (a) this Prospectus;

    (b) the Trust Deed;

    (c) the constitutional documents of the Issuer; and

    (d) documents incorporated by reference herein.

13. The Issuer does not intend to provide any post-issuance information in relation to the Notes.

14. The Joint Bookrunners and their respective affiliates have engaged, and may in the future engage in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of its business activities, the Joint Bookrunners and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Joint Bookrunners or their respective affiliates may have (or may in the future have) a lending relationship with the Issuer and may hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Joint Bookrunners and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Bookrunners and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

REGISTERED AND HEAD OFFICE OF THE ISSUER

Senator House
85 Queen Victoria Street
London EC4V 4AB
United Kingdom

SOLE STRUCTURING AGENT TO THE ISSUER

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

JOINT BOOKRUNNERS

Citigroup Global Markets Limited
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Merrill Lynch International
2 King Edward Street
London EC1A 1 HQ
United Kingdom

TRUSTEE

Citicorp Trustee Company Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

REGISTRAR AND TRANSFER AGENT

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

PRINCIPAL PAYING AGENT AND AGENT BANK

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

AUDITOR OF THE ISSUER

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT
United Kingdom

LEGAL ADVISERS

To the Issuer

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

To the Joint Bookrunners and the Trustee

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom