Quilter

Quilter plc Group Solvency and Financial Condition Report 2021

Contents

Solvency and Financial Condition Report ("SFCR") overview

The Solvency and Financial Condition Report ("SFCR") provides detailed information on the Quilter plc Group's capital position on a Solvency II basis. This report also includes detailed entity-level information on the Group's UK insurance undertaking: Quilter Life & Pensions Limited ("QLPL") (formerly Old Mutual Wealth Life & Pensions Limited).

The structure of this SFCR is aligned with the requirements of the Solvency II rules:

A **Business and performance:** Describes the nature of our business and legal structure and how the business performed during the year ended 31 December 2021, with a specific focus on insurance activities.

B **System of governance**: Describes the governance model that has been established at Board level and how this is cascaded to key functions within the business. The section also outlines our approach to risk management and internal controls.

C **Risk profile:** Describes the risks faced by Quilter plc and subsidiary businesses including underwriting risk, market risk and credit risk, with specific information provided on the profile of regulatory capital held for the insurance businesses.

D **Valuation for solvency purposes:** Describes the consolidation approach and methods used to determine the regulatory balance sheet, including the calculation of insurance technical provisions for the consolidated insurance Group.

E **Capital management:** Describes the components of available own funds that are eligible to cover regulatory capital requirements and provides information on the composition of regulatory capital requirements.

The Quantitative Reporting Templates ("QRTs") included in the appendices to this report include additional information relevant to the capital position of the Group and QLPL in a standardised format.

Report of the external independent auditors to the Directors of Quilter plc ('the Company') pursuant to Rule 4.1 (2) of the External Audit Part of the PRA Rulebook applicable to Solvency II firms

Report on the Audit of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2021:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Single Group-Wide Solvency and Financial Condition Report of the Company as at 31 December 2021, ('**the Narrative Disclosures subject to audit**'); and
- Group templates S.02.01.02, S.23.01.22, S.25.01.22 and S.32.01.22 ('**the Group Templates subject to audit'**).
- Company templates S.02.01.02, S.12.01.02, S.23.01.01, S.25.01.21 and S.28.01.01 in respect of Quilter Life & Pensions Limited ('**the Company Templates subject to audit'**)

The Narrative Disclosures subject to audit, the Group Templates subject to audit and the Company Templates subject to audit are collectively referred to as the '**relevant elements of the Single Group-Wide Solvency and Financial Condition Report'**.

We are not required to audit, nor have we audited, and as a consequence do not express an opinion on the **Other Information** which comprises:

- The 'Summary', 'Business and performance', 'System of governance' and 'Risk profile' elements of the Single Group-Wide Solvency and Financial Condition Report;
- Group templates S.05.01.02 and S.05.02.01 and Company template S.05.01.02;
- The written acknowledgement by management of their responsibilities, including for the preparation of the Single Group-Wide Solvency and Financial Condition Report ('**the Responsibility Statement**');
- Information which pertains to an undertaking that is not a Solvency II undertaking and has been prepared in accordance with PRA rules other than those implementing the Solvency II Directive or in accordance with an EU instrument other than the Solvency II regulations ('**the sectoral information')** as identified in the Appendix to this report.

To the extent the information subject to audit in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report includes amounts that are totals, sub-totals or calculations derived from the Other Information, we have relied without verification on the Other Information.

In our opinion, the information subject to audit in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report of the Company as at 31 December 2021 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Single Group-Wide Solvency and Financial Condition Report in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtained the Directors' updated going concern assessment and challenged the rationale for assumptions on growth of assets under management/administration and asset returns using our knowledge of Quilter's business performance and corroborating to external market evidence where available. Our assessment included reviewing management's stress testing and scenario analyses;
- Obtained management's Solvency capital position and evaluated this for consistency against management's own target capital ratios and other available information. We found that the Company maintained internal targets for its Company Solvency Capital Requirement (SCR) ratio, and is forecast to remain compliant with all external regulatory capital requirements for the period covered by the going concern assessment; and
- Confirmed compliance with the debt covenants of the Company's' borrowings, and the forecast continued compliance for the duration of the period covered by the going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the Single Group-Wide Solvency and Financial Condition Report is authorised for issue.

In auditing the Single Group-Wide Solvency and Financial Condition Report, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Single Group-Wide Solvency and Financial Condition Report is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Emphasis of Matter - Basis of Accounting

We draw attention to the 'Valuation for solvency purposes' and/or 'Capital Management' and/or A.1.2 Basis of Preparation of the Single Group-Wide Solvency and Financial Condition Report, which describe the basis of accounting. The Single Group-Wide Solvency and Financial Condition Report is prepared in compliance with the financial reporting provisions of the PRA Rules and Solvency II regulations, and therefore in accordance with a special purpose financial reporting framework. The Single Group-Wide Solvency and Financial Condition Report is required to be published, and intended users include but are not limited to the Prudential Regulation Authority. As a result, the Single Group-Wide Solvency and Financial Condition Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the Other Information.

Our opinion on the relevant elements of the Single Group-Wide Solvency and Financial Condition Report does not cover the Other Information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Single Group-Wide Solvency and Financial Condition Report, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the relevant elements of the Single Group-Wide Solvency and Financial Condition Report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report or a material misstatement of the Other Information. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Single Group-Wide Solvency and Financial Condition Report

The Directors are responsible for the preparation of the Single Group-Wide Solvency and Financial Condition Report in accordance with the financial reporting provisions of the PRA rules and Solvency II regulations which have been modified by the modifications made by the PRA under section 138A of FSMA, the PRA Rules and Solvency II regulations on which they are based, as detailed below:

Modifications

Permission to publish a Single Group-wide SFCR

Permission to exclude Quilter Insurance Company Limited from the scope of Solvency II group supervision

The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of a Single Group-Wide Solvency and Financial Condition Report that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the relevant elements of the Single Group-Wide Solvency and Financial Condition Report

It is our responsibility to form an independent opinion as to whether the information subject to audit in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based.

Our objectives are to obtain reasonable assurance about whether the relevant elements of the Single Group-Wide Solvency and Financial Condition Report are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision making or the judgement of the users taken on the basis of the Single Group-Wide Solvency and Financial Condition Report.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud:

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) and unsuitable or prohibited business practices, and we considered the extent to which non-compliance might have a material effect on the Single Group-Wide Solvency and Financial Condition Report. We also considered those laws and regulations that have a direct impact on the Single Group-Wide Solvency and Financial Condition Report such as PRA rulebook applicable to Solvency II firms. We evaluated management's incentives and opportunities for fraudulent manipulation of the Single Group-Wide Solvency and Financial Condition Report (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries to own funds, and management bias in accounting estimates and judgmental areas for example technical provisions and Solvency Capital Requirement. Audit procedures performed included:

- Discussions with the Board, management, internal audit, management involved in the risk and compliance functions and the Company's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing correspondence between the Company and the PRA and FCA in relation to compliance with laws and regulations;
- Assessment of matters reported to the Company's whistleblowing register including the quality and results of management's investigations of such matters;
- Reviewing Board minutes as well as relevant meeting minutes, including those of the Quilter plc Board Audit Committee, Board Remuneration Committee, the Board Technology and Operations Committee, the Board Risk Committee and the Quilter Life & Pensions Limited Governance, Audit and Risk Committee; and
- Reviewing data regarding customer and policyholder complaints, the Company's register of litigation and claims, internal audit reports, compliance reports in so far as they related to non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Single Group-Wide Solvency and Financial Condition Report. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinion, has been prepared for the Board of Directors of the Company in accordance with External Audit rule 2.1 of the Solvency II firms Sector of the PRA Rulebook and for no other purpose. We do not, in providing this report, accept or assume responsibility for any other purpose or to any other party save where expressly agreed by our prior consent in writing.

Report on Other Legal and Regulatory Requirements

Sectoral Information

In our opinion, in accordance with Rule 4.2 of the External Audit Part of the PRA Rulebook, the sectoral information has been properly compiled in accordance with the PRA rules and EU instruments relating to that undertaking from information provided by members of the group and the relevant insurance group undertaking.

Other Information

In accordance with Rule 4.1 (3) of the External Audit Part of the PRA Rulebook for Solvency II firms we are also required to consider whether the Other Information is materially inconsistent with our knowledge obtained in the audit of the Company's statutory financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The engagement partner on the audit resulting in this independent auditors' report is Mark Pugh.

Pricewaterhousecoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants

London

1 April 2022

Appendix – relevant elements of the Single Group-Wide Solvency and Financial Condition Report that are not subject to audit

The relevant elements of the Single Group-Wide Solvency and Financial Condition Report that are not subject to audit comprise:

- The following elements of Group template S.23.01.22
  - Rows R0410 to R0440 – Own funds of other financial sectors
- The following elements of Group template S.25.01.22
  - Rows R0500 to R0530 – Capital requirement for other financial sectors (Non-insurance capital requirements) (forming part of the sectoral information)
- Elements of the Narrative Disclosures subject to audit identified as 'unaudited'.

Quilter plc Group

Statement of Directors' responsibilities

Year ended 31 December 2021

We acknowledge our responsibility for preparing the Group Solvency and Financial Condition Report of Quilter plc in all material respects in accordance with the Prudential Regulation Authority ("PRA") Rulebook and the Solvency II Regulations.

The Board is satisfied that to the best of its knowledge and belief:

- *the SFCR has been properly prepared in all material respects in accordance with the PRA rules and Solvency II Regulations; and*
- *throughout the financial year in question, the Group has complied in all material respects with the requirements of the PRA rules and the Solvency II Regulations as applicable to the Group; and*
- *it is reasonable to believe that, at the date of the publication of the SFCR, the Group and its solo insurance undertakings have continued to comply and will continue to comply in future in all material respects with the requirements of the PRA rules and the Solvency II Regulations as applicable to the Group and its solo insurance undertakings.*

The Solvency and Financial Condition Report was approved by the Board of Directors on 31 March 2022 and signed on its behalf by:

Chief Financial Officer

31 March 2022

Summary

About Quilter

Quilter plc (the "Company"), a public limited company incorporated in England and Wales and domiciled in the United Kingdom ("UK"), together with its subsidiaries (collectively, the "Group") offers investment and wealth management services, long-term savings and financial advice through its subsidiaries and associates primarily in the UK.

About this report

This Group SFCR has been prepared in line with the requirements of Solvency II legislation, to help Quilter's customers and other stakeholders to understand the nature of the business, how the business is managed, and its capital position.

This is a single Group SFCR that incorporates consolidated information at the level of the Group, and company-level information for its UK insurance subsidiary: Quilter Life & Pensions Limited. This report is prepared in accordance with rulebook modification (Direction reference: 00001257) granted by the Prudential Regulation Authority ("PRA"). At 31 December 2021, the Group had one other insurance subsidiary: Quilter Insurance Company Limited. Quilter Insurance Company Limited is based in the Isle of Man, is not subject to Solvency II at company level and is not included in the scope of Group supervision due to a PRA waiver (Direction reference: 00002784).

On 30 November 2021, the Group completed the sale of the Quilter International which included two other insurance subsidiaries: Quilter International Ireland dac and Quilter International Isle of Man Limited.

The Group SFCRs for previous years remain available on the Quilter plc website: quilter.com.

Business and performance

Section A of this report contains information on the Group's structure, operations and financial performance during 2021.

The Group's strategy is focused on achieving good customer outcomes and growing our business proposition, delivering these from an efficient operating base and managed within a prudent risk framework.

Adjusted profit represents the Group's IFRS profit, adjusted for specific items that management consider to be outside of the Group's normal operations or one-off in nature. Adjusted profit before tax for 2021 (excluding Quilter International which was sold on 30 November 2021) was £138 million, £30 million higher than in the prior year (2020: £108 million), driven by higher fee revenue.

The vast majority of the Group's insurance business is unit-linked. The unit-linked business of the Group has low levels of insurance risk. Section A also contains information on the impact of COVID-19 on the Group's business.

System of governance

The system of governance is the Group's overall framework of policies, standards and practices which is in place to meet the requirements of sound risk-based management. The framework is set out in the Group Governance Manual ("GGM") which is reviewed on an annual basis, or whenever there is a material change in the business which requires a change to the system of governance.

Section B of this document contains further information on Quilter's system of governance, in particular:

- the structure of the system of governance;
- the role of the Quilter Board and information on the Board of Directors;
- the role of Committees of the Board;
- Quilter's key functions;
- remuneration policies;
- principles used in assessing fitness and propriety of key functions and the Board of Directors;
- overview of the risk management system;
- overview of the internal control system;
- information on the role and independence of the Group Internal Audit ("GIA") function;
- information on the role of the Actuarial function; and
- information on the Group's outsourcing policy and outsourced services.

Risk profile

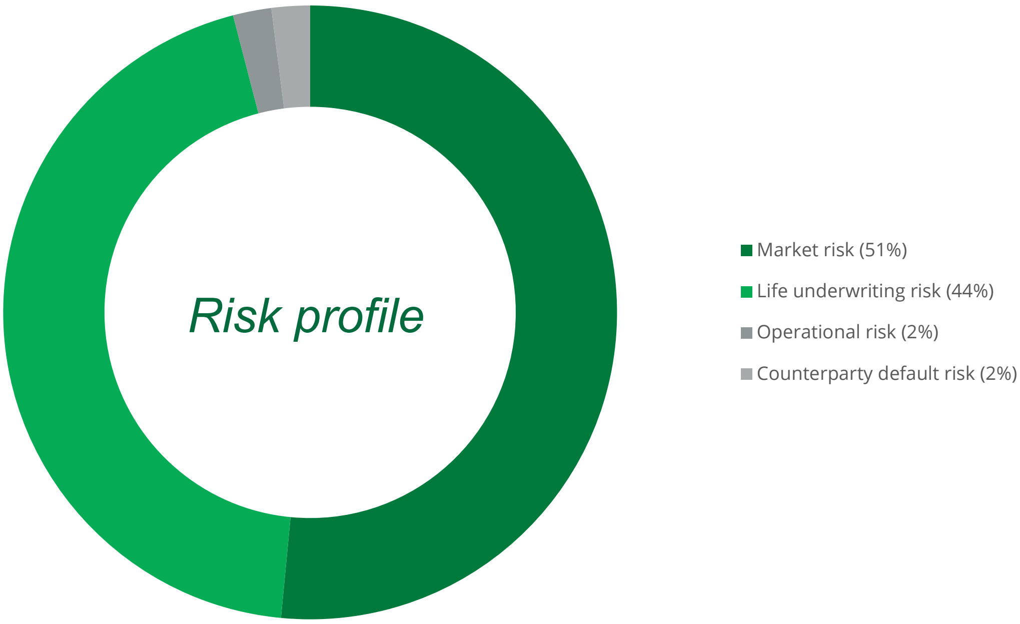
The Quilter Board has carried out a robust assessment of the principal strategic risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. Strategic risks identified include propositional development, embedding new technology, digitisation, development of climate strategy and ongoing control framework enhancements in QFP. The evolving Ukraine crisis is having an impact on the economic and political environment. The Group may be impacted by short-term market volatility affecting the value of assets under management and administration and reduced customer confidence affecting NCCF. The Group has implemented mitigating actions to manage these risks according to the Board's risk appetite.

The Group has adopted the Standard Formula specified in Solvency II legislation to assess the capital risks within Quilter. The Group uses the Standard Formula to calculate the Group solvency capital requirement ("SCR"), reflecting the Group's capital risk profile covering underwriting, market, credit and operational risks.

Capital risk profile

Based on the Standard Formula, the Group had an SCR of £587 million at 31 December 2021. This figure includes the capital requirements of non-insurance entities.

The chart below sets out the capital risk components for the Quilter insurance business.



Summary of Quilter risk profile 2021. Percentages may not total 100% due to rounding.

Valuation for solvency purposes

Quilter plc uses the accounting consolidation-based method, also called method 1, to prepare the Group Solvency II balance sheet. Method 1 is the default method under the Solvency II rules. There have been no material changes in the valuation methods used by the Group during 2021.

Assets and liabilities, including those relating to insurance contracts, are valued in the Group's Solvency II balance sheet in accordance with Solvency II legislation. The Solvency II valuation rules are based on the principle that assets and liabilities should be valued at fair value. Fair value is essentially the amount that a knowledgeable and willing third party would be willing to pay in an arm's length transaction. The majority of the Group's assets are valued based on quoted market prices for those assets or other observable data from active markets.

Section D of this report provides further information on methods and assumptions used in the valuation of assets, technical provisions and other liabilities and an explanation of the main differences between the International Financial Reporting Standards ("IFRS") basis of valuation used to prepare the Annual Report and the Solvency II valuation rules.

Capital management

The Group operates a robust capital management framework to ensure the optimisation of the balance between policyholder protection and shareholder expectations. The Group Capital Management Policy is closely linked to risk management objectives. It covers the determination of capital requirements and own funds, capital planning processes, stress and scenario testing and capital monitoring and performance.

At 31 December 2021, the Group had total eligible own funds to meet the solvency capital requirement ("SCR") of £1,617 million (2020: £1,897 million). The total eligible own funds included £1,412 million of unrestricted Tier 1 capital resources and £205 million Tier 2 capital, which consisted entirely of Quilter plc subordinated liabilities. The Group SCR, which is calculated based on the Solvency II Standard Formula, was £587 million (2020: £876 million). The overall Group surplus position was £1,030 million (2020: £1,021 million) with a solvency coverage ratio of 275% (2020: 217%).

At 31 December 2021, the Group's minimum consolidated group solvency capital requirement ("MCGSCR") was £127 million (2020: £243 million). The total eligible own funds to meet the MCGSCR was £1,041m, consisted of £1,016 million of unrestricted Tier 1 capital and £25 million of Tier 2 capital, after excluding the own funds from other financial sector and after allowing for the Tier 2 eligibility restriction.

Throughout 2021, the Group has complied with the regulatory capital requirements that apply at a consolidated level and Quilter's insurance undertakings and investment firms have complied with the regulatory capital requirements that apply at entity-level.

The Group has continued its share buyback programme in 2021 in order to return the net surplus proceeds arising from the sale of Quilter Life Assurance to ReAssure Group plc to shareholders. During the year ended 31 December 2021, the Group acquired a further 128.1 million shares for a total consideration of £197 million and incurred additional costs of £3 million. As at 31 December 2021, the committed remainder of £26 million was accrued as a liability against retained earnings.

The share buyback programme was completed in January 2022 with the purchase of further 17.7 million shares for a total consideration of £26 million. In total, the share buyback programme has returned £375 million to shareholders over a period from March 2020 to January 2022.

Following the completion of the sale of Quilter International to Utmost Group at the end of November 2021, Quilter announced its intention to return the majority of the net surplus proceeds to shareholders. A capital return, amounting to £328 million, through the issuance and redemption of B Class shares followed by an Ordinary Share consolidation, is planned for the first half of 2022, subject to regulatory engagement and shareholder approval. Following the issue of the B Class shares, the Group own funds will fall by £328 million as the B Class shares will not count towards the Group own funds at any point over their short existence.

Section A
Business and performance

Section A. Business and performance

A.1 Business

A.1.1 Name and legal form

Quilter plc, a public limited company incorporated in England and Wales (No. 06404270) and domiciled in the United Kingdom, is listed on the London and the Johannesburg Stock Exchanges.

Quilter plc's registered office is Senator House, 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom.

Following the listing of Quilter plc in June 2018, all businesses within the Group have rebranded to align with the Quilter name. Legal entities have been referred to by their current name as at the date of this report.

A.1.2 Basis of preparation

The Quilter plc Group Solvency and Financial Condition Report ("SFCR") covers the year to 31 December 2021.

The Group's reporting currency for both IFRS and Solvency II is pounds sterling (GBP). The QRTs in appendix F.2 of this report are presented in £000s. Figures presented in the tables contained within this report may not add up exactly to the totals and subtotals presented due to rounding. Changes in the Group solvency ratio are presented in absolute terms as the ratio at the end of the period less the ratio at the start of the period.

The majority of the financial information in sections A.2, A.3 and A.4 of this report is taken from the Quilter plc 2021 financial statements which are prepared on an IFRS basis. The Group's 2021 IFRS financial statements were approved by the Board of Quilter plc on 9 March 2022 and form part of the Quilter plc 2021 Annual Report which is published on the Group's website (quilter.com). Information on restatements of prior year figures is set out in notes 4 to 6 to the Quilter plc 2021 Annual Report and these restatements have been reflected in this report where applicable.

Adjusted profit ("AP") is an alternative performance measure used in the Quilter plc 2021 Annual Report to measure profitability. AP represents the Group's IFRS profit, adjusted for specific items that management consider to be outside of the Group's normal operations or one-off in nature. AP 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. AP excludes significant costs or income that is non-operating or one-off in nature. A reconciliation of adjusted profit to IFRS profit after tax is presented in note 7(a) of the Quilter plc 2021 Annual Report.

A.1.3 Supervisory authorities

For the UK Solvency II regime, the Group's supervisor is the Prudential Regulation Authority ("PRA"). The PRA is part of the Bank of England. The contact details for the PRA are as follows:

Address: 20 Moorgate, London, EC2R 6DA, United Kingdom
Telephone number: +44(0)20 3461 4878

At the end of the Brexit transition period at 11pm on 31 December 2020, the Central Bank of Ireland ("CBI") became the Group's lead supervisor for the European Union Solvency II Regime. Following the sale of Quilter International Ireland dac on 30 November 2021, the CBI ceased to exercise Solvency II group supervision over the Group. The Group is therefore no longer subject to Solvency II group supervision by two regulators.

The Group was also subject to consolidated supervision by the UK Financial Conduct Authority ("FCA") under the Capital Requirements Directive regime ("CRD IV") until 1 January 2022. The Group's CRD IV public disclosures are available on the Group's website (quilter.com). From 1 January 2022, Quilter became subject to FCA group supervision under the new UK Investment Firms Prudential Regime ("IFPR"). The contact details for the FCA are as follows:

Address: 12 Endeavour Square, London, E20 1JN, United Kingdom
Telephone number: +44(0)20 7066 1000

The Group's UK insurance subsidiary Quilter Life & Pensions Limited is regulated by the FCA and the PRA at solo level.

A.1.4 External auditor

The Group's external auditor is PricewaterhouseCoopers LLP. The contact details for PricewaterhouseCoopers LLP are as follows:

Address: 7 More London Riverside, London, SE1 2RT, United Kingdom
Telephone number: +44(0)20 7583 5000

PricewaterhouseCoopers LLP also acts as the external auditor of Quilter Life & Pensions Limited.

A.1.5 Qualifying holdings in the undertaking

The table below shows the qualifying holdings (10% or above) at 31 December 2021, as disclosed to Quilter plc in accordance with the FCA's Disclosure Guidance and Transparency Rules sourcebook.

Name of shareholder	Number of Quilter plc shares	% interest in voting rights attaching to issued shares[1]	Nature of holding notified
Coronation Asset Management (Pty) Limited[2]	249,195,745	15.02	Direct holding in Ordinary Shares
Public Investment Corporation of the Republic of South Africa[3]	211,940,550	12.73	Direct holding in Ordinary Shares

[1]The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of Disclosure Guidance and Transparency Rules sourcebook.

[2]Coronation Asset Management (Pty) Limited is a subsidiary of Coronation Fund Managers Ltd, a company incorporated in South Africa and listed on the Johannesburg Stock Exchange.

[3]Public Investment Corporation of the Republic of South Africa is an asset management firm wholly owned by the Government of the Republic of South Africa.

A.1.6 Material lines of business and geographical areas

The Group offers investment and wealth management services, long-term savings, and financial advice through its subsidiaries and associates primarily in the UK with a presence in a number of cross-border markets.

The material lines of business of the Group's insurance undertakings and material geographical areas where the Group carried out insurance business during 2021 are detailed below:

Insurance – lines of business
Life: Index-linked and unit-linked

Geographical areas
United Kingdom
Isle of Man (until 30 November 2021)
Republic of Ireland (until 30 November 2021)

A.1.7 Operating segments

The Group's operating segments comprise Affluent and High Net Worth, which is consistent with the manner in which the Group is structured and managed.

Segment	Description
Affluent	This segment comprises Quilter Investment Platform, Quilter Investors and Quilter Financial Planning.
High Net Worth	This segment comprises Quilter Cheviot and Quilter Private Client Advisers.

In addition to the Group's two operating segments, Head Office comprises the investment return on centrally held assets, central support function expenses, central core structural borrowings and certain tax balances.

Further information on the Group's segments is contained in note 8(a) to the Quilter plc 2021 Annual Report.

A.1.8 Scope of the Group

A complete list of the undertakings within the scope of the Group is contained in the S.32.01 QRT in Appendix F.2.2.

The scope of the Group for the Group solvency calculation under Solvency II is the same in all material respects as the scope of the Group for the purposes of the Quilter plc consolidated financial statements.

A.1.9 Material related undertakings

Quilter plc is the ultimate holding company of the Group. The principal subsidiaries of Quilter plc at 31 December 2021 are listed below.

Name	Nature of business	Quilter's holding[1]
United Kingdom		
Quilter Holdings Limited	Holding company	100%
Quilter UK Holding Limited	Holding company	100%
Quilter Life & Pensions Limited	Life assurance	100%
Quilter Investment Platform Limited	Savings and investments	100%
Quilter Investors Limited	Multi-asset business	100%
Quilter Cheviot Limited	Investment management	100%
Quilter Financial Planning Limited	Financial advice	100%
Quilter Business Services Limited	Management services	100%

[1]The percentage held reflects Quilter plc's (direct or indirect) holding in each company's capital and voting rights.

A.1.10 Branches

Insurance undertakings

None of the Group's insurance undertakings have foreign branches.

Asset management and advice businesses

Quilter Cheviot Limited provides investment management services through two branches in Jersey and the United Arab Emirates.

Service companies

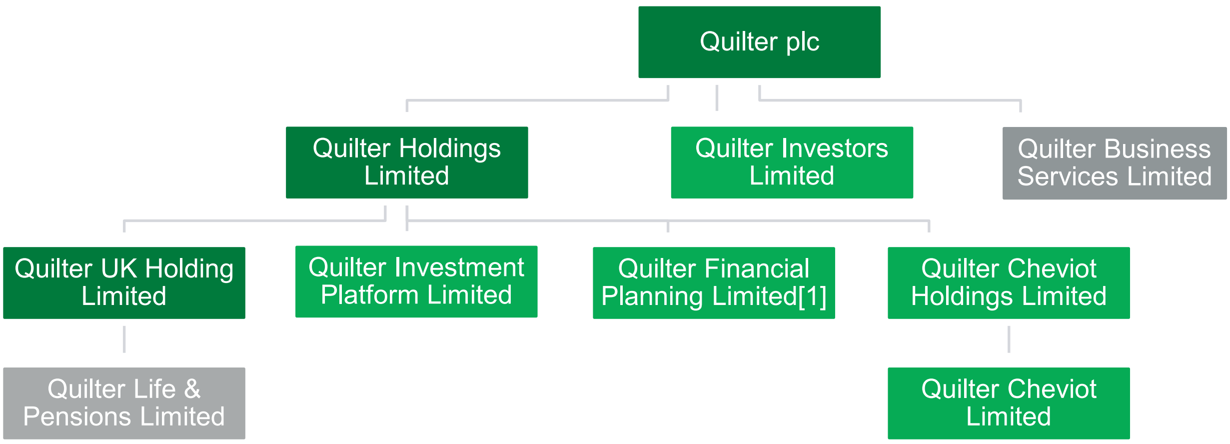
Global Edge Technologies (Pty) Limited is a company incorporated in South Africa, with a branch in the UK that provided IT support for the Group's Platform business services during 2021. The company ceased to trade during the year.

Other branches

The Group has no other material branches.

A.1.11 Simplified group structure

A simplified group structure chart for the Group as at 31 December 2021 is provided below. For each subsidiary company shown the Group's ownership percentage is 100%.



[1] Quilter Financial Planning Limited is the parent company for the Quilter Financial Planning business that provides financial planning and mortgage advice.

Key

- Insurance holding companies and mixed financial holding companies
- Insurance companies
- Asset management and advisory companies
- Service company

A.1.12 Significant events

Significant events during the year to 31 December 2021 and significant events subsequent to that date are summarised below. Further information is contained in the Quilter plc 2021 Annual Report.

Conflict in Ukraine

The conflict in Ukraine is likely to have a bearing on equity and bond markets, investor sentiment and inflation amongst other factors. The Group considers the escalation of the conflict in February and March 2022 to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practical at this time to provide a quantitative assessment of the economic impact of the conflict on the Group.

COVID-19

2021 has been a year of gradual and incremental recovery from the COVID-19 pandemic conditions. The evolving COVID-19 pandemic continues to have significant impacts on economic activity resulting in market volatility, although market conditions generally stabilised during 2021. During the year, the Board Audit Committee continued to deal with the challenges of the COVID-19 pandemic which required the majority of our employees to perform their roles remotely. The Board Audit Committee has regularly assessed the state of the financial control environment throughout the year and is content that remote working has not led to any significant weakening in the operation of our internal financial controls and the controls over our financial reporting.

Share buyback programme

In March 2020, the Company announced a share buyback programme to purchase shares, up to a maximum value of £375 million, in order to return the net surplus proceeds to shareholders arising from the sale of Quilter Life Assurance which had the impact of reducing the share capital of the Company. The programme commenced on 11 March 2020.

During the year ended 31 December 2021, the Company acquired 128.1 million shares for a total consideration of £197 million and incurred additional costs of £3 million. At 31 December 2021, the committed remaining share buyback for which a legally binding instruction had been provided by the Board, of £26 million, was accrued as a liability against retained earnings.

UK Platform Transformation Programme

The Platform Transformation Programme commenced in 2017 to replace our UK Platform, significantly upgrading its functionality as well as ensuring its underlying technology was brought up to modern standards, making it highly resilient and scalable to support business growth for the foreseeable future. The last of three phased migrations completed successfully in February 2021 with all Quilter Investment Platform assets now live on the new platform. The total costs of the programme are £202 million to 31 December 2021.

Optimisation Programme

The Optimisation Programme has delivered further efficiencies and improvements in operational performance for the Group through greater technology utilisation, integration and simplification activity. During 2021, the Group successfully deployed the new finance, HR and procurement modules as part of the general ledger consolidation and modernisation activity.

Sale of Quilter International

On 30 November 2021, the Group completed the sale of Quilter International to Utmost Group for consideration of £481 million. This has resulted in provisions totalling £17 million being established in respect of the costs of disposing the business and the related costs of business separation, and data migration. Quilter International has been classified as a discontinued operation.

Further details of the Group's discontinued operations and assets and liabilities disposed of are included in note 6 to the Quilter plc 2021 Annual Report.

Quilter has announced its intention to return the majority of the net surplus proceeds to shareholders. A capital return, amounting to £328 million, through the issuance and redemption of B Class shares followed by an Ordinary Share consolidation, is planned for the first half of 2022, subject to regulatory engagement and shareholder approval.

Final dividend

In March 2022, the Group announced the proposed final dividend payment to shareholders of £62 million. Information on dividends paid by Quilter plc to its shareholders can be found in note 13 to the Quilter plc 2021 Annual Report.

A.2 Underwriting performance

The Group's life insurance business is unit-linked with no significant life protection business. The Group has no general insurance business except for certain intragroup professional indemnity insurance contracts offered by its Isle of Man captive, Quilter Insurance Company Limited. Quilter Insurance Company Limited is outside the scope of Group supervision for Solvency II.

The premiums, claims and expenses Group QRTs (S.05.01 and S.05.02) in Appendix F.2 provide further information on key elements of underwriting performance. The Group total expenses in relation to life insurance as reported on S.05.01 for 2021 amounted to £194 million (2020: £225 million). Section C.1 of this report provides information on underwriting risk.

A.3 Investment performance

A.3.1 Income and expenses arising from investments

The Group's insurance business is unit-linked. Increases and decreases in the value of assets covering unit-linked liabilities are matched by corresponding changes in unit-linked liabilities and so there is no first-order impact on profitability. Investment performance has a second-order impact on the profitability of the Group's unit-linked business because higher asset values result in increased income from asset management charges. Similarly, lower asset values result in reduced income from asset management charges.

Information about the investment performance of the Group's invested assets, including assets held to cover unit-linked liabilities and shareholder assets is contained in note 9(b) to the Quilter plc 2021 Annual Report.

A.3.2 Gains and losses recognised directly in equity

The majority of the Group's financial assets and liabilities are measured at fair value through profit or loss in the Group's IFRS financial statements. Certain items, such as exchange gains on translation of foreign operations are recognised within other comprehensive income (i.e. recognised directly in equity). The following table is based on the consolidated statement of comprehensive income within the Quilter plc 2021 Annual Report.

	31 December 2021 £m	31 December 2020 £m
Other comprehensive income:		
Exchange losses on translation of foreign operations	(1)	-
Total other comprehensive income, net of tax	(1)	-

A.3.3 Investments in securitisations

The Group did not invest in securitisations during 2021.

A.4 Performance of other activities

A.4.1 Overview of revenue

The Group is primarily engaged in the following business activities from which it generates revenue: investment and asset management, financial advice (revenue from fee income and other income from service activities), and life assurance (revenue from premium income).

The table below provides an analysis of the Group's total revenue on an IFRS basis and includes revenue related to assets backing unit-linked liabilities. The figures presented below are for continuing operations.

	31 December 2021 £m	31 December 2020 [1] £m
Revenue		
Fee income and other income from service activities	666	585
Investment return	4,002	2,856
Other income	18	20
Total revenue	**4,686**	**3,461**

[1] Refer to notes 5(d) and 5(e) to the Group's 2021 financial statements for more information on changes to comparative amounts.

Further information relating to revenue and investment return is contained in notes 9(a) and 9(b) to the Quilter plc 2021 Annual Report.

A.4.2 Overview of expenditure

The Group incurred total expenses amounting to £4,603 million on an IFRS basis for 2021 (2020: £3,452 million). Total expenses on an IFRS basis include expenses related to policyholder claims and fees paid to external advisers.

The table below provides an analysis of the Group's other operating and administrative expenses on an IFRS basis, as presented within note 10(b) of the Quilter plc 2021 Annual Report.

	31 December 2021 £m	31 December 2020 [1] £m
Other operating and administrative expenses		
Staff costs	341	344
Depreciation charge on right-of-use assets	10	11
Depreciation charge on other plant and equipment	6	5
Impairment of right-of-use assets	-	3
Amortisation of software	2	2
Amortisation of other acquired intangibles	45	45
Administration and other expenses	232	241
Other operating and administrative expenses - continuing operations	**636**	**651**
Other operating and administrative expenses - discontinued operations	**55**	**42**
Total other operating and administrative expenses	**691**	**693**

[1] Refer to notes 5(d) and 5(e) to the Group's 2021 financial statements for more information on changes to comparative amounts.

[2] Administration and other expenses include business transformation costs for the year ended 31 December 2021 of £28 million (2020: £38 million) in relation to the UK Platform Transformation Programme and £22 million (2020: £33 million) in relation to Optimisation project costs as well as general operating expenses such as IT related costs, premises and marketing.

Further information on the following categories of expenditure can be found in the notes to the consolidated income statement within the Quilter plc 2021 Annual Report:

- fee and commission expenses, and other acquisition costs: note 10(a);
- staff costs and other employee related costs: note 10(c);
- finance costs: note 10(e); and
- taxation: note 11.

A.4.3 Lease arrangements

Quilter as lessor

The Group had no material lease arrangements during 2021 as lessor.

Quilter as lessee

The Group currently has lease commitments of varying durations for the rental of a number of office buildings. The future lease cash outflows within the Group are not exposed to variable lease payments, residual value guarantees or sale and leaseback transactions.

Notes 15 and 30(b) to the Quilter plc 2021 Annual Report contain further information on lease arrangements.

A.5 Any other information

There is no additional information to disclose for Section A.

Section B
System of governance

Section B. System of governance

Section B.1 of this report covers the following aspects of the Group's system of governance:

- introduction to the Quilter system of governance and the administrative, management or supervisory body ("AMSB");
- the Quilter plc Board;
- delegation by the Quilter plc Board;
- Quilter plc Board Committees;
- management forums, including the Executive Committee ("ExCo");
- business oversight and other regulated business Boards;
- segregation of duties and the three lines of defence;
- key functions;
- material changes to the system of governance over the reporting period;
- remuneration policy;
- material transactions with shareholders, with persons who exercise a significant influence on the Group and with members of the AMSB; and
- assessment of the adequacy of the system of governance.

Sections B.2 to B.8 provide information on:

- fit and proper requirements;
- risk management system including the Own Risk and Solvency Assessment ("ORSA");
- internal control system;
- Group Internal Audit function;
- Actuarial function;
- outsourcing; and
- any other information.

B.1 General information on the system of governance

B.1.1 Introduction to the system of governance and the administrative, management or supervisory body

The system of governance is the overall framework of policies, standards and practices which are in place to meet the requirements of sound risk-based management and applies to Quilter and its subsidiaries. These are set out in the Group Governance Manual, which is reviewed on an annual basis, or whenever there is a material change in the business which requires a change to the system of governance.

Quilter's administrative, management or supervisory body is the Quilter plc Board and Board Committees.

B.1.2 The Quilter plc Board

Role and responsibilities of the Quilter plc Board

The Quilter plc Board is accountable for the long-term success of the Group for the benefit of its shareholders and other stakeholders as a whole and for providing leadership within a framework of effective risk management and control. The Board is responsible for setting strategic priorities and for ensuring that the Group is suitably resourced to achieve those priorities. In doing so, the Board has regard to its responsibilities to the Group's stakeholders, including employees, shareholders, customers, suppliers and the communities in which the Group operates. The Board may exercise all powers conferred on it by Quilter plc's Articles of Association and the Companies Act 2006.

Matters reserved for the Board

The Quilter Board has matters reserved for its decision. The key Board responsibilities include:

- setting strategy and oversight of management;
- structure and capital;
- financial reporting and controls;
- internal controls and risk management;
- material contracts;
- investor relations;
- Board membership and other appointments;
- remuneration;
- delegation of authority;
- corporate governance; and
- policies (as set out in the GGM).

Further information is contained in Matters Reserved to the Board which is published on the quilter.com website.

Quilter plc Board Membership

In accordance with the UK Corporate Governance Code ("the Code"), at least half of the members of the Quilter plc Board (excluding the Chair) are Independent Non-executive Directors ("INEDS") who are determined by the Board (and with reference to the Code) to be independent in character and judgement and free from any business, or other relationship, which could materially interfere with the exercise of their judgement. The Board comprises a mix of individuals that ensures an appropriate range of skills, knowledge, views and experience. The Board Corporate Governance and Nominations Committee reviews this mix of skills and experience and makes recommendations on Board composition as appropriate.

The Board maintains plans for succession to positions on the Board and senior management.

Further information on the roles and responsibilities of individual Board members can be found on pages 80 to 84 of the Quilter plc 2021 Annual Report.

B.1.3 Delegation by the Quilter plc Board

The Quilter plc Board has delegated authority to a number of Board Committees, which assist the Quilter Board in delivering its responsibilities and ensuring that there is appropriate, independent oversight of internal control and risk management.

The Quilter Board has also delegated authority for the operational management of the Group's businesses to the Quilter Chief Executive Officer ("CEO") within certain limits for execution or further delegation by the CEO for the effective day-to-day running and management of the Group. The Quilter CEO has delegated responsibility to certain senior executives (principally business CEOs and other members of the Quilter Executive Committee) again within prescribed limits. Each business CEO has authority and is accountable for the management of that respective business or function to the Quilter CEO and the relevant Business Oversight Board.

Business Oversight Boards may, in turn, delegate authority to their own subsidiary Boards, Committees and to individuals provided always that the manner of such delegation is consistent with the provisions of the GGM.

B.1.4 Quilter plc Board Committees

The Quilter plc Board has established the following committees as principal standing Committees of the Board. The table below shows the main responsibilities of each and how these responsibilities are segregated between the various Committees.

Committee	Roles and responsibilities	Membership
Board Audit Committee	The responsibilities of the Board Audit Committee are to: – review accounting policies and the contents of financial reports; and – monitor disclosure controls and procedures; and – consider the adequacy and scope of the external and Internal Audit functions; and – oversee the relationship with our external auditors; and – monitor the effectiveness of internal financial controls.	The membership of the Board Audit Committee comprises a minimum of three Independent Non-executive Directors ("INEDs"), one of whom is also to be a member of the Board Risk Committee. The Chair of the Board may not be a member. At least one member shall be determined by the Board to have recent and relevant financial experience as specified in the UK Corporate Governance Code and shall meet the requirements of having competence in accounting and/or auditing as set out in the Disclosure Guidance and Transparency Rules.
Board Remuneration Committee	The responsibilities of the Board Remuneration Committee are to: – set the overarching principles and parameters of remuneration policy across Quilter; and – consider and approve remuneration arrangements for Executive Directors and Senior Executives; and – approve individual remuneration awards; and – agree changes to Senior Executive incentive plans.	The membership of the Board Remuneration Committee comprises a minimum of three "INEDs". The Chair of the Board may be a member as long as they are deemed to be independent on appointment.
Board Risk Committee	The responsibilities of the Board Risk Committee are to: – monitor and review the effectiveness of the internal control and risk management system; and – provide advice to the Board on the top risks faced by the Group; and – assess emerging risk issues; and – recommend the total level of risk Quilter is prepared to take (risk appetite); and monitor the risk profile; and – advise the Board on risk strategy; and – oversee the risk and effectiveness of the Compliance function; and – oversee the Group Own Risk and Solvency Assessment ("ORSA") and Internal Capital Adequacy Assessment Process ("ICAAP").	The membership of the Board Risk Committee comprises a minimum of three "INEDs", at least one of whom must have recent and relevant risk experience. There is some cross-membership between the Board Risk Committee and Board Audit Committee, with typically, the Chair of one of the Committees serving as a member of the other. This cross-membership facilitates an effective linkage between both Committees, ensuring that any risk assurance relevant to financial reporting is referred to the Board Risk Committee.
Board Corporate Governance and Nominations Committee	The responsibilities of the Board Corporate Governance and Nominations Committee are to: – review composition of the Board and recommend the appointment of new Directors; and – consider succession plans for Chair and other Board positions; and – consider succession plans for key executive leadership positions; and – monitor corporate governance issues; and – oversee the annual Board performance review; and – provide oversight of the Group's responsible business agenda.	Membership of the Committee is restricted to the "INEDs". The Committee Chair should be either the Chair of the Quilter Board or an "INED".
Board Technology and Operations Committee	The responsibilities of the Board Technology and Operations Committee are to: – oversee the implementation, execution and delivery of the Technology Strategy and Operations Strategy; and – provide oversight and challenge on Technology and Operations risk profile; and – oversee Information Security, Information Management and Operational Resilience Strategy, systems and controls; and – oversee strategic technology and operational change programmes.	Membership of the Committee is restricted to the "INEDs" with a minimum of three members.

The Terms of Reference for each of these Board Committees is published on the Quilter website at quilter.com.

B.1.5 Management forums, including the Executive Committee

Management forums

Quilter has a number of management forums which are established by the Quilter CEO and the CEO's direct reports. The delegated authority of management forums is derived from the Chair of the forum acting under the authority delegated to them by the CEO and is documented within the relevant terms of reference. This is distinct from a Board Committee, which has its authority delegated to it by the Board. The authority under which each management forum operates is documented. Even where decisions are taken collectively in a management forum the individual forum members retain personal accountability for their own contribution.

Listed below are some of the key Quilter Group management forums, most notably the Executive Committee.

Group Executive Committee ("ExCo")

The Executive Committee supports the Quilter CEO in discharging the CEO's responsibilities for the management of the Group and, as at 31 December 2021, was comprised of the following:

- Chief Executive Officer;
- Chief Financial Officer;
- Chief Executive Officer Quilter Investment Platform and Quilter Investors;
- Chief Executive Officer Quilter Cheviot;
- Chief Operating Officer; and
- Chief Risk Officer.

The broader Quilter leadership team can be seen on our website quilter.com.

Other Quilter Group management forums

Other key Quilter management forums are listed below:

- Executive Risk Forum;
- Operating Committee;
- Responsible Investment Executive Steering Committee;
- Capital Management Forum;
- Disclosure Committee; and
- Spend Approval Forum.

B.1.6 Business oversight and other regulated Business Boards

To support the Directors of Quilter plc in discharging their obligations, the Directors place reliance on the governing entities or oversight Boards for each underlying Business ("Business Oversight Boards") to provide effective oversight and challenge in respect of risk management and business performance against the Quilter annual business plan. The subsidiary governance framework requires strong linkages between the Quilter Board and its subsidiary Boards and sets out other requirements such as the level of independent representation and Board composition. One Non-executive Director from the Quilter Board sits on each of the major subsidiary Boards, to encourage communication between the Group and its subsidiaries. This additional governance provides comfort that all our businesses are governed to a consistently high standard and supplements the work of the Quilter Board.

B.1.7 Segregation of duties and the three lines of defence

The Quilter governance model is designed to promote transparency, accountability and consistency through the clear identification of roles, the separation of business management and governance and control structures, and by tracking performance against accountabilities. The segregation of risk-taking oversight and assurance is codified in Quilter's three lines of defence model which ensures clear accountability and ownership for risk and controls.

The responsibilities of each line of defence are set out below:

First Line of Defence	Second Line of Defence	Third Line of Defence
Risk origination, ownership and management – all employees The primary responsibility for risk management lies with business management and all employees, who are responsible for managing risk as part of their day-to-day activities. They are responsible for identifying and evaluating the significant risks to the business, for designing and operating suitable controls and reporting risks and issues that arise in their areas.	**Risk oversight, challenge and advice – Risk and Compliance functions** The second line responsibilities are to provide risk frameworks and advice to the business. Risk's role also includes reviewing and challenging the business on how well the frameworks, standards and regulatory requirements have been implemented and providing additional insights on the main risks being run, the controls around these and the capital held.	**Assurance – Internal Audit** The third line responsibilities owned by Group Internal Audit ("GIA") are to provide independent, objective assurance. The scope of GIA's activities encompasses the examination and evaluation of the design adequacy and operating effectiveness of Quilter's system of internal controls and associated risk management processes.
Includes: 1. Set risk management strategy. 2. Set and deliver tone at the top. 3. Implementation and ownership of policies. 4. Implement and monitor risk appetite and risk limits. 5. Ongoing management of risks. 6. Implement compliant and risk-aware operating practices. 7. Conduct performance management.	Includes: 1. Deliver a clear and well-communicated, business-wide risk management framework. 2. Provide control and monitoring systems. 3. Produce second line opinions on key risks facing Quilter for stakeholders. 4. Support adherence to regulation and legislation. 5. Provide advice to the business. 6. Escalate material issues/risks.	Includes: 1. Internal governance structures and processes. 2. The setting of and adherence to risk appetite. 3. The risk and control culture of the organisation. 4. The integrity of dealings with customers, interactions with relevant markets. 5. Key corporate events including the information being used to support key decisions. 6. Lessons learned analysis following significant adverse events.
Accountable: 1. CEO/CFO/COO. 2. Executive Management. 3. All employees.	Accountable: 1. CRO. 2. Risk Leadership Team. 3. Risk Function.	Accountable: 1. Chief Internal Auditor. 2. Internal Audit Team.

B.1.8 Key functions

For the purposes of the Solvency II Directive, the mandatory key functions for the Solvency II firms within the Group include Actuarial, Risk Management, Compliance and Internal Audit. Quilter has established these functions at a Group level. Details of the roles and responsibilities of these key functions are provided in sections B.3.2, B.4.2, B.5.1 and B.6 of this report.

The mandatory key functions within the Group have the appropriate authority, resources and independence to undertake their roles and responsibilities. The plans and resources for these functions are presented and approved by the Board Audit Committee and the Board Risk Committee. This is set out in the respective Committee Terms of Reference.

B.1.9 Material changes to the system of governance over the reporting period

There have been no material changes to the system of governance over the reporting period except for the sale of the Quilter International.

B.1.10 Remuneration policy

Introduction

The Quilter governance framework includes a Remuneration Policy that all subsidiaries within the Group are required to comply with. The policy has been designed to discourage risk taking outside of the Group's risk appetite, to be supportive to the Group's strategy, objectives and values and to align the interests of employees, shareholders and customers.

The policy is overseen across the Group by the Quilter Board Remuneration Committee ("RemCo").

The RemCo is a committee of the Quilter Board and consists of Non-executive Directors of Quilter, which enables it to exercise independent competent judgement in remuneration matters in the context of managing risk, value and capital in line with shareholders' expectations. This includes the remuneration process, structure and operation which are actively monitored as an integral part of their oversight. The RemCo met ten times during 2021.

Full details on the Group's remuneration policy are shown on pages 119 to 131 of the Quilter plc 2021 Annual Report.

Determining the bonus pool for variable pay awards

The way that the Quilter bonus pool is determined ensures that the outcome is aligned to specific, measurable and relevant business results in a transparent manner with full consideration of the risk performance of the business.

The main pool structure is designed to share a portion of the value created with employees. It is funded based on performance against IFRS profit targets (excluding amortisation of intangibles and goodwill, and policyholder tax charges or credits and other one-off items) derived from the Company's business plan and approved by the RemCo. For members of senior management, the scheme also includes a net cash flow metric and non-financial metrics covering additional risk, customer and personal objectives that comprise an overall balanced scorecard used to determine final incentive outcomes.

The RemCo may exercise its judgement and discretion to apply a risk-based adjustment to the pool and/or individual outcome based on the effectiveness of risk culture and the risk management performance of the business. To inform the RemCo in discharging its responsibilities in this respect, an independent risk report covering both quantitative and qualitative risk measures is prepared by the Chief Risk Officer and considered by the Quilter Board Risk Committee and the RemCo.

Final senior management outcomes and the broader pool allocations are determined based on a bottom up/target framework and reflect relative business performance where appropriate. Each business and function distribute their final allocation to employees based on relative employee performance against a balanced set of individual objectives and behaviours.

The Group also operates other short-term incentive schemes at a business unit level, which are structured to incentivise the achievement of annual financial and non-financial performance objectives including risk and conduct, and to align reward to customer and shareholder outcomes as appropriate. Business plans against which performance objectives are set and measured are market appropriate. Control function employees are assessed against role specific performance objectives which are independent of the performance of the business units they oversee.

Share-related awards

Share-related awards are subject to malus and clawback provisions, which may be applied if, in the opinion of the RemCo, any of the following circumstances apply:

- the results or accounts or consolidated accounts of any company, business or undertaking in which the participant worked or works or for which they were or are directly or indirectly responsible are found to have been materially incorrect or misleading;
- any company, business or undertaking in which the participant worked or works or for which they were or are directly or indirectly responsible subsequently makes a loss out of business written, due in whole or in part, to a failure to observe risk management policies in effect at that time;
- the participant has committed an act of gross misconduct or it is discovered that the participant's employment could have been summarily terminated;
- the participant has acted in a way which has damaged, or is likely to damage, the reputation of the Company or any Group member, or has brought, or is likely to bring, the Company or any Group member into disrepute in any way;
- any other circumstances similar in nature to those described above which the RemCo justifies the application of malus; or
- in the reasonable opinion of the RemCo, the participant should not have received or be entitled to receive an award.

Share Plan rules require that awards may not be hedged in any manner (such as by the participant ceding or assigning rights to a third party). The exit conditions applied to share awards are determined by the share award scheme rules.

Supplementary pension and early retirement schemes available to Executive Directors

Executive Directors are eligible to receive employer contributions to the Company's pension plan (which is a defined contribution plan) or a cash allowance in lieu of pension contributions, or a combination. Contributions and/or cash alternative are paid monthly to a maximum of 10% of base salary per annum. This is in line with the wider UK workforce.

B.1.11 Material transactions with shareholders, with persons who exercise significant influence over the Group and with members of the AMSB

In the normal course of business, the Group enters into transactions with related parties. These are conducted on an arm's length basis and are not material to the Group's results. There were no transactions with related parties during the current and prior year which had a material effect on the results or financial position of the Group. The nature of the related party transactions of the Group has not changed over the course of the year.

Further details of transactions with related parties, including key management personnel during the year can be found in note 39 to the Quilter plc 2021 Annual Report. Information on dividends paid by Quilter plc to its shareholders can be found in note 13 to the Quilter plc 2021 Annual Report.

In connection with the capital return of up to £375 million announced in March 2020, Quilter plc initiated a share buyback programme which was launched on 11 March 2020 and was conducted on both the London and Johannesburg Stock Exchanges. The share buyback programme completed in January 2022. All these shares have been cancelled and no shares are held in Treasury. Further information about the programme can be found on the Quilter website at quilter.com.

B.1.12 Assessment of adequacy of the system of governance

The Quilter plc Board is responsible for establishing and maintaining Quilter's system of governance, and for ensuring that it remains adequate for the purpose of embedding sound risk-based management throughout the business.

To ensure there is clarity in both the roles we expect our Directors to discharge and the behaviours we expect them to exemplify, we have adopted a Board Charter that is available at quilter.com. Board effectiveness is assessed annually.

The Board supplements its ongoing review of the effectiveness of risk management and internal control systems with an annual assessment of the Group. The Quilter CEO is required to make a declaration that the effectiveness of risk management and internal control systems within the Group is adequate and provides reasonable assurance that:

- significant risks were appropriately managed;
- management and financial information was reliable;
- relevant laws and regulations have been complied with; and
- assets were safeguarded.

The Quilter CEO's assessment of the effectiveness of risk management and internal control systems is in line with the guidance set out by the Financial Reporting Council[1] and is specifically based on:

- an assessment of compliance with the Quilter suite of policies and Quilter Code of Conduct;
- the Group's performance against the Strategic Risk Appetite Principles and Top Risks, which is evidenced through ongoing risk reporting to the Executive Risk Forum, its sub-forums, the Quilter Board Risk Committee and the Quilter plc Board;
- a review of material internal control deficiencies identified through assurance activity; and
- an assessment of Quilter's risk culture evidenced by the Group and business risk culture assessments.

To support this assessment, the following representations to the Quilter CEO are required:

- representation from the Chief Risk Officer regarding an assessment of the effectiveness of risk management;
- representation from the Chief Financial Officer regarding an assessment of the effectiveness of Quilter's system of internal controls over financial reporting;
- representation from the Chief Operating Officer regarding an assessment of the effectiveness of Quilter's systems of internal control in respect of Quilter Group COO functions;
- representation from the Chief Internal Auditor regarding an opinion in relation to an assessment of the governance, risk and control framework; and
- representations from the business Chief Executive Officers regarding the effectiveness of risk management and internal control systems within the subsidiary businesses that comprise the Group.

The Quilter plc Board is satisfied that a robust governance structure is in place, which is compliant with the 2018 UK Corporate Governance Code and is fit for purpose.

[1] Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, September 2014.

B.2 Fit and proper requirements

The Fit and Proper Policy outlines the Group's overarching principles for assessing fitness and propriety. Compliance against the Fit and Proper Policy is assessed through the annual Letter of Representation process. The fit and proper requirements set out in this report refer to the requirements applied both to key functions and to members of the Board of Directors.

B.2.1 Overview

Quilter's approach to implementing and embedding processes and procedures to ensure fitness and propriety is described below.

A framework exists for ensuring compliance with the Fit and Proper policy, which is designed to help ensure that individuals are fit and proper both on recruitment and subsequently. This includes, but is not limited to, policies, standards and codes for personnel security, business conduct, conflicts of interest, anti-bribery and corruption, fraud prevention, information security and physical security.

The roles which are senior manager and control functions (subject to regulatory approval), and those which fall within the definition of key and certification functions are identified and an assessment is performed to determine that each person in such a role fulfils the following requirements:

- their professional qualifications, capability, knowledge and experience are adequate to enable sound and prudent management (fit); and
- they are of good repute and integrity, have sufficient time to perform the role and are financially sound (proper).

B.2.2 Determining an individual's fitness and propriety

The approach taken to assess an individual's fitness and propriety is as follows:

- the selection process is designed to be robust and enable a rigorous assessment of the individual's professional competence, both managerial and technical, relative to the role;
- where appropriate, formal independent assessment tools are used;
- background checks are performed on all individuals being employed or engaged in services prior to their employment/engagement being confirmed;
- the minimum background checks required for all roles are the lesser of three years' (six years for regulated roles) or all employment history, validation of educational and professional qualifications disclosed, financial soundness and criminal records. Additional background checks are considered depending on the level of risk associated with the role. The checks used have been established by the Compliance function and are proportionate to the role and the level of potential risk the role may present;
- further or updated background checks (excluding employment history) are made where an individual is promoted or transferred into a key function role;
- when reviewing the information gathered, consideration is given to the risks associated with the role in question and the wider risks for the business; and
- ongoing annual assessments of fitness and propriety are performed for relevant individuals and those performing key functions, this includes a refresh of background screening checks every third year.

B.3 Risk management system including own risk and solvency assessment

B.3.1 Own risk and solvency assessment ("ORSA")

An ORSA is performed for the Group and also for Quilter Life & Pensions Limited.

The ORSA process is carried out continually and is designed to enable management:

- to understand and manage the key risks to the business;
- to ensure sufficient capital and liquidity is held to withstand these risks; and
- to make informed strategic decisions in response to these risks.

The ORSA process aims to provide a continuous assessment of the current and future forward-looking risk profile of the business, and demonstrate the relationship between the business strategy, risk appetite, risk profile and solvency needs.

The ORSA is defined as a set of underlying risk and capital management processes. These processes include:

- defining and monitoring adherence to the risk appetite framework;
- assessing, monitoring and reporting of the material risks to the achievement of the business plan;
- assessing the effectiveness of governance and risk management processes;
- determining overall solvency needs, including assessment of the appropriateness of the regulatory Standard Formula, stress and scenario testing and identification of management actions to manage capital and liquidity adequacy; and
- reporting of the conclusions of ORSA processes.

Whilst these risk management processes are ongoing throughout the year, an annual ORSA report is produced which provides an overall assessment of the current and future risk profile and solvency of the business.

The sale of the Quilter International has had a material impact on the risk profile of the Group. The assessments performed in 2021 included analysis of the impact of the sale of the Quilter International on the risk profile and strategic risk appetite measures. These assessments supported the strategic decision to sell the Quilter International.

In response to the ongoing COVID-19 pandemic, additional risk monitoring processes in respect of market and liquidity risks, which were implemented following the onset of the pandemic, continued during 2021 in order to provide assurance over the management of risks.

Enhanced monitoring has been implemented for cyber risk given the increased risk in this area due to the conflict between Russia and Ukraine.

The ORSA is owned by the Quilter Board. The Board exercises oversight through a number of governance and management committees, through the process of review and challenge throughout the year and by approving the annual ORSA report.

B.3.2 Risk Management function

The role and responsibilities of the Risk Management function are as follows:

- deliver a clear and well-communicated, Quilter-wide Enterprise Risk Management Framework;
- provide control and monitoring systems;
- produce second line opinions on key risks facing Quilter for stakeholders;
- support adherence to regulation and legislation;
- provide advice to the business; and
- escalate material issues and risks.

B.3.3 Risk management system overview

Quilter defines risk as the uncertainty that the Group faces in successfully delivering upon its strategies and objectives. This includes material internal and external events, acts or omissions that have the potential to threaten the success and survival of Quilter, or the interests of other stakeholders including customers, shareholders, employees and regulators.

Active and effective risk management is at the core of Quilter's business and is regarded as a key competence by all of Quilter's stakeholders.

The Enterprise Risk Management Policy sets out and provides guidance on the Group's approach to implementing and maintaining an adequate and effective Enterprise Risk Management Framework which, alongside other policies, contributes to the system of internal control as set out within the Group Governance Manual.

The Enterprise Risk Management Framework is embedded across Quilter and encompasses a number of elements to help the firm manage its risk exposure.

Enterprise Risk Management Framework ("ERM framework")

The ERM framework:

- ensures our risk management approach is consistent across Quilter;
- aligns our strategy, capital, processes, people, technology and knowledge in order to evaluate and manage opportunities and uncertainties in a structured and disciplined manner; and
- ensures the risks we face as a business are understood and continually managed within our risk appetite, as well as helping us to consider capital implications when making strategic and operational decisions.

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

The core elements of the ERM framework are illustrated below:

B.3.4 Risk governance and policies

The Quilter Board bears ultimate responsibility for risk management, including setting risk appetite and approving policies across Quilter. Their responsibility is to ensure the proper functioning of Quilter's risk management activities and set the 'tone at the top' with respect to risk management.

The GGM together with the Quilter policy suite forms an integral part of Quilter's governance and ERM framework, ensuring an appropriate system of internal control, covering all parts of the business including financial, operational and compliance areas.

The purpose of the Quilter policy suite is to ensure appropriate controls are in place in relation to the key risks Quilter faces through:

- establishing the principles by which Quilter oversees and manages key risks and processes within Quilter; and
- providing clear ownership, responsibilities and minimum requirements for the management of risks, including the Group's risk appetite for the risk.

B.3.5 Risk strategy and risk appetite

Risk appetite is the amount of risk Quilter is willing to take on in the pursuit of its strategic priorities and is defined by the Quilter Board. Culturally, this also sets the tone regarding Quilter's attitude towards risk taking. Risk appetite also plays a central role in informing decision making across Quilter; protecting and enhancing the return on capital invested.

Risk appetites are developed for material risks to which Quilter is exposed through qualitative statements and quantitative risk appetite measures. This approach is applied consistently across the Group.

Risk strategy

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

Strategic Risk Appetite Principles

A set of Strategic Risk Appetite Principles ("SRAPs") has been set by the Quilter Board. These principles, set out below, provide the top-of-the-house guidance on our attitude toward key areas of risk for Quilter and support the ongoing management and oversight of risk, and are supported by a series of more granular risk appetite statements, measures, policies and standards.

Customer	Liquidity	Capital	Control Environment
"The Group will ensure fair customer outcomes"	"The Group will ensure that it has sufficient liquidity to meet its financial and funding obligations"	"The Group will hold or have access to sufficient capital to maintain own capital needs"	"The Group will at all times operate a robust control environment"

Quilter's position against these principles is measured on a regular basis through the monitoring of underlying risk metrics.

B.3.6 Risk identification, measurement and assessment

Risks to the delivery of Quilter's strategy and the business plan are identified through the annual strategy development and business planning processes.

Risks to business processes are identified through the Risk and Control Self-Assessments by first line management. These assessments allow the business to understand its exposure to operational risks arising from key business processes, systems and products and to manage those risks appropriately. Where controls are considered to be inadequate or ineffective, management actions are agreed to improve the level of control and to manage those risks appropriately.

B.3.7 Risk management and monitoring

Risks are owned and managed on a day-to-day basis by first line risk owners. The second line Risk function provides oversight and challenge to support the first line in managing risks.

Risk mitigation strategy planning is performed for some risks to ensure that risk mitigation plans are effective. An example of risk mitigation planning is the development of business continuity plans, which are defined at a functional level.

Corporate insurance is in place to mitigate some high impact, low frequency risks.

Quilter is a long-term business and as such monitors emerging risks which are less certain in terms of timescales and impact. The emerging risk profile is subject to regular review by management committees and the Quilter Board. The identification of these risks contributes to Quilter's stress and scenario testing, which feeds into its strategic planning process and informs its capital calculations.

B.3.8 Scenario testing and modelling

Scenario testing is performed to assess the impact of plausible but severe events and to support management in developing plans to manage such events. The outcomes and management actions identified through our scenario processes are actively used in business planning and in managing the business through extreme events including, for example, in assessing and implementing actions in response to the COVID-19 pandemic.

The scenario framework focusses on considering scenarios under the following headings:

- macro-economic scenarios (the key focus area is the Group's ability to withstand such events and our exposure relative to our peers);
- sectoral risks (i.e. risks which could affect all, or a subset of firms in the financial services industry, such as tax, regulatory or political changes);
- specific threats (i.e. risks which could cause a specific threat to Quilter but would not impact peer firms to the same extent); and
- reverse stress testing (i.e. threats which could cause the business model to become unviable).

In addition, operational risk scenario testing is performed to assess potential plausible but extreme operational losses.

B.3.9 Risk reporting and escalation

Ongoing oversight of Quilter's risk profile and risk management arrangements is undertaken by the Board Risk Committee, with relevant matters also being considered by the Board. The Executive Risk Forum is the primary management committee overseeing the risk profile of Quilter. This forum is chaired by the Quilter Chief Executive Officer, with representation from across Quilter. Ongoing oversight of the risk profile and of risk management arrangements is undertaken by the Board Risk Committee, with relevant matters also being considered by the Board. Similar arrangements are maintained locally in each significant business area.

On a quarterly basis, the Quilter Chief Risk Officer formally reports the second line perspective on the risk profile of the firm, performance against risk appetite and a second line perspective on the effectiveness of management responses. Regular monitoring and reporting of risks enable continuous review and challenge of risks and mitigating actions. Risk events with a financial and/or non-financial impact in excess of a defined threshold are reported via Quilter's risk system, with root cause analysis conducted on material events.

B.4 Internal control system

Quilter's system of internal control has a key role in the management of risks that are significant to the fulfilment of its business objectives.

The GGM supports the Quilter Board in fulfilling its internal control obligations by demonstrating the existence of, and compliance with, internal policies and other control mechanisms such as approval processes.

B.4.1 Principles of internal control

Quilter's principles of internal control are:

- Clearly defined delegated authorities – the Group is managed in accordance with the authorities delegated by the Quilter Board.
- Lines of responsibility – each business and function has clearly defined lines of responsibility and delegated authority.
- Robust recording and reporting – transactions are appropriately recorded to permit the preparation and reporting of reliable financial statements.
- Financial reporting control procedures and systems – the internal control system includes control procedures and systems which are regularly reviewed.
- Protection of assets – the Group's assets are appropriately safeguarded.
- Financial crime (fraud and money laundering) – financial crime is prevented or detected.
- Risk management – the risks to which the Group is exposed are identified and managed.

The implementation and maintenance of the internal control system in each business is the responsibility of senior management within the business. At Quilter Group level, this responsibility rests with the Quilter Chief Executive Officer and the Group function Executives.

B.4.2 Compliance function

The role and responsibilities of the Compliance function are as follows:

- to provide advice to the Board and to the first line of defence on compliance with laws and regulations;
- to provide advice to the Board and to the first line of defence on changes to laws and regulations and their potential impacts on Quilter;
- to monitor the adequacy and effectiveness of controls relating to regulatory compliance activities;

- to gain approval for the compliance plan, including monitoring activities, in full on an annual basis from the Quilter Board Risk Committee, and to gain approval for any subsequent recommended changes to that plan; and
- to provide regular reporting to the Quilter Board Risk Committee on the outcome of compliance monitoring reviews, in line with the compliance annual plan.

B.5 Internal Audit function

B.5.1 Implementation of the Internal Audit function

Group Internal Audit ("GIA") supports the Board and Executive Management of Quilter in providing independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. It helps Quilter accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes. The scope of GIA's activities extends to all businesses owned, controlled and governed by Quilter, including having the right to audit Quilter's material outsourcers in line with contractual agreements.

GIA, with strict accountability for confidentiality and safeguarding records and information, consistent with General Data Protection Regulation ("GDPR") requirements, is authorised full, free and unrestricted access to any and all of the organisation's records, physical properties and personnel pertinent to carrying out an engagement. All employees are required to assist GIA in fulfilling its roles and responsibilities.

GIA is responsible for determining the audit universe and performing its own assessment of risks to determine the risk-based audit plan.

B.5.2 Independence of the Internal Audit function

GIA receives its authority from the Quilter Board Audit Committee, which is a committee of the Quilter plc Board established to, among other things:

- review and approve the Group Internal Audit Charter;
- review and approve the annual audit plan and subsequent material revisions;
- review the output of audit work; and
- evaluate the adequacy and effectiveness of the Group's financial, operating, compliance, and risk management controls.

To provide for the independence of GIA, the Chief Internal Auditor is accountable to the Quilter Board Audit Committee Chair, reports administratively to the Quilter Chief Financial Officer and has access to the Chairman of the Quilter Board. Financial independence is provided by the Quilter Audit Committee approving a budget to allow GIA to meet the requirements of the Charter. GIA is functionally independent from the activities audited and the day-to-day internal control processes of the organisation. Where consulting services are delivered, GIA will manage any perceived or actual conflict of interest. The GIA Leadership Team also reports relevant audit matters to the Business Oversight Board Governance, Audit and Risk Committees, Audit Committees or equivalent forums.

B.6 Actuarial function

The Actuarial function performs a second line of defence role, ensuring that the methodologies, models and assumptions used in the assessment of technical provisions and capital requirements are robust and applied consistently and in proportion to the nature, scale and complexity of the Group and the solo insurance entities. The Group Chief Actuary performs the Actuarial function role for the Group and QLPL.

Responsibilities of the Actuarial function include:

- ensuring that methodologies and models for the valuation of technical provisions and capital requirements are appropriate;
- overseeing the sufficiency and quality of data used in the valuation of technical provisions and capital requirements;
- reviewing and challenging experience analysis in respect of risk factors and proposed best estimate assumptions;
- reviewing and challenging the valuation of technical provisions including application of approximations;
- reviewing and challenging solvency capital requirement results; and
- expressing an opinion on the overall underwriting policy and the adequacy of reinsurance arrangements.

B.7 Outsourcing

B.7.1 Outsourcing policy

The Third Party Risk Management Policy and Standards suite defines the framework that Quilter and all of its subsidiaries must use to manage and monitor all outsourced services. This document suite addresses, through a series of mandated requirements, the risks inherent in the selection, transition to, and use of third parties in all outsourced activities. These documents have a specific focus on the outsourcing arrangements that are considered to be ‘Critical’ or ‘Important’. These arrangements have the potential to materially impact Quilter’s operations, its services, its ability to meet its obligations to customers and its compliance with regulatory requirements, whether at Group level or at subsidiary level.

By following the Group’s policies and standards, the risk of implementing an inadequate service or of the failure of an outsourced service provider is effectively mitigated through the following controls:

- a formalised approach, including a transparent selection and management process and a due diligence process, to outsourcing services;
- governance and oversight structures, practices and processes, with clear roles and responsibilities for oversight, monitoring and management of risks related to all outsourced services;
- regular assessments of whether the supplier maintains an effective internal control environment and continues to have a resilient business; and
- processes and practices to ensure that outsourced services arrangements comply with all applicable regulatory requirements.

B.7.2 Critical or important outsourcing arrangements

The firm has assessed whether outsourced activities are ‘Critical’ or ‘Important’ on the basis of the activities being outsourced and dependency of the Group on that service. The assessment determines whether these activities are essential to the operation of the firm and whether the Group would be able to deliver its services to policyholders and customers without this outsourced activity operating.

Once confirmed, each new relationship is submitted for regulatory notification. The risks that may occur through transitioning the service are reviewed along with the risks inherent in the service. In each instance, processes and controls are established to mitigate the risks from the arrangement. Accountable Executives are identified and a robust governance structure is implemented on an ongoing basis to ensure that the service continues to adhere to the principles outlined in the Third Party Risk Management Policy and Standards suite which have been updated in line with recent regulatory changes.

Outsourced functions and activities

Quilter outsources a range of operational functions and activities. The nature of critical or important arrangements primarily includes fund administration services, infrastructure and application maintenance, and wealth and investment transaction services. Material outsourced services are predominantly provided from the UK, India and the Czech Republic.

B.8 Any other information

No other information on Quilter’s system of governance is considered sufficiently material to require disclosure in this section.

Section C
Risk profile

Section C. Risk profile

The Quilter Board has carried out a robust assessment of the principal strategic risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. A brief description of these principal risks (in addition to those covered in sections C.1 to C.5) is found below. Further information on these risks, together with their key mitigants, can be found in pages 66 to 72 of the Quilter plc 2021 Annual Report.

The Group has adopted the Standard Formula specified in Solvency II legislation to assess the capital risks within Quilter. The Group uses the Standard Formula to calculate the Group solvency capital requirement ("SCR"), reflecting the Group's capital risk profile covering underwriting, market, credit and operational risks. These risk profiles, and the Group's liquidity risk profile, are described individually in sections C.1 to C.5.

The Quilter strategic risk profile

Key strategic milestones have been achieved in 2021 including completion of the Platform Transformation Programme, completion of activities associated with the Optimisation Programme and the sale of Quilter International. Much of this activity has removed complexity, including legacy technology, and has had the impact of reducing the associated risk profile. Quilter is entering a new phase of its development with a focus on propositional development, embedding new technology, digitisation, development of climate strategy and embedding ESG at the heart of its business. Accordingly, the risk profile has shifted towards the risks associated with strategic delivery against these ambitions.

External environment

Whilst market conditions generally stabilised during 2021 from the COVID-19 pandemic, the evolving Ukraine crisis is having an impact on the economic and political environment. Consequential impacts including short-term market volatility, reduced customer confidence, inflationary pressures and an increase in the cost-of-living could impact customers' ability to invest and therefore investment inflows as well as potential adverse cost impacts from direct inflationary pressures.

The Quilter capital risk profile

Sections C.1 to C.5 contain specific information on the profile of regulatory capital held for the Group and its insurance businesses.

Based on the Standard Formula, the Group had an SCR of £587 million at 31 December 2021. Table C.1 below shows the SCR breakdown by risk category (after intra-module diversification) for the Group, including the contribution to the overall Group regulatory capital requirement (Group SCR) for the non-insurance entities.

Risk modules	31 December 2021 £m
Market risk	312
Counterparty default risk	13
Life underwriting risk	269
Total before diversification	**594**
Diversification	(130)
Basic solvency capital requirement	**464**
Operational risk	13
Loss-absorbing capacity of deferred taxes	(175)
Other financial sector entities	284
Group solvency capital requirement	**587**

Table C.1 – Quilter's SCR

The risk profile of Quilter's insurance undertaking reflects the nature of the product offerings, dominated by unit-linked life, pensions and investment business. Key features of these risk exposures are as follows:

- Investment risks are largely borne by customers as a result of the use of unit-linked product structures. The Group has second-order market risk exposure on asset-based revenues, which are driven by the assets under management and administration.
- Quilter is generally exposed to loss of future revenue through higher-than-expected surrender experience.
- Quilter does not offer direct investment guarantees or take on complex financial insurance risks (such as pension annuities).
- Insurance risks on policies providing life assurance are largely reinsured therefore mortality risks are not significant.

C.1 Underwriting risk

Underwriting risk arises through exposure to unfavourable operating experience on insurance products. Underwriting risk includes lapse risk, expense risk and mortality risk.

The key underwriting risk exposures for the Group are as follows:

Lapse risk

Lapse risk is the risk of higher-than-expected experience of surrender and partial withdrawal experience on insurance business.

An increase in surrender or partial withdrawal rates represents a risk to the Group as this would result in lower-than-expected future revenues on insurance business.

Expense risk

Expense risk is the risk that future maintenance expense levels and future expense inflation are higher than forecast within the Group's business plan. This would result in lower than planned profitability and dividend paying capability of other subsidiaries.

Mortality risk

Mortality risk is the risk that death claims on policies which provide life insurance benefits are higher than expected.

C.1.1 Underwriting risk profile

Underwriting risk is measured through the following approaches:

- The capital requirement for each underwriting risk exposure is calculated using the Standard Formula.
- Sensitivity testing is performed in respect of underwriting risks in order to determine the impact of changes in experience on the value of own funds, the SCR and the Group solvency ratio.

The capital requirements for underwriting risks as at 31 December 2021 are set out in the following table:

Life underwriting risk category	31 December 2021 £m
Mortality	5
Longevity	-
Disability	-
Lapse	211
Expense	92
Life catastrophe	1
Subtotal	**308**
Diversification within risk module	(38)
Life underwriting risk SCR	**269**

Table C1.1 – Quilter's life underwriting risk SCR

The capital requirements for these risks represent potential losses due to extreme adverse scenarios which would arise approximately once in every 200 years.

C.1.2 Underwriting risk mitigation

The Group manages each of the following underwriting risks.

Lapse risk

Lapse risk is a feature of the Group's insurance business and is managed through product design, focusing on customer service and customer outcomes. Persistency statistics and customer metrics are monitored regularly and detailed persistency analysis is carried out regularly at a product group level.

Expense risk

Expense risk is managed through budget control and discipline, balanced against the need to ensure sufficient resources are available to achieve the Group's strategic aims.

Expense levels are monitored regularly against budgets and forecasts. An allocation model is used to allocate shared business costs to individual legal entities based on agreed cost drivers. Cost drivers are periodically reviewed to ensure that they are in line with the services that each legal entity is receiving.

Some product structures include maintenance charges. These charges are reviewed annually in light of changes in maintenance expense levels and the market level of inflation. This review may result in changes in charge levels.

Mortality risk

Mortality risk is mitigated through underwriting practices and external reinsurance arrangements. For unit-linked contracts, which include mortality protection benefits, risk charges are applied to meet the expected costs of the insured benefits.

Mortality risks are largely reinsured to reinsurance firms with strong credit ratings and therefore retained mortality risks are not significant. Mortality risk is not significant to the Group following the sale of the Quilter International.

C.1.3 Underwriting risk concentration

The Group does not have any material concentrations of lapse, expense or mortality risk. The Group does not provide group protection business.

C.2 Market risk

Market risk is the risk of an adverse financial impact arising from the changes in values of financial assets or financial liabilities as a result of changes in the value of equities, government and corporate bonds, foreign exchange rates, and property values. The nature of QLPL's product offering, which consists of unit-linked investment business, means the main market risks are borne by customers as a result of the use of unit-linked product structures. The majority of retained market risk for the Group relates to second-order market risk exposures on asset-based revenues, which are driven by the value of assets under administration.

The key market risk exposures for the Group are as follows:

Equity risk

Equity market risk is a significant risk for the Group since a large proportion of the assets underlying unit-linked funds held for the benefit of policyholders is invested in equity portfolios, from which the Group derives asset-based fees. The Group has no material holdings of equities within shareholders' funds.

The capital requirement for equity risk reflects the potential loss of future asset-based revenues resulting from returns on equity assets falling below the levels assumed in the calculation of technical provisions.

Currency risk

Currency risk is the risk that movements in currency exchange rates result in reductions in the emerging revenues or increases in expenses denominated in foreign currencies.

Currency risk arises through changes in the value of assets under administration due to currency exchange rate movements, which results in changes in the value of future asset-based revenues.

Interest rate risk

Interest rate risk is the risk that changes in interest rates, both in the short term and in the longer term, result in changes in the expected value of future revenues and expenses.

Changes in interest rates result in changes to the value of government and corporate bond assets within unit-linked funds. Changes in the value of these assets results in changes to expected future asset-based fee revenues.

Changes in the interest rate yield curve also results in changes to the rates used to value future revenues and expenses in the calculation of technical provisions.

Spread risk

A portion of the assets underlying unit-linked funds is invested in corporate bonds. These bonds are exposed to the risk of increases in credit spreads, which would result in a fall in the value of bonds. This would result in a reduction in the Group's expected future asset-based fee revenues.

The Group has no material holdings of corporate bonds within shareholders' funds.

C.2.1 Market risk profile

Market risk is measured through the following approaches:

- The capital requirement for each market risk exposure is calculated using the Solvency II Standard Formula.
- Sensitivity testing is performed in respect of market risks in order to determine the impact of market movements on the value of own funds, the SCR and the Group solvency ratio.
- Scenario testing is performed to assess the impact of a severe economic downturn arising over the business planning period.

The capital requirements for market risks as at 31 December 2021 are set out in the following table:

Market risk category	31 December 2021 £m
Interest rate	2
Equity	240
Property	1
Spread	27
Currency	114
Concentration	-
Subtotal	**384**
Diversification within risk module	(72)
Market risk SCR	**312**

Table C.2.1 – Quilter's market risk SCR

The evolving Ukraine crisis is having an impact on global stock markets resulting in short-term market volatility. Falls in the level of equity markets can lead to reductions in the value of own funds for the Group as own funds include allowance for future revenues. The Group derives fee revenues which are linked to the value of assets under administration, and so falls in the value of assets under administration will result in reductions in the value placed on these future revenues. The impact on the Group solvency position is limited as falls in the value of assets under administration also results in reductions in the SCR.

C.2.2 Prudent person principle and investment of assets

Management and oversight of market risk and other financial risk management activities is governed by Quilter plc's Market Risk Policy, Credit Risk Policy, Capital Management Policy and Financial Risk Mitigation Standard, together with governance processes established to monitor and manage market risks.

For the Group's insurance business, while policyholders select the unit-linked funds which policyholder assets are invested into, the Investment Forum oversees and monitors the investment of policyholder funds. The Investment Forum seeks to ensure that investment risks and objectives are identified and clearly communicated, that funds remain appropriate for retail platform investment and provide oversight to ensure Quilter investment solutions within the proposition are invested in accordance with their stated objectives, and investments made are in accordance with investment mandates.

The allocation of shareholder assets is managed in line with the Treasury Statement of Practice of the relevant business, which provides guidance on the approach to implementing and maintaining an adequate and effective treasury management framework in compliance with the Quilter Group Treasury Standard.

The Group's shareholder assets are invested in money market funds and bank deposits. Monitoring of liquidity and credit risks is performed on a daily basis. The Treasury Governance and Risk Forum and the Capital Management Forum ("CMF") oversee market and credit risk exposures in respect of shareholder assets.

C.2.3 Market risk mitigation

The Group's insurance business is predominantly unit-linked life, pensions and investment business. The direct market risks are borne by policyholders as a result of the use of unit-linked product structures. The Group does not offer investment guarantees or take on complex financial insurance risks. Market risk exposure on asset-based revenues is an accepted risk exposure, the impact of which is assessed as part of stress and scenario testing.

C.2.4 Market risk concentration

Policyholder funds are invested in a diversified portfolio of assets. The market risk concentration on policyholder assets is not material.

Shareholders' funds are deposited only in the permitted instruments set out in the relevant Treasury Statement of Practice. The permitted instruments are bank call deposits and a range of money market funds. Limits are in place to avoid concentration to a single counterparty.

C.3 Credit risk

Credit risk (counterparty default risk) is the risk that a party to a financial instrument will cause a financial loss to Quilter by failing to discharge an obligation to repay cash or deliver another financial asset. The material risks faced by Quilter relate to:

- the risk of default by banks and other financial institutions in respect of the investment of Group assets;
- the risk of default by insurance intermediaries in respect of receivables; and
- reinsurance counterparty default risk.

C.3.1 Credit risk profile

Quilter's credit risk profile is derived from the Solvency II Standard Formula counterparty default risk module.

As at 31 December 2021, the Quilter SCR for this module was £13 million.

The ongoing COVID-19 pandemic and crisis in Ukraine could potentially result in an increase in credit risk exposure as economic conditions could result in reductions in the financial strength of financial counterparties such as banking counterparties. The Group actively monitors the credit worthiness of counterparties and diversifies exposures in order to limit exposure to any single counterparty, for example through the use of money market funds for the investment of company money.

In relation to the crisis in Ukraine, to date, active monitoring of CDS spreads has not seen material adverse credit impacts to the banks.

C.3.2 Credit risk mitigation

Quilter has a credit risk framework supported by a Group Credit Risk Policy and Group Credit Risk Standard, together with appropriate risk appetite, risk reporting and oversight by the CMF.

The credit risk arising from exposures is mitigated by ensuring that the Group only enters into relationships with appropriately robust counterparties, adhering to the Group Credit Risk Policy. For each asset, consideration is given to:

- the credit rating of the counterparty, which is used to derive the probability of default;
- the loss given default; and
- the potential recovery which may be made in the event of default.

Credit and counterparty risks are identified and assessed through an analysis of Quilter's consolidated balance sheet. Quilter has a prudent credit risk management framework and invests shareholder funds in cash and AAA-rated money market funds. A group-wide counterparty limit framework is used to ensure cash is held with appropriately rated counterparties and is appropriately diversified in order to manage concentration risk.

The credit risk exposures of Quilter plc and its subsidiaries are monitored on a daily basis and reported through the CMF to ensure that counterparties remain creditworthy and to ensure that concentrations of exposure are kept within accepted limits. Further in-depth analysis on counterparty creditworthiness is completed on a weekly, semi-annual and annual basis throughout the year. There is no direct exposure to European sovereign debt (outside of the UK) within the shareholder investments.

Quilter maintains a small amount of reinsurance cover for mortality risk. Reinsurers with high credit ratings are used to minimise the risk of default and credit concentration.

C.3.3 Credit risk concentration

Cash is invested with a number of counterparties with high credit ratings. There is not a significant exposure to a single named counterparty and a process of diversification is employed to manage counterparty concentration risk.

C.4 Liquidity risk

C.4.1 Liquidity risk profile

Liquidity risk is the risk that there are insufficient assets or that assets cannot be realised in order to settle financial obligations as they fall due, or that market conditions preclude the ability of the Group to trade in illiquid assets in order to maintain its Asset Liability Matching ("ALM") profile.

Quilter is exposed to liquidity risks during the normal course of business where payments are made before the related income is received from counterparties or liquidity strains arise from technology outages. Such exposures are typically short term in nature. Each business has a defined liquidity target and minimum liquidity requirement, which have been determined to cover any potential outflows arising from severe but plausible liquidity stress scenarios. The Group maintains additional liquidity to provide contingency funding support to the businesses if required, in the event of liquidity stresses. Liquidity exposures are monitored for each business on a daily basis relative to liquidity targets.

The ongoing COVID-19 pandemic could result in an increase in the likelihood of potential liquidity stress scenarios, such as risk of suspension of funds provided by external fund managers which are made available for Quilter Platform customers, and increased trading volumes, which can cause short-term liquidity strains due to settlement timing differences between funds.

Throughout 2021, Quilter plc and its subsidiaries have operated above their individual liquidity targets and there were no new liquidity stresses identified over this period to include in the liquidity monitoring process. Daily liquidity updates continue to be in place across the Group to enable timely identification of any emerging issues.

Each business maintains a Contingency Funding Plan, which is designed to enable management to address emergency liquidity situations in a timely and efficient manner and in line with regulatory requirements. The pandemic has not resulted in a requirement to drawdown on any form of contingent funding at subsidiary or holding company level during 2021.

C.4.2 Liquidity risk mitigation

Quilter manages liquidity by:

- maintaining sufficient high quality liquid assets and appropriate banking facilities, the level of which is informed through appropriate liquidity stress testing;
- monitoring actual cash flows against forecast; and
- matching the maturity profiles of financial assets and liabilities, where possible.

Liquidity risk can arise as a result of a number of significant switches or withdrawals of policyholder funds over a short timeframe, or as a result of one very large switch or withdrawal. In some cases, switches and withdrawal of policyholder funds are paid by the entity before settlement is received from the market on the sale of policyholder assets. This risk is managed by maintaining high quality liquid assets to meet the value of the payments which may reasonably be expected in stressed conditions and by regularly monitoring actual cash flows against forecast.

Liquidity risk can also arise due to timing differences between policyholder claims and subsequent recovery from a reinsurer on a quarterly basis. This risk is reflected in liquidity levels held across the relevant entities. This risk has significantly reduced following the sale of Quilter International.

Within certain funds available to policyholders (primarily property funds), there is a risk that in the event of a shortage of liquidity within the funds, these funds may be suspended, resulting in policyholders being unable to buy or sell units for a period of time. There are circumstances in which Quilter will honour the settlement of a population of contractual payments within Quilter Life & Pensions Limited, resulting in a liquidity risk however this has remained at a manageable level and has not materially impacted liquidity levels.

C.4.3 Liquidity risk concentration

There is no significant concentration of liquidity risk in Quilter.

C.4.4 Expected profit included in future premiums (“EPIFP”)

For regular premium products, the allowance for future premiums and benefits within the best estimate liability depends on the Solvency II ‘boundary of the contract’. Following the sale of Quilter International, there is no future premium included in the best estimate liability calculation for QLPL. The EPIFP for the Group as at 31 December 2021 was nil (2020: £11 million).

C.5 Operational risk

Operational risk is defined as: “The risk of loss (or unintentional gain/profit) arising from inadequate or failed internal processes, or from personnel and systems, or from external events (other than financial or business environment risks), resulting in an adverse impact to earnings or reduced solvency.”

Quilter has exposure to a number of operational risks which could threaten Quilter’s ability to meet its business objectives, the most significant being:

Advice: Quilter’s financial advice services are subject to fundamental regulatory conduct requirements to assure suitability of advisory recommendations. Failure to operate effective arrangements to support the delivery of suitable advice could expose Quilter to risks associated with customer detriment, regulatory censure and remediation programmes, and consequential impacts to the Group’s business, financial condition and reputation. The current scrutiny of the defined benefit transfer advice means that the risk profile remains elevated, although stable, with the delivery of remediation to impacted clients, as well as ensuring that advice quality control frameworks are appropriate are key to reducing this risk.

Information technology: Quilter’s business is highly dependent on its technology infrastructure and applications to perform necessary business functions, including to support the provision of services to customers. Much of Quilter’s legacy IT estate is currently being replaced, with a move to software as a service (“SAAS”) applications reducing the Group’s internal technology complexity, through increased reliance on third parties. Failure to manage technology risk could have a material adverse impact on Quilter’s business, its resilience capabilities, financial condition, operations and its reputation.

Information security: Quilter’s business, by its nature, requires it to store, retrieve, evaluate and utilise customer and company data and information, some of which is highly sensitive. The COVID-19 conditions continue to mean there is increased remote handling of data. Quilter is subject to the risk of information security breaches from parties with criminal or malicious intent. Should Quilter’s intrusion detection and anti-penetration software not anticipate, prevent or mitigate a network failure or disruption, it may have a material adverse effect on Quilter’s customers, business, financial condition, operations and reputation.

Third party, including outsourcing: Quilter procures certain services from third parties which has increased given the significant business process and technology outsourcing to FNZ. A decreasing residual risk profile is observed as Quilter's third-party oversight arrangement continued to mature through 2021, reducing the risk of material incidents. If Quilter does not effectively oversee its third-party providers, they do not perform as anticipated, or Quilter experiences technological or other problems with a third party, Quilter may experience operational difficulties, increased costs and loss of business, potential customer detriment and damage to its reputation.

People: Quilter relies on its talent to deliver its service to customers and to implement the broad range of strategic change initiatives that are currently being delivered. As the impacts of the COVID-19 pandemic have subsided, Quilter has retained its strong focus on supporting staff as the business transitions to a new normal of flexible working. People risk has remained elevated in 2021, with talent loss a key concern given demands placed upon staff given the changing operating environment and the talent and capability requirements of the next phase of Quilter's strategy. Failure to retain key staff or to attract suitable talent may impact the delivery of Quilter's strategy and may have an adverse impact on Quilter's business, its financial and operational performance and its delivery of service to customers.

Operational resilience: The pandemic has tested Quilter's ability to respond and adapt to sudden disruptions and has shown Quilter's ability to successfully manage during this crisis period. Nevertheless, it is key that Quilter continues to enhance its operational resilience arrangements as the external environment (climate events, supply chain concerns) continues to test firms. Meeting the new regulatory requirements in this area will be fundamental to Quilter demonstrating the robustness of its arrangements, including maintenance of critical services for customers. Any failure of preparedness for disruption could impact to Quilter's ability to operate, and could cause harm to customers, and resultant regulatory censure or damage to reputation.

Customer proposition: This risk arises from customer dissatisfaction or poor customer outcomes (including from the performance of environmental, social and governance (ESG) orientated products) at any point through the end-to-end customer journey and may result in the potential for financial loss, damage to Quilter's reputation and/or regulatory fines and/or censure. Quilter identifies and assesses its customer proposition risks for each of its businesses through the Operational Risk scenario testing process.

Business disclosure: This is the risk of inaccurate, inappropriate or untimely disclosure of information (including for ESG requirements) resulting in potential for a negative impact on earnings, damage to reputation and/or regulatory fines and/or censure. Quilter is embedding responsible investment into all areas of its business and has a range of sustainable investment solutions, the disclosures of which contain details of specified ESG-related investment mandates and exclusions. As such, Quilter has an increasing reliance on the accuracy of ESG-related data and information from third-party providers to inform investment decisions within its managed funds and strategies and for public disclosures. At the same time, concerns about the quality and coverage of ESG data is an industry-wide issue. Failure to effectively oversee provision of third-party data, or any failure to clearly communicate any inherent limitations in data coverage would lead to a risk that Quilter inadvertently discloses misleading information about the environmental (or other ESG-related) credentials of its business and services, leading potentially to legal action, regulatory sanction and reputational risk.

C.5.1 Operational risk profile

Operational risks are internally assessed through scenario-based risk assessments utilising internal risk event data, external operational loss data, Risk and Control Self-Assessments ("RCSA") and expert judgement provided by first line subject matter experts. The financial impact of operational risk assessments is then modelled within an operational risk model in order to assess the potential loss in plausible infrequent, but extreme conditions. This assessment is used to support the Group's assessment of the appropriateness of the Solvency II Standard Formula.

The COVID-19 pandemic did have an impact on the operational risk profile of the Group, although this has not translated into a material deterioration due to the swift response of the Group to the risks identified in managing business processes and staff remotely. Proactive actions have mitigated the risk of operational risk crystallisation, and the flexibility of our staff in operating in a hybrid remote working environment has meant risk events remain within tolerance.

Quilter has strong operational resilience with effective controls in place for remote working. Crisis management is well established and these measures have been effective through the pandemic. Quilter continues to follow the recommendations made by the UK Government to reduce the spread of COVID-19. The Group implemented the following measures to protect our people, to serve our customers and to minimise business disruption:

- Quilter's established process for crisis management has been effective with a combination of group-wide calls and specific business management meetings.
- Frequent communications to employees are made, including communications highlighting the availability of the employee assistance programme and additional guidance to line managers on how to deal with specific situations (e.g. vulnerable employees).
- With the exception of key staff required to attend Quilter premises to ensure that critical business processes continue, the majority of staff are working from a combination of home working and office-based working. The provision of remote access IT equipment and telephony has facilitated this, allowing Quilter to maintain high client service levels and to support customers and advisers
- Telephone-based financial advice service and discretionary management for customers has continued.
- Other operational measures, including enhancing cleaning services for all Quilter premises, have been implemented.

The overall impact of the situation has been an increase of our residual risk profile in critical areas as processes were adapted to reflect the threat. Whilst the overall level of residual risk remains elevated when compared to pre-pandemic levels, increased monitoring of the Group's risk profile is yet to detect material deterioration in process performance.

Enhanced monitoring has been implemented for cyber risk given the increased risk in this area due to the conflict between Russia and Ukraine. The cyber-security team is in a heightened state of alert and is conducting increased monitoring of cyber activity and our security controls.

Any sanctions imposed by the UK Government on Russian oligarchs are complied with as part of our usual screening process. Reporting processes are in place in the event that a match is identified. Enhanced due diligence is carried out for those clients and associated third parties deemed to present a higher risk. The Group continues to comply with origin of wealth checks which are performed in line with regulations.

Quilter's crisis management process has been invoked to ensure visibility of emerging risks and issues, and to agree appropriate mitigating management actions, over which the Risk Management function maintains its usual oversight and challenge.

The Platform Transformation Programme ("PTP") concluded its delivery phase in H1 2021. The delivery of this material system implementation and outsourcing programme has contributed to improving the overall risk profile of the UK Platform business by providing further process enhancements and facilitating the decommissioning of legacy technology. This has a positive effect in reducing both Information Technology and Information Security risk going forward, albeit this has increased the Platform's third-party risk profile as we now rely on FNZ to complete certain operational processes that were previously completed in-house. Enhanced oversight and monitoring processes have been agreed with FNZ to ensure that this risk is carefully monitored; this work is overseen by a Group CEO-sponsored steering committee.

Quilter's operational risk capital requirement is calculated on a Solvency II Standard Formula basis, which is predominantly driven by the level of maintenance expenses for the insurance businesses.

As at 31 December 2021, the Quilter SCR for the operational risk module was £13 million.

The operational risk charge is added on to the basic SCR following the Standard Formula with no allowance for diversification with other risk modules.

C.5.2 Operational risk mitigation

Operational risks are managed in accordance with Quilter's Operational Risk Policy and supporting Standards. Operational risk exposure is measured primarily through scenario assessments which use internal and external loss event data, Risk and Control Self-assessments, and expert judgement provided by subject matter experts. Resultant exposures are evaluated against Quilter's risk appetite and this evaluation drives operational risk reporting and management action.

First line management has responsibility for applying the operational risk framework, including the management of operational risk, and ensuring that appropriately designed controls are operating effectively. The second line Risk function provides risk oversight and challenge to the first line in their delivery of the requirements of the operational risk framework, and Quilter's Internal Audit function provides third line assurance. Quilter's governance structure is designed to ensure clarity of responsibilities and delegated authorities, segregation of duty, and clear escalation of risk issues to enable timely management action to manage risks within acceptable tolerances.

C.5.3 Operational risk concentration

The Group's operations are generally well spread across a number of office locations, mitigating the risk of significant concentration of operational risk within Quilter. The Group shares IT infrastructure and network services; this infrastructure is subject to ongoing modernisation and investment aligned to the long-term IT strategy. Risks are mitigated by a rotating cycle of resilience testing covering critical functions and IT services.

C.6 Other material risks

Climate-related risks

Climate change, and society's response to it, present risks which are relevant to Quilter. These climate-related risks can be divided into two major categories:

- risks related to a transition to a lower-carbon economy; and
- risks related to the physical impacts of climate change.

Whilst many climate-related risks, particularly physical risks, may crystallise in full over longer time horizons, some of the impacts are becoming apparent now.

Quilter treats climate-related risks as a cross-cutting risk type. This means that Quilter recognises that climate-related risks have the potential to manifest through a number of the existing principal risk types within our Enterprise Risk Management Framework. For example, climate-related risks have the potential to impact Quilter's market and operational risk profiles.

Further information on Quilter's exposure to and management of climate-related risks can be found in Quilter's 2021 TCFD report, which is compliant with the recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD") and is published on Quilter's website.

Further qualitative information on other principal risks and uncertainties facing the Group, together with their key mitigants, can be found in the Quilter plc 2021 Annual Report.

C.7 Any other information

C.7.1 Risk sensitivity analysis

Scenario testing and sensitivity testing are performed on an annual basis to assess the resilience of the Group to potential stresses and scenarios and to assist in determining the management actions which would be required to manage and mitigate the impacts of such events. Reverse stress testing is also performed to identify the point at which the Group or any of its solo insurance entities could become unviable.

Sensitivity testing

The Group carries out sensitivity testing to assess the impacts on the Group solvency position of changes in equity markets, interest rates, lapse rates and expense levels.

As at 31 December 2021, the Group's surplus capital above the SCR was £1,030 million. The following table shows the change in the value of surplus capital due to the key sensitivities which have been tested:

Sensitivity test	Impact on level of surplus capital £m
Equity markets: 25% market fall	28
Interest rates: 1% reduction in interest rates	(26)
Interest rates: 1% increase in interest rates	22
Inflation rates: 1% reduction in inflation rates	26
Inflation rates: 1% increase in inflation rates	(32)
Lapse rates: 10% mass lapse	(17)
Expenses: 10% increase in expense levels	(38)

The key underlying assumptions for these sensitivity tests include:

- The sensitivity stresses are assumed to take place instantaneously on 1 January 2022, the balance sheet and the SCR are immediately revalued.
- It is assumed that the Standard Formula symmetric adjustment of the equity capital charge would be updated to reflect the market fall under the equity market sensitivity.
- The sensitivities have been applied only to the insurance entities within Quilter. It is therefore assumed that the sensitivities would have no immediate impact on own funds or capital requirements for other entities within the Group.
- It is assumed that no management actions would be applied under these sensitivities. For instance, under the 10% mass lapse stress, the per-policy maintenance expense assumption increases to reflect the same level of maintenance expenses being spread over fewer policies.

Scenario tests

Scenario testing is performed on an annual basis to assess the resilience of the Group and the solo regulated entities to severe but plausible events and to assist in determining the management actions required to manage and mitigate the impacts of such events. Scenarios are also used to validate that the Group and solo regulated entities are sufficiently capitalised in line with their financial risk appetites.

Scenario testing is performed by adjusting the parameters used to project revenues and expenses over the business planning period and adjusting capital plans. Scenario testing parameters are typically set in order to assess the impacts of both 1-in-50 year adverse events and 1-in-200 year adverse events over the business planning period. Scenario testing parameters are determined through analysis of market and internal experience data combined with expert judgement.

Scenario testing for the Group demonstrated that the Group can comfortably withstand a 1-in-200 year adverse event whilst continuing to meet its internal capital target. In order to manage a 1-in-200 year scenario, in line with the Group's dividend policy, dividends would be reduced or temporarily suspended under such a scenario.

Reverse stress testing

Reverse stress testing is performed in order to identify the events which would result in the business plan becoming unviable, resulting in the need to make material changes to the strategy in order to continue as a going concern.

C.7.2 Significant risk concentration

The Group has not identified any significant risk concentrations that could threaten the Group solvency or liquidity position.

C.7.3 Captive insurer

The Group's captive insurer, Quilter Insurance Company Limited, offers professional indemnity cover to Quilter Financial Planning in combination with cover layers provided by our external insurance providers. The captive is based in the Isle of Man and is wholly owned by the Quilter plc Group.

Section D
Valuation for solvency purposes

Section D. Valuation for solvency purposes

This section describes the consolidation approach and the methods used to value assets and liabilities when preparing the Group Solvency II balance sheet. The Group Solvency II balance sheet is used as a basis for calculating Solvency II own funds and is reported in the Group balance sheet QRT (S.02.01.).

Quilter plc and all of its direct and indirect subsidiaries are consolidated on a line-by-line basis when preparing the IFRS statement of financial position ("IFRS balance sheet"). This essentially means that each asset and liability figure disclosed in the Group's IFRS balance sheet is determined as the sum of the assets or liabilities of that type across all Quilter entities after eliminating the impact of intragroup transactions and balances. When preparing the Group Solvency II balance sheet, certain types of entities are required to be consolidated on a line-by-line basis while others are required to be included in a single line, as participations. The value of the participations figure in the Group balance sheet is based on the value of the net assets of the entities that are not consolidated on a line-by-line basis for Solvency II. The differences between the IFRS and Solvency II consolidation approach result in significant presentational differences between the Group Solvency II balance sheet and the Group IFRS balance sheet.

A reconciliation between the Group IFRS equity position and the Solvency II own funds position is provided in section E. The reconciliation summarises the non-presentational differences between IFRS and Solvency II which result from differences in the valuation rules.

Determination of assets and liabilities for Solvency II

Solvency II assets and liabilities have been calculated in accordance with the overriding valuation principles set out in Articles 75 to 86 of the Solvency II Directive (Directive 2009/138/EC), which require an economic market-consistent approach to the valuation of assets and liabilities. The bases, methods and assumptions used for the valuation of the Group's assets, technical provisions and liabilities other than technical provisions ("Other liabilities") are consistent with the Solvency II rules and guidance.

The Group's IFRS reporting is the starting point for Solvency II reporting. Significant accounting policies applied in preparing the Group's IFRS balance sheet are disclosed in note 5 to the Quilter plc 2021 Annual Report. Critical accounting estimates and judgements are outlined in note 1 of the Quilter plc 2021 Annual Report. The valuation of assets and other liabilities under Solvency II is based on quoted market prices in actively traded markets where available. For assets and liabilities not traded in active markets, quoted market prices for similar assets and liabilities are used where available. In cases where there are no similar assets or liabilities traded in active markets, alternative valuation methods are applied making the maximum use of observable inputs.

Assets and other liabilities that are valued at fair value in accordance with IFRS satisfy the overriding valuation principles of Solvency II. Furthermore, where the carrying amount of assets and other liabilities in the financial statements approximates their fair value, the valuation basis is deemed to be in line with the overriding valuation principles. When IFRS principles are not consistent with the overriding Solvency II valuation principles above, the valuation of assets and liabilities is adjusted to ensure the Solvency II principles are adhered to. Material categories of assets and liabilities that are not valued using market prices are outlined in the sections below.

There have been no significant changes to the recognition, valuation or estimation methods used during the period.

The value of technical provisions is calculated in line with the Solvency II rules as the sum of technical provisions calculated as a whole, best estimate liabilities and risk margin.

Consolidation approach

The Group follows the default consolidation method when preparing the Solvency II balance sheet which is referred to as the "accounting consolidation-based method" or "Method 1". Accordingly, Quilter plc, its insurance subsidiary (Quilter Life & Pensions Limited) and certain holding companies together form a consolidated insurance group that is consolidated on a line-by-line basis when preparing the Group Solvency II balance sheet.

Non-insurance entities ("other financial sector undertakings" and "other non-financial undertakings") are included as participations in the Group Solvency II balance sheet and are not therefore consolidated on a line-by-line basis. Non-insurance entities comprise mainly the Group's asset management and advice businesses.

The balance sheet, own funds and solvency capital requirements (covered in section E) for insurance companies are each determined on a Solvency II basis. Other financial sector undertakings are included under Method 1 as participations on the Solvency II balance sheet on a sectoral rules basis, meaning that their value is determined in accordance with CRD IV. The sectoral rules are also used to determine the contribution of those entities to Group own funds and the Group solvency capital requirement.

Type of undertaking	Quilter entities	Solvency II balance sheet	IFRS balance sheet
Consolidated insurance group	Quilter plc's insurance undertaking: Quilter Life & Pensions Limited.	Full line-by-line consolidation. Solvency II valuation basis. Investment funds included based on Quilter's ownership percentage.	Full line-by-line consolidation. Investment funds meeting the IFRS 10 criteria for 'consolidation of funds' are fully consolidated – for further information see note 5(a) of the Quilter plc 2021 Annual Report.
	Quilter's mixed financial holding companies and insurance holding companies including Quilter plc, Quilter Holdings Limited and Quilter UK Holding Limited.	Full line-by-line consolidation. Solvency II valuation basis.	Full line-by-line consolidation. IFRS valuation basis.
Other financial sector undertakings	Companies in the Group's asset management and advice businesses.	Valued using the relevant sectoral rules. Included in participations, taking into account the Group's ownership percentage.	Full line-by-line consolidation. IFRS valuation basis.
Other non-financial undertakings	Other Quilter entities such as service companies not ancillary to Quilter's insurance business.	Valued based on the adjusted equity method. Included in participations taking into account the Group's ownership percentage.	Full line-by-line consolidation. IFRS valuation basis.

The table below sets out a comparison of the values of assets and liabilities under Solvency II and IFRS. There are significant differences for the reasons already explained above. Further information on the reasons for the differences is provided in section D.1 (Assets), D.2 (Technical provisions) and D.3 (Other liabilities).

Summary balance sheet £m	Ref.	2021 IFRS value	Consolidation of investment funds	Solvency II adjustments	2021 Solvency II value	2020 Solvency II value
Assets						
Goodwill and other intangible assets	D.1.1	457	-	(457)	**-**	-
Contract costs	D.1.2	9	-	(9)	**-**	-
Property, plant and equipment held for own use	D.1.3	131	-	(131)	**-**	7
Investments (other than assets held for index-linked and unit-linked contracts)[1]	D.1.4	9,578	(9,575)	976	**979**	882
Holdings in related undertakings, including participations	D.1.5	2	-	579	**581**	613
Assets held for index-linked and unit-linked contracts	D.1.6	38,001	3,034	-	**41,035**	57,122
Loans and mortgages	D.1.7	29	-	(29)	**-**	186
Reinsurance recoverables	D.1.8	-	-	-	**-**	(2)
Other receivables[2] and deferred tax assets	D.1.9	469	(77)	(195)	**197**	193
Cash and cash equivalents	D.1.10	2,064	(288)	(1,504)	**271**	278
Total assets		**50,740**	**(6,905)**	**(772)**	**43,063**	**59,279**
Liabilities						
Technical provisions	D.2.4	41,070	-	(315)	**40,756**	56,633
Deferred tax liabilities	D.3.1	139	-	35	**175**	114
Other liabilities[3]	D.3.2	694	(33)	(282)	**378**	473
Subordinated liabilities	D.3.3	199	-	5	**205**	209
Any other liabilities, not shown elsewhere	D.3.4	6,898	(6,898)	-	**-**	-
Total liabilities		**49,001**	**(6,931)**	**(557)**	**41,513**	**57,428**
Excess of assets over liabilities		**1,739**	**26**	**(215)**	**1,550**	**1,851**

1 Excludes Holdings in related undertakings, including participations which are shown separately in the row below.

2 Solvency II value for Other receivables includes the following lines from the Solvency II balance sheet in Appendix F.2: deferred tax assets, insurance and intermediaries receivables, reinsurance receivables and receivables (trade not insurance).

3 Solvency II value for Other liabilities includes the following lines from the Solvency II balance sheet in Appendix F.2: provisions other than technical provisions; derivatives, financial liabilities other than debts owed to credit institutions, insurance and intermediaries payables, reinsurance payables and payables (trade not insurance).

D.1 Assets

We have outlined below key valuation and classification differences between the Solvency II and IFRS balance sheets by material classes of assets, with a particular focus on the consolidated insurance group. As stated above, there are significant presentational differences between the Group's IFRS and Solvency II balance sheets.

The Group has considered the nature, function, materiality and risk profile of assets when aggregating assets into material classes in order to describe the valuation bases that have been applied to each class.

D.1.1 Goodwill and other intangible assets

Under Solvency II, goodwill is valued at nil. The Group has no intangible assets for which a fair value can be determined from an active market and therefore all intangible assets are valued at nil in the Solvency II balance sheet.

D.1.2 Contract costs

Under Solvency II, contract costs are valued at nil. Future cash flows associated with insurance contracts are considered in the calculation of Solvency II technical provisions.

D.1.3 Property, plant and equipment held for own use

Property, plant and equipment are carried at a value based on amortised cost for IFRS which is deemed to be a reasonable approximation of fair value. As at 31 December 2021, property, plant and equipment was held by other financial sector entities and included within participations under Solvency II.

D.1.4 Investments (other than assets held for index-linked and unit-linked funds)

The majority of Investments comprises investments in Collective Investment Undertakings (£977 million). Under both Solvency II and IFRS reporting, these assets are measured at fair value, based on market prices at the reporting date, which are quoted prices in active markets for identical instruments. No significant estimates or judgements are used in the valuation of these investments.

The main difference between the IFRS and the Solvency II value of Investments (£9,575 million shown within the "Consolidation of investment funds" column in the table above) results from the different consolidation approach with respect to investment funds which the Group controls. Under IFRS, these investment funds are fully consolidated on a line-by-line basis, whereas under Solvency II only the relevant percentage held by the Group is included in the Solvency II balance sheet.

Further differences between IFRS and Solvency II result from differences in the definition of line items. Under Solvency II, the money market fund investments (£976 million) are deemed not to be accessible within 24 hours and therefore are included in the "Investment funds" line, whereas on the IFRS balance sheet these investments are classified as "Cash and cash equivalents".

Accrued income on investments and securities is reclassified from "receivables" under IFRS to "investments" under Solvency II, resulting in a relatively minor presentational difference between the IFRS and Solvency II bases.

D.1.5 Holdings in related undertakings, including participations

Both in the Solvency II balance sheet and under IFRS, this heading comprises holdings in related undertakings which are not fully consolidated. In the IFRS financial statements, the Group consolidates all entities it controls on a line-by-line basis. Related undertakings totalling £2 million which do not meet the IFRS 10 criteria for line-by-line consolidation are included here.

Under Solvency II, due to the different consolidation approach described above, subsidiary undertakings outside the insurance consolidation group are not fully consolidated. These undertakings are shown on a separate line as "Holdings in related undertakings" of £581 million and comprise Other financial sector undertakings and Other non-financial undertakings. The £581 million consists of £397 million of holdings in Other financial sector undertakings and £184 million of holdings in Other non-financial undertakings.

Other financial sector undertakings are Group entities that are Financial and credit institutions, Alternative investment fund managers and Non-regulated undertakings carrying out financial activities. These holdings are valued on the basis of the Group's proportional share of the undertakings' own funds calculated in accordance with the relevant sectoral rules, which for investment firms means CRD IV.

Holdings in Other non-financial undertakings are measured at fair value. In cases where a market price (using listed quoted prices from a recognised stock exchange) is not available, the adjusted equity value is used. The adjusted equity value is calculated by multiplying Quilter's ownership percentage by the entity's IFRS net assets after certain adjustments including the deduction of any goodwill or other intangible assets.

D.1.6 Assets held for index-linked and unit-linked contracts

IFRS does not separately classify assets held to cover linked liabilities. In the Group financial statements, these assets are classified in the balance sheet under the relevant asset line (such as equities or bonds). Under Solvency II, £41,035 million of these assets, representing linked policyholder investments held by the consolidated insurance group, are reclassified and reported in one line in the balance sheet as "Assets held for index-linked and unit-linked contracts".

Under Solvency II, assets held to cover linked liabilities are valued on the same basis as for IFRS. Valuation is largely on the basis of quoted market prices. Certain assets (totalling £24 million) are valued using alternative valuation methods. Refer to section D.4 for further details.

D.1.7 Loans and mortgages

The majority of the loans at 31 December 2020 were policyholder loans. Loans to policyholders reduced to £nil at 31 December 2021 (2020: £186 million) due to the sale of Quilter International.

The IFRS balance at 31 December 2021 of £29 million relates to loans to advisers arising in the Other financial sector undertakings. These loans are included within participations under Solvency II and are measured at amortised cost. For further information see note 16 of the Quilter plc 2021 Annual Report.

D.1.8 Reinsurance recoverables

The negative balance of £2 million in 2020 represented the net future cash outflows relating to the reinsurers' share of technical provisions in Quilter International.

D.1.9 Other receivables and deferred tax assets

Other receivables of £186 million are stated at amortised cost, less appropriate allowances for estimated irrecoverable amounts. This approximates to fair value due to the short-term nature of the balances. This valuation basis applies equally to both IFRS and Solvency II. Under Solvency II, there is a subsequent minor reclassification of accrued income on investments and securities to the investments and securities category.

Solvency II adjustments relate mainly to removing receivables arising in the Other financial sector undertakings.

Deferred tax assets ("DTA") in the Solvency II balance sheet amount to £11 million. Deferred tax assets are recalculated based on the difference between the Solvency II market value of assets and liabilities and the value ascribed to the same assets and liabilities for tax purposes. Deferred tax assets are only recognised to the extent the assets are recoverable. An adjustment of £78 million was made to remove the deferred tax asset balances relating to the entities not consolidated on a line-by-line basis.

D.1.10 Cash and cash equivalents

Cash and cash equivalents under Solvency II of £271 million are carried on an amortised cost basis under IFRS and this approximates to fair value under Solvency II. The key difference between IFRS and Solvency II reporting is that money market fund investments held by the consolidated insurance group of £976 million are included in the "Investment funds" line under Solvency II whereas under IFRS they are included in "Cash and cash equivalents".

D.2 Technical provisions

D.2.1 Technical provisions by line of business

This section considers the technical provisions in the consolidated Group Solvency II balance sheet for Quilter plc (£40,756 million) which consists of the technical provisions of Quilter Life & Pensions Limited ("QLPL"). Following the sale of Quilter International, QLPL is the only remaining insurance entity in the Group that is subject to group Solvency II reporting.

The index-linked and unit-linked insurance line of business represents 100% of the Group's total technical provisions. The index-linked and unit-linked insurance business consists of unit-linked individual pensions and investment bonds offered by QLPL.

The value of the technical provisions corresponds to the amount that would have to be paid to transfer the insurance obligations immediately to another insurance undertaking. This value is calculated in line with Solvency II requirements as the sum of the technical provisions calculated as a whole, the best estimate liabilities and the risk margin.

Line of business £m	31 December 2021				31 December 2020	Change in technical provisions
	Technical Provisions calculated as a whole	Best estimate liabilities	Risk margin	Total technical provisions	Total technical provisions	
Index-linked and unit-linked insurance	41,070	(458)	143	40,756	56,633	(15,877)
Total Group technical provisions	**41,070**	**(458)**	**143**	**40,756**	**56,633**	**(15,877)**

The Group's Solvency II technical provisions have fallen over 2021 mainly resulting from the sale of the Quilter International. The Solvency II technical provisions have three components:

- technical provisions calculated as a whole of £41,070 million. This represents the value of units credited to policyholders as at 31 December 2021. If the liability is subject to a surrender option, the value of the financial liability is never less than the amount payable on surrender;
- best estimate liabilities of £(458) million. This represents the value of future profits (net of expenses) from the unit-linked business, based on the cash flow projection model and is equivalent to future product charges (income) less future expenses and future claims in excess of unit reserves; and
- a risk margin of £143 million.

D.2.2 Bases, methods and main assumptions used for technical provisions valuation

The assumptions and methodology for the Group's best estimate liabilities and risk margin are set out in the following sections.

D.2.2.1 Methodology applied in deriving the best estimate liabilities

The best estimate liability is calculated for all policies in-force at the valuation date. The best estimate liability is calculated as the prospective value of future expected cash flows on a policy-by-policy basis allowing for any surrender payment, transfer payments, death claims, income withdrawals, maintenance expenses, fund-based fees, mortality charges and other policy charges. The underlying assumptions are based on the best estimate of the future, which is largely based on recent business experience and any emerging trends. The unit fund growth rates (gross of investment charges) and the discount rates are set using the prescribed Solvency II term-dependent risk-free interest rates.

The calculation is carried out gross of reinsurance recoverables and gross of all future tax, other than future policyholder tax. The value of shareholder tax is included within the deferred tax liability ("DTL") line.

For regular premium products, the allowance for future premiums and benefits within the best estimate liabilities depends on the Solvency II boundary of the contract. Unit-linked regular premium products in QLPL have been modelled using short contract boundaries, i.e. by not recognising future premiums, where no material protection benefit exists.

D.2.2.2 Methodology applied in deriving the risk margin

The risk margin is determined as the present value of the cost of the non-hedgeable solvency capital requirement (at 6% per annum) needed for the full run off of the in-force liabilities, discounted using the prescribed Solvency II term-dependent risk-free interest rates.

All standalone non-hedgeable SCRs are projected forward individually using the appropriate risk drivers. Diversification benefits between the standalone risks are allowed for in each future projection period.

D.2.2.3 Key assumptions in deriving the best estimate liabilities

This section covers key assumptions used to derive the best estimate liabilities.

D.2.2.3.1 Relevant term-dependent risk-free rate applied in deriving the technical provisions

Quilter plc uses the Solvency II risk-free interest rate curve prescribed by the PRA for the valuation of its technical provisions. The unit fund growth rates (gross of investment charges) and the discount rates are set equal to the prescribed Solvency II rates.

For the unit-linked business, the asset-based charges component of the best estimate liabilities is not particularly sensitive to the changes in risk-free interest rate curves. This is because the impacts of changes in the unit growth rates and the risk discount rates have a broadly offsetting effect on the asset-based charges. The expense component and the fixed charges component of the cash flow are more sensitive to changes in risk-free interest rate curves.

The risk margin component of technical provisions is also sensitive to changes in risk-free interest rates as it is calculated as the discounted present value of the cost of the non-hedgeable solvency capital needed for the run-off of the in-force liabilities.

The GBP denominated risk-free interest rate curve has increased across all future durations over 2021.

D.2.2.3.2 Lapses

Persistency assumptions impact the expected outstanding duration of the business and hence are an important driver for the expected future cash flows within the technical provisions calculation.

Methodology

The lapse, surrender and income withdrawal assumptions are set with reference to recent experience in Quilter's business, allowing for any emerging trends. Lapse assumptions vary by product type and policy duration. The assumptions are based on a weighted average of historical observed experience.

Key changes to assumptions for the year ending 31 December 2021

Improved persistency experience has been observed over the period of the COVID-19 pandemic (mainly from the start of the first national lockdown in March 2020 to the end of the final lockdown in March 2021). This is likely due to a lack of adviser and client activities over the period and the policyholders delaying their decisions to surrender their policies or to take income withdrawals.

The COVID-19 pandemic is likely to have a temporary effect on the policyholders' surrender and income withdrawal behaviour. Over the longer term, the surrender and withdrawal experience is expected to return to the previous levels. Hence, when setting the long-term best estimate persistency assumption, the Group has excluded the improved persistency experience data considered to be associated with COVID-19.

Overall, small refinements are made to the long-term persistency assumptions for QLPL. The best estimate liabilities are not materially impacted by the assumption changes.

D.2.2.3.3 Expenses

Expenses assumptions reflect the expected cost of future maintenance of the in-force business.

Methodology

The maintenance expense assumptions for QLPL include two components:

- an annual sterling amount based assumption, known as the maintenance cost per policy, assumed to grow with future expense inflation; and
- a fee payable in respect of the outsourcing arrangements, assumed to grow with the projected future assets under administration.

The sterling amount based maintenance expense assumption is modelled on a per-policy basis and based on both actual observed experience (excluding acquisition expenses and one-off expenses) and projected expenses over the business planning period. Expense assumptions are differentiated by policy type and payment profile (whether a policy is regular or single premium, paying or paid up).

The fee assumption for the outsourcing arrangements is set as a percentage of the assets under administration according to a pre-agreed charging structure. It is based on the contractual arrangement with the platform provider, FNZ.

Key changes to assumptions for the year ending 31 December 2021

The sterling amount based per-policy expense assumption has decreased over 2021. This is mainly driven by the policy growth over 2021, resulting in maintenance expense spreading more thinly over a larger number of policy counts.

The percentage-based outsource fee has also decreased over 2021 driven by the increase in the platform assets under administration as a result of the positive net client cash flow and positive market movement affecting the linked policyholder assets.

The reduction in both the above expense assumptions have reduced the best estimate liabilities in 2021.

Similar to year-end 2020, expense reduction management actions are included in the current business plan through various business initiatives such as the Simplification Programme. There are elements of uncertainty in future costs savings. The Group has therefore applied a prudent and appropriate approach when allowing for the expense reduction management actions.

D.2.2.4 Expense inflation assumption

The maintenance expense assumption is projected to increase in line with anticipated inflation rates.

Methodology

The assumption for RPI inflation is based on implied inflation from the Bank of England's forward gilt yield curves, i.e. the difference between the fixed gilt yields and index-linked gilt yields. The expense inflation assumption is set to have a pre-determined margin above the projected RPI rates. This is because salaries are a major component of the Group's cost base and in general the rate of growth in average earnings tends to be marginally higher than RPI.

Key changes to assumptions for the year ending 31 December 2021

The market implied RPI rates and Quilter expense inflation rates have increased over 2021 for all future durations. The increase is more prominent over the shorter durations.

D.2.3 Uncertainty associated with the value of technical provisions

Sensitivity tests on the assumptions are carried out to ensure the uncertainties are well understood and incorporated in the capital and risk management of the business.

The Group only has unit-linked business. For unit-linked business, technical provisions calculated as a whole represents the value of units credited to policyholders. If the liabilities are subject to a surrender option, the value of the financial liability is never less than the amount payable on surrender. Therefore, in absolute terms, there is very limited uncertainty regarding the value assigned as the valuation does not require the application of assumptions or judgement.

The best estimate liabilities component of technical provisions represents the value of future revenues (net of expenses) from the unit-linked business, based on the cash flow projection model and is equivalent to future product charges (income) less future expenses less future claims in excess of unit reserves. This component of technical provisions therefore carries greater uncertainty, principally driven by the following:

- Economic uncertainty related to future income from unit funds, e.g. a higher-than-expected future surrender experience will result in lower future asset-based revenues and lower future profits. This will cause the best estimate liabilities to increase.
- Uncertainty related to future administration costs for servicing the in-force policies, e.g. higher than expected future expenses to service the in-force business will result in lower future profits. This will cause the best estimate liabilities to increase.

The best estimate liabilities component of technical provisions and its inherent risk profile also have a second-order effect on the size of the risk margin.

D.2.4 Differences between Solvency II and IFRS bases, methods and assumptions

The table below summarises the differences in the valuation of technical provisions between the Solvency II and IFRS bases.

Technical provisions	31 December 2021 £m	31 December 2020 £m
Gross IFRS investment contract liabilities	41,070	57,407
Adjustment for Solvency II	(458)	(1,060)
Gross best estimate liabilities (Solvency II liabilities to policyholders)	**40,613**	**56,348**
Add risk margin	143	285
Solvency II technical provisions	**40,756**	**56,633**

Quilter plc prepares its statutory accounts on an IFRS basis. The differences in the value of technical provisions when moving from an IFRS basis to a Solvency II basis are as follows:

The IFRS value of unit-linked technical provisions is £41,070 million which is based on the value of unit reserves.

Adjustment for Solvency II – The adjustment for Solvency II reduces the technical provisions for unit-linked business by £458 million. This adjustment includes an allowance for future profits under Solvency II which is not included on an IFRS basis. This adjustment represents the recognition of future revenues net of expenses calculated based on a set of best estimate assumptions and gross of reinsurance.

Addition of the risk margin – The addition of the risk margin on a Solvency II basis increases the technical provisions by £143 million compared to the IFRS basis where there is no risk margin.

The reduction in IFRS and Solvency II technical provisions over 2021 is mainly due to the sale of the Quilter International.

D.2.5 Use of transitionals deduction, matching adjustment, volatility adjustment and transitional arrangements on interest rate

Neither the Group nor its insurance subsidiary makes use of the transitionals deduction, the matching adjustment, the volatility adjustment or transitional arrangements on interest rate.

D.2.6 Reinsurance recoverables

Following the sale of the Quilter International, the Group has no material reinsurance recoverable.

D.3 Other liabilities

The Group has considered the nature, function, risk and materiality of other liabilities when aggregating other liabilities into material classes in order to describe the valuation bases that have been applied to each class.

D.3.1 Deferred tax liabilities

The deferred tax liability in the Solvency II balance sheet represents the tax payable in future periods in respect of taxable temporary differences on a Solvency II basis. Material differences between the IFRS and Solvency II values include:

- removal of the deferred tax liabilities arising on IFRS intangible assets, contract costs and contract assets; and
- recognition of a deferred tax liability in respect of future profits recognised within the Solvency II technical provisions calculation (net of the risk the margin) which is not included on an IFRS basis.

D.3.2 Other liabilities

Differences between IFRS and Solvency II mainly relate to the consolidation approach under which only balances relating to the consolidated insurance group are recognised on this line, with other non-insurance balances included in participations within the Solvency II balance sheet. Other liabilities also include lease liabilities. Further information on lease liabilities is provided in section D.3.6 Leases.

There are no material differences between the bases, methods and main assumptions used for valuation for Solvency II and those used for IFRS.

D.3.3 Subordinated liabilities

Subordinated liabilities of £205 million comprise the debt security listed on the London Stock Exchange described in section E.1.

Under Solvency II, subordinated liabilities are measured at market value, after removing any increase or decrease in the value as a result of changes in own credit standing after initial recognition. Under IFRS, subordinated liabilities are measured at amortised cost, with the bond set-up costs being amortised over the term of the debt. Under IFRS, accrued interest is classified separately from the principal amount of the debt instrument, whereas under Solvency II the amount shown as subordinated debt includes an element attributable to accrued interest.

D.3.4 Any other liabilities, not elsewhere shown

Under IFRS, this line item includes third-party interest in consolidated funds of £6,898 million which are not recognised on the Solvency II balance sheet.

Funds which the Group controls are fully consolidated on a line-by-line basis when preparing the Group's IFRS balance sheet, with third-party holdings in funds recognised as liabilities. Under Solvency II, only the relevant percentage held by the Group is included in the Solvency II balance sheet, as Investments or within Assets held for unit-linked funds. The overall impact on net assets is neutral when comparing the IFRS and Solvency II bases.

D.3.5 Contingent liabilities

Under Solvency II, material contingent liabilities of entities consolidated on a line-by-line basis are recognised as liabilities in the Solvency II balance sheet and are valued on a probability-weighted basis.

Refer to note 35 to the Quilter plc 2021 Annual Report for more information on contingent liabilities. No contingent liabilities are recognised on the Group Solvency II balance sheet as at 31 December 2021.

D.3.6 Leases

Under IFRS 16, the Group recognises the right to use leased property, plant and equipment as an asset. The Group also recognises lease liabilities for the obligation to pay lease rentals in future periods.

Further information about the Group's lease arrangements can be found in note 30(b) to the Quilter plc 2021 Annual Report and in section A.4.3. Lease agreements mainly relate to office space.

D.4 Alternative methods for valuation

In valuing financial assets and liabilities, the Group follows the fair value hierarchy referred to at the start of section D. Therefore, assets and liabilities are valued based on a quoted market price from an active market for the same asset or liability if such a price is available. Where this is not possible, the Group uses quoted market prices in active markets for similar assets and liabilities with appropriate adjustments to reflect the differences.

For certain assets held to cover linked liabilities, alternative valuation methods, which utilise market inputs, are used. The total value of these assets at 31 December 2021 of £24 million represents less than 0.1% of the assets on the Group Solvency II balance sheet.

Approach to alternative valuation methods

As noted in note 20 to the Quilter plc 2021 Annual Report, alternative valuation methods ("valuation techniques using significant unobservable inputs") are used for unlisted equities and securities with significant unobservable inputs, and securities where the market is not considered sufficiently active, including certain inactive pooled investments.

Further details on the judgement as to whether a market is deemed to be active and on the valuation techniques applied to the different categories of financial instruments can be found in note 20 to the Quilter plc 2021 Annual Report.

All Quilter businesses have processes in place to perform reviews of the appropriateness of the valuation of assets for which alternative valuation methods are applied, including consideration of past experience where relevant.

Alternative valuation methods used for the consolidated insurance group

For the consolidated insurance group, alternative valuation methods are used for certain assets classified as assets held to cover unit-linked liabilities under Solvency II, including:

- assets which are valued using market prices but where the age of the unit price is beyond its normal pricing frequency; and
- fund holdings where active trading is suspended and the valuation is based on the last published price (in many cases, suspended funds will continue to be regularly priced).

Valuation uncertainty when using alternative methods

Valuation uncertainty is determined by the extent to which unobservable inputs affect the overall valuation of the asset or liability concerned. To address valuation uncertainty, sensitivities to favourable and unfavourable movements in unobservable input parameters are assessed and presented in note 20(f) to the Quilter plc 2021 Annual Report.

The majority of the assets valued using valuation techniques where one or more significant inputs are unobservable are held within unit-linked policyholder funds. Changes in the value of assets held within unit-linked funds are exactly matched by corresponding changes in the value of liabilities to policyholders and therefore have no impact on the Group's net asset value or profit or loss, except to the extent that such changes impact on management fees earned and related expenditure.

D.5 Any other information

There is no additional information to disclose for Section D.

Section E
Capital management

Section E. Capital management

E.1 Own funds

E.1.1 Objectives, policies and processes for managing own funds

The Group operates a robust capital management framework to ensure the Group is able to provide a sufficient level of protection for the customer, to meet applicable regulatory requirements (in particular the Solvency II Directive and CRD IV/IFPR) and shareholder expectations. This framework covers the determination of capital requirements and own funds, capital planning processes, stress and scenario testing, capital monitoring and performance. Ultimate responsibility for the governance of solvency, capital and dividend decisions rests with the Quilter plc Board.

The Group has established an appropriate risk appetite framework and dividend policy, which ensures that the Group's balance sheet (in terms of capital, liquidity and leverage) is strong enough to support this risk appetite. The long-term solvency target established by the Group is sufficient to withstand a range of extreme scenarios (such as an extreme economic downturn scenario or an extreme reputational scenario) while continuing to provide funding for key strategic initiatives and providing capital support to keep all the regulated entities above their regulatory capital requirements. Under each of these extreme scenarios, the Group continues operating viably and maintains a solvency ratio above the Group risk appetite limit throughout a three-year business planning period, after allowing for any management actions.

Each regulated entity has sufficient capital and liquidity resources to meet the solo regulatory capital requirements for the entity, together with a capital buffer to protect against significant stress events defined within the solo risk appetites, without any support from the Group other than to fund the business-critical strategic initiatives. The Group has a balance sheet that is able to provide capital support to the solo entities in excess of their individual solo risk appetites. The group-wide capital management policy ensures that surplus capital (above solo entities' internal targets) is remitted to the parent holding company, which enables capital to be deployed and managed more efficiently across the Group.

Estimates of the Group and solo Solvency II ratios, projections and sensitivities are produced regularly in order to understand the impact of significant internal and external events on the solvency position, and to ensure that the Group Solvency II position remains within the Group's risk appetite.

Any surplus capital above the solo target capital requirement is remitted to the Group, subject to the availability of distributable reserves, maintaining a sufficient level of liquidity and the medium-term capital requirements of the business. When assessing the medium-term capital requirements of the business, the capital and liquidity position of the Group and the individual entities are projected over a three-year period, taking into consideration future projected profits, restrictions on the movement of capital and cash, and known or anticipated changes in the capital and liquidity requirements of the business.

The actual capital and liquidity positions for the Group and the solo regulated entities are monitored monthly through the Capital Management Forum ("CMF"). On a quarterly basis, the actual solvency and liquidity positions are reported against their risk appetite to the solo Boards and the Group Board Risk Committees.

The CMF, acting under the delegated authority of the Group Chief Financial Officer, is responsible for reviewing and monitoring the adequacy of capital and liquidity within the Group and the businesses, and meets on a monthly basis. Examples of areas that would typically be considered by the CMF include reviewing capital/liquidity stress testing, reviewing capital targets, monitoring credit risk exposures and reviewing capital plans. The CMF is an executive level group of senior management representatives from each of the regulated entities and the Group Finance function. The CMF, together with the CFOs and Boards of the solo entities will discuss, agree and make recommendations and provide management information to the Quilter Chief Financial Officer, and Chief Executive Officer in performing their responsibilities including the effective discharge of the relevant control functions and Senior Managers and Certification Regime requirements. The CMF is not a formal Board committee.

The Group will maintain a disciplined approach to capital and liquidity, in order to balance its current and anticipated liquidity, regulatory capital and investment needs, with a view to returning excess capital to shareholders as appropriate. As part of its disciplined approach to capital and liquidity, the Group has a prudent capital management and liquidity policy.

In February 2018, the Group issued a £200 million subordinated debt security in the form of a 10-year Tier 2 bond with a one-time issuer call option after five years, paying a semi-annual coupon of 4.478% per annum (the "Tier 2 Bond"). In addition, the Group entered into a £125 million revolving credit facility which remains undrawn and is being held for contingent funding purposes.

The subordinated debt security and the revolving credit facility are in place to ensure that the Group has sufficient capital and liquidity to maintain strong capital ratios and free cash balances to withstand severe but plausible stress scenarios. The full amount of the subordinated debt security remains outstanding as at 31 December 2021, representing a leverage ratio of 13% (defined as the ratio of debt to debt plus the consolidated IFRS equity after deducting the intangible assets) before the payment of the proposed final dividend.

In March 2020, the Group announced a share buyback programme to purchase shares up to a maximum value of £375 million in order to return the net surplus proceeds to shareholders arising from the sale of Quilter Life Assurance to ReAssure Group plc. The programme commenced in March 2020. During the year ended 31 December 2020, the Group acquired 118.3 million shares for a total consideration of £153 million and incurred additional costs of £4 million. In December 2020, the committed remainder of £22 million was accrued as a liability against retained earnings.

The share buyback programme continued in 2021. During the year ended 31 December 2021, the Group acquired a further 128.1 million shares for a total consideration of £197 million and incurred additional costs of £3 million. In December 2021, the committed remainder of £26 million was accrued as a liability against retained earnings.

The share buyback programme completed in January 2022 with the purchase of further 17.7 million shares for a total consideration of £26 million in 2022.

The completion of the sale of Quilter International to Utmost Group at the end of November 2021 simplifies the structure of the Group and allows it to focus on its higher growth UK wealth management business. Quilter remains committed to capital discipline with the use of the net sale proceeds from the sale of Quilter International. The majority of the net proceeds will be returned to shareholders via a capital return of £328 million, through the issuance and redemption of B Class shares, which will be accompanied by an Ordinary Share consolidation.

Following the issue of the B Class shares, the Group solvency ratio will fall as the B Class shares will not count towards the Group own funds at any point over their short existence. At the point of the redemption of the B Class shares, a share consolidation will be carried out in respect of the Ordinary Share capital. This consolidation maintains the aggregate value of the Ordinary Share capital with a reduction in the number of Ordinary Shares issued being matched by an increase in the nominal value of each share. Hence the share consolidation will not affect the loss-absorbing capacity of the Tier 1 Ordinary Share capital.

The proposed return to shareholders and Ordinary Share consolidation will be subject to regulatory engagement and shareholder approval at a General Meeting. It is currently expected that the capital return process will be completed during the first half of 2022.

The residual portion of the net cash proceeds from the sale of Quilter International are expected to be used to fund selected growth initiatives and accelerate the next phase of business simplification, supporting revenue enhancement and further cost reductions.

E.1.2 Group own funds position at 31 December 2021

As at 31 December 2021, Group Solvency II own funds total £1,617 million (2020: £1,897 million) corresponding to a Group Solvency II ratio of 275% (2020: 217%). The eligible own funds have decreased mainly due to the share buyback programme carried out over 2021. The sale of Quilter International, at a value below its net contribution to the Group own funds, has also contributed to the reduction in own funds in the year. Note that the Group Solvency II position is presented after deducting the proposed final dividend payment to shareholders announced in March 2022 of £62 million.

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

E.1.3 Composition and classification of own funds

The Group applies Method 1 (accounting consolidation-based method) as referred to in Article 230 of the Solvency II Directive to calculate the Group solvency position. The own funds items are classified by the regulations and split into tiers depending on factors such as quality, liquidity and timeline to availability when liabilities arise. The Group's Tier 1 own funds includes share capital, share premiums and reconciliation reserves. The Tier 2 own funds include subordinated liabilities.

£m	2021				2020			
	Total	Tier 1	Tier 2	Tier 3	Total	Tier 1	Tier 2	Tier 3
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**	**-**

At 31 December 2021, the total Group Solvency II own funds consist of £1,412 million of unrestricted Tier 1 capital resources and £205 million Tier 2 capital. The Tier 2 amount consists entirely of Quilter plc subordinated liabilities and does not incorporate any instruments issued by subsidiary businesses.

The Group has Ordinary Share capital of £115 million and a share premium reserve of £58 million. Share capital consists of 1,655,827, 217 Ordinary Shares of 7p each with an aggregated nominal value of £115,907,905 (2020: 1,783,969,051 Ordinary Shares of 7p each with an aggregated nominal value of £124,877,834). The nominal value of the shares still to be purchased in Tranche 4b of the share buyback as at 31 December 2021 of £1 million is excluded from the share capital component of own funds. Share premium represents the cumulative amount by which the proceeds Quilter plc received for the shares issued exceeded the nominal value of the shares.

Subordinated liabilities of £205 million (2020: £209 million) comprise the debt security listed on the London Stock Exchange described above.

The reconciliation reserve is calculated as the excess of assets over liabilities from the Solvency II balance sheet less other basic own funds items (Ordinary Share capital and share premium) less any foreseeable dividend and fungibility deductions. Participations in other financial undertakings are included in the reconciliation reserve.

The fungibility deductions total £76 million and relate to the deferred tax assets from a number of UK holding companies and non-financial undertakings.

The Group and its UK insurance subsidiary have no ancillary own funds and no Tier 3 own funds.

Intragroup transactions between entities included in the consolidated insurance group are eliminated on consolidation when preparing the Group's Solvency II balance sheet. Where entities consolidated on a line-by-line basis hold investments in the Group's asset management and advisory businesses, these investments are eliminated and replaced with the own funds of the asset management and advisory entities on a sectoral basis.

The Group has not placed reliance on the use of transitional measures as set out in the Solvency II Directive and has not applied for the use of the matching adjustment or the volatility adjustment mechanism.

E.1.4 Reconciliation between Group Solvency II own funds and IFRS equity

The IFRS accounting basis is used as the starting point for our Solvency II balance sheet. The table below presents the reconciliation between IFRS equity and Solvency II own funds (post fungibility restriction).

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

Revaluation of technical provision (net of deferred tax)

Technical provisions are valued as the best estimate of future cash flows plus a risk margin.

Removal of goodwill and intangibles

Goodwill and intangibles are assets that are recognised under IFRS however these are valued at nil under Solvency II.

Contract-relates balances

Contract-related balances including contract costs, contract assets, contract liabilities and fee income receivables are excluded from the Solvency II balance sheet. The future cash flows associated with these items form part of the technical provisions calculation.

Revaluation and reclassification of subordinated debt

Under Solvency II, Quilter plc's subordinated debt qualifies as capital.

Under IFRS, the subordinated debt is valued at amortised cost and hence its valuation does not change due to changes in interest rates. Under Solvency II, the debt is valued at market value and hence its valuation changes with changes in interest rates (removing any increase or decrease in the value as a result of changes in the Group's own credit standing after initial recognition).

Fungibility restrictions

Fungibility restrictions mainly result from the deferred tax assets in the UK companies, which are not considered available to absorb losses.

E.1.5 Available and eligible own funds

The Group's available and eligible own funds are set out in the sections below.

E.1.5.1 Available own funds

The availability of own funds relates to the ability of capital resources located in one entity in the Group to absorb losses that arise in another Group entity. In line with Article 330 of the Delegated Regulation (EU) 2015/35, the following criteria are used when considering the availability of own funds to the Group:

- whether the own fund item is subject to legal or regulatory requirements that restrict the ability of that item to absorb all types of losses wherever they arise in the Group;
- whether there are legal or regulatory requirements that restrict the transferability of assets to another entity in the Group; and

- whether making those own funds available for covering the Group solvency capital requirement would not be possible within a maximum of nine months.

The Group fungibility deduction of £76 million comprises a deduction for the deferred tax assets in participations, service and holding companies in line with Article 330 (availability at group level of the eligible own funds of related undertakings) of the Solvency II Delegated Regulations (EU) 2015/35.

E.1.5.2 Eligible own funds to meet SCR

To meet the Consolidated Group SCR requirements, Article 82 (Eligibility and limits applicable to Tiers 1, 2 and 3) of the Solvency II Delegated Regulation (EU) 2015/35 requires that limits are imposed upon the eligible amounts of Tier 2 and Tier 3 items, which are as follows:

- eligible Tier 1 items shall be at least 50% of the SCR;
- eligible Tier 3 items shall be no more than 15% of the SCR;
- the sum of eligible Tier 2 and eligible Tier 3 items shall be no more than 50% of the SCR; and
- within these limits, the sum of paid in preference shares (and the related share premium account) and paid in subordinated liabilities classified as Tier 1 shall represent no more than 20% of the total amount of Tier 1 items. Items exceeding this limit are reclassified to Tier 2.

The Group only has unrestricted Tier 1 and Tier 2 own funds items at 31 December 2021. For the SCR eligibility criteria, the eligible amounts of Tier 2 items for the Group do not exceed 50% of the Group SCR. Hence, there is no eligibility restriction when calculating the ratio of eligible own funds to the Consolidated Group SCR at 31 December 2021.

31 December 2021 £m	Total	Tier 1	Tier 2	Tier 3
Total eligible own funds to meet the Group SCR	1,617	1,412	205	-

E.1.5.3 Eligible own funds to meet minimum solvency capital requirements

To meet minimum consolidated group solvency capital requirement ("MCGSCR") requirements, Article 82 requires that the limits are imposed upon the eligible amounts of Tier 2 items, which are as follows:

- eligible Tier 1 items shall be at least 80% of the MCGSCR;
- eligible Tier 2 items shall be no more than 20% of the MCGSCR;
- within these limits, the sum of paid in preference shares (and the related share premium account) and paid in subordinated liabilities classified as Tier 1 shall represent no more than 20% of the total amount of Tier 1 items (Note that items exceeding this limit are reclassified to Tier 2); and
- tier 3 items are not eligible to cover the MCGSCR.

For the MCGSCR eligibility criteria, the eligible amount of Tier 2 shall not exceed 20% of the Group's MCGSCR of £127 million. This has resulted in a £179 million restriction on Tier 2 own funds when calculating the ratio of eligible own funds to MCGSCR at 31 December 2021.

Also, by definition, the total amount of eligible own funds to meet the MCGSCR is after deductions for participations in other financial undertakings, such as the non-regulated undertakings carrying out financial activities. This participation value amounts to £397 million for the Group.

31 December 2021 £m	Total	Tier 1	Tier 2	Tier 3
Basic own funds before deductions	1,617	1,412	205	-
Deduction for participations in other financial undertakings	(397)	(397)	-	-
Eligibility restriction on MCGSCR	(179)	-	(179)	-
Total eligible own funds to meet the MCGSCR	1,041	1,016	25	-

E.2 Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR")

This section provides information on the Group's solvency capital requirement and minimum consolidated group solvency capital requirement at 31 December 2021.

E.2.1 Calculation of 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, QLPL is the only remaining insurance entity in the Group that is subject to Group Solvency II reporting.

The capital requirements for the Quilter asset management and advisory entities are included in the Group SCR based on the sectoral rules within the Capital Requirements Directive.

Risk modules	31 December 2021 £m	31 December 2020 £m	Change
Market risk	312	364	(52)
Counterparty default risk	13	16	(3)
Life underwriting risk	269	484	(215)
Total before diversification	**594**	**865**	**(271)**
Diversification	(130)	(185)	55
Basic solvency capital requirement	**464**	**680**	**(216)**
Operational risk	13	27	(14)
Loss-absorbing capacity of deferred taxes	(175)	(108)	(67)
Other financial sector entities	284	277	7
Group solvency capital requirement	**587**	**876**	**(289)**

The Group SCR as at 31 December 2021 is £587 million (2020: £876 million). It has 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. Excluding the impact of the sale of Quilter International, the main movements include:

- The SCR for the market risk module for QLPL has increased mainly due to the overall equity market gain over 2021 for the underlying policyholder linked assets, which has resulted in higher projected future asset-based revenues that are exposed to market risks. The increase in the Standard Formula symmetric adjustment has increased the equity stress applied to QLPL. The growth of its in-force book has also contributed to the increase in market risk SCR.
- The counterparty default risk SCR has decreased slightly over 2021 due to a small reduction in exposure to banks for QLPL.
- The life underwriting risk component of SCR for QLPL has increased over 2021. This is mainly driven by the increase in lapse risk SCR as a result of the increase in the assets under administration and the expected asset-based revenues, which are caused by the strong equity market performance and the strong new business inflow in 2021.
- The operational risk SCR for QLPL has reduced because of a reduction in actual expenses in 2021 compared to 2020.

The diversification benefit within the SCR calculation is determined based on the relative sizes of the risks and the correlation assumptions between them. The Standard Formula prescribes the correlation factors within the risk modules and between the risk modules. There are two levels of diversification within the Group's SCR calculation:

- intra-risk module diversification exists within the market risk module, the life underwriting risk module and the counterparty default risk module, e.g. within the market risk module, diversification benefit exists between the equity risk and interest rate risk. The SCR for each risk module shown in the above table is stated after the deduction of this diversification. It amounts to a total of £(110) million across all three modules; and
- inter-risk module diversification exists between the market risk module, the life underwriting risk module and the counterparty default risk module. This amounts to £(130) million and is shown separately in the table above.

The diversification benefit observed for year end 2021 has reduced due to the sale of Quilter International.

There are net deferred tax liabilities on the Group Solvency II base balance sheet as at 31 December 2021. The following individual deferred tax assets are netted against deferred tax liabilities within the QLPL balance sheet based on the relevant IFRS accounting standard (IAS 12):

- £31 million DTA on the risk margin introduced by Solvency II;
- £7 million DTA relating to historic trading losses brought forward; and
- £6 million DTA relating to deferred acquisition expenses (spread over seven years for tax purposes).

All of the DTAs are recoverable through the reversal of taxable temporary differences on which the DTL is recognised on the Solvency II base balance sheet.

The loss-absorbing capacity of deferred taxes ("LACDT") reduces the Group SCR by £175 million at 31 December 2021 (2020: £108 million). The amount of LACDT represents the reduction in its Solvency II balance sheet DTL to nil under the 1-in-200 year stressed scenarios. Quilter has not recognised any net deferred tax assets or any tax carry backs under the 1-in-200 year stressed scenarios for the purpose of assessing the amount of LACDT.

The increase in LACDT in 2021 is due to the rise in the Solvency II base balance sheet DTL. This is primarily driven by the rise in equity markets which in turn increases the policyholder DTL on the business that is subject to life office taxation. The anticipated Corporation Tax rate increase from 19% to 25% in April 2023 has also increased the expected future shareholder tax.

The capital requirement for the other financial sector entities has increased in 2021.

E.2.2 Calculation of Minimum Consolidated Group SCR

The MCGSCR is calculated as a floor to the Group SCR for the Method 1 consolidated insurance group. This is calculated as the sum of:

- Solvency II Minimum Capital Requirement ("MCR") for all EEA/UK Method 1 entities (i.e. QLPL), calculated using a formulaic approach (based on items such as technical provisions and premiums), which is subject to a minimum of 25% of the solo SCR and a maximum of 45% of the solo SCR; and
- local capital requirements, at which the authorisation would be withdrawn, for all Method 1 entities outside of the EEA/UK.

As QLPL is the only insurance entity in the Group subject to Solvency II regulation, the Group MCGSCR is therefore set equal to the QLPL MCR of £127 million at 31 December 2021 (2020: £243 million). This corresponds to a coverage ratio of 822% (2020: 540%) when compared to the Group own funds eligible to meet the MCGSCR.

E.2.3 Other information on the calculation of SCR

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

E.3 Use of duration-based equity risk sub-module in the calculation of SCR

Neither the Group nor its UK insurance undertaking have applied the duration-based equity risk sub-module in the calculation of the SCR.

E.4 Difference between the standard formula and any internal model used

No internal model or partial internal model has been used in the calculation of the SCR for the Group or its UK insurance undertaking.

E.5 Non-compliance with the MCR and SCR

The Group has maintained own funds in excess of both the SCR and the MCGSCR throughout 2021. In addition, each of the Group's EEA/UK insurance subsidiaries has maintained own funds in excess of the relevant MCRs and SCRs throughout 2021.

E.6 Any other information

Appendix F.1 contains further information on QLPL.

Section F
Appendices

Appendix F.1 Quilter Life & Pensions Limited (Formerly Old Mutual Wealth Life & Pensions Limited)

Appendix F.1 Quilter Life & Pensions Limited (formerly Old Mutual Wealth Life & Pensions Limited) solo SFCR disclosures

Solo SFCR disclosures

This appendix provides further information relating to Quilter Life & Pensions Limited ("QLPL") to supplement the information contained in the body of the Group SFCR. The appendix is structured based on the standard headings and subheadings used in the body of the Group SFCR.

Contents:

Summary

About Quilter Life & Pensions Limited

Quilter Life & Pensions Limited ("QLPL", "the Company"), a private limited company incorporated in England and Wales and domiciled in the United Kingdom ("UK"), is a leading investment platform provider of retail advised wealth management products and services. QLPL largely serves an affluent customer base through Quilter Financial Planning and third-party financial advisers. QLPL's company registration number is 04163431.

Quilter Life & Pensions Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. QLPL's Financial Services register number is 207977.

About this appendix

This Group SFCR has been prepared in line with the requirements of Solvency II legislation, to help customers and other stakeholders to understand the nature of the business, how the business is managed, and its capital position. This appendix contains entity-level information relating to Quilter Life & Pensions Limited and should be read in conjunction with the body of the Group SFCR.

Business and performance

QLPL's strategic priorities are aligned to the Group's broader strategy and include building the investment proposition and leveraging the benefits from being a full-service wealth management business. Section A of this appendix contains information on QLPL's structure, operations and financial performance during 2021.

Adjusted profit reflects the Company's statutory profit, adjusted for specific items that management consider to be outside the Company's normal operations or are one off in nature. Adjusted profit before tax for 2021 was £40 million (2020: £41 million).

The vast majority of QLPL's business is unit-linked. The unit-linked business of QLPL has low levels of insurance risk.

System of governance

The system of governance is the overall framework of policies, standards and practices which is in place to meet the requirements of sound risk-based management and which applies to QLPL and other Group entities. The framework is set out in the Group Governance Manual which is reviewed on an annual basis, or whenever there is a material change in the Group's business which requires a change to the system of governance.

Section B of the body of the Group SFCR contains further information on the Group's system of governance, in particular:

- the structure of the system of governance;
- the role of the Quilter plc Board and information on the Board of Directors;
- the role of Committees of the Board;
- Quilter plc's key functions;
- remuneration policies;
- principles used in assessing fitness and propriety of key functions and the Board of Directors;
- overview of the risk management system;
- overview of the internal control system;
- information on the role and independence of the Group Internal Audit ("GIA") function;
- information on the role of the Actuarial function; and
- information on the Group's outsourcing policy and outsourced services.

Risk profile

The QLPL Board has carried out a robust assessment of the principal strategic risks facing QLPL, including those that would threaten its business model, future performance, solvency and liquidity. Strategic risks identified include QLPL's ongoing change initiatives. The evolving Ukraine crisis is having an impact on the economic and political environment. The Company may be impacted by the short-term market volatility affecting the value of assets under administration and reduced customer confidence affecting NCCF. QLPL has implemented mitigating actions to manage these risks according to QLPL Board's risk appetite.

QLPL has adopted the Standard Formula specified in Solvency II legislation to assess capital risks. QLPL uses the Standard Formula to calculate the solvency capital requirement, reflecting QLPL's capital risk profile covering underwriting, market, credit and operational risks.

Risk components of the SCR

Based on the Standard Formula, QLPL had an SCR of £281 million at 31 December 2021 (2020: £276 million). Market risk is the single largest component of QLPL's SCR making up 50% of the total with life underwriting risk accounting for 46%.

Valuation for solvency purposes

There have been no material changes in the Solvency II valuation methods used by QLPL during 2021.

Assets and liabilities are valued in QLPL's Solvency II balance sheet in accordance with Solvency II legislation. The Solvency II valuation rules are based on the principle that assets and liabilities should be valued at fair value. Fair value is essentially the amount that a knowledgeable and willing third party would be willing to pay in an arm's length transaction. The majority of QLPL's assets are valued based on quoted market prices for those assets or other observable data from active markets.

Section D of this appendix provides further information on methods and assumptions used in the valuation of assets, technical provisions and other liabilities and an explanation of the main differences between the basis of valuation used to prepare the Annual Report and the Solvency II valuation rules.

The Group prepares its Annual Report under International Financial Reporting Standards ("IFRS"). For the year ended 31 December 2021, the Company adopted Financial Reporting Standard 101 ("FRS 101") as the basis of preparation for its Annual Report. Prior to this, the Company's Annual Report was also prepared under IFRS.

There has been no change in the accounting policies, assumptions, judgements and estimates applied by the Company resulting from the adoption of FRS 101, since under FRS 101 assets and liabilities continue to be valued on an IFRS consistent basis. Therefore, this change in basis of preparation has not resulted in any changes to the comparative results or balances brought forward from those previously reported in the Company's Annual Report for the year ended 31 December 2020.

Capital management

QLPL operates a robust capital management framework to ensure the optimisation of the balance between policyholder protection and the expectations of Quilter plc shareholders. The Group Capital Management Policy is closely linked to risk management objectives. It covers the determination of capital requirements and own funds, capital planning processes, stress and scenario testing and capital monitoring and performance.

At 31 December 2021, QLPL had total eligible own funds to meet the SCR of £434 million (2020: £382 million). The SCR, which is calculated, based on the Solvency II Standard Formula, was £281 million (2020: £276 million). The overall QLPL surplus position was £153 million (2020: £107 million) with a solvency coverage ratio of 154% (2020: 139%). At 31 December 2021, QLPL's minimum capital requirement was £127 million (2020: £ 124 million). The Company's available own funds consist entirely of Tier 1 own funds items that are eligible to cover both the minimum capital requirement and the solvency capital requirement.

Throughout 2021, QLPL has complied with all applicable regulatory capital requirements.

QLPL continues to carefully consider its long-term financial strength including projections of liquidity and solvency under the prolonged market stresses and its ability to withstand such market stresses, giving due consideration to policyholder protection and its internal risk appetite statement.

Section A. Business and performance

A.1 Business

A.1.1 Name and legal form of the undertaking

The undertaking is named Quilter Life & Pensions Limited ("QLPL"), formerly Old Mutual Wealth Life & Pensions Limited. QLPL is a private limited company within the Quilter plc Group.

A.1.2 Name and contact details of the supervisory authorities

Details of the supervisory authorities for QLPL and its ultimate holding company Quilter plc are detailed in section A.1.3 of the Group SFCR.

A.1.3 External auditor

Details of the external auditor of QLPL and its ultimate holding company Quilter plc are detailed in section A.1.4 of the Group SFCR.

A.1.4 Qualifying holdings in the undertaking

For details of qualifying holdings in the Group please refer to section A.1.5 of the body of the Group SFCR.

A.1.5 Solvency II reporting currency

QLPL reports on a Solvency II basis in GBP.

A.1.6 QLPL position within the legal structure of the group

The legal structure of the Quilter plc Group can be found in section A.1.11.of the body of the Group SFCR. The location of the immediate parent undertaking is as follows:

Quilter UK Holding Limited (formerly Old Mutual Wealth UK Holding Limited)
Senator House
85 Queen Victoria Street
London
EC4V 4AB

A.1.7 QLPL lines of business

QLPL offers two products which are sold 100% into the UK, the CRA (platform pension product) and the CIB (platform UK bond product). The following table provides a summary of the in-force business for QLPL, as at 31 December 2021.

Product category	No. of plans in force	Unit reserves £000
Collective Retirement Account	219,178	36,094,945
Collective Investment Bond	37,303	4,975,512
Total	256,481	41,070,457

A.1.7.1 Collective Retirement Account (CRA)

The CRA is a flexible unit-linked pension product which accepts single and regular premiums and may be used by the policyholder to provide regular and ad hoc drawdown income during their retirement.

A.1.7.2 Collective Investment Bond (CIB)

The CIB is a single premium unit-linked whole of life assurance contract available on a single life or joint life (last death) basis. Customers can select a capital protected death benefit. In this case, the payment on death of the life assured is the higher of the total premiums paid less any withdrawals made and 101% of the bond value.

A.1.8 Significant changes over the reporting period

A.1.8.1 Product range changes

New products

No new products were launched during 2021.

Product design changes

There have been no significant product design changes during 2021.

A.1.8.2 Company structure and changes

The Company forms part of the Quilter plc group ("the Group"). Quilter plc is the ultimate parent company and delivers strategic and governance oversight. Quilter plc's Ordinary Shares are listed on the London and Johannesburg Stock Exchanges. Since the listing of the Group in June 2018, the Group's businesses have progressively rebranded to Quilter. Following the final migration to the new platform the business rebranded to the Quilter Investment Platform.

A.2 Underwriting performance

A.2.1 Underwriting performance over the period

The internal measure of profit is adjusted profit ("AP"). AP is a measure of profitability which adjusts the statutory profit measure to remove specific non-operating items. AP excludes items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of QLPL. These items are analysed in section A.4 of this appendix.

The underwriting performance of QLPL in relation to unit-linked insurance business is included within the table below. The data in this table combined with the 'Investment Performance' table (Section A.3.1 of this appendix) comprises pre-tax AP.

	31 December 2021 £000	31 December 2020 £000
Premiums earned		
Gross	3	38
Reinsurers' share	-	(28)
Net	3	10
Claims incurred		
Gross	(390)	(389)
Reinsurers' share	-	12
Net	(390)	(377)
Underwriting performance	(387)	(367)

Underwriting performance arises on the CIB product. All business is transacted within the United Kingdom.

In the context of business carried out by QLPL, premiums and claims transactions on insurance business recorded within the statutory income statement are immaterial. Premiums relate to life cover, protecting the policyholder against the event of the bond value falling below the initial investment value. This arrangement is an option for those policyholders who wish to guarantee that the value of their bonds does not fall below initial investment value. Net premiums and claims are down, compared to 2020, due to the recovery of the financial markets during the year.

Claims include the 1% life assurance benefit on this product (which is not reinsured), for which QLPL does not charge a direct premium, consequently there is an apparent disparity between premiums and claims in the above table.

A.3 Investment performance

A.3.1 Income and expenses arising from investments over the reporting period

Investment income and expenses of QLPL are shown in the table below:

	31 December 2021 £000	31 December 2020 £000
Investments for the benefit of policyholders		
Fee income	110,170	102,925
Change in contract liabilities	408	46
Total policyholders	110,578	102,971
Interest received	80	1,163
Gains and losses	(3)	(219)
Total shareholders	77	944
Expenses	(70,418)	(62,913)
Income less expenses	40,237	41,002

Fee income

Fees charged for managing investment contracts comprise fees taken throughout the life of the contract. All fee income is recognised as revenue in line with the provision of investment management services. Fee income is higher in 2021 compared to the prior year. The Company benefited from £2.3 billion positive net client cash flow as a result of improved gross sales performance offset by outflows returning to normal levels following subdued levels in 2020, due to the impacts of the COVID-19 pandemic.

Change in contract liabilities

Up until 2021 the bi-annual fixed investor charge, received in cash in advance, was deferred through the creation of a contract liability and released to income as the services were provided equally over the six months.

Following the final policy migration to the FNZ platform early in 2021, the Company has elected to apply the practical expedient of IFRS 15 due to the short period of deferral and recognises fixed investors charge in the income statement upon receipt of cash.

Shareholder income

Shareholder income represents interest received on cash and cash equivalents, and gains/losses on shareholder assets and has reduced in the year following reductions in UK base interest rates and a lower balance of bond holdings.

Expenses

Administration expenses are allocated between investment products and insurance products based on appropriate allocation drivers such as number of policies in force.

A.3.1.1 Gains and losses recognised directly in equity over the reporting period.

There were no gains and losses recognised directly in equity over the reporting period.

A.3.2 Investments in securitisation over the reporting period.

QLPL has no exposure to investments in securitisation.

A.4 Performance of other activities

The 2021 adjusted profit result consists of QLPL's underwriting and investment performance as described above - there were no other activities undertaken by QLPL. However, as discussed in section A.2, AP excludes items which are one-off and, due to their size or nature, are not indicative of the long-term operating performance of QLPL. The reconciliation between AP and profit before tax is as follows:

	31 December 2021 £000	31 December 2020 £000
Pre-tax adjusted profit	39,850	40,635
Platform Transformation Project spend	(13,287)	(18,841)
Income tax attributable to policyholders	72,853	35,683
Policyholder tax smoothing adjustment	(7,215)	8,664
Pre-tax profit	**92,201**	**66,141**

Expenditure on the Platform Transformation Programme is one-off and not indicative of the long-term performance of QLPL. See section A.5 for further details.

Policyholder tax smoothing adjustment represents adjustments to policyholder tax to remove distortions arising from market volatility and other non-operating items that can in turn lead to volatility in policyholder tax between periods.

Income tax attributable to policyholders is reported as a pre-tax item within adjusted profit but as a post-tax item on a statutory basis. The variance to prior year is primarily a result of an increase in market gains in 2021, compared with 2020.

A.5 Any other information

The platform migration project was completed successfully with the safe transition of customers' investments, whilst offering advisers and their customers significantly enhanced functionality, flexibility and choice. The project was one of the largest and most complex platform migrations in our industry and its success – delivered during the second COVID-19 wave in the UK – can be attributed to the Company's focus on the customer.

In line with the FCA's Retirement Outcomes Review (PS19/21), the Company introduced investment pathways for non-advised customers that are not comfortable to make their own investment decisions via the pension drawdown product, the Collective Retirement Account ("CRA").

With the platform migration complete, strategic initiatives focused on deepening the value of the Group's integrated proposition and experience for customers. Specific initiatives included improvements in the identification and servicing of 'vulnerable customers' and broadening the flagship 'WealthSelect' proposition with greater customer personalisation options.

A summary of "Significant Events", including the impact of the conflict in Ukraine, is provided within section A.1.12 of the main body of the report.

Section B. System of governance

B.1 General information on the system of governance

For the system of governance for QLPL, please see section B.1 of the Group SFCR.

B.1.1 QLPL Board of Directors

Members of the QLPL Board who served during the year ended 31 December 2021 were as follows:

Name	Role	Date of joining/leaving Board
Steven Levin	Chief Executive	Appointed 29 October 2015
Annette Barnes	Non-executive Director	Appointed 9 December 2019
John Gill	Non-executive Director	Appointed 10 July 2018
Scott Goodsir	Executive Director	Resigned 1 February 2021
George Reid	Non-executive Director	Appointed 8 November 2017
Louise Williams	Executive Director	Appointed 8 December 2021
Simon Wood	Executive Director	Resigned 30 September 2021

B.1.2 Roles and duties of the QLPL Board

The roles and duties of the QLPL Board are as follows:

- the QLPL Board acts independently in delivering the business strategy and objectives. Directors are expected to add real value to the businesses, through their knowledge and experience of the business and to have the ability to identify risks and provide robust challenge. The Quilter plc Board places reliance on the assurance provided by the QLPL Board;
- the QLPL Board is required to hold executives to account in respect of business performance, the identification and mitigation of key risks, regulatory responsibility and customer outcomes and to support the delivery of the business’ strategy within the context of the overall Group strategy;
- on the rare occasion when the interests of Quilter plc and QLPL diverge, the Quilter plc Board is committed to being respectful of the QLPL Board and to working constructively with them to find an appropriate solution and to ensure that Quilter plc does not exert undue influence over the decision of the Company; and
- the QLPL Board is required to identify potential conflicts of interest with its parent and ensure that these are appropriately managed particularly if this is likely to impact the safety and soundness of the Company. With the exception of these areas, the QLPL Board is expected to demonstrate an independent approach whilst supporting the agreed Group strategy.

Whilst strategy is set by the Quilter plc Board and reliance is placed on the QLPL Board to oversee delivery of the strategy, input from the QLPL Board is sought on its business level strategy. The QLPL Board should promote strategic developments that puts customers at the heart of the business and promotes long-term sustainable value creation.

B.1.3 Board Committees

The Board has established the Governance, Audit and Risk Committee (“GARC”) as the principal standing Committee of the Board. The role of the GARC is principally to review and monitor all material governance, audit and risk-related matters on behalf of the QLPL Board and, where appropriate, make recommendations to the QLPL Board. The GARC reports to the QLPL Board and the Quilter plc Board Risk and Board Audit Committees on its proceedings.

The membership of the GARC comprises at least two Non-executive Directors of QLPL appointed by the Board. At least one member has recent and relevant financial experience and competence in accounting and/or auditing. The Committee as a whole has competence relevant to the sector in which the Company operates.

B.1.4 Key functions

In identifying the key functions within QLPL, consideration was given to those functions whose operation, if not properly managed and overseen could, depending on the nature and complexity of the business, potentially lead to significant losses being incurred, or to a failure in the ongoing ability of the firm to meet its obligations to policyholders, together with those that are mandatory for dual-regulated firms. The mandatory key functions are Actuarial, Risk Management, Compliance and Internal Audit. In addition, QLPL has assessed the additional key functions that either effectively run the business or functions which are of specific importance to its sound and prudent management, including all Senior Management Functions ("SMF"). The key functions of QLPL and the responsibilities of the key functions are set out in the following table, along with the regulatory control functions performed by the individuals, where relevant.

Key function	Responsibility	Role	Name	SMCR Senior Management Function
Chief Executive	Has delegated authority from the Board for the day-to-day management of the whole of the business of the firm.	Chief Executive Officer	Steven Levin	SMF1
Finance	For the sound and prudent management of the business by managing the financial resources and capital and liquidity positions.	Finance Director	Louise Williams (from 1 October 2021) Previously Simon Wood[1]	SMF2
Marketing	This function includes design and production of marketing materials, branding and financial promotions within its remit.	Chief Executive Officer	Steven Levin	SMF1
Risk Management	A description of the risk management system is provided in section B.3 of the main document.	Chief Risk Officer	John Wilkinson	SMF4
Actuarial	The responsibilities of the Actuarial function are set out in section B.6 of the main document.	Group Risk and Actuarial Director	Andrew Tuddenham	SMF20
Compliance	The responsibilities of the Compliance Function are set out in section B.4.2 of the main document.	Chief Risk Officer	John Wilkinson	SMF16
Operations	Overall responsibility for the day-to-day operations of the firm in relation to Customer Services.	Group Chief Operating Officer	Karin Cook (from 1 October 2021) Previously Simon Wood[1]	SMF24 (subject to regulatory approval)
Information Technology	Overall responsibility for the firm's information technology, enterprise change and information security functions.	Group Chief Information Officer	Leon Deist	SMF24
Human Resources	For Fitness & Propriety, recruitment and performance management.	Human Resources Director	Penny Cole (from 1 October 2021) Previously Paul Hucknall[2]	SMF18 (subject to regulatory approval)
Financial Crime	The identification of the key financial crime risks applicable to the firm and development of effective and proportionate controls to mitigate these risks.	Group Money Laundering Reporting Officer (MLRO)	Debbie Barton	SMF17 (subject to regulatory approval)
Product	Responsibility for product and propositional design, development and management.	Chief Executive Officer	Steven Levin	SMF1
Distribution	Responsibility for the Distribution function.	Distribution Director	Karen Blatchford	SMF18
Internal Audit	The responsibilities of the Internal Audit function are set out in section B.5 of the main document.	Chief Internal Auditor	Nick Sacre-Hardy	SMF5
Chair of Governing Body	Chairing, and overseeing the performance of the governing body.	Chair of Quilter Investment Platform Board	George Reid	SMF9
Chair of the Risk Committee	Chairing and overseeing the performance of the Risk Committee responsible for the oversight of the risk management system.	Chair of the Governance Audit and Risk Committee	John Gill	SMF10

Key function	Responsibility	Role	Name	SMCR Senior Management Function
Chair of the Audit Committee	Chairing and overseeing the performance of the Audit Committee responsible for the oversight of the Internal Audit function.	Chair of the Governance Audit and Risk Committee	John Gill	SMF11
Executive Director	Representing the business interests at the Board of the regulated entity.	Finance Director	Louise Williams (from 1 October 2021) Previously Simon Wood[1]	SMF3
Chair	Responsibility for chairing and overseeing the performance of the Quilter plc governing body.	Chair of Quilter plc Board	Glyn Jones	SMF7
Group Chief Executive	Has delegated authority from the Quilter plc Board for the overall management of the businesses in the whole group.	Group Chief Executive Officer	Paul Feeney	SMF7
Group Operations	This function provides strategic direction to business operational teams to discharge their responsibilities.	Group Chief Operating Officer	Karin Cook	SMF7
Group Risk	A description of the risk management system is provided in section B.3 of the main document.	Group Chief Risk Officer	Matthew Burton	SMF7
Group Finance	For the sound and prudent management of the Group by managing the financial resources and capital and liquidity positions.	Group Chief Financial Officer	Mark Satchel	SMF7
Group Compliance	The responsibilities of the Compliance Function are set out in section B.4.2 of the main document.	Quilter plc Chief Risk Officer	Matthew Burton	SMF7
Chair of the Remuneration Committee	Responsibility for overseeing the development of, and implementation of, the firm's remuneration policies and practices.	Senior Independent Director	Ruth Markland	SMF7
Chair of the Nomination Committee	Chairing and overseeing the performance of the Nomination Committee of the firm.	Chair	Glyn Jones	SMF7

1 Simon Wood, Quilter Investment Platform Chief Financial Officer and Chief Operating Officer, retired on 30 September 2021.

2 Paul Hucknall left the business on 30 September 2021.

B.1.5 Material Transactions for holdings in QLPL over the period

In March 2021, QLPL made a £10 million dividend payment to its holding company Quilter UK Holding Limited

B.2 Fit and proper requirements

For details relating to 'fit and proper requirements' adopted by QLPL, refer to section B.2 of the main document.

B.3 Risk management system including own risk and solvency assessment

For details relating to the risk management system, including own risk and solvency assessment adopted by QLPL, refer to section B.3 of the main document.

B.4 Internal control system

For details relating to the internal control system adopted by QLPL, refer to section B.4 of the main document.

B.5 Internal Audit function

For details relating to the Internal Audit function utilised by QLPL, refer to section B.5 of the main document.

B.6 Actuarial function

For details relating to the Actuarial function utilised by QLPL, refer to section B.6 of the main document.

B.7 Outsourcing

B.7.1 Critical or important outsourcing arrangements

Details of the Company's outsourcing policy are provided in section B.7 of the main document.

The Company has assessed whether outsourced activities are 'Critical or Important' on the basis of the activities being outsourced and dependency on these arrangements for that service. The nature of critical or important arrangements primarily includes the provision of wealth and investment transaction services and application maintenance. Material outsourced services are predominantly provided from the UK, South Africa[1], India and the Czech Republic. The assessment reviews whether these activities are essential to the operation of the firm and whether it would be able to deliver its services to policyholders without this outsourced activity operating.

Once confirmed, each new relationship is submitted for regulatory notification. The risks that may occur through transitioning the service are reviewed along with the risks inherent in the service. In each instance processes and controls are established to mitigate the risks from the arrangement. Accountable executives are identified and a robust ongoing governance structure is implemented to ensure that the service continues to adhere to the principles outlined in the Third Party Management Policy and Standards suite.

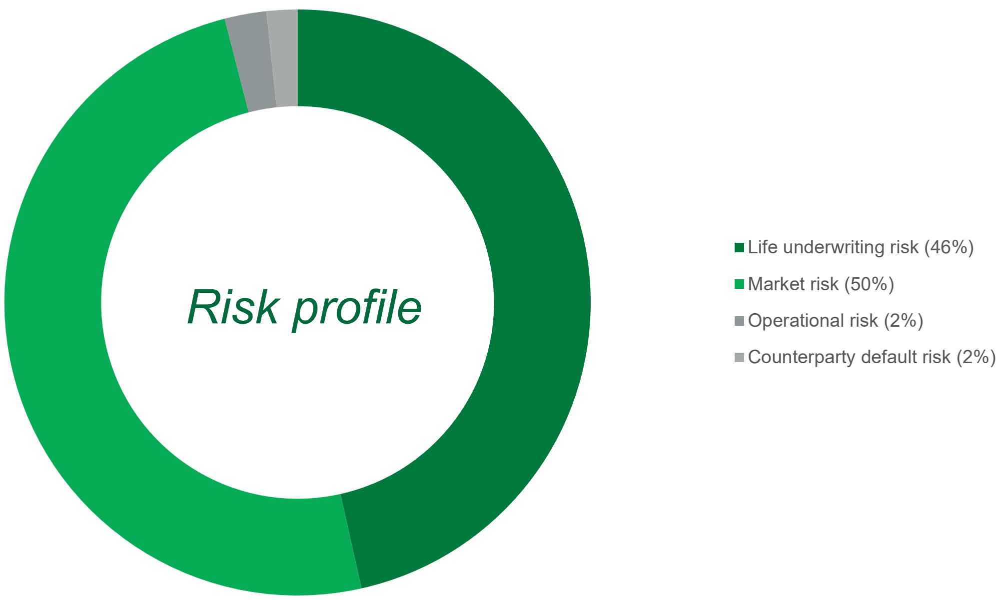
1 - GET provided critical or Important outsourced activities until June 2021. These were delivered mainly from South Africa.

B.8 Any other information

There is no additional information to be disclosed in this section.

Section C. Risk profile

The pie chart below sets out the risk profile based on the SCR, determined using the Solvency II Standard Formula, with each of the key risks covered in the following sections.



Risk profile drivers

The main risk categories to which QLPL is exposed are life underwriting risk and market risk. These represent 96% of QLPL's risk exposure. Market risk is a significant risk for QLPL, since the majority of in-force business is investment business and a large part of QLPL's revenues are related to asset values.

Lapse risk is the most significant component of life underwriting risk (see C.1.1) since the unit-linked investment business relies on persistency of policies to generate future revenues.

Further details on the specific risk drivers are provided in the following sections.

Measures used to assess risks

Based on the Standard Formula, QLPL has a SCR of £281 million as at 31 December 2021.

Change in the risk profile over the period to 31 December 2021

The table below provides details of QLPL's risk profile in terms of SCR capital. It also highlights the change in the risk profile over the valuation period.

Risk modules	Capital requirement based on diversified risk*		
	31 December 2021 £000	31 December 2020 £000	Change £000
Market risk SCR module	286,714	223,294	63,420
Life underwriting risk SCR module	269,159	244,200	24,959
Operational risk SCR module	13,162	14,288	(1,126)
Counterparty default risk SCR module	9,778	10,663	(885)
Diversification (Inter module)	(122,875)	(104,842)	(18,033)
Loss absorbing capacity of deferred tax	(174,603)	(111,830)	(62,773)
Solvency capital requirement	**281,336**	**275,773**	**5,563**
Diversification benefit	**21%**	**21%**	**-**

*After intra-module diversification applied

QLPL does not expect material change in its risk profile each year. The main driver to the change in the size of the SCR relates to the movement in assets under administration ("AuA"), which is primarily driven by the growth of the business and market performance over the year.

The SCR of £281 million is after the adjustment for diversification and allowance for loss-absorbing capacity of deferred tax.

The allowance for loss absorbency of deferred tax represents the change in deferred tax liabilities between the Solvency II base balance sheet and the stressed balance sheet under the Solvency II 1-in-200 year scenario. This effectively means that should the 1-in-200 year loss occur, the deferred tax liabilities for QLPL will also reduce, hence reducing the net impact of such a loss.

The impacts of the evolving Ukraine crisis on the risk profile are covered in sections C.2.1, C.3.1 and C.5.1 of the main body of the report.

C.1 Underwriting risk

C.1.1 Underwriting risk at 31 December 2021

As at 31 December 2021, the exposure for this module is £269 million with intra-module diversification of 12% (i.e. allowance for diversification between underwriting risks).

The pie chart below sets out the drivers of the £269 million underwriting risk:

- most of the exposure to underwriting risk is from lapse risk. This accounts for 75% of the exposure in this module; and
- life expense risk is the second largest exposure within this module.

C.1.2 Change in underwriting risk over the period

The table below considers the change in the underwriting risk over the period.

	Life underwriting risk capital requirement based on diversified risk*		
	31 December 2021 £000	31 December 2020 £000	Change £000
Mortality risk	463	378	85
Lapse risk	201,033	177,494	23,539
Life expense risk	67,475	66,160	1,315
Life catastrophe risk	188	168	20
Life underwriting risk SCR	**269,159**	**244,200**	**24,959**

*After intra-module diversification applied

The life underwriting risk SCR has increased over the year. The main changes in the risk profile for the underwriting risk module are as follows:

- increase in persistency (lapse) risk driven by the rise in AuA, and the associated increase in the present value of future profits (from the rise in the present value of the asset-based fees), leading to a larger exposure to mass lapse risk; and
- inflationary increase in expenses leads to a small increase in the exposure to expense risk.

C.1.3 Risk mitigation

QLPL manages and mitigates each of the following risks as described below:

Lapse risk

Lapse risk is managed through product design and customer service. Persistency statistics and customer metrics are monitored regularly. Detailed persistency analysis is carried out annually at a product level. Products are subject to periodic review by the Product Governance Forum to ensure that they remain appropriate for their target markets.

Life expense risk

Expense risk is managed through budget control and discipline, balanced against the need to ensure sufficient resources are available to achieve the Company's strategic aims.

Expense levels are monitored regularly against budgets and forecasts. An allocation model is used to allocate shared business costs to individual legal entities, including QLPL, based on agreed cost drivers. These drivers are periodically reviewed to ensure they are in line with services that each legal entity is receiving.

Some products' structures include maintenance charges. These charges are reviewed annually in light of changes in maintenance expense levels and the market level of inflation. This review may result in changes in charge levels.

C.1.4 Risk concentration

There are no material concentrations of lapse, expense, and mortality risks.

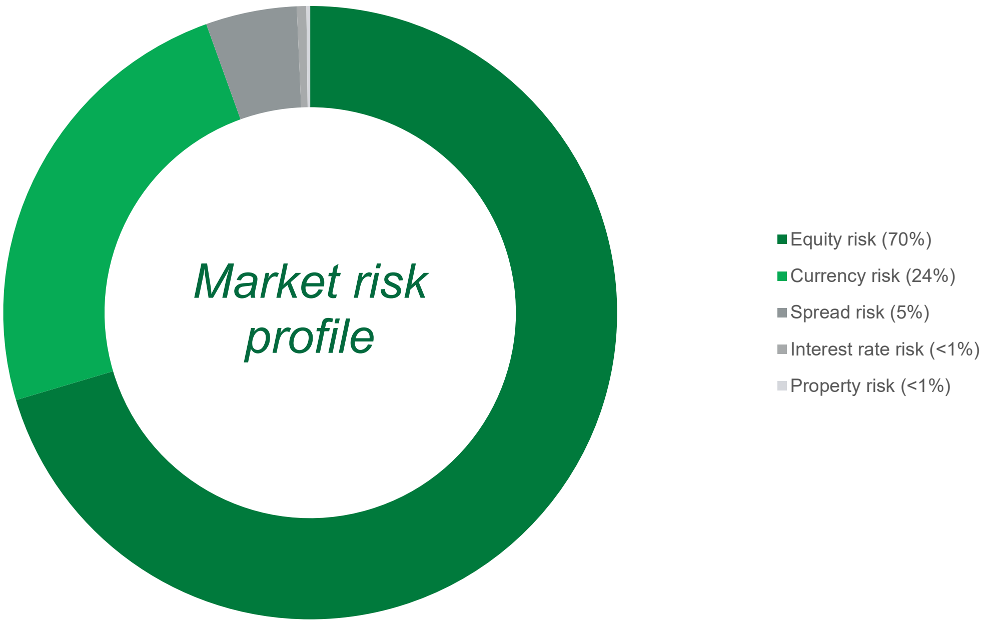
C.2 Market risk

C.2.1 Market risk as at 31 December 2021

QLPL’s market risk profile is derived from the Standard Formula 1-in-200 year market stresses before allowing for the impact of diversification.

The exposure for this module is £287 million after intra-module diversification of 19% (i.e. allowance for diversification between market risks). The pie chart below sets out the drivers of the £287 million market risk for QLPL.

Most of the exposure is from equity risk. This accounts for 70% of the exposure in this module; and currency is the second largest exposure within this module.



C.2.2 Change in the market risk over the period to 31 December 2021

The table below considers the change in the market risk over the period.

	Market risk capital requirement based on diversified risk*		
	31 December 2021 £000	31 December 2020 £000	Change £000
Interest rate risk	1,533	819	714
Equity risk	201,727	144,432	57,295
Property risk	562	473	90
Spread risk	13,789	12,832	957
Currency risk	69,102	64,738	4,365
Market risk SCR	**286,714**	**223,294**	**63,420**

*After intra-module diversification applied

Equity risk

Equity market risk is a significant risk since a large proportion of the assets underlying unit-linked funds held for the benefit of policyholders is invested in equity portfolios, from which asset-based fees are derived. The Company has no material holdings of equities within shareholders' funds.

The capital requirement for equity risk reflects the potential loss of future asset-based revenues resulting from returns on equity assets falling below the levels assumed in the best estimate projection.

The impact of loss of future revenue under a 1-in-200 year equity stress for QLPL is based on a full measure prescribed equity stress of 39% plus Bank of England symmetric adjustment for Type 1 equities and 49% plus symmetric adjustment for Type 2 equities.

Equity risk has increased due to the increase in AuA, driven by equity market performance and growth in business during 2021. The change in the Standard Formula symmetric adjustment factor, from -0.48% (based on EIOPA symmetric adjustment at year end 2020) to +7.09% (based on Bank of England symmetric adjustment at year end 2021), represents an increase in the equity shock by 7.6% relative to year end 2020.

Spread risk

A portion of the assets underlying unit-linked funds is invested in corporate bonds. These bonds are exposed to the risk of increases in credit spreads, which would result in a fall in the value of bonds and result in a reduction in the Company's projected asset-based fee revenues.

The Company has no material holdings of corporate bonds within shareholders' funds.

Spread risk has increased over the course of 2021.

Currency risk

Similar to equity risk, the capital requirement for currency risk reflects the potential loss of future asset-based revenues resulting from adverse movements in currency markets which negatively impact the value of assets underlying unit-linked funds, held through collective investments. This risk applies to a portion of the assets underlying unit-linked funds which are denominated in currencies other than pounds sterling. The Company has no material exposure to currency movement within shareholders' funds.

Currency risk has increased mainly because of an increase in the AuA denominated in foreign currencies, which leads to an increased exposure to currency risk.

C.2.3 Risk mitigation

The Company's business is predominantly unit-linked life and pensions business. The direct market risks are transferred to policyholders as a result of the use of unit-linked product structures. The Company does not offer investment guarantees or take on complex financial insurance risks. Market risk exposure on asset-based revenues is an accepted risk exposure.

C.2.4 Risk concentration

Policyholder funds are invested in a diversified portfolio of assets. The market risk concentration on policyholders' assets is immaterial.

Shareholder funds are deposited only in the permitted instruments set out in the Treasury Statement of Practice. The permitted instruments are bank call deposits and a range of money market funds. This provides diversification for shareholder assets and hence the market risk concentration on shareholder assets is not material.

C.3 Credit risk

Credit risk (counterparty default risk) is the risk that a party to a financial instrument will cause a financial loss to the Company by failing to discharge an obligation to repay cash or deliver another financial asset. The material risks faced by the Company relate to:

- the risk of default by banks and other financial institutions in respect of the investment of Company assets; and
- the risk of default by insurance intermediaries in respect of receivables.

C.3.1 Credit risk at 31 December 2021

QLPL's credit risk profile is derived from the Standard Formula 1-in-200 year credit event. At 31 December 2021, the risk capital requirement for this module is £10 million (2020: £11 million).

C.3.2 Change in credit risk over the period

Credit risk has remained stable compared to 31 December 2020.

C.3.3 Credit risk mitigation

Shareholders' assets are deposited only in the permitted instruments set out in the Treasury Statement of Practice. The permitted instruments are bank call deposits, permitted money market funds and UK government bonds. 63% of shareholder funds are held in AAA-rated money market funds and bank deposits with a notice period. The risk of default for these counterparties has been captured within the spread risk assessment (within the market risk module). The remaining 37% of shareholder funds are cash at banks with the % exposure by credit rating shown in the table below.

Rating	% Exposure (cash at bank)
AA	28%
A	72%

C.3.3.1 Risk concentration

Cash is invested with a number of counterparties with high credit ratings. There is not a significant exposure to a single named counterparty and a process of diversification is employed to manage counterparty concentration risk.

C.4 Liquidity risk

Liquidity risk is the risk that assets cannot be realised in order to settle financial obligations as they fall due or that market conditions preclude the ability of the firm to trade in illiquid assets in order to maintain its Asset-Liability Matching ("ALM") profile.

The Company is exposed to liquidity risks during the normal course of business where payments are made before related cash inflows are received from counterparties, causing a settlement timing impact. Such exposures are typically short-term in nature and minimum liquidity levels are maintained to cover any potential outflows arising from a severe but plausible liquidity stress scenario.

The Company maintains a Contingency Funding Plan which sets out the available liquidity sources, management actions for providing liquidity to the Company in the event that liquidity support is required and the roles and responsibilities of key personnel.

Liquidity risk mitigations are detailed in the main body of the Group SFCR. There is no significant concentration of liquidity risk within the Company.

C.4.1 Expected profit included in future premiums

Most of QLPL's business consists of single premium business. QLPL's regular premium business is subject to short contract boundary conditions and so expected profit arising from future premiums is nil.

C.5 Operational risk

C.5.1 Treatment of operational risks within the capital assessment

As at 31 December 2021, the capital requirement for this module is £13 million. This has reduced from prior year end because of a reduction in expenses included in the Standard Formula operational risk calculation. Operational risk mitigations and concentrations are detailed in the main body of the Group SFCR.

C.6 Other material risks

There are no other material risks to which the Company is exposed.

C.7 Any other information

C.7.1 Risk sensitivity analysis

Scenario testing and sensitivity testing are performed on an annual basis to assess the resilience of QLPL to potential stresses and scenarios and to assist in determining the management actions which would be required to manage and mitigate the impacts of such events. Reverse stress testing is also performed to identify the point at which QLPL could become unviable.

Sensitivity testing

QLPL carries out sensitivity testing to assess the impacts on the solvency position of changes in equity markets, interest rates, inflation rates, lapse rates and expense levels.

As at 31 December 2021, surplus capital above the SCR was £153 million. The following table shows the change in the value of surplus capital due to the key sensitivities which have been tested:

Sensitivity test	Impact on level of surplus capital 31 December 2021 £000
Equity markets: 25% market fall	28,181
Interest rates: 1% reduction in interest rates	(26,194)
Interest rates: 1% increase in interest rates	22,033
Inflation rates: 1% reduction in inflation rates	26,040
Inflation rates: 1% increase in inflation rates	(31,614)
Lapse rates: 10% mass lapse	(16,781)
Expenses: 10% increase in expense levels	(38,180)

The key underlying assumptions for these sensitivity tests include:

- The sensitivity stresses are assumed to take place instantaneously on 1 January 2022, the balance sheet and the SCR are immediately revalued;
- It is assumed that the Standard Formula symmetric adjustment of the equity capital charge would be updated to reflect the market fall under the equity market sensitivity; and
- It is assumed that no management actions would be applied under these sensitivities. For instance, under the 10% mass lapse stress, the per-policy maintenance expense assumption increases to reflect the same level of maintenance expenses being spread over fewer policies.

Scenario tests

Scenario testing is performed on an annual basis to assess the resilience of the Company to severe but plausible events and to assist in determining the management actions which would be required to manage and mitigate the impacts of such events. Scenarios are also used to validate that the Company is sufficiently capitalised in line with its financial risk appetite.

Scenario testing is performed by adjusting the parameters used to project revenues and expenses over the business planning period and adjusting the capital plans. Scenario testing parameters are typically set in order to assess the impacts of 1-in-50 year adverse events over the business planning period. Scenario testing parameters are determined through analysis of market and internal experience data.

Scenario testing demonstrated that the Company could withstand a 1-in-50 year adverse event whilst continuing to meet the solvency capital requirement, without recourse to the Group. This is after allowing for the potential management actions agreed by the Board under these scenarios.

Reverse stress testing

Reverse stress testing is performed in order to identify the events which would result in the business plan becoming unviable, resulting in the need to make material changes to the business strategy in order to continue as a going concern.

Section D. Valuation for solvency purposes

Solvency II assets and liabilities have been calculated in accordance with the valuation principles set out in Articles 75 to 86 of Directive 2009/138/EC.

Summary balance sheet - 31 December 2021	2021 FRS 101 value £000	Solvency II adjustments £000	2021 Solvency II value £000	2020 Solvency II value £000
Assets				
Government bonds	465	2	467	1,280
Collective investment undertakings	413	274,522	274,935	217,606
Assets held for index-linked and unit-linked funds	41,034,833	1	41,034,834	35,545,742
Contract costs	5,653	(5,653)	-	-
Insurance and intermediaries receivables	80,656	-	80,656	87,607
Receivables (trade, not insurance)	23,690	(18)	23,672	32,211
Cash and cash equivalents	433,131	(274,507)	158,624	180,423
Total assets	**41,578,841**	**(5,653)**	**41,573,188**	**36,064,869**
Liabilities				
Policyholder liabilities/technical provisions	41,070,457	(314,757)	40,755,700	35,336,723
Provisions other than technical provisions	1,182	-	1,182	2,220
Deferred tax liabilities	107,354	67,249	174,603	111,830
Insurance and intermediaries payables	190,835	-	190,835	211,181
Payables (trade, not insurance)	16,674	-	16,674	10,475
Total liabilities	**41,386,502**	**(247,508)**	**41,138,994**	**35,672,429**
Excess of assets over liabilities	**192,339**	**241,855**	**434,194**	**392,441**

The bases, methods and main assumptions used for the valuation of QLPL's assets, technical provisions and other liabilities are consistent with the Solvency II rules and guidance. They are also consistent with those used in the prior year.

For the year ended 31 December 2021, the Company adopted Financial Reporting Standard 101 ("FRS 101") as the basis of preparation for its financial statements. Prior to this, the Company's financial statements were prepared under International Financial Reporting Standards ("IFRS").

There has been no change in the accounting policies, assumptions, judgements and estimates applied by the Company resulting from the adoption of FRS 101. Therefore, this change in basis of preparation has not resulted in any changes to the comparative results or balances brought forward from those previously reported in the Company's audited financial statements for the year ended 31 December 2020.

D.1 Assets

D.1.1 Investments (other than assets held for index-linked and unit-linked funds)

This includes UK Government fixed interest bonds and investments in Collective Investment Undertakings. Under both Solvency II and FRS 101 reporting, these assets are measured at fair value, based on market prices at the reporting date, which are quoted prices in active markets for identical instruments. No significant estimates or judgements are used in the valuation of these investments.

There are allocation differences between Solvency II and FRS 101 caused by differences in the definition of line items. Under Solvency II, the money market fund investments (£275 million) are included in the "Investment funds" line, whereas on the FRS 101 balance sheet these are included in "Cash and cash equivalents". This reclassification is based on maturity. Under Solvency II, any funds that are not accessible within 24 hours are classed as Investments rather than cash and cash equivalents.

Under Solvency II, accrued income on investments and securities (£18,063) is reclassified from receivables to investments and securities resulting in a small difference in the "Government bonds" and" Collective investment undertakings" lines between the Solvency II and FRS 101 bases.

D.1.2 Assets held for index-linked and unit-linked funds

Assets held for index-linked and unit-linked funds represent policyholder investments. Under FRS 101 and Solvency II, 'Investments and securities' are valued largely based on quoted market prices, within active markets.

£24 million of this balance is invested in suspended property funds. Although these funds are priced daily, they cannot be immediately traded and are therefore classified as level 3 assets within the fair value hierarchy.

D.1.3 Contract costs

Under FRS 101, the acquisition costs arising from the sale of investment and insurance contracts are spread over the period of the contract. Recoverability of these costs, against future income streams, is regularly assessed and where these costs are deemed to be irrecoverable, they are immediately expensed through the income statement. This is an FRS 101 specific accounting item which is not admissible under Solvency II.

D.1.4 Insurance and intermediaries receivables

Insurance and intermediaries receivables represent amounts due from fund managers and policyholders. They are non-interest bearing and stated at amortised cost, less appropriate allowances for estimated irrecoverable amounts. This approximates to fair value due to the short-term nature of the balances.

The valuation basis applies equally to both FRS 101 and Solvency II.

D.1.5 Receivables (trade, not insurance)

Other receivables are non-interest bearing and are stated at their amortised cost, less appropriate allowances for estimated irrecoverable amounts. This approximates to fair value due to the short-term nature of the balances.

The valuation basis applies equally to both FRS 101 and Solvency II, although under Solvency II there is a subsequent reclassification (£18,063) of accrued income on investments and securities to the investments and securities category.

D.1.6 Cash and equivalents

Cash and cash equivalents are carried at amortised cost under both FRS 101 and Solvency II and this approximates to fair value.

The key difference between FRS 101 and Solvency II reporting is that money market fund investments are included in the "Investment funds" line under Solvency II, whereas under FRS 101 they are included in "Cash and cash equivalents".

D.2 Technical provisions

QLPL only has unit-linked business which is categorised as 'Index-linked and unit-linked insurance' under Solvency II.

Technical provisions	Solvency II value		
	31 December 2021 £000	31 December 2020 £000	Difference £000
Technical provisions as a whole	41,070,457	35,591,111	5,479,346
Best estimate	(457,783)	(388,489)	(69,294)
Risk margin	143,026	134,101	8,925
Total technical provisions	**40,755,700**	**35,336,723**	**5,418,977**

The Solvency II technical provisions for QLPL, of £40,756 million, have three components:

- technical provisions as a whole of £41,070 million;
- best estimate liabilities of £(458) million; and
- a risk margin of £143 million.

Technical provisions as a whole represent the value of units credited to policyholders as at 31 December 2021. Where the liability is subject to a surrender option, the value of the financial liability is never less than the amount payable on surrender.

The best estimate liabilities represent the value of future profits (net of expenses) from the unit-linked business, based on the cash flow projection model. This is equivalent to future product charges (income) less future expenses less future claims in excess of unit reserves.

The risk margin is determined as the present value of the cost of non-hedgeable capital (at 6% p.a.) needed for the full run-off of the liabilities, discounted using the prescribed term-dependent Solvency II risk-free rates.

D.2.1 Methodology applied in deriving the technical provisions

Best estimate valuation methodology

QLPL calculates the best estimate liability for all policies in-force at the valuation date. The best estimate liability is calculated as the prospective value of future expected cash flows on a policy-by-policy basis allowing for any surrender payments, transfer payments, income withdrawal, maintenance expenses, fund-based fees and other policy charges. The underlying assumptions are based on the best estimate for the future, which is largely based on the current business experience and any emerging trends. The unit fund growth rates (gross of investment charges) and the discount rates are set at the prescribed Solvency II risk-free interest rates.

The calculation is carried out gross of reinsurance recoverables and gross of all future tax other than future policyholder tax. The value of future shareholder tax is included within the deferred tax liability line of the balance sheet.

The CRA product (refer to section A.1.7.1 for details) is the only product which accepts regular premiums. For this product, the allowance for future premiums and benefits within the best estimate liability depends on the Solvency II boundary of the contract. QLPL has concluded that short contract boundary conditions apply and therefore these policies have been modelled as if they were to become immediately paid-up with no allowance for future expected premiums.

QLPL has no material reinsurance recoverables.

D.2.2 Key assumptions in deriving the technical provisions

Relevant risk-free rate applied in deriving the technical provisions

QLPL used the prescribed Solvency II risk-free interest rate curve for the valuation of its technical provision at 31 December 2021. The unit fund growth rates (gross of investment charges) and the risk discount rates are set equal to the prescribed Solvency II rates.

Any changes in risk-free interest rate curves have a broadly offsetting effect on the present value of the fund-based revenue component of the cash flow. This is because the impacts of changes in the unit growth rates and the discount rates cancel out when calculating the fund-based revenue in present value terms.

The present value of the expense component of the cash flow and the risk margin calculation are more sensitive to changes in interest rates due to the long-term nature of the business.

The prescribed GBP-based risk-free interest rate curve has increased for all durations over 2021.

Lapses

Persistency assumptions impact the expected outstanding duration of the business and hence are an important driver for the expected future cash flows within the technical provisions calculation.

The lapse, surrender and income withdrawal assumptions are set with reference to recent experience in QLPL, allowing for any emerging trends. Lapse assumptions vary by product type and policy duration. The assumptions are based on a weighted average of historical observed experience.

Key changes to assumptions for the year ending 31 December 2021:

Improved persistency experience has been observed over the period of the COVID-19 pandemic (mainly from the start of the first national lockdown in March 2020 to the end of the final lockdown in March 2021). This is likely due to a lack of adviser and client activities over the period and the policyholders delaying their decisions to surrender their policies or to take income withdrawals.

The COVID-19 pandemic is likely to have a temporary effect on the policyholders' surrender and income withdrawal behaviour. Over the longer term, the surrender and withdrawal experience is expected to return to the previous levels. Hence, when setting the long-term best estimate persistency assumption, the Company has excluded the improved persistency experience data considered to be associated with COVID-19.

Overall, small refinements are made to the long-term persistency assumptions for QLPL. These include:

- Full surrender – the full surrender rate assumptions for the bond and pension product have reduced slightly based on the most recent experience since the ease of the COVID-19 lockdown in March 2021. As a result, the best estimate liabilities have decreased slightly.
- Partial withdrawals and pension payments – following a detailed analysis of the historic experience data, the assumptions for the bond and pensions partial withdrawals have increased slightly. This has slightly increased the best estimate liabilities.

Expenses

Expenses assumptions reflect the expected cost of future maintenance of the in-force business. The maintenance expense assumptions for QLPL include two components:

- An annual sterling amount based assumption, known as the maintenance cost per policy, assumed to grow with future expense inflation; and
- A fee payable on the outsource arrangement, assumed to grow with the projected future assets under administration.

The sterling amount based maintenance expense assumption is modelled on a per policy basis and based on both actual observed experience (excluding acquisition expenses and one-off expenses) and projected expenses over the business planning period. Expense assumptions are differentiated by policy type and payment profile (whether a policy is regular or single premium, paying or paid up).

The fee assumption for the outsource arrangement is set as a percentage of the assets under administration according to a pre-agreed charging structure. It is based on the contractual arrangement with the platform provider, FNZ.

The sterling amount based per policy expense assumption has decreased over 2021. This is mainly driven by the policy growth over 2021, resulting in maintenance expense spreading more thinly over a larger number of policy counts.

The percentage based outsource fee has also decreased over 2021 driven by the increase in the platform AuA, from the positive net client cash flow and positive market movement affecting the linked policyholder assets.

The reduction in both the above expense assumptions has reduced the best estimate liabilities in 2021.

Similar to year-end 2020, expense reduction management actions are included in the current business plan through various business initiatives such as the Simplification Programme. There are elements of uncertainty in future costs savings. The Company has therefore applied a prudent and appropriate approach when allowing for the expense reduction management actions.

Expense inflation assumption

The expense per-policy assumption is projected to increase in line with anticipated inflation rates. The assumption for RPI inflation is based on implied inflation from the Bank of England's forward gilt yield curves, i.e. the difference between the fixed gilt yields and index-linked gilt yields. The expense inflation assumption for the Company is set to have a pre-determined margin above the projected RPI rates. This is because salaries are a major component of the Company's cost base and in general the rate of growth in average earnings tends to be marginally higher than RPI. This percentage addition has remained at 0.5% over 2021.

The market implied RPI rates and the expense inflation assumptions for QLPL have increased over 2021 for all future durations. The increase is more prominent over the shorter durations.

D.2.3 Uncertainty associated with the value of technical provisions

Sensitivity tests on the assumptions are carried out to ensure the uncertainties are well understood and incorporated in capital and risk management of the business.

The Company only has unit-linked business. For unit-linked business, technical provisions are calculated as a whole representing the value of units credited to policyholders. If the liabilities are subject to a surrender option, the value of the financial liability is never less than the amount payable on surrender. Therefore, in absolute terms, there is very limited uncertainty regarding the value assigned as the valuation does not require the application of assumptions or judgement.

The best estimate liabilities component of technical provisions represents the value of future revenues (net of expenses) from the unit-linked business, based on the cash flow projection model and is equivalent to future product charges (income) less future expenses less future claims in excess of unit reserves. This component of technical provisions therefore carries greater uncertainty, principally driven by:

- economic uncertainty relating to future income from unit funds, for example, higher than expected future surrender experience will result in lower future asset-based revenues and lower future profits. This will cause the best estimate liabilities to increase; and
- uncertainty relating to future administration costs for servicing the in-force policies, for example, higher than expected future expenses to service the in-force business will result in lower future profits. This will cause the best estimate liabilities to increase.

The best estimate liabilities component of technical provisions and its inherent risk profile also have a second-order effect on the size of the risk margin.

D.2.4 Differences between Solvency II and FRS 101 bases, methods and assumptions

The table below provides a reconciliation of the technical provisions between the Solvency II and FRS 101 bases.

Liabilities	31 December 2021 £000
Gross FRS 101 investment contract liabilities	41,070,457
Adjustment for Solvency II	(457,783)
Gross BEL (Solvency II liabilities to policyholders)	**40,612,674**
Add risk margin	143,026
Solvency II technical provisions	**40,755,700**

QLPL prepares its statutory financial statements using FRS 101. The FRS 101 value of technical provisions is £41,070 million which is based on the value of unit reserves, representing the 'technical provisions calculated as a whole' component of the Solvency II technical provisions.

The differences in the value of technical provisions when moving from an FRS 101 basis to a Solvency II basis are as follows:

- **Adjustment for Solvency II** - the 'adjustment for Solvency II' reduces the technical provisions for unit-linked business by £458 million. This adjustment includes an allowance for future profits under Solvency II which is not included on an FRS 101 basis. This adjustment represents the recognition of future revenues net of expenses calculated based on a set of best estimate assumptions.
- **Addition of risk margin** - the addition of the risk margin on a Solvency II basis increases the technical provisions by £143 million compared to the FRS 101 basis where there is no risk margin.

D.3 Other liabilities

Other liabilities 31 December 2021	Solvency II £000	FRS 101 £000	Difference £000
Provisions other than technical provisions	1,182	1,182	-
Deferred tax liabilities	174,603	107,354	67,249
Insurance and intermediaries payables	190,835	190,835	-
Payables (trade, not insurance)	16,674	16,674	-
Total other liabilities	**383,294**	**316,045**	**67,249**

The table above shows the value of other liabilities. This section covers a description of the bases, methods and main assumptions used for Solvency II valuation purposes compared to the approach taken to their valuation in the financial statements.

D.3.1 Specific items

The majority of liabilities that are not technical provisions are valued in accordance with FRS 101 in both the Solvency II balance sheet and the financial statements.

‘Insurance and intermediaries payables’ represent amounts due to fund managers and policyholders. This balance together with ‘Payables (trade, not insurance)’ are non-interest bearing and are stated at their amortised cost. This is not materially different to cost and approximates to fair value for both FRS 101 and Solvency II, due to the short-term nature of the balances. As a result, no deviation risk has been applied. No adjustments or judgements are made for valuation purposes.

D.3.2 Deferred tax

During 2021, a deferred tax liability was recognised under FRS 101 primarily due to capital gains made during the year. The deferred tax liability (“DTL”) in the Solvency II balance sheet, represents the tax due from future surplus emerging on the Solvency II basis, over the run-off of the business.

This is calculated by computing the tax impact of the items bridging between FRS 101 net assets and Solvency II net assets and then applying this impact to the DTL as reported in the financial statements.

Material items that need to be allowed for or removed in stepping between FRS 101 and Solvency II are:

- removal of the DTL on the FRS 101 contract cost;
- the recognition of a DTL on future profits on the Solvency II basis which is not relevant on the FRS 101 basis; and
- the recognition of DTA on the risk margin since this is a Solvency II requirement and not relevant for FRS 101.

D.4 Alternative methods for valuation

For further details related to alternative valuation methods, refer to the main document.

D.5 Any other information

There is no additional information that requires disclosure.

Section E. Capital management

E.1 Own funds

E.1.1 Management of capital over the reporting period

QLPL Capital Management Strategy

The Group operates a robust capital management framework to ensure it is able to provide a sufficient level of protection for customers and meet applicable regulatory requirements and shareholder expectations. Under the Group capital management framework, QLPL has set its solo solvency target to withstand a severe but plausible instantaneous loss event and still meet the solo regulatory capital requirements. The level of severity of the event corresponds to the Company's risk appetite.

Based on the year end 2020 Solvency II results, QLPL has paid a dividend of £10 million to its parent company, Quilter UK Holding Limited, in March 2021.

The actual capital position for QLPL is monitored through the Capital Management Forum ("CMF") on a monthly basis and the QLPL Board and the Quilter plc Board Risk Committee.

The capital position of QLPL is also monitored on a monthly basis within the Finance department. The capital position is based on a combination of actual and estimated information (based on appropriate drivers such as market levels and new business volumes). This provides an early warning system that will detect any unexpected deterioration in the solvency position of the entity.

E.1.2 Analysis of change (own funds, SCR and MCR)

The table below summarises the change, by tier, of own funds, SCR and MCR for QLPL.

£000	31 December 2021		31 December 2020		Change	
	Solvency II	FRS 101	Solvency II	FRS 101	Solvency II	FRS 101
Assets	41,573,188	41,578,841	36,064,869	36,069,001	5,508,319	5,509,840
Liabilities	41,138,994	41,386,503	35,672,429	35,883,883	5,466,565	5,502,620
Excess Funds	**434,194**	**192,338**	**392,441**	**185,118**	**41,754**	**7,220**
Basic own funds	434,194		382,441		51,753	
Basic own funds adjustments	-		-		-	
Ancillary own funds	-		-		-	
Available own funds	**434,194**		**382,441**		**51,753**	
Tier 1	434,194		382,441		51,753	
Tier 2	-		-		-	
Tier 3	-		-		-	
Solvency capital requirement	**281,336**		**275,773**		**5,564**	
Eligible own funds	**434,194**		**382,441**		**51,753**	
Tier 1	434,194		382,441		51,753	
Tier 2	-		-		-	
Tier 3	-		-		-	
Surplus (deficit)	**152,858**		**106,668**		**46,189**	
Eligible own funds as % of SCR	**154%**		**139%**		**15%**	
MCR	**126,601**		**124,098**		**2,503**	
Eligible own funds as % of MCR	**343%**		**308%**		**35%**	

Solvency II available own funds for year end 2021 are £434 million, made up of £102 million share capital and £332 million of reconciliation reserve, both of which are Unrestricted Tier 1 own funds.

Own funds increased by £52 million during the year (2021: £434 million vs. 2020: £382 million). This increase in own funds is mainly driven by an increase in AuA as a result of the strong equity market and strong new business volume. The positive experience variances and the positive operational assumption changes have also contributed to the increase.

The SCR at 31 December 2021 is £281 million, compared to £276 million in the prior year. The solvency coverage ratio increased by 15% in the year (2021: 154% vs. 2020: 139%).

QLPL has retained sufficient capital to cover both the MCR and SCR over the period and is therefore compliant with the SCR and MCR requirements. The opening and closing coverage ratios are given in the table above.

E.1.2.1 Analysis of change from FRS 101 equity to basic own funds

	31 December 2021 £000
FRS 101 equity	**192,338**
Revaluation of technical provisions	314,757
Removal of contract costs	(5,653)
Adjust for deferred tax arising from differences in timing of profit recognition	(67,248)
Solvency II net assets	**434,194**
Foreseeable dividend	-
Total own funds	**434,194**

The table above covers the quantitative differences between equity as shown in the financial statements and the excess of assets over liabilities as calculated for solvency purposes.

Specifically, these adjustments are:

- the addition of future anticipated profits under the Solvency II basis, not included under FRS 101, together with the addition of the risk margin as this is a Solvency II requirement and not relevant for FRS 101;
- contract costs are not included within Solvency II basic own funds;
- deferred tax arising from differences in the timing of profit recognition between FRS 101 and Solvency II; and
- dividends that are foreseeable at the reporting date are deducted from Tier 1 own funds. The regulatory guidelines on classification of own funds provide that a dividend is foreseeable "at the latest when it is declared or approved by the Board regardless of any requirement for approval at the annual general meeting".

Management is permitted to deduct a planned dividend from own funds prior to Board approval, in cases where it is likely that approval will be granted. At the time of publishing this document, no foreseeable dividend is expected.

E.1.2.2 Reconciliation reserves

The table below shows that own funds are made up of Share Capital of £102 million and reconciliation reserves of £332 million.

	31 December 2021 £000	31 December 2020 £000
Share Capital	102,000	102,000
Reconciliation reserve	332,194	280,441
Available own funds	**434,194**	**382,441**

The reconciliation reserve equals the total excess of assets over liabilities, after deducting share capital and planned dividends as described above.

E.2 Solvency Capital Requirement ("SCR") and Minimum Capital Requirement ("MCR")

E.2.1 Detail on the capital requirements for QLPL

	Standard Formula or Internal Model	31 December 2021 £000	31 December 2020 £000	Change £000
Available own funds	**-**	**434,194**	**382,441**	**51,753**
Solvency capital requirement	**-**	**281,336**	**275,773**	**5,564**
Market risk SCR module*	Standard Formula	286,714	223,294	63,420
Life underwriting risk SCR module*	Standard Formula	269,159	244,200	24,960
Operational risk SCR module	Standard Formula	13,162	14,288	(1,125)
Counterparty default risk SCR module*	Standard Formula	9,778	10,663	(885)
Diversification	-	(122,875)	(104,842)	(18,033)
Allowance for DTL (loss-absorbing capacity of deferred tax) offset	-	(174,603)	(111,830)	(62,773)
Surplus	**-**	**152,858**	**106,668**	**46,189**
Eligible own funds as % of SCR	**-**	**154%**	**139%**	**15%**
Minimum capital requirement	**-**	**126,601**	**124,098**	**2,503**
Eligible own funds as % of MCR	**-**	**343%**	**308%**	**35%**

* After intra-module diversification applied.

QLPL calculates the SCR using the Standard Formula as set out in the Solvency II rules.

E.2.2 Calculation of MCR

The MCR is calculated using a formulaic approach subject to an overall minimum and a 'corridor' of 25% of the SCR and of 45% of SCR. For QLPL, 45% of the SCR is the 'biting' constraint for the MCR calculation.

E.2.3 Explanation for material changes to SCR and MCR

Changes to MCR

During 2021, the MCR increased by £3 million.

The MCR is driven by the size of technical provisions and SCR and hence its movements are directly related to movements within these components.

Changes to SCR

During 2021, the SCR increased by £6 million. The key components of the change include:

- The market risk component of SCR (after intra-module diversification is applied) has increased by £63 million (see table E2.1). This is mainly driven by:
  - the overall equity market gain over 2021 for the linked policyholder assets has resulted in higher projected future asset-based revenues that are exposed to market risks;
  - the increase in the size of the book over 2021 has increased market risk exposure;
  - the increase in the Standard Formula symmetric adjustment has increased the equity stresses applied at year end 2021;
- the life underwriting risk component of SCR (after intra-module diversification is applied) has increased by £25 million over 2021 (see table E2.1). This is mainly driven by the increase in lapse risk SCR as a result of the increase in the expected asset-based revenues. The rise in the expected asset-based revenue is caused by an increase in AuA driven by the strong equity market performance and strong new business inflow in 2021;
- the operational risk SCR has reduced by £1 million due to the reduction in actual expenses in 2021 compared to 2020;
- the counterparty default risk SCR has decreased slightly over 2021 due to a small reduction in exposure to banks; and
- the loss-absorbing capacity of deferred taxes ("LACDT") has increased by £63 million due to the rise in the Solvency II base balance sheet DTL. This is primarily driven by the rise in equity markets which in turn increases the policyholder DTL on the business that is subject to life office taxation. The anticipated corporation tax rate increase from 19% to 25% in April 2023 has also increased the expected future shareholder tax.

There are net deferred tax liabilities on the Company Solvency II base balance sheet as at 31 December 2021. The following individual deferred tax assets are netted against deferred tax liabilities within the QLPL balance sheet based on the relevant accounting standard (IAS 12):

- £31 million DTA on the risk margin introduced by Solvency II;
- £7 million DTA relating to historic trading losses brought forward; and
- £6 million DTA relating to deferred acquisition expenses (spread over seven years for tax purposes).

All of the DTAs are recoverable through the reversal of taxable temporary differences on which the DTL is recognised on the Solvency II base balance sheet.

The loss-absorbing capacity of deferred taxes ("LACDT") reduces the QLPL SCR by £175 million at 31 December 2021. The amount of LACDT for QLPL represents the reduction in its Solvency II balance sheet DTL to nil under the 1-in-200 year stressed scenarios as the business becomes structurally loss-making. QLPL has not recognised any net deferred tax assets nor any tax carry-backs under the 1-in-200 year stressed scenarios for the purpose of assessing the amount of LACDT.

E.3 Use of duration-based equity risk sub-module in the calculation of SCR

QLPL has not applied the duration-based equity risk sub-module in its SCR calculations.

E.4 Differences between the standard formula and any internal model used

No internal model or partial model has been used in the calculation of the SCR for the Group and its insurance subsidiaries.

E.5 Non-compliance with the MCR and SCR

The Company is compliant with the SCR and MCR requirements throughout 2021.

E.6 Any other information

There is no additional information that requires disclosure in this section.

Appendix F.2.1 Quantitative Reporting Templates (QRT) - QLPL

Appendix F.2.1 Quantitative Reporting Templates (QRT) – QLPL

This appendix contains the following QRTs applicable to QLPL at 31 December 2021, as required under Solvency II regulations. Any QRTs required by the regulations that are excluded from this list are not relevant to QLPL.

1. S.02.01.02 Balance sheet
2. S.05.01.02 Premiums, claims and expenses by line of business (unaudited)
3. S.12.01.02 Life and Health SLT Technical Provisions
4. S.23.01.01 Own funds
5. S.25.01.21 Solvency Capital Requirement - for undertakings on Standard Formula
6. S.28.01.01 Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

All figures are presented in £000s with the exception of ratios that are in percentages.

F.2.1.1 S.02.01.02 Balance Sheet £000		**Solvency II value**
		C0010
Assets		
Goodwill	**R0010**	
Deferred acquisition costs	**R0020**	
Intangible assets	**R0030**	-
Deferred tax assets	**R0040**	-
Pension benefit surplus	**R0050**	-
Property, plant & equipment held for own use	**R0060**	-
Investments (other than assets held for index-linked and unit-linked contracts)	**R0070**	275,402
Property (other than for own use)	**R0080**	-
Holdings in related undertakings, including participations	**R0090**	-
Equities	**R0100**	-
Equities – listed	**R0110**	-
Equities – unlisted	**R0120**	-
Bonds	**R0130**	467
Government Bonds	**R0140**	467
Corporate Bonds	**R0150**	-
Structured notes	**R0160**	-
Collateralised securities	**R0170**	-
Collective Investments Undertakings	**R0180**	274,935
Derivatives	**R0190**	-
Deposits other than cash equivalents	**R0200**	-
Other investments	**R0210**	-
Assets held for index-linked and unit-linked contracts	**R0220**	41,034,834
Loans and mortgages	**R0230**	-
Loans on policies	**R0240**	-
Loans and mortgages to individuals	**R0250**	-
Other loans and mortgages	**R0260**	-
Reinsurance recoverables from:	**R0270**	-
Non-life and health similar to non-life	**R0280**	-
Non-life excluding health	**R0290**	-
Health similar to non-life	**R0300**	-
Life and health similar to life, excluding health and index-linked and unit-linked	**R0310**	-
Health similar to life	**R0320**	-
Life excluding health and index-linked and unit-linked	**R0330**	-
Life index-linked and unit-linked	**R0340**	-
Deposits to cedants	**R0350**	-
Insurance and intermediaries receivables	**R0360**	80,656
Reinsurance receivables	**R0370**	-
Receivables (trade, not insurance)	**R0380**	23,672
Own shares (held directly)	**R0390**	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	**R0400**	-
Cash and cash equivalents	**R0410**	158,624
Any other assets, not elsewhere shown	**R0420**	-
Total assets	**R0500**	**41,573,188**

F.2.1.1 S.02.01.02 Balance Sheet £000		**Solvency II value**
		C0010
Liabilities		
Technical provisions – non-life	**R0510**	-
Technical provisions – non-life (excluding health)	**R0520**	-
Technical provisions calculated as a whole	**R0530**	-
Best Estimate	**R0540**	-
Risk margin	**R0550**	-
Technical provisions - health (similar to non-life)	**R0560**	-
Technical provisions calculated as a whole	**R0570**	-
Best Estimate	**R0580**	-
Risk margin	**R0590**	-
Technical provisions - life (excluding index-linked and unit-linked)	**R0600**	-
Technical provisions - health (similar to life)	**R0610**	-
Technical provisions calculated as a whole	**R0620**	-
Best Estimate	**R0630**	-
Risk margin	**R0640**	-
Technical provisions – life (excluding health and index-linked and unit-linked)	**R0650**	-
Technical provisions calculated as a whole	**R0660**	-
Best Estimate	**R0670**	-
Risk margin	**R0680**	-
Technical provisions – index-linked and unit-linked	**R0690**	40,755,700
Technical provisions calculated as a whole	**R0700**	41,070,457
Best Estimate	**R0710**	(457,783)
Risk margin	**R0720**	143,026
Other technical provisions	**R0730**	
Contingent liabilities	**R0740**	-
Provisions other than technical provisions	**R0750**	1,182
Pension benefit obligations	**R0760**	-
Deposits from reinsurers	**R0770**	-
Deferred tax liabilities	**R0780**	174,603
Derivatives	**R0790**	-
Debts owed to credit institutions	**R0800**	-
Financial liabilities other than debts owed to credit institutions	**R0810**	-
Insurance & intermediaries payables	**R0820**	190,835
Reinsurance payables	**R0830**	-
Payables (trade, not insurance)	**R0840**	16,674
Subordinated liabilities	**R0850**	-
Subordinated liabilities not in Basic Own Funds	**R0860**	-
Subordinated liabilities in Basic Own Funds	**R0870**	-
Any other liabilities, not elsewhere shown	**R0880**	-
Total liabilities	**R0900**	**41,138,994**
Excess of assets over liabilities	**R1000**	**434,194**

F.2.1.2 S.05.01.02 Premiums, claims and expenses by line of business £000		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	**R1410**	-	-	5,139,665	-	-	-	-	-	**5,139,665**
Reinsurers' share	**R1420**	-	-	-	-	-	-	-	-	**-**
Net	**R1500**	-	-	5,139,665	-	-	-	-	-	**5,139,665**
Premiums earned										
Gross	**R1510**	-	-	5,139,665	-	-	-	-	-	**5,139,665**
Reinsurers' share	**R1520**	-	-	-	-	-	-	-	-	**-**
Net	**R1600**	-	-	5,139,665	-	-	-	-	-	**5,139,665**
Claims incurred										
Gross	**R1610**	-	-	2,752,809	-	-	-	-	-	**2,752,809**
Reinsurers' share	**R1620**	-	-	-	-	-	-	-	-	**-**
Net	**R1700**	-	-	2,752,809	-	-	-	-	-	**2,752,809**
Changes in other technical provisions										
Gross	**R1710**	-	-	(5,479,347)	-	-	-	-	-	**(5,479,347)**
Reinsurers' share	**R1720**	-	-	-	-	-	-	-	-	**-**
Net	**R1800**	-	-	(5,479,347)	-	-	-	-	-	**(5,479,347)**
Expenses incurred	**R1900**	-	-	83,449	-	-	-	-	-	**83,449**
Other expenses	**R2500**									**-**
Total expenses	**R2600**									**83,449**

F.2.1.3 S.12.01.02 Life and Health SLT Technical Provisions £000		**Insurance with profit participation**	Index-linked and unit-linked insurance			Other life insurance			**Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations**	**Accepted reinsurance**	**Total (Life other than health insurance, incl. Unit-Linked)**
				Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	**C0030**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0090**	**C0100**	**C0150**
Technical provisions calculated as a whole	**R0010**	-	41,070,457			-			-	-	**41,070,457**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0020**	-	-			-			-	-	-
Technical provisions calculated as a sum of BE and RM											
Best Estimate											
Gross Best Estimate	**R0030**	-		-	(457,783)		-	-	-	-	**(457,783)**
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**	-		-	-		-	-	-	-	**-**
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	**R0090**	-		-	(457,783)		-	-	-	-	**(457,783)**
Risk Margin	**R0100**	-	143,026			-			-	-	**143,026**
Amount of the transitional on Technical Provisions											
Technical Provisions calculated as a whole	**R0110**	-	-			-			-	-	-
Best estimate	**R0120**	-		-	-		-	-	-	-	-
Risk margin	**R0130**	-	-			-			-	-	-
Technical provisions – total	**R0200**	-	40,755,700			-			-	-	**40,755,700**

F.2.1.3 S.12.01.02 Life and Health SLT Technical Provisions £000		Health insurance (direct business)			**Annuities stemming from non-life insurance**	**Health reinsurance (reinsurance accepted)**	Total (Health similar to life insurance)
			Contracts without options and guarantees	Contracts with options or guarantees			
		C0160	**C0170**	**C0180**	**C0190**	**C0200**	**C0210**
Technical provisions calculated as a whole	**R0010**	-			-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	**R0020**	-			-	-	-
Technical provisions calculated as a sum of BE and RM							
Best Estimate							
Gross Best Estimate	**R0030**		-	-	-	-	-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	**R0080**		-	-	-	-	-
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	**R0090**		-	-	-	-	-
Risk Margin	**R0100**	-			-	-	-
Amount of the transitional on Technical Provisions							
Technical Provisions calculated as a whole	**R0110**	-			-	-	-
Best estimate	**R0120**		-	-	-	-	-
Risk margin	**R0130**	-			-	-	-
Technical provisions – total	**R0200**	-			-	-	-

Appendix F.2.1 Quantitative Reporting Templates (QRT) – QLPL

F.2.1.4 S.23.01.01 Own funds £000		**Total**	**Tier 1 – unrestricted**	**Tier 1 – restricted**	**Tier 2**	**Tier 3**
		C0010	**C0020**	**C0030**	**C0040**	**C0050**
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	**R0010**	102,000	102,000		-	
Share premium account related to ordinary share capital	**R0030**	-	-		-	
Initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual-type undertakings	**R0040**	-	-		-	
Subordinated mutual member accounts	**R0050**	-		-	-	-
Surplus funds	**R0070**	-	-			
Preference shares	**R0090**	-		-	-	-
Share premium account related to preference shares	**R0110**	-		-	-	-
Reconciliation reserve	**R0130**	332,194	332,194			
Subordinated liabilities	**R0140**	-		-	-	-
An amount equal to the value of net deferred tax assets	**R0160**	-				-
Other own fund items approved by the supervisory authority as basic own funds not specified above	**R0180**	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**	-				
Deductions						
Deductions for participations in financial and credit institutions	**R0230**	-	-	-	-	-
Total basic own funds after deductions	**R0290**	434,194	434,194	-	-	-
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	-			-	
Unpaid and uncalled preference shares callable on demand	**R0320**	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	-			-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	-			-	-
Other ancillary own funds	**R0390**	-			-	-
Total ancillary own funds	**R0400**	-			-	-
Available and eligible own funds						
Total available own funds to meet the SCR	**R0500**	434,194	434,194	-	-	-
Total available own funds to meet the MCR	**R0510**	434,194	434,194	-	-	
Total eligible own funds to meet the SCR	**R0540**	434,194	434,194	-	-	-
Total eligible own funds to meet the MCR	**R0550**	434,194	434,194	-	-	
SCR	**R0580**	281,336				
MCR	**R0600**	126,601				
Ratio of Eligible own funds to SCR	**R0620**	154%				
Ratio of Eligible own funds to MCR	**R0640**	343%				

F.2.1.4 S.23.01.01 Own funds £000		**C0060**
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	434,194
Own shares (held directly and indirectly)	**R0710**	-
Foreseeable dividends, distributions and charges	**R0720**	-
Other basic own fund items	**R0730**	102,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	**R0740**	-
Reconciliation reserve	**R0760**	332,194
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	-
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	-
Total Expected profits included in future premiums (EPIFP)	**R0790**	-

F.2.1.5 S.25.01.21 Solvency Capital Requirement – for undertakings on Standard Formula £000		**Gross solvency capital requirement**	**USP**	**Simplifications**
		C0110	**C0090**	**C0100**
Market risk	**R0010**	286,714		-
Counterparty default risk	**R0020**	9,778		
Life underwriting risk	**R0030**	269,159	none	-
Health underwriting risk	**R0040**	-	none	-
Non-life underwriting risk	**R0050**	-	none	-
Diversification	**R0060**	(122,875)		
Intangible asset risk	**R0070**	-		
Basic Solvency Capital Requirement	**R0100**	442,777		

F.2.1.5 S.25.01.21 Solvency Capital Requirement – for undertakings on Standard Formula £000

Calculation of Solvency Capital Requirement		**Value**
		C0100
Operational risk	**R0130**	13,162
Loss-absorbing capacity of technical provisions	**R0140**	-
Loss-absorbing capacity of deferred taxes	**R0150**	(174,603)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	-
Solvency capital requirement excluding capital add-on	**R0200**	281,336
Capital add-on already set	**R0210**	-
Solvency capital requirement	**R0220**	281,336
Other information on SCR		-
Capital requirement for duration-based equity risk sub-module	**R0400**	-
Total amount of Notional Solvency Capital Requirement for remaining part	**R0410**	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	-
Total amount of Notional Solvency Capital Requirement for matching adjustment portfolios	**R0430**	-
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	-

F.2.1.5 S.25.01.21 Solvency Capital Requirements for undertakings on Standard Formula £000

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	**R0590**	Approach not based on average tax rate

F.2.1.6 S.28.01.01.01 Minimum Capital Requirement
Linear formula component for life insurance and reinsurance obligations

			Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
		C0040	**C0050**	**C0060**
MCRL Result	**R0200**	284,691		
Obligations with profit participation - guaranteed benefits	**R0210**		-	
Obligations with profit participation - future discretionary benefits	**R0220**		-	
Index-linked and unit-linked insurance obligations	**R0230**		40,612,674	
Other life (re)insurance and health (re)insurance obligations	**R0240**		-	
Total capital at risk for all life (re)insurance obligations	**R0250**			574,378

F.2.1.6 S.28.01.01 Minimum Capital Requirement – Overall MCR calculation

		C0070
Linear MCR	**R0300**	284,691
SCR	**R0310**	281,336
MCR cap	**R0320**	126,601
MCR floor	**R0330**	70,334
Combined MCR	**R0340**	126,601
Absolute floor of the MCR	**R0350**	3,126
Minimum Capital Requirement	**R0400**	126,601

Appendix F.2.2 Quantitative Reporting Templates (QRT) – Group

Appendix F.2.2 Group QRTs

This appendix contains the following QRTs applicable to Group at 31 December 2021, as required under Solvency II regulations. Any annual Group QRTs referred to in Solvency II legislation that are not relevant to the Group are excluded from this list.

1. S.02.01.02 Balance sheet
2. S.05.01.02 Premiums, claims and expenses by line of business
3. S.05.02.01 Premiums, claims and expenses by country
4. S.23.01.22 Own funds
5. S.25.01.22 Solvency Capital Requirement - for groups on Standard Formula
6. S.32.01.22 Undertakings in the scope of the Group

All figures are presented in £000s with the exception of ratios that are in percentages.

F.2.2.1 S.02.01.02 Balance sheet £000

		Solvency II value
		C0010
Assets		
Goodwill	R0010	
Deferred acquisition costs	R0020	
Intangible assets	R0030	-
Deferred tax assets	R0040	11,048
Pension benefit surplus	R0050	-
Property, plant & equipment held for own use	R0060	-
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,559,211
Property (other than for own use)	R0080	-
Holdings in related undertakings, including participations	R0090	580,537
Equities	R0100	1,502
Equities – listed	R0110	-
Equities – unlisted	R0120	1,502
Bonds	R0130	467
Government Bonds	R0140	467
Corporate Bonds	R0150	-
Structured notes	R0160	-
Collateralised securities	R0170	-
Collective Investments Undertakings	R0180	976,704
Derivatives	R0190	-
Deposits other than cash equivalents	R0200	-
Other investments	R0210	-
Assets held for index-linked and unit-linked contracts	R0220	41,034,834
Loans and mortgages	R0230	-
Loans on policies	R0240	-
Loans and mortgages to individuals	R0250	-
Other loans and mortgages	R0260	-
Reinsurance recoverables from:	R0270	-
Non-life and health similar to non-life	R0280	-
Non-life excluding health	R0290	-
Health similar to non-life	R0300	-
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	-
Health similar to life	R0320	-
Life excluding health and index-linked and unit-linked	R0330	-
Life index-linked and unit-linked	R0340	-
Deposits to cedants	R0350	-
Insurance and intermediaries receivables	R0360	80,656
Reinsurance receivables	R0370	-
Receivables (trade, not insurance)	R0380	105,709
Own shares (held directly)	R0390	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	-
Cash and cash equivalents	R0410	271,179
Any other assets, not elsewhere shown	R0420	-
Total assets	R0500	**43,062,637**

F.2.2.1 S.02.01.02 Balance sheet £000

		Solvency II value
		C0010
Liabilities		
Technical provisions – non-life	R0510	-
Technical provisions – non-life (excluding health)	R0520	-
Technical provisions calculated as a whole	R0530	-
Best Estimate	R0540	-
Risk margin	R0550	-
Technical provisions - health (similar to non-life)	R0560	-
Technical provisions calculated as a whole	R0570	-
Best Estimate	R0580	-
Risk margin	R0590	-
Technical provisions - life (excluding index-linked and unit-linked)	R0600	-
Technical provisions - health (similar to life)	R0610	-
Technical provisions calculated as a whole	R0620	-
Best Estimate	R0630	-
Risk margin	R0640	-
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	-
Technical provisions calculated as a whole	R0660	-
Best Estimate	R0670	-
Risk margin	R0680	-
Technical provisions – index-linked and unit-linked	R0690	40,755,700
Technical provisions calculated as a whole	R0700	41,070,457
Best Estimate	R0710	(457,783)
Risk margin	R0720	143,026
Other technical provisions	R0730	
Contingent liabilities	R0740	-
Provisions other than technical provisions	R0750	5,201
Pension benefit obligations	R0760	-
Deposits from reinsurers	R0770	-
Deferred tax liabilities	R0780	174,603
Derivatives	R0790	-
Debts owed to credit institutions	R0800	-
Financial liabilities other than debts owed to credit institutions	R0810	-
Insurance & intermediaries payables	R0820	190,835
Reinsurance payables	R0830	-
Payables (trade, not insurance)	R0840	181,656
Subordinated liabilities	R0850	204,661
Subordinated liabilities not in Basic Own Funds	R0860	-
Subordinated liabilities in Basic Own Funds	R0870	204,661
Any other liabilities, not elsewhere shown	R0880	-
Total liabilities	**R0900**	**41,512,656**
Excess of assets over liabilities	**R1000**	**1,549,982**

Quilter

F.2.1.2 S.05.01.02 Premiums, claims and expenses by line of business £000

Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)

		Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance)												
		Medical expense insurance	Income protection insurance	Workers' compensation insurance	Motor vehicle liability insurance	Other motor insurance	Marine, aviation and transport insurance	Fire and other damage to property insurance	General liability insurance	Credit and suretyship insurance	Legal expenses insurance	Assistance	Miscellaneous financial loss	Total
		C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0110	C0120	C0200
Premiums written														
Gross – Direct Business	R0110	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	R0120	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross – Non-proportional reinsurance accepted	R0130													-
Reinsurers' share	R0140	-	-	-	-	-	-	-	-	-	-	-	-	-
Net	R0200	-	-	-	-	-	-	-	-	-	-	-	-	-
Premiums earned														
Gross – Direct Business	R0210	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	R0220	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross – Non-proportional reinsurance accepted	R0230													-
Reinsurers' share	R0240	-	-	-	-	-	-	-	-	-	-	-	-	-
Net	R0300	-	-	-	-	-	-	-	-	-	-	-	-	-
Claims incurred														
Gross – Direct Business	R0310	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	R0320	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross – Non-proportional reinsurance accepted	R0330													-
Reinsurers' share	R0340	-	-	-	-	-	-	-	-	-	-	-	-	-
Net	R0400	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in other technical provisions														
Gross – Direct Business	R0410	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross – Proportional reinsurance accepted	R0420	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross – Non-proportional reinsurance accepted	R0430													-
Reinsurers' share	R0440	-	-	-	-	-	-	-	-	-	-	-	-	-
Net	R0500	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses Incurred	R0550	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenses	R1200													-
Total expenses	R1300													-

Quilter

F.2.2.2 S.05.01.02 Premiums, claims and expenses by line of business £000
Non-Life (direct business/accepted proportional reinsurance and accepted non-proportional reinsurance)

		Line of Business for: accepted non-proportional reinsurance				Total
		Health	Casualty	Marine, aviation, transport	Property	
		C0130	C0140	C0150	C0160	C0200
Premiums written						
Gross – Direct Business	**R0110**					-
Gross – Proportional reinsurance accepted	**R0120**					-
Gross – Non-proportional reinsurance accepted	**R0130**	-	-	-	-	-
Reinsurers' share	**R0140**	-	-	-	-	-
Net	**R0200**	-	-	-	-	-
Premiums earned						
Gross – Direct Business	**R0210**					-
Gross – Proportional reinsurance accepted	**R0220**					-
Gross – Non-proportional reinsurance accepted	**R0230**	-	-	-	-	-
Reinsurers' share	**R0240**	-	-	-	-	-
Net	**R0300**	-	-	-	-	-
Claims incurred						
Gross – Direct Business	**R0310**					-
Gross – Proportional reinsurance accepted	**R0320**					-
Gross – Non-proportional reinsurance accepted	**R0330**	-	-	-	-	-
Reinsurers' share	**R0340**	-	-	-	-	-
Net	**R0400**	-	-	-	-	-
Changes in other technical provisions						
Gross – Direct Business	**R0410**					-
Gross – Proportional reinsurance accepted	**R0420**					-
Gross – Non-proportional reinsurance accepted	**R0430**	-	-	-	-	-
Reinsurers' share	**R0440**	-	-	-	-	-
Net	**R0500**	-	-	-	-	-
Expenses Incurred	**R0550**	-	-	-	-	-
Other expenses	**R1200**					-
Total expenses	**R1300**					-

Quilter

F.2.2.2 S.05.01.02 Premiums, claims and expenses by line of business £000

Life		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	**R1410**	-	-	7,247,994	-	-	-	-	-	**7,247,994**
Reinsurers' share	**R1420**	-	-	813	-	-	-	-	-	**813**
Net	**R1500**	-	-	7,247,181	-	-	-	-	-	**7,247,181**
Premiums earned										
Gross	**R1510**	-	-	7,247,994	-	-	-	-	-	**7,247,994**
Reinsurers' share	**R1520**	-	-	813	-	-	-	-	-	**813**
Net	**R1600**	-	-	7,247,181	-	-	-	-	-	**7,247,181**
Claims incurred										
Gross	**R1610**	-	-	4,018,124	-	-	-	-	-	**4,018,124**
Reinsurers' share	**R1620**	-	-	65	-	-	-	-	-	**65**
Net	**R1700**	-	-	4,018,059	-	-	-	-	-	**4,018,059**
Changes in other technical provisions										
Gross	**R1710**	-	-	(7,919,883)	-	-	-	-	-	**(7,919,883)**
Reinsurers' share	**R1720**	-	-	4	-	-	-	-	-	**4**
Net	**R1800**	-	-	(7,919,887)	-	-	-	-	-	**(7,919,887)**
Expenses incurred	**R1900**	-	-	194,142	-	-	-	-	-	**194,142**
Other expenses	**R2500**									**-**
Total expenses	**R2600**									**194,142**

F.2.2.3 S.05.02.01 – Premiums, claims and expenses by country £000		Home country	Country (by amount of gross premiums written) — non-life obligations	Total Top 5 and home country
Home Country – non-life obligations		**C0080**	**C0090**	**C0140**
Premiums written				
Gross – Direct Business	**R0110**	-	-	-
Gross – Proportional reinsurance accepted	**R0120**	-	-	-
Gross – Non-proportional reinsurance	**R0130**	-	-	-
Reinsurers' share	**R0140**	-	-	-
Net	**R0200**	-	-	-
Premiums earned				
Gross – Direct Business	**R0210**	-	-	-
Gross – Proportional reinsurance accepted	**R0220**	-	-	-
Gross – Non-proportional reinsurance	**R0230**	-	-	-
Reinsurers' share	**R0240**	-	-	-
Net	**R0300**	-	-	-
Claims incurred				
Gross – Direct Business	**R0310**	-	-	-
Gross – Proportional reinsurance accepted	**R0320**	-	-	-
Gross – Non-proportional reinsurance	**R0330**	-	-	-
Reinsurers' share	**R0340**	-	-	-
Net	**R0400**	-	-	-
Changes in other technical provisions				
Gross – Direct Business	**R0410**	-	-	-
Gross – Proportional reinsurance accepted	**R0420**	-	-	-
Gross – Non-proportional reinsurance	**R0430**	-	-	-
Reinsurers' share	**R0440**	-	-	-
Net	**R0500**	-	-	-
Expenses incurred	**R0550**	-	-	-
Other expenses	**R1200**			-
Total expenses	**R2600**			-

F.3.3.3 S.05.02.01 – Premiums, claims and expenses by country £000		Home country	Country (by amount of gross premiums written) - – life obligations	Total Top 5 and home country
Home Country – life obligations		**C0220**	**C0230**	**C0280**
Country	**R1400**		IM	
Premiums written				
Gross	**R1410**	5,489,666	1,062,747	6,552,412
Reinsurers' share	**R1420**	-	626	626
Net	**R1500**	5,489,666	1,062,121	6,551,787
Premiums earned				
Gross	**R1510**	5,489,666	1,062,747	6,552,412
Reinsurers' share	**R1520**	-	626	626
Net	**R1600**	5,489,666	1,062,121	6,551,787
Claims incurred				
Gross	**R1610**	2,792,406	873,564	3,665,970
Reinsurers' share	**R1620**	-	66	66
Net	**R1700**	2,792,406	873,498	3,665,904
Changes in other technical provisions				
Gross	**R1710**	(5,946,477)	(1,204,624)	(7,151,100)
Reinsurers' share	**R1720**	-	4	4
Net	**R1800**	(5,946,477)	(1,204,628)	(7,151,105)
Expenses incurred	**R1900**	84,705	83,837	168,543
Other expenses	**R2500**			-
Total expenses	**R2600**			168,543

F.2.2.4 S.23.01.22 Own funds £000		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	**R0010**	114,662	114,662		-	
Non-available called but not paid in ordinary share capital at group level	**R0020**	-	-		-	
Share premium account related to ordinary share capital	**R0030**	58,144	58,144		-	
Initial funds, members' contributions or the equivalent basic own - fund item for mutual and mutual-type undertakings	**R0040**	-	-		-	
Subordinated mutual member accounts	**R0050**	-		-	-	-
Non-available subordinated mutual member accounts at group level	**R0060**	-		-	-	-
Surplus funds	**R0070**	-	-			
Non-available surplus funds at group level	**R0080**	-	-			
Preference shares	**R0090**	-		-	-	-
Non-available preference shares at group level	**R0100**	-		-	-	-
Share premium account related to preference shares	**R0110**	-		-	-	-
Non-available share premium account related to preference shares at group level	**R0120**	-		-	-	-
Reconciliation reserve	**R0130**	1,239,732	1,239,732			
Subordinated liabilities	**R0140**	204,661		-	204,661	-
Non-available subordinated liabilities at group level	**R0150**	-		-	-	-
An amount equal to the value of net deferred tax assets	**R0160**	-				-
The amount equal to the value of net deferred tax assets not available at the group level	**R0170**	-				-
Other items approved by supervisory authority as basic own funds not specified above	**R0180**	-	-	-	-	-
Non available own funds related to other own funds items approved by supervisory authority	**R0190**	-	-	-	-	-
Minority interests (if not reported as part of a specific own fund item)	**R0200**	-	-	-	-	-
Non-available minority interests at group level	**R0210**	-	-	-	-	-
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	**R0220**	-				
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	**R0230**	396,821	396,821	-	-	-
whereof deducted according to art 228 of the Directive 2009/138/EC	**R0240**	-	-	-	-	
Deductions for participations where there is non-availability of information (Article 229)	**R0250**	-	-	-	-	-
Deduction for participations included by using D&A when a combination of methods is used	**R0260**	-	-	-	-	-
Total of non-available own fund items	**R0270**	-	-	-	-	-
Total deductions	**R0280**	396,821	396,821	-	-	-
Total basic own funds after deductions	**R0290**	1,220,377	1,015,716	-	204,661	-

F.2.2.4 S.23.01.22 Own funds £000		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	**R0300**	-			-	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	**R0310**	-			-	
Unpaid and uncalled preference shares callable on demand	**R0320**	-			-	-
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	**R0330**	-			-	-
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	**R0340**	-			-	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	**R0350**	-			-	-
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0360**	-			-	
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	**R0370**	-			-	-
Non available ancillary own funds at group level	**R0380**	-			-	-
Other ancillary own funds	**R0390**	-			-	-
Total ancillary own funds	**R0400**	-			-	-
Own funds of other financial sectors						
Credit institutions, investment firms, financial institutions, alternative investment fund managers, UCITS management companies – total	**R0410**	396,821	396,821	-	-	
Institutions for occupational retirement provision	**R0420**	-	-	-	-	-
Non-regulated entities carrying out financial activities	**R0430**	-	-	-	-	
Total own funds of other financial sectors	**R0440**	396,821	396,821	-	-	-
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	**R0450**	-	-	-	-	-
Own funds aggregated when using the D&A and combination of method net of IGT	**R0460**	-	-	-	-	-
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0520**	1,220,377	1,015,716	-	204,661	-
Total available own funds to meet the minimum consolidated group SCR	**R0530**	1,220,377	1,015,716	-	204,661	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	**R0560**	1,220,377	1,015,716	-	204,661	-
Total eligible own funds to meet the minimum consolidated group SCR	**R0570**	1,041,036	1,015,716	-	25,320	
Minimum consolidated Group SCR	**R0610**	126,601				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	**R0650**	822.30%				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	**R0660**	1,617,198	1,412,537	-	204,661	-
Group SCR	**R0680**	587,072				
Ratio of eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	**R0690**	275.47%				

F.2.2.4 S.23.01.22 Own funds £000		**C0060**
Reconciliation reserve		
Excess of assets over liabilities	**R0700**	1,549,982
Own shares (held directly and indirectly)	**R0710**	-
Foreseeable dividends, distributions and charges	**R0720**	61,530
Other basic own fund items	**R0730**	172,805
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	**R0740**	-
Other non-available own funds	**R0750**	75,915
Reconciliation reserve	**R0760**	1,239,732
Expected profits		
Expected profits included in future premiums (EPIFP) - Life business	**R0770**	-
Expected profits included in future premiums (EPIFP) - Non-life business	**R0780**	-
Total Expected profits included in future premiums (EPIFP)	**R0790**	-

F.2.2.5 S.25.01.22 Solvency Capital Requirement –

for groups on Standard Formula £000

Basic Solvency Capital Requirement		Gross solvency capital requirement	USP	Simplifications
		C0110	**C0090**	**C0120**
Market risk	**R0010**	311,952		-
Counterparty default risk	**R0020**	12,992		
Life underwriting risk	**R0030**	269,159	none	-
Health underwriting risk	**R0040**	-	none	-
Non-life underwriting risk	**R0050**	-	none	-
Diversification	**R0060**	(129,682)		
Intangible asset risk	**R0070**	-		
Basic Solvency Capital Requirement	**R0100**	464,421		

Calculation of Solvency Capital Requirement		Value
		C0100
Operational risk	**R0130**	13,162
Loss-absorbing capacity of technical provisions	**R0140**	-
Loss-absorbing capacity of deferred taxes	**R0150**	(174,603)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	**R0160**	-
Solvency Capital Requirement excluding capital add-on	**R0200**	302,980
Capital add-ons already set	**R0210**	-
Solvency capital requirement for undertakings under consolidated method	**R0220**	587,072
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	**R0400**	-
Total amount of Notional Solvency Capital Requirements for remaining part	**R0410**	-
Total amount of Notional Solvency Capital Requirements for ring fenced funds	**R0420**	-
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	**R0430**	-
Diversification effects due to RFF nSCR aggregation for article 304	**R0440**	-
Minimum consolidated group solvency capital requirement	**R0470**	126,601
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	**R0500**	284,092
Capital requirement for other financial sectors (Non-insurance capital requirements) - Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	**R0510**	284,092
Capital requirement for other financial sectors (Non-insurance capital requirements) - Institutions for occupational retirement provisions	**R0520**	-
Capital requirement for other financial sectors (Non-insurance capital requirements) - Capital requirement for non- regulated entities carrying out financial activities	**R0530**	-
Capital requirement for non-controlled participation requirements	**R0540**	-
Capital requirement for residual undertakings	**R0550**	-
Overall SCR		
SCR for undertakings included via D and A	**R0560**	-
Solvency capital requirement	**R0570**	587,072

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Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code and type of code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	54930092XIVK28RZG M95GB60760	SPECIFIC	Blueprint Distribution Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60761	SPECIFIC	Blueprint Financial Services Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60762	SPECIFIC	Blueprint Organisation Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
JE	213800PVPC9NZDEE HE86	LEI	C.I.P.M. Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60765	SPECIFIC	Caerus Capital Group Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60766	SPECIFIC	Caerus Holdings Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60767	SPECIFIC	Caerus Wealth Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60768	SPECIFIC	Caerus Wealth Solutions Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60601	SPECIFIC	Charles Derby Group Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60602	SPECIFIC	Charles Derby Private Clients Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60603	SPECIFIC	Charles Derby Wealth Management Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules

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Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	*Identification code and type of code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal Name of the undertaking*	*Type of undertaking*	*Legal form*	*Category (mutual/ non mutual)*	*Supervisory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Level of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
GB	54930092XIVK28RZGM95GB60604	SPECIFIC	Charles Jacques Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800UI2P3SUZ12IZ87	LEI	Cheviot Capital (Nominees) Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB70571	SPECIFIC	Commsale 2000 Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95GB60605	SPECIFIC	Falcon Financial Advice Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB60606	SPECIFIC	Financial Services Advice & Support Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB60607	SPECIFIC	Forward Thinking Wealth Management Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	2138002A3ECW6QAPE347	LEI	Freedom Financial Planning (Manchester) Ltd.	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
ZA	54930092XIVK28RZGM95ZA60759	SPECIFIC	Global Edge Technologies (Pty) Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95GB60799	SPECIFIC	IFA Holding Company Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95GB60742	SPECIFIC	IFA Services Holdings Company Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95GB60F23	SPECIFIC	Intrinsic Cirilium Investment Company Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules

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Undertakings in the scope of the Group

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C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	54930092XIVK28RZG M95GB60772	SPECIFIC	Intrinsic Wealth Financial Solutions Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800S3MTPMT4M1 RP52	LEI	Lighthouse Advisory Services Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60608	SPECIFIC	Lighthouse Benefits Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60609	SPECIFIC	Lighthouse Corporate Services Ltd	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60610	SPECIFIC	Lighthouse Direct Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60611	SPECIFIC	Lighthouse Financial Advice Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60612	SPECIFIC	Lighthouse Financial Adviser Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60613	SPECIFIC	Lighthouse Financial Advisers Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	2138003LGL2LLBHK3 C74	LEI	Lighthouse Group Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60614	SPECIFIC	Lighthouse Pensions Help Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60615	SPECIFIC	Lighthouse Support Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules

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Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code and type of code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	54930092XIVK28RZG M95GB60616	SPECIFIC	Lighthouse Wealth Management Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60617	SPECIFIC	Lighthouse+ Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60619	SPECIFIC	Lighthouseplus Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60620	SPECIFIC	Lighthousetemple Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60621	SPECIFIC	LighthouseWealth Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60622	SPECIFIC	LighthouseXpress Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60623	SPECIFIC	Luceo Asset Management Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60773	SPECIFIC	Maestro Financial Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60774	SPECIFIC	NPL Financial Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
DE	54930092XIVK28RZG M95DE60379	SPECIFIC	Old Mutual Europe GmbH	Other	GmbH	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
IE	213800CIYX1TZNKMD 959	LEI	Pembroke Quilter (Ireland) Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules

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Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code and type of code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	54930092XIVK28RZGM95GB60778	SPECIFIC	Premier Planning Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800NTEMORK8SMOX48	LEI	Prescient Financial Intelligence Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
JE	213800LIAJCGBYONII40	LEI	QGCI Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB60781	SPECIFIC	Quilpep Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800IBELO35UV88W94	LEI	Quilter Business Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
IE	213800VLRZE4K61IEG21	LEI	Quilter Cheviot Europe Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Central Bank of Ireland	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800QK4ODGSLOMGC54	LEI	Quilter Cheviot Holdings Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
JE	54930092XIVK28RZGM95JE60624	SPECIFIC	Quilter Cheviot International Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Jersey Financial Services Commission	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800QCI7X27H677R39	LEI	Quilter Cheviot Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZGM95GB60776	SPECIFIC	Quilter CoSec Services Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZGM95GB60600	SPECIFIC	Quilter Financial Advisers Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules

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Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code and type of code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	213800WQUE9YZK8HEA17	LEI	Quilter Financial Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	2138006TCR57D9HEL218	LEI	Quilter Financial Planning Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800MJMK3EVA4F9K89	LEI	Quilter Financial Planning Solutions Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800E5HAL75A8XTN31	LEI	Quilter Financial Services Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800Q8JFVPYO1E8K19	LEI	Quilter Holdings Limited	Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
IM	213800L63P17QP2ZXE10	LEI	Quilter Insurance Company Limited	Non-life insurance undertaking	Ltd	Non-mutual	Isle of Man Financial Services Authority	100.00%	100.00%	100.00%		Dominant	100.00%	No	18 May 2021	No inclusion in the scope of group supervision as defined in article 214 (2)(b) of the Directive 2009/138/EC
GB	213800EMGTT74XZB3H82	LEI	Quilter Investment Platform Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800KCVWJJ9LC65Z02	LEI	Quilter Investment Platform Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	213800PAR6JTK1UJZR37	LEI	Quilter Investors Absolute Return Bond Fund	Other	Fund	Non-mutual		63.08%	100.00%	63.08%		Dominant	63.08%	Yes		Other Method

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Undertakings in the scope of the Group

								Criteria of influence						*Inclusion in the scope of Group supervision*		*Group solvency calculation*
Country	*Identification code and type of code of the undertaking*	*Type of code of the ID of the undertaking*	*Legal Name of the undertaking*	*Type of undertaking*	*Legal form*	*Category (mutual/ non mutual)*	*Supervisory Authority*	*% capital share*	*% used for the establishment of consolidated accounts*	*% voting rights*	*Other criteria*	*Level of influence*	*Proportional share used for group solvency calculation*	*Yes/No*	*Date of decision if art. 214 is applied*	*Method used and under method 1, treatment of the undertaking*
C0010	**C0020**	**C0020**	**C0040**	**C0050**	**C0060**	**C0070**	**C0080**	**C0180**	**C0190**	**C0200**	**C0210**	**C0220**	**C0230**	**C0240**	**C0250**	**C0260**
GB	2138002V5I8CZSPR1E96	LEI	Quilter Investors Asia Pacific (ex Japan) Equity Fund	Other	Fund	Non-mutual		60.60%	100.00%	60.60%		Dominant	60.60%	Yes		Other Method
GB	549300XPYNVPZWZNCR60	LEI	Quilter Investors Asia Pacific (ex Japan) Large-Cap Equity Fund	Other	Fund	Non-mutual		57.92%	100.00%	57.92%		Dominant	57.92%	Yes		Other Method
GB	213800DWWOBRI1KIYG79	LEI	Quilter Investors Asia Pacific Fund	Other	Fund	Non-mutual		63.15%	100.00%	63.15%		Dominant	63.15%	Yes		Other Method
GB	549300CEC4QBHDF50X18	LEI	Quilter Investors Bond 1 Fund	Other	Fund	Non-mutual		63.00%	100.00%	63.00%		Dominant	63.00%	Yes		Other Method
GB	549300Z2K0ZMXGORDE25	LEI	Quilter Investors Bond 2 Fund	Other	Fund	Non-mutual		54.48%	100.00%	54.48%		Dominant	54.48%	Yes		Other Method
GB	549300IWVKI6RFP45X65	LEI	Quilter Investors Bond 3 Fund	Other	Fund	Non-mutual		97.27%	100.00%	97.27%		Dominant	97.27%	Yes		Other Method
GB	213800J2241FFUNR1C57	LEI	Quilter Investors Cirilium Adventurous Passive Portfolio	Other	Fund	Non-mutual		41.45%	100.00%	41.45%	The Group has the right to appoint the fund manager	Dominant	41.45%	Yes		Other Method
GB	213800IMNA1QZX5P5U41	LEI	Quilter Investors Cirilium Adventurous Portfolio	Other	Fund	Non-mutual		37.17%	100.00%	37.17%	The Group has the right to appoint the fund manager	Dominant	37.17%	Yes		Other Method
GB	213800G78HNMTLXI3249	LEI	Quilter Investors Cirilium Balanced Blend Portfolio	Other	Fund	Non-mutual		35.66%	100.00%	35.66%	The Group has the right to appoint the fund manager	Dominant	35.66%	Yes		Other Method
GB	2138001YYV9I3QQEUC80	LEI	Quilter Investors Cirilium Balanced Passive Portfolio	Other	Fund	Non-mutual		40.78%	100.00%	40.78%	The Group has the right to appoint the fund manager	Dominant	40.78%	Yes		Other Method

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Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code and type of code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	213800Y29LKXG6MJ9X44	LEI	Quilter Investors Cirilium Conservative Passive Portfolio	Other	Fund	Non-mutual		35.76%	100.00%	35.76%	The Group has the right to appoint the fund manager	Dominant	35.76%	Yes		Other Method
GB	213800P8TYQFD1Q6TG48	LEI	Quilter Investors Cirilium Dynamic Passive Portfolio	Other	Fund	Non-mutual		39.30%	100.00%	39.30%	The Group has the right to appoint the fund manager	Dominant	39.30%	Yes		Other Method
GB	2138009BMMAIP45Z6R07	LEI	Quilter Investors Cirilium Moderate Passive Portfolio	Other	Fund	Non-mutual		41.67%	100.00%	41.67%	The Group has the right to appoint the fund manager	Dominant	41.67%	Yes		Other Method
GB	213800ZXL7T3EHRRBV90	LEI	Quilter Investors Corporate Bond Fund	Other	Fund	Non-mutual		58.40%	100.00%	58.40%		Dominant	58.40%	Yes		Other Method
GB	2138006QSR5C2MF8SR55	LEI	Quilter Investors Creation Adventurous Portfolio	Other	Fund	Non-mutual		37.27%	100.00%	37.27%	The Group has the right to appoint the fund manager	Dominant	37.27%	Yes		Other Method
GB	213800WFFCO2CNAZH785	LEI	Quilter Investors Creation Balanced Portfolio	Other	Fund	Non-mutual		29.40%	100.00%	29.40%	The Group has the right to appoint the fund manager	Dominant	29.40%	Yes		Other Method
GB	213800739LKMQBX4KD07	LEI	Quilter Investors Creation Conservative Portfolio	Other	Fund	Non-mutual		25.86%	100.00%	25.86%	The Group has the right to appoint the fund manager	Dominant	25.86%	Yes		Other Method
GB	213800XF3R2S61HZ3633	LEI	Quilter Investors Creation Dynamic Portfolio	Other	Fund	Non-mutual		31.17%	100.00%	31.17%	The Group has the right to appoint the fund manager	Dominant	31.17%	Yes		Other Method
GB	213800D4M5KG3CC75R76	LEI	Quilter Investors Creation Moderate Portfolio	Other	Fund	Non-mutual		29.35%	100.00%	29.35%	The Group has the right to appoint the fund manager	Dominant	29.35%	Yes		Other Method

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Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code and type of code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	2138003C2APJFEP58K32	LEI	Quilter Investors Diversified Bond Fund	Other	Fund	Non-mutual		58.35%	100.00%	58.35%		Dominant	58.35%	Yes		Other Method
GB	2138007FQPA6ZL61U129	LEI	Quilter Investors Emerging Markets Equity Fund	Other	Fund	Non-mutual		62.58%	100.00%	62.58%		Dominant	62.58%	Yes		Other Method
GB	54930060UMLXQIZ54386	LEI	Quilter Investors Emerging Markets Equity Growth Fund	Other	Fund	Non-mutual		58.65%	100.00%	58.65%		Dominant	58.65%	Yes		Other Method
GB	2138006B58JU3MJFUP39	LEI	Quilter Investors Emerging Markets Equity Income Fund	Other	Fund	Non-mutual		61.34%	100.00%	61.34%		Dominant	61.34%	Yes		Other Method
GB	213800GVIOU56RXSVJ69	LEI	Quilter Investors Equity 1 Fund	Other	Fund	Non-mutual		78.13%	100.00%	78.13%		Dominant	78.13%	Yes		Other Method
GB	213800SRXMXKA2KW1P52	LEI	Quilter Investors Equity 2 Fund	Other	Fund	Non-mutual		97.27%	100.00%	97.27%		Dominant	97.27%	Yes		Other Method
GB	549300PMV6MEIJ0JEG66	LEI	Quilter Investors Europe (ex UK) Equity Fund	Other	Fund	Non-mutual		57.20%	100.00%	57.20%		Dominant	57.20%	Yes		Other Method
GB	213800PR3AFORX7EVR43	LEI	Quilter Investors Europe (ex UK) Equity Growth Fund	Other	Fund	Non-mutual		57.62%	100.00%	57.62%		Dominant	57.62%	Yes		Other Method
GB	2138003W9DDHXLIAHT94	LEI	Quilter Investors Europe (ex UK) Equity Income Fund	Other	Fund	Non-mutual		61.19%	100.00%	61.19%		Dominant	61.19%	Yes		Other Method
GB	549300QLGCP5MH7YAO15	LEI	Quilter Investors Gilt Index Fund	Other	Fund	Non-mutual		54.31%	100.00%	54.31%		Dominant	54.31%	Yes		Other Method

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Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code and type of code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	2138008DPFYG6GZP1 663	LEI	Quilter Investors Global Dynamic Equity Fund	Other	Fund	Non-mutual		72.49%	100.00%	72.49%		Dominant	72.49%	Yes		Other Method
GB	21380022ZIN2YQ1SFJ 38	LEI	Quilter Investors Global Equity Absolute Return Fund	Other	Fund	Non-mutual		60.15%	100.00%	60.15%		Dominant	60.15%	Yes		Other Method
GB	213800UIY3IB9RISWM 27	LEI	Quilter Investors Global Equity Index Fund	Other	Fund	Non-mutual		58.82%	100.00%	58.82%		Dominant	58.82%	Yes		Other Method
GB	549300HOGUZ0HWQ EGD40	LEI	Quilter Investors Global Equity Value Fund	Other	Fund	Non-mutual		60.38%	100.00%	60.38%		Dominant	60.38%	Yes		Other Method
GB	54930017TI8ZYPMMG Q11	LEI	Quilter Investors Investment Grade Corporate Bond Fund	Other	Fund	Non-mutual		46.33%	100.00%	46.33%	The Group has the right to appoint the fund manager	Dominant	46.33%	Yes		Other Method
GB	549300LMN7CP5FGH L312	LEI	Quilter Investors Japanese Equity Fund	Other	Fund	Non-mutual		57.74%	100.00%	57.74%		Dominant	57.74%	Yes		Other Method
GB	549300BBKTGWZK4L 2H55	LEI	Quilter Investors Limited	Alternative investment funds managers as defined in Article 1 (55) of Delegated Regulation (EU) 2015/35	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800DLEQ18W8VE4 R95	LEI	Quilter Investors Monthly Income and Growth Portfolio	Other	Fund	Non-mutual		48.00%	100.00%	48.00%	The Group has the right to appoint the fund manager	Dominant	48.00%	Yes		Other Method
GB	213800T6SGV526FR4 B59	LEI	Quilter Investors Monthly Income Portfolio	Other	Fund	Non-mutual		46.81%	100.00%	46.81%	The Group has the right to appoint the fund manager	Dominant	46.81%	Yes		Other Method

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Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code and type of code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	549300ONAX13EU46OE94	LEI	Quilter Investors Natural Resources Equity Fund	Other	Fund	Non-mutual		51.57%	100.00%	51.57%		Dominant	51.57%	Yes		Other Method
GB	213800DMV82AXR986P24	LEI	Quilter Investors North American Equity Fund	Other	Fund	Non-mutual		61.10%	100.00%	61.10%		Dominant	61.10%	Yes		Other Method
GB	213800IO1Y1TS3MQPB57	LEI	Quilter Investors Portfolio Management Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	549300LOMSKYZ613DT64	LEI	Quilter Investors Precious Metals Equity Fund	Other	Fund	Non-mutual		56.00%	100.00%	56.00%		Dominant	56.00%	Yes		Other Method
GB	549300WYRK8RZE7Y2Q04	LEI	Quilter Investors Sterling Corporate Bond Fund	Other	Fund	Non-mutual		46.57%	100.00%	46.57%	The Group has the right to appoint the fund manager	Dominant	46.57%	Yes		Other Method
GB	549300YX1MR6Q3YER771	LEI	Quilter Investors Sterling Diversified Bond Fund	Other	Fund	Non-mutual		56.87%	100.00%	56.87%		Dominant	56.87%	Yes		Other Method
GB	213800DK3MLKROLL1O75	LEI	Quilter Investors UK Equity Fund	Other	Fund	Non-mutual		59.72%	100.00%	59.72%		Dominant	59.72%	Yes		Other Method
GB	549300KKX1ENOGJHXV69	LEI	Quilter Investors UK Equity Growth Fund	Other	Fund	Non-mutual		52.15%	100.00%	52.15%		Dominant	52.15%	Yes		Other Method
GB	213800FENW23PIZNAV69	LEI	Quilter Investors UK Equity Income Fund	Other	Fund	Non-mutual		61.19%	100.00%	61.19%		Dominant	61.19%	Yes		Other Method
GB	549300T0VEIGPF2XMF38	LEI	Quilter Investors UK Equity Index Fund	Other	Fund	Non-mutual		42.27%	100.00%	42.27%	The Group has the right to appoint the fund manager	Dominant	42.27%	Yes		Other Method

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Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code and type of code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	549300VBVSCTTSZU BE06	LEI	Quilter Investors UK Equity Large-Cap Income Fund	Other	Fund	Non-mutual		55.93%	100.00%	55.93%		Dominant	55.93%	Yes		Other Method
GB	549300XGYV16P4XYO H92	LEI	Quilter Investors UK Equity Opportunities Fund	Other	Fund	Non-mutual		57.42%	100.00%	57.42%		Dominant	57.42%	Yes		Other Method
GB	213800L6GT3LK76DB T75	LEI	Quilter Investors US Equity Growth Fund	Other	Fund	Non-mutual		43.97%	100.00%	43.97%	The Group has the right to appoint the fund manager	Dominant	43.97%	Yes		Other Method
GB	213800DBMBIGM3NU HL50	LEI	Quilter Investors US Equity Income Fund	Other	Fund	Non-mutual		59.13%	100.00%	59.13%		Dominant	59.13%	Yes		Other Method
GB	549300Y457SLHL73LD 79	LEI	Quilter Investors US Equity Small/Mid-Cap Fund	Other	Fund	Non-mutual		51.60%	100.00%	51.60%		Dominant	51.60%	Yes		Other Method
GB	2138003SPFZA4UV23 165	LEI	Quilter Life & Pensions Limited	Life insurance undertaking	Ltd	Non-mutual	Prudential Regulation Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
GB	213800Q4SK2C38JS7 737	LEI	Quilter Mortgage Planning Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	213800AEJPZ1HTRO3 W19	LEI	Quilter Nominees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60792	SPECIFIC	Quilter Pension Trustees Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG M95GB70573	SPECIFIC	Quilter Perimeter (GGP) Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
IM	54930092XIVK28RZG M95GB70570	SPECIFIC	Quilter Perimeter (IOM) Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method

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Undertakings in the scope of the Group

								Criteria of influence						Inclusion in the scope of Group supervision		Group solvency calculation
Country	Identification code and type of code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	54930092XIVK28RZG M95GB60796	SPECIFIC	Quilter Perimeter Holdings Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG M95GB70574	SPECIFIC	Quilter Perimeter Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG M95GB70577	SPECIFIC	Quilter Perimeter UK Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG M95	LEI	Quilter plc	Mixed financial holding company as defined in Article 212 (1)(h) of Directive 2009/138/EC	PLC	Non-mutual								Yes		Method 1: Full consolidation
GB	54930092XIVK28RZG M95GB60793	SPECIFIC	Quilter Private Client Advisers Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60626	SPECIFIC	Quilter Shelfco 1 Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG M95GB60627	SPECIFIC	Quilter Shelfco 2 Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	213800N2H1KTJ6A6Z G13	LEI	Quilter UK Holding Limited	Insurance holding company as defined in Article 212(1)(f) of Directive 2009/138/EC	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Full consolidation
GB	2138008CSNZIFM6YW E49	LEI	Quilter Wealth Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60795	SPECIFIC	Quilter Wealth Solutions Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method

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Undertakings in the scope of the Group

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Country	Identification code and type of code of the undertaking	Type of code of the ID of the undertaking	Legal Name of the undertaking	Type of undertaking	Legal form	Category (mutual/ non mutual)	Supervisory Authority	% capital share	% used for the establishment of consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Yes/No	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0020	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
DE	54930092XIVK28RZG M95DE60380	SPECIFIC	Skandia Retail Europe Holding GmbH	Other	GmbH	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Adjusted equity method
GB	54930092XIVK28RZG M95GB60625	SPECIFIC	The Falcon Group Limited	Credit institutions, investment firms and financial institution	Ltd	Non-mutual	Financial Conduct Authority	100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60797	SPECIFIC	Think Synergy Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules
GB	54930092XIVK28RZG M95GB60798	SPECIFIC	Violet No.2 Limited	Other	Ltd	Non-mutual		100.00%	100.00%	100.00%		Dominant	100.00%	Yes		Method 1: Sectoral rules

Appendix F.3
Disclaimer

Appendix F.3 Disclaimer

This report may contain certain forward-looking statements with respect to certain of Quilter plc's plans and its current goals and expectations relating to its future financial condition, performance and results.

By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond Quilter plc's control including amongst other things, international and global economic and business conditions, the implications and economic impact of the COVID-19 pandemic and the conflict in Ukraine, the implications and economic impact of market related risks such as fluctuations in interest rates and exchange rates, the impact of the policies and actions of regulatory authorities, the impact of competition, inflation, deflation, the timing and impact of other uncertainties of future acquisitions or combinations within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which Quilter plc and its affiliates operate. As a result, Quilter plc's actual future financial condition, performance and results may differ materially from the plans, goals and expectations set forth in Quilter plc's forward-looking statements.

Quilter plc undertakes no obligation to update the forward-looking statements contained in this report or any other forward-looking statements it may make.

Nothing in this report should be construed as a profit forecast.

Nothing in this report shall constitute an offer to sell or the solicitation of an offer to buy any securities.

Appendix F.4
Abbreviations and glossary

Appendix F.4 Abbreviations and glossary

ALM	Asset Liability Matching
AMSB	Administrative, Management or Supervisory Body
AP	Adjusted Profit
AuA	Assets under administration, which unless stated otherwise reflects gross AuA before intragroup eliminations
BRC	Board Risk Committee
CBI	Central Bank of Ireland
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIB	Collective Investment Bond
CMF	Capital Management Forum
COO	Chief Operating Officer
COVID-19	Coronavirus Disease 2019
CRA	Collective Retirement Account
CRD IV	Capital Requirements Directive IV - an EU legislative package covering prudential rules for banks, building societies and investment firms
CRO	Chief Risk Officer
D&A	Deduction and Aggregation
DTA	Deferred Tax Assets
DTL	Deferred Tax Liabilities
EEA	European Economic Area
EPIFP	Expected profit in future premiums
ERM	Enterprise Risk Management
EU	European Union
ExCo	Executive Committee
FCA	The UK Financial Conduct Authority
FRC	The UK Financial Reporting Council
FSMA	Financial Services and Markets Act 2000
GBP	British Pound Sterling
GDPR	General Data Protection Regulation
GGM	Group Governance Manual
GIA	Group Internal Audit
IA	Internal Audit
ICAAP	Internal Capital Adequacy Assessment Process
IFPR	Investment Firms Prudential Regime
IFRS	International Financial Reporting Standards
ISA (UK)	International Standards on Auditing (UK)
IT	Information Technology
LACDT	Loss-absorbing capacity of deferred taxes
MCGSCR	Minimum Consolidated Group Solvency Capital Requirement
MCR	Minimum Capital Requirement under Solvency II
NCCF	Net Client Cash Flow
ORSA	Own Risk and Solvency Assessment
PRA	Prudential Regulation Authority
PTP	Platform Transformation Programme

PwC	PricewaterhouseCoopers LLP
QFP	Quilter Financial Planning
QLPL	Quilter Life & Pensions Limited
QRT	Quantitative Reporting Template
RCSA	Risk and Control Self-assessments
RemCo	Board Remuneration Committee
SCR	Solvency capital requirement
SFCR	Solvency and Financial Condition Report
SLT	Similar to Life Techniques
SMCR	Senior Managers and Certification Regime
SMF	Senior Manager Functions
SRAP	Strategic Risk Appetite Principles

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