

Chair's statement



Ruth Markland
Chair

Dear shareholder

I am pleased to introduce the 2023 Quilter plc Annual Report.

2023 was a year of continued geopolitical uncertainty and domestic cost of living pressures from higher interest rates and inflation, with these factors driving a squeeze on discretionary saving. Despite these headwinds, we delivered a strong result for shareholders in 2023. Adjusted profit of £167 million is the highest level we have reported since we completed the disposals of Quilter International and Quilter Life Assurance. We also delivered an operating margin of 27%, which is ahead of our 25% by 2025 target.

Steven Levin, our Chief Executive Officer, discusses our business performance, strategic delivery and business transformation in detail on pages 5 to 7.

Shareholder returns

Weak market flows in 2023 led to investor reappraisals of the growth outlook for the wealth industry in general which, in turn, led to significant share price declines across the sector. In this context, Quilter delivered share price appreciation of just under 10% in 2023 and a total shareholder return of 17.2% (assuming dividend reinvestment).

The Board is pleased to recommend a Final Dividend of 3.7 pence per share for the 2023 financial year which, together with the Interim Dividend of 1.5 pence per share paid in September, takes the recommended full-year dividend to 5.2 pence per share, an increase of 16% over the 2022 level.

The Final Dividend will be paid on Tuesday 28 May 2024, subject to shareholder approval at our 2024 Annual General Meeting ("AGM") on Thursday 23 May 2024, to shareholders who are on the share register on Friday 19 April 2024.

The pay-out ratio for 2023 of 61% was just above the mid-point of our target pay-out range of 50%–70% of post-tax, post-interest adjusted profit.

Share register reduction

We undertook an Odd-lot Offer in 2023, with the intention of both reducing the cost of managing our shareholder base and allowing small shareholders to sell their holdings in a cost-effective manner. We made an offer to shareholders who held fewer than 200 shares to repurchase their shares at a modest premium to the then market price.

The offer completed in November 2023, with the Company acquiring just under 16 million shares at a price of 88.1 pence (ZAR 20.09) per share, representing a 5% premium to the Volume Weighted Average Price over the offer period. This reduced the number of shareholders on our register by around 126,000, representing a reduction of around 60% in the number of Quilter shareholders. These shares have been transferred into the Quilter Employee Benefit Trust ("EBT") and will be used to meet obligations under future staff share awards related to compensation plans.

Board matters

After the Board changes in 2022, 2023 was a year of stability for the Board. However, since the year end, we have announced the following Board changes.

We are looking forward to welcoming Chris Hill to the Board on Thursday 7 March 2024 and he will stand for re-election by Quilter's shareholders for the first time at the 2024 AGM. Chris is a Non-executive Director and will serve on the Board Audit Committee and Board Remuneration Committee. Chris' extensive experience across a range of sectors together with his considerable financial expertise and deep knowledge of the wealth management industry will enable him to make a significant contribution to the Board and the aforementioned Board Committees.

Recommended total dividend per share.

5.2p +16%

Chair's statement *continued*

Tazim Essani and Paul Matthews have both notified the Board that they will not seek re-election at the AGM and will both step down as independent Non-executive Directors of the Company at the conclusion of the AGM. Tazim and Paul have made significant contributions to the Board, bringing a particular focus on customers, advisers and colleagues. The Board is grateful to them both for their contribution to Quilter and wishes them well for their future endeavours.

Tim Breedon, Senior Independent Director and Chair of the Board Remuneration Committee, will assume the role of Workforce Engagement Director with effect from Thursday 23 May 2024.

We continue to monitor the skills and experience we need around the board table, including the balance between those Non-executive Directors who have longer tenure and those bringing fresh perspectives.

Diversity and inclusion

At the year end, Quilter met all three Board diversity targets as specified in the Listing Rules and as set out in our Board Diversity Policy which is published on our website at plc.quilter.com. 40% of the Board were women; as Chair, I serve in a senior Board position (being one of the Chair, Chief Executive Officer, Chief Financial Officer or Senior Independent Director) and Neeta Atkar and Tazim Essani are both from a minority ethnic background. The changes to our Board announced in January do impact our overall Board and Board Committee diversity. The Board remains committed to the Board Diversity Policy and will pay particular attention to it as the Board is further refreshed.

The targets for management diversity we set for ourselves were refreshed in 2023, and we report against our diversity targets on page 18.

Governance and culture

We recognise the importance of a healthy culture within a business to support the successful delivery of our strategic ambition. The Board takes an active role in shaping Quilter's culture and is pleased by the concerted effort by our executive team to embed good practice on responsible and sustainability metrics across the organisation.

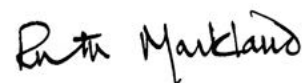
Managing a business responsibly is key to an organisation's long-term success, and for Quilter that includes being a responsible investor. We recognise the role of investors, along with other parts of the economy, in supporting the transition to a low carbon economy which is vital for the long-term prosperity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

Quilter maintained a high level of engagement with existing and potential shareholders this year. I continued personally to engage extensively with our largest shareholders. In early 2024, I met with a number of our shareholders in both the UK and South Africa, covering topics including corporate governance, executive remuneration and Board composition, which has helped to shape the dialogue in the Boardroom.

Conclusion

2023 was a year of strong profit growth by Quilter in a challenging market for new business flows across the industry. Under Steven's leadership, strong progress has also been made on the key strategic areas he has identified: distribution, proposition and efficiency. I am confident that we are well positioned as market conditions improve.

On behalf of the Board, I would like to thank our management team and all colleagues for their effort, focus and commitment to achieving our goals. I would also like to thank our shareholders for their continued support.



Ruth Markland
Chair