St James's Place plc

Your future, your way

Annual Report and Accounts 2022

Company number: 03183415

FRIDAY
RC4BCYRU
RM 26/05/2023 #66
COMPANIES HOUSE

22

Your future, your way

In a changing world, we understand that clear financial advice creates confidence and greater certainty. At St. James's Place we help our clients move forward, towards their goals. Acting responsibly, we ensure they have the advice to build their future, their way, delivering positive, long-term impact.

01 Strategic Report

Chair's report 04
How we do business 08
Our stakeholders 09
Chief Executive's report 16
Our business model 20
Market overview 22
Our strategy 25
Building community 28
Being easier to do business with 29
Delivering value to advisers and clients through our investment proposition 30
Building and protecting our brand and reputation 31
Our culture and being a leading responsible business 32
Continued financial strength 33
Our responsible business 34
Chief Financial Officer's report 66
Financial review 70
Risk and risk management 90
Approval of the Strategic Report 99

02 Governance

Board of Directors 102
Corporate governance report (including section 172(1) statement) 104
Report of the Group Audit Committee 122
Report of the Group Risk Committee 132
Report of the Group Nomination and Governance Committee 139
Report of the Group Remuneration Committee 143
Directors' report 175
Statement of Directors' responsibilities 178

03 Financial Statements

Independent Auditors' Report to the Members of St. James's Place plc 180
Consolidated Financial Statements under International Financial Reporting Standards 188
Parent Company Financial Statements under Financial Reporting Standard 101 255
Supplementary information: Consolidated Financial Statements on a Cash result basis (unaudited) 262

04 Other Information

Shareholder information 270
How to contact us and advisers 271
Glossary of alternative performance measures 272
Glossary of terms 275

2022 Highlights

Financial highlights

£17.0bn

Gross inflows

Down 7% from £18.2 billion in 2021

£410.1m

Underlying cash result[1]

Up 2% from £401.2 million in 2021

£9.8bn

Net inflows

Down 11% from £11.0 billion in 2021

£405.4m

IFRS profit after tax

Up 41% from £287.6 million in 2021

£148.4bn

Funds under management

Down 4% from £154.0 billion at 31 December 2021

52.78p

Dividend per share

Up 2% from 51.96 pence in 2021

Non-financial highlights

+3%

2022 growth in advisers

2021: 5%

▶ Page 28

87%

2022 percentage of employees who feel proud to work at St. James's Place

2021: 85%

▶ Page 58

£8.0m

Invested in our communities

2021: £6.2 million

▶ Page 52

£1,589.7m

European embedded value (EEV) operating profit[1]

Up 3% from £1,545.4 million in 2021

1 The Underlying cash result and EEV operating profit are alternative performance measures (APMs). The glossary of alternative performance measures on pages 272 to 274 defines these APMs and explains why they are useful. The Underlying cash result is reconciled to International Financial Reporting Standards (IFRS) on pages 74 and 75.

Strategic Report

Chair's report 04
How we do business 08
Our stakeholders 09
Chief Executive's report 16
Our business model 20
Market overview 22
Our strategy 25
Building community 28
Being easier to do business with 29
Delivering value to advisers and clients through our investment proposition 30
Building and protecting our brand and reputation 31
Our culture and being a leading responsible business 32
Continued financial strength 33
Our responsible business 34
Chief Financial Officer's report 66
Financial review 70
Risk and risk management 90
Approval of the Strategic Report 99

Helping you to move forward with confidence

01

Chair's report

Supporting our clients

Overview

2022 was another extraordinary year, not least in the UK where global events contributed to rising rates of inflation that have exacerbated a cost-of-living crisis. Domestic political change has further unsettled the macroeconomic environment and it is against this backdrop that the Board has had to operate, ensuring we make careful decisions that take account of the long-term implications for our stakeholders. St. James's Place (SJP) exists to give people the confidence to create the futures they want, and during challenging times, the case for robust financial advice appears even clearer. As a Board, we believe the SJP Partnership provides the very best support for people looking to make the right decisions to safeguard the futures for them and their families. During 2022 I was delighted to spend considerable time with our advisers in the Partnership and it is clear to me that they are motivated and focused on delivering great outcomes for clients. Reflecting on 2022, the Board has been pleased to see further demonstration of the resilience of our business model, which emphasises the opportunity we have ahead of us as we continue to execute our strategy.

The Board

The shadow of COVID-19 was cast over much of 2021, but 2022 provided the opportunity for the Board to return to regular face-to-face interaction and allowed us to welcome back shareholders to meet with us at our Annual General Meeting in May. The pandemic demonstrated how adaptable boards and companies could be and, as a Board, we are now even more confident in our agility and resilience when unforeseen events arise.

The Board and Group Nomination and Governance Committee have both reported on the implementation of the Board's succession plans in recent years. In 2023 we will see Simon Jeffreys and Roger Yates retiring following the Annual General Meeting, having each served nine years on the Board. On behalf of the Board, I would like to take this opportunity to thank both Simon and Roger for their contribution to the Board and in particular their stewardship of the Group Audit and Remuneration Committees.

Succession planning is a key focus of the Group Nomination and Governance Committee, and its work over the last few years has enabled us to manage the departure of Executive and Non-executive Directors with orderly handovers being provided to their successors. In November we welcomed Dominic Burke to the Board as a Non-executive Director, and he will be taking on the role of Senior Independent Director following the Annual General Meeting. Dominic brings with him a deep knowledge of financial services and the experience of having founded and led large businesses in the sector. Dominic's appointment has resulted in the percentage of women on the Board falling to 30% temporarily, but the Board made the appointment fully aware that the proportion of women would be 37.5% when both Simon Jeffreys and Roger Yates step down after the AGM in May 2023. A more detailed overview of the work of the Group Nomination and Governance Committee can be found in its report later in this Annual Report.

The market

Despite the challenges I have referenced above, the Group continued to deliver resilient results in 2022. We also continued to demonstrate the discipline to manage our cost growth within plan, despite the macroeconomic headwinds. However, no business is immune to the impact of the rates of inflation seen in the UK in 2022 and the Board is mindful that while maintaining discipline on costs is critical, we must also remain focused on making decisions that drive further long-term success for our business.

Financial services regulation has never been more demanding of firms, something which should give consumers confidence that robust advice can help deliver the right outcomes for them. The introduction of the FCA's Consumer Duty is a case in point and is a step change in the way supervision will work in future, emphasising the importance of putting customer outcomes at the heart of decision-making. This is a key area of focus for the business and the Board in 2023. In such a demanding world SJP's advisers benefit from the backing of a FTSE 100 organisation that has invested in a wide range of support functions that enable them to focus on the most important thing: delivering excellent service to their clients, and so we welcome the reform.

We firmly believe in the value of advice and are strong advocates for regulated advice.

Paul Manduca, Chair

52.78p

Dividend per share

2021: 51.96 pence

Chair's report

"Being responsible is not only the right thing to do; there is a compelling commercial case for it. This is why our ambition is to be a leading responsible business in the UK."

The infrastructure to support the provision of advice in the current environment does not come without investment and we recognise that, across the market as a whole, the supply of advice falls short of the potential demand. We firmly believe in the value of advice and are strong advocates for regulated advice, which means we are keen to work with policymakers and other stakeholders to help ensure a broader segment of society has long-term financial security, even if they are never SJP clients.

The high inflation and intense cost-of-living pressures witnessed throughout 2022 have highlighted, more than ever, the need for greater financial resilience. The defined benefit pension scheme is a thing of the past for many and the shift increases the pressure on individuals and households to generate the savings they will need to see them through their retirement. Setting aside the money to save in the current environment is difficult for many, but the challenge of turning these savings into something that can sustain an ever-ageing population is perhaps even greater. There are now many more options available to investors, but research continues to tell us that people lack confidence when it comes to managing their own financial affairs. Whilst advice may not be the right answer for some, for many it will be and our continued growth, even in the most challenging economic circumstances, demonstrates that demand exists.

The Board's priorities and our strategy

Our key planning assumptions and strategy to 2025 were set out in 2021 and these remain broadly unchanged. Our ambition is still to grow new business by 10% per annum and contain growth in controllable expenses to 5% per annum, and we still intend to pay out around 70% of the Underlying cash result in dividends to shareholders. At our Board Strategy Day in June the Board took the opportunity to reaffirm its support for the existing strategy as well as turn an eye to the future beyond 2025, seeking insight from both inside and outside the business.

At the half-year we declared an interim dividend of 15.59 pence per share and the Board is pleased to be able to recommend to shareholders a final dividend for 2022 of 37.19 pence per share. This brings our full year dividend to 52.78 pence per share, equivalent to 70% of the Underlying cash result.

The Board's key focus areas for 2022 were as follows:

The Partnership – The health of the Partnership remains critical for this business as it is the engine that drives SJP forward. The importance of personal interaction with clients and with each other has been a theme throughout our history and in 2022 our advisers have continued to evolve their own propositions for clients by augmenting their in-person engagements with online meetings. We have also been able to hold a full programme of development conferences for our adviser community, allowing them to share experiences with each other, further their development and provide valuable feedback to senior management.

Administration – As previously reported, the Bluedoor migration has provided us with a platform for improving our administration and client services. Realising all of the benefits will take time as we optimise our new-found capabilities, but the Board has been delighted to see further progress in 2022 in the quality and robustness of administration. Where possible we are seeking to introduce straight-through processing which ensures our advisers can process client transactions in a timely and accurate manner.

Digital – 2022 saw the release of our first client app, enabling our clients to see personalised performance figures for their investments and reducing the need for paper documents. SJP clients who prefer paper correspondence and statements will still be able to have these, but the app represents a step towards greater digital capability for clients and advisers to support their face-to-face engagement. In 2022 we were also able to continue the development of and integration of Salesforce, with the benefits of the platform beginning to emerge for a number of stakeholders across the SJP community. The transition to a strong customer relationship management (CRM) system is a key component in enabling us to evidence how the new Consumer Duty is being met by SJP.

Investment performance – The turmoil in global markets during 2022, combined with fiscal measures in response to macroeconomic pressures, have inevitably impacted fund performance. While investment markets weighed on client investment returns in 2022, the Board has been pleased to see relative performance improving as the year progressed. Our third Value Assessment Statement (VAS), published in July 2022, built upon the previous two reports and was well received. It highlighted areas where we still need to focus, and the Board wants to continue to prioritise these in line with regulatory expectations and our desire to deliver good outcomes to clients.

Rowan Dartington and Asia – Despite the challenging external environment, Rowan Dartington has been able to deliver in line with its headline financial objectives. Asia also faced challenges in 2022 including the COVID-19 restrictions which remained in place in Hong Kong for much of the year. Whilst the restrictions and volatile markets have suppressed new business growth, the business has performed well.

Our culture and responsibilities

Our special culture is one of the main reasons SJP has been successful over the years, but over time we have had to work harder to make sure it transmits as effectively across much larger adviser and employee bases. It is the Board's role to monitor culture, but doing so is not straightforward. However, it is easy to recognise when culture is not as we would like so we are keen to make sure we put down some markers now to remind us what makes our culture good and where we still aspire to be better. These markers provide reference points by which we can measure and monitor aspects of our culture, and give early warnings if any element of it may be straying outside our high standards. Throughout this report we reference our stakeholders, and the Board is delighted that we have such high levels of engagement. But what is most important is that we listen to our stakeholders and take account of their views in our decision-making. As is the case with many organisations, our stakeholders demand that we act responsibly, and we know that being a responsible business is no longer an option but a necessity. To continue to deliver unrivalled stakeholder value, and to enhance the transformational impact we can have, we have made a commitment to become a leading UK responsible business.

Being responsible is not only the right thing to do; there is a compelling case for it. This is why we put responsible and sustainable decision-making at the heart of everything we do. Last year we provided a fuller picture of what being a responsible business meant to us and I am pleased to report that we made further progress in 2022 and you can find more detail in the our responsible business section of this Annual Report and Accounts on pages 34 to 65. Our responsible business Framework recognises that, to have the greatest impact, we should focus on areas that align most closely with our purpose, and where we are best positioned to move the dial. This is why we have identified four strategic priorities (financial wellbeing, investing responsibly, climate change and community impact) which are underpinned by nine strategic enablers (see page 35 for more information). During 2022 the business developed, and the Board agreed, our responsible business narrative, goals and KPIs which will permeate throughout our business and provide the basis for the environmental, social and governance (ESG) targets we set management, including those forming part of their annual bonus objectives (see page 163 for more information).

Concluding remarks

I would like to express my thanks to my Board colleagues for their support and hard work during the year and congratulate management, the employees and in particular our Partner businesses for what they have achieved in a challenging year. Whilst I have tried to give a flavour of the Board's activity in 2022, I would encourage you to read the corporate governance report which covers this in more detail. 2021 was an exceptional year for SJP so to back it up with another good set of new business and financial results in 2022 further demonstrates that not only do we have the right strategy, but also a community capable of delivering future growth. I look forward to welcoming shareholders to this year's Annual General Meeting, which will be held on 18 May 2023.

Paul Manduca, Chair
27 February 2023

If you would like to discuss any aspect of my report or the corporate governance report on pages 101 to 121, please feel free to email me on: **chair@sjp.co.uk**

How we do business

Who we are

Why we exist

To give you confidence to create the future you want

What we do

We work in partnership to plan, grow and protect clients' financial futures

Where we are going

Our vision

To be the best place to create long-term financial security

Our financial goals to 2025

10%
Annual new business growth

5%
Annual growth in controllable expenses

95%
Annual retention of client FUM

£200bn
Total client FUM by 2025

How we do it

We will work together

Doing the right thing

Valuing, respecting and caring about people

Giving back

Striving to put things right if we make mistakes

Being the best version of ourselves

Achieving and celebrating excellence

Being brave and bold

Embracing diversity

Investing in long-term relationships

Helping each other to develop and grow

Creating success together

Being easy to do business with

Find out more on our culture and being a leading responsible business on page 34

Our stakeholders

Advisers

We give you the freedom to build and grow your financial advice business, your way, with the confidence of a FTSE 100 company behind you.

Page 10

Clients

We help you feel confident about your future by empowering you with clear financial advice to help you achieve your personal goals and improve your financial wellbeing.

Page 11

Employees

We give you the opportunity to create the career you want and the confidence to chart your own career path.

Page 12

Society

Our ambition is to be a leading responsible business in the UK. To us, this means considering responsible and sustainable decision-making in everything we do.

Page 13

Shareholders

We offer the opportunity to invest in the leading wealth management business in the UK, giving you access to long-term structural growth through a business that has sustainable competitive advantage and a clear direction.

Page 14

Our stakeholders

Supporting our advisers

We give you the freedom to build and grow your financial advice business, your way, with the confidence of a FTSE 100 company behind you.

How we help our advisers move forward with confidence

Our advisers help clients create the futures they want for themselves, so we enable, support and empower our advisers to deliver sound financial planning advice and build great businesses. We help them grow, succeed and stay safe by providing a range of services including marketing support, business checking, technical support, technology and training. We do this because we've always believed the best financial advice and the best client outcomes start with supporting the best financial advisers.

4,693

Advisers

31 December 2021: 4,556

How we engage with our advisers

We enjoy a close relationship with our advisers, as, by working in partnership with them we can better help our clients. We provide regular bulletins and updates to them through our digital communication channels, but we focus much of our effort on face-to-face engagement, from individual meetings to regional conferences and our Annual Company Meeting. We host consultation sessions and conduct adviser engagement surveys so that we better understand the issues and opportunities that matter to them. We also offer learning and development opportunities so that our advisers are constantly improving in what they do, and we provide regulatory oversight so that we keep both advisers and clients safe.

Empowering clients

We help you feel confident about your future by empowering you with clear financial advice to help you achieve your personal goals and improve your financial wellbeing.

How we help our clients move forward with confidence

Planning for your future can be complicated, especially during times of investment market volatility, so we help clients by ensuring they are supported by financial advisers who can give sound, long-term financial advice. Our advisers build trusted relationships across family generations, helping clients support those closest to them too. We want clients to feel confident in their finances, so we provide a broad range of products and services to meet their needs, both for today and for the future. And we help them to invest for the long term, with an investment approach that aims to deliver financial wellbeing in a world worth living in.

How we engage with our clients

We want great outcomes for clients so we're always looking to understand how we can do better for them. Our 4,693 advisers enjoy strong relationships with clients so they are a key source of regular feedback. We complement this through engaging directly via client focus groups, regular and ad-hoc client surveys, and targeted market research.

917,000

Clients

31 December 2021: 868,000

Our stakeholders

Developing employees

We give you the opportunity to create the career you want and the confidence to chart your own career path.

How we help our employees move forward with confidence

We want to attract, retain and develop the best talent in the UK. Beyond offering a career with an ambitious and fast-growing business, we are committed to personal and professional development, helping our employees achieve their potential with us. We want an engaged and motivated workforce, so we work hard to ensure our employees understand their contribution and feel they're making a real difference. We want a diverse workforce, so we're always doing more to ensure we're an inclusive community where different perspectives are embraced and people can be themselves. We're constantly reinforcing our culture and values so that our employees share a strong sense of purpose and feel confident they're part of a business with real positive impact.

87%

Retention rate for core UK employees

2021: 82%

How we engage with our employees

Hearing directly from our employees is very important in ensuring we have real insight into how our people are feeling. Frequent one-to-one, team and divisional meetings ensure communication is regular and two-way. We conduct online pulse surveys and monthly round-table lunches hosted by executive management and senior leadership, with feedback and ideas circulated to the Board. This complements the activity of our Workforce Engagement Panel, led by Non-executive Director Lesley-Ann Nash. We've also embraced digital communication platforms.

Making a difference to society

Our ambition is to be a leading responsible business in the UK. To us, this means considering responsible and sustainable decision-making in everything we do.

How we help society move forward with confidence

We play an important role in supporting our clients' financial wellbeing through the face-to-face advice provided by the Partnership. In doing so, we have an opportunity to help address the social, environmental and economic challenges faced by all in society. So, our aim is simple: to always act in a way that considers the long-term needs of our clients as well as the impacts of our actions on our communities and society at large. First and foremost, this means delivering great financial advice to over 917,000 clients. It also means delivering financial education in schools and other institutions, supporting charities and the St. James's Place Charitable Foundation, and developing an investment proposition that helps clients align their investments with their values.

Find out more about how we make a difference to society in the our responsible business section on pages 34 to 65.

How we engage with society

To make sure we understand the issues and topics that matter most to our stakeholders, our Responsible Business Framework reflects feedback from both internal and external stakeholders, is backed by a detailed materiality study, and measured by clear goals and key performance indicators (KPIs). These help us focus and flex our efforts to become a leading responsible business. We also engage with industry bodies, regulators and the UK Government to hone our support – for example via The Investing and Savings Alliance (TISA) and the Money and Pensions Service (MaPS).

£8.0m

Invested in our communities

2021: £6.2 million

Our stakeholders

Committing to shareholders

We offer the opportunity to invest in the leading wealth management business in the UK, giving you access to long-term structural growth through a business that has sustainable competitive advantage and a clear direction.

How we help our shareholders move forward with confidence

We're already the largest wealth manager in the UK, and we've set out ambitious plans to grow our business in the years ahead. Reaching £200 billion of FUM by 2025 will not be easy, but we're confident. Hitting that milestone will result in significant value creation for shareholders as we build on our past investment in the business to grow more efficiently in the years ahead. We'll do all of this while making sure we are financially resilient, ensuring we can continue to invest for the future and provide returns to shareholders. We'll also do it responsibly, ensuring we take leadership on matters most important to us.

£148.4bn

Funds under management

31 December 2021: £154.0 billion

How we engage with our shareholders

We want to build close and direct relationships with our shareholders, so they better understand what we do, and we better understand their views of SJP. We host regular shareholder meetings to explain our strategic progress and corporate performance, and members of the Board have direct engagement with major investors. We also commission shareholder feedback reports with third parties, giving us valuable and independent insight as well as an understanding of the issues most material to our shareholders.

Section 172(1) statement

The Directors have a duty to promote the success of the Company for the benefit of its members as a whole, having regard to a number of factors and stakeholders. In accordance with the requirements of section 172(1) of the Companies Act 2006, a statement providing further information on how the Directors fulfil this duty is set out on pages 104 to 111 of the corporate governance report.

Chief Executive's report

Another successful year

Introduction

2022 was yet another extraordinary year. The favourable external environment which emerged towards the end of 2021, with vaccination programmes in full swing and economies rebounding strongly, continued into the start of 2022. However macroeconomic and geopolitical conditions across the globe quickly deteriorated with high inflation, rising interest rates and the conflict in Ukraine creating a more difficult backdrop for many investment markets, companies and individuals worldwide. In the UK this was compounded by shifting political sands.

Despite this, we achieved the second-best year for new business flows in our history. This strong outcome once again demonstrates the strength and resilience of our advice-led business model, and the enduring commitment of all in the Partnership to supporting their clients.

Operating and financial performance

After a record outturn in 2021, during 2022 we made further good progress on our journey to achieving the objectives we have set out for 2025. We attracted £17.0 billion of gross inflows in 2022, and our advisers have worked hard to help clients understand the current environment and the importance of remaining focused on their long-term financial goals despite short-term pressures. This has ensured retention rates for client investments have remained very high at 96.5%[1], contributing to net inflows of £9.8 billion. This is equivalent to 6.4% of opening funds under management.

The significant falls in investment markets resulted in funds under management ending the year at £148.4 billion, down 4% compared to the start of the year.

Despite the high inflation environment, we contained growth in controllable expenses to 5%, in line with our guidance. This is one of the drivers behind our strong financial outcome for the year, with the Underlying cash result of £410.1 million (2021: £401.2 million) and IFRS profit after tax of £405.4 million (2021: £287.6 million). For more information refer to the Chief Financial Officer's report.

£17.0bn

Gross inflows in 2022

2021: £18.2 billion

96.5%

Retention of client investments[1]

2021: 96.4%[1]

1 Excluding regular income withdrawals and maturities.

Dividend

We are committed to paying out around 70% of the Underlying cash result in dividends to shareholders. The 2% increase in the Underlying cash result therefore drives a proposed final dividend of 37.19 pence per share, making for a total dividend of 52.78 pence per share for the year, an increase of c.2% over the 2021 dividend.

Supporting clients

We aim to give clients the confidence to create the futures they want. In the short term some clients will have understandably been unsettled by the macroeconomic conditions that arose during the year, with inflation for example being higher than many will have seen in their adult lives. It is in these uncertain times that the trusted relationship clients have with their adviser really comes into its own. Advisers have been providing confidence to clients throughout the year by reassuring them, and ensuring they understand the environment and wherever possible do not disrupt their long-term financial plans.

I am thankful to our clients for entrusting their savings to us, and for endorsing our business through voting for us in various industry awards.

As we look ahead, a key area of focus for the business is on progressing our implementation plan for the FCA's Consumer Duty, which comes into effect at the end of July 2023. This is a significant step forward for our industry, raising the bar to ensure businesses deliver good outcomes for clients, so we welcome the reform.

Strategic progress

Our 2025 business plan is underpinned by four key financial objectives, and I am pleased with the progress we have made on our journey so far. During 2022 we:

- delivered £17.0 billion of gross inflows. Two years into our five-year plan our cumulative gross inflows are ahead of where we would have expected them to be at the outset. We aim to grow gross inflows by 10% per annum on a compound basis, but we were clear from the start that growth would not be linear;
- retained 96.5% of client investments[1], better than our 95% objective;
- contained controllable expense growth to 5% in line with our target, in spite of the high inflationary environment; and
- achieved funds under management of £148.4 billion. This is 4% down year on year due to market falls, but we remain well placed to deliver our £200 billion target by the end of 2025.

St. James's Place has delivered its second-best year ever for new business flows despite the challenging external environment.

Andrew Croft, Chief Executive

Why invest in St. James's Place

Helping you to create your future, your way.

#1 What we are

We are a financially strong, FTSE 100 financial advice business, driving growth and delivering value for all our stakeholders.

#2 What we do

We work in partnership to plan, grow and protect clients' financial futures, delivered by a team of 4,693 highly skilled advisers within the St. James's Place Partnership.

#3 Where we're going

We have a clear strategy to help us capitalise on the large and growing opportunity to help more individuals plan, save and invest for their future, driving growth in funds under management.

#4 How we do it

We continue to invest in our technology and infrastructure, driving efficiency so we can achieve our growth ambitions while delivering great service to our clients and advisers.

#5 Why we do it

We exist to give our stakeholders confidence to create the future they want. We are committed to doing this responsibly, by putting responsible and sustainable decision-making at the heart of everything we do.

Chief Executive's report

We remain committed to our 2025 ambitions and confident in our ability to deliver against these; however, inflationary pressures mean that controllable expense growth in 2023 will be around 8% on a pre-tax basis as we continue to focus on cost discipline while ensuring our business remains well invested for the future.

During the year we also made real progress in delivering against the six business priorities that will underwrite a successful future for St. James's Place:

Building community

A thriving SJP community is critical to supporting great outcomes for our clients and other stakeholders. We're therefore pleased to have grown the Partnership with the addition of a net 137 new advisers during the year, through a combination of recruitment of experienced financial advisers and 257 advisers completing our *Academy programme*.

With our focus on making SJP the best place to build a financial advice business, our proposition for advisers is stronger than ever. This, together with the growing scale of our Academy which now has more than 350 new advisers in training, means we've built a good pipeline for continued growth in the Partnership in the years ahead.

Our learning and development programmes for both the Partnership and employees continue to develop at pace. Technology has enabled us to create more user-friendly, on-demand content and to innovate using tools such as virtual reality to supplement more traditional learning practices. We are delighted that our progress in learning and development has been recognised by being short-listed for six industry awards; most notably the AIXR Global Virtual Reality Awards for Virtual Reality Education and Training of the Year.

We see real value in building relationships based on face-to-face and personal engagement, which was a challenge during the COVID-19 pandemic. In 2022 we focused on reconnecting our communities through social engagement.

Being easier to do business with

As a growing business, we know that technology can streamline and optimise what we do and how we do it, transforming the experience we give our people and their clients. We made further progress on our technology journey in 2022.

We launched a new app for clients, which enables them to see the value of their investments in real time and offers easier access to information, documents and insights that are relevant to them. In due course we will launch additional functionality, for example enabling clients to engage with their adviser via the app.

Having rolled out Salesforce to the Partnership in 2021, during 2022 we launched complementary digital and social marketing tools for our advisers to use to better support their clients.

We have also been focusing on our service improvement programme, as we look to drive higher administration standards, accuracy and efficiency across our business.

Delivering value to advisers and clients through our investment proposition

We put our clients at the heart of our business, with the aim of giving them confidence to create the futures they want. We deliver this by ensuring clients are supported by great financial advisers who establish long-term relationships built on trust, and by creating well-rounded propositions that meet their needs. The current high inflationary environment only accentuates the need to get this right.

We continually evolve our investment proposition to ensure we can support great client outcomes. Changes we have made in recent years have contributed to further improvement in this regard.

During 2022 we also launched our new range of unitised funds-of-funds (Polaris range) for clients in the accumulation stage of saving, complementing the unitised InRetirement decumulation funds launched in 2020. The Polaris range is simple for clients to understand and automatically rebalances funds, removing the need for periodic manual intervention.

In 2021 we committed to reducing the carbon footprint of client investments, with an interim target of a 25% reduction by 2025. We are delighted to have already exceeded this target. We will continue to work hard with our external fund managers to make further progress in the years ahead, underscoring our desire to create financial wellbeing in a world worth living in.

Building and protecting our brand and reputation

We continue to work hard to strengthen the perception of our business, so that when people think financial advice, they think SJP. In 2022 we began the roll-out of our refreshed brand identity for the Group, which we believe will help drive better awareness and trust, supporting our ambition to serve more clients in the future. It is important for us to complete the roll-out sustainably, without creating waste, and so we've taken steps such as running down stocks of existing stationery before moving to the new stock.

While we have further phases of the roll-out to implement, we're delighted with progress we've made so far and the positive feedback we've received from clients, advisers, and other interested stakeholders.

Our culture and being a leading responsible business

Our culture is a huge asset and in recent years we have focused on codifying this in order to preserve its positive features and to learn where there is scope for further evolution. It is also important that we recognise and reward those within our community who exhibit the very best aspects of our culture. We have developed structures to achieve this, such as our Impact Awards ceremony for employees, which launched during the year.

Having developed our Responsible Business Framework in 2021, in 2022 we focused on enhancing this through adding clear goals and metrics. Clearly articulating the outcomes we are striving to achieve will help us grow the positive impact we can have as a business, and our metrics will help us to measure our progress. Our goals are set out in the our responsible business section on pages 34 to 65, and we will share the metrics in due course.

For us, being a responsible business means focusing primarily on responsible investment, financial wellbeing, our community impact, and climate change. But our responsibilities extend beyond these key focus areas to others where we must also make sure we're doing the right thing – such as being an inclusive and diverse employer, respecting and valuing human rights, and promoting responsible procurement.

The most visible aspect of our local activities is our continued support for the St. James's Place Charitable Foundation. This continues to be a source of enormous pride for all our people, who recognise its hugely positive impact on the charities it supports. I am therefore delighted that our community raised a further £10.5 million for the Charitable Foundation in 2022, inclusive of Company matching.

Continued financial strength

With new business and FUM remaining resilient against the backdrop of significant macroeconomic and geopolitical uncertainty during the year, and our disciplined approach to expenses, we have achieved a record Underlying cash result of £410.1 million for the year. I am also pleased that our businesses for the future, SJP Asia and Rowan Dartington, have been resilient and remain on track to break even in 2025 and 2024 respectively.

All of this enables our financial model to remain robust. We are well positioned to continue to invest in our business to drive future growth and deliver cash returns to shareholders over time, while ensuring our balance sheet remains strong.

Summary and outlook

Despite the extraordinary circumstances we found ourselves in during 2022, I believe SJP had another successful year and I hope shareholders agree. This outcome could not have been achieved without the excellent work and contribution of the whole SJP community, both here in the UK and in our offices in Asia. I would therefore like to personally thank our advisers, their staff, all of our employees and the administration support teams for their continued hard work, dedication and commitment.

It remains clear to us that the demand for trusted, face-to-face advice is only getting stronger, so with a growing Partnership and a business in great shape, we continue to be well positioned to capitalise on our market opportunity and deliver against our 2025 ambitions.

2023 has continued in much the same way that 2022 ended, but we remain encouraged to see indicators that UK inflation may have peaked and that there are some signs of optimism for the direction of economies and investment markets worldwide. As we stated in our new business update in January, a sustained recovery in such indicators would naturally be conducive towards improving consumer sentiment, activity levels and of course funds under management, as 2023 unfolds.

Andrew Croft, Chief Executive
27 February 2023

Our business model

How we deliver value

What we do

We work in partnership to plan, grow and protect clients' financial futures, delivered by a team of highly skilled advisers within the St. James's Place Partnership.

Clients

We help clients to move forward with confidence, creating the future they want.

917,000
Clients

The Partnership

We promote financial advice and wealth management through the St. James's Place Partnership.

4,693
Advisers

St. James's Place

We support clients and the Partnership, ensuring they can create financial wellbeing in a world worth living in.

£148.4 billion
Funds under management

Responsible business

We are committed to being a leading responsible business, putting responsible and sustainable decision-making at the heart of everything we do and helping our clients and communities to move forward with confidence.

We receive

We operate a fee-based income model where we receive fees based on the level of client funds under management.

We enhance

We help all our stakeholders to move forward with confidence and create the futures they want.

We deliver

We have a resilient business model which enables us to take advantage of the market opportunity.

Client assets

Financial advice

Annual management fee based on client funds under management

Assets invested

Assets managed

We attract

We offer an attractive investment, product and service proposition that is exclusive to the St. James's Place Partnership and clients.

+3%

2022 growth in advisers

2021: +5%

Find out more on page 28

We retain

We forge close, trusted relationships with our advisers, helping them to run successful businesses and drive great outcomes for clients. This means advisers and clients stay with us.

81%

of clients would recommend St. James's Place

2021: 91%

Find out more on page 62

We invest

We are a long-term business so we plant seeds for the future through investment in technology, our operations, our proposition, and our people.

-4%

2022 reduction in FUM

2021: +19% growth in FUM

Find out more on page 71

We impact

We want to be a leading responsible business that creates financial wellbeing, invests responsibly, has a positive community impact, and commits to limiting climate change.

£8.0m

Invested in our communities

2021: £6.2 million

Find out more on page 52

Market overview

Demand for advice is increasing

The UK wealth market

Rising affluent wealth

Total UK retail wealth is large and growing. Third parties suggest that retail liquid assets alone account for some £3.8 trillion as at the end of 2022 (source: GlobalData). Individuals in the mass affluent market with around £50,000 to £5 million of investable assets are estimated to control around 67% of UK investable wealth (source: GlobalData), and that proportion increases when we think about people either side of those thresholds who are also in our target marketplace. We know that the market opportunity is even greater when we consider personal pension assets and insurance-wrapped savings.

UK individuals with between £50,000 and £5m of investable wealth

(Source: GlobalData)

Number of retail investment advisers

(Source: FCA)

Household wealth is highest for those with a head of household aged between 55 and state pension age, with the median average wealth of those households approximately 25 times the average wealth of those with a head of household aged between 16 and 24 (source: Office for National Statistics). This shows the extent of asset decumulation we can expect in the years and decades ahead, and the scale of intergenerational wealth transfer to come.

Increasing demand for financial advice

We estimate that there are approximately 13.1 million individuals in the mass affluent market in the UK, including 3.7 million who are currently non-advised but are open to receiving financial advice (source: Royal London – Exploring the Advice Gap report). Looking more broadly than the mass affluent market, according to Prudential UK's Family Wealth Unlocked report, 53% of UK adults say the financial crisis caused by COVID-19 has prompted them to seek or plan to seek advice from a financial adviser.

We know that this is because financial advice creates real value and helps individuals to feel confident in their financial futures, which is referenced in research from the likes of Vanguard, Morningstar and the International Longevity Centre.

In recognition of this market opportunity we've seen many developments in the DIY investment platform market, as well as in robo-advice offerings. But demand for personal, face-to-face advice has continued to grow as people lacking the time, inclination or confidence to manage their financial affairs, seek help from a trusted adviser. We expect demand for face-to-face advice to only get stronger.

That's because there are a number of systemic factors driving the need for advice:

- the complexity of personal taxation;
- the decline of defined benefit pension schemes;
- the options and challenges open to savers through 'pensions freedom';
- the scale of the UK savings gap; and
- intergenerational wealth transfer.

Demand for advice is therefore increasing, but there aren't enough advisers in the UK to meet it. The shortfall is likely to worsen as more and more experienced advisers approach retirement or sell their businesses: the average age of a financial adviser in the UK is 58 (source: Professional Adviser). There's already an 'advice gap' today and we think this will widen.

How SJP can benefit from the market opportunity

We're the leading advice-led wealth management business in the UK, with 4,693 advisers at the end of 2022. We have a proven track record of attracting and retaining great financial advisers, as well as those looking to build a new career with us through our Academy programme, which means our adviser population is growing. Our advisers have an average age of 46 and so are able to establish and build long-term relationships with clients. Those training in our Academy have an average age of 35. As a result, we are ideally placed to take advantage of the increasing demand for financial advice.

Competition in the advice market

There is a wide range of different offerings in the UK wealth management and financial advice industry, ranging from technology-led solutions to the holistic face-to-face financial planning and advice service that we provide. In recent years we have seen an increase in the number of businesses looking to establish a toe-hold in UK financial advice, with this interest reflecting the scale of opportunity in what remains a growing and still under-served market.

We are staunch advocates of the need for individuals and families to become more financially resilient and more confident of their futures, but we know that holistic financial planning advice, delivered by highly qualified professional advisers, will not be accessible to all. We're therefore very supportive of efforts and initiatives, whether led by companies, regulators or legislators, to help more people make better decisions around their basic finances.
We have not seen the competitive landscape for our holistic face-to-face financial planning service change materially: many of the newer advice offerings that have emerged in recent times have aimed to support individuals with more straightforward requirements to save and invest for the future.

Our UK market

The mass affluent market in the UK is often defined as individuals with between £50,000 and £5 million in investable assets. There were estimated to be 13.1 million such individuals at the end of 2022, and this number is expected to grow to 14.3 million by the end of 2026 (source: GlobalData). The liquid assets of this group are forecast to increase from £2.6 trillion to £3.0 trillion in this time (source: GlobalData). We target the mass affluent market but also look after clients either side of this space, be it individuals in the early stages of accumulating wealth or at the other end of the spectrum, high-net-worth individuals who need specialist support from our Private Clients team.

Our FUM compared to target market liquid assets
2022

Our clients compared to individuals in our target market
2022

Market overview

Market trends

The UK wealth landscape is evolving, providing opportunities and challenges. We list below five key trends shaping the UK wealth management landscape of tomorrow.

Market trend	Why this is important and our response
#1 **Technology: shifting client expectations and digitally-enabled advisers** Financial advisers are making greater use of digital solutions to improve client experience and run more efficient businesses: for example, using digital tools to help service their clients. Clients are also embracing technology and are increasingly expecting companies they interact with to use data to deliver unique, personalised services.	At SJP we embrace technology to make it easier for our advisers and clients to do business with us. We have a modern, scalable back-office administration system in Bluedoor, and have rolled out Salesforce, a leading CRM system, across the Partnership. During 2022 we launched the SJP app to a group of clients, so they can monitor the value of their investments in real time. In 2023 and beyond we will launch the app to all remaining clients and enhance its functionality, for example to enable clients to view documents, send messages and book meetings with their adviser.
#2 **Responsible investment** 2022 saw environmental, social and governance (ESG)-related investment approaches move further into the mainstream, as consumer demand for responsible investing continued to increase. At the end of 2022, retail funds under management in ESG funds accounted for £91 billion or 6.7% of the industry, an increase from 5.6% at the end of 2021 (source: Investment Association). Clients want to see their investments act as a force for good, and for wealth managers to be responsible businesses.	At SJP we recognise the importance of investing responsibly, and we integrate ESG considerations into decision-making. We believe that investing responsibly is key to achieving long-term, sustainable returns and to delivering financial wellbeing in a world worth living in; hence it is one of the seven investment beliefs in our investment proposition. For more detail on our approach to investing responsibly see pages 43 to 45. We provide our advisers with a suite of tools to keep them abreast of the latest developments in this space.
#3 **Personal finance complexity** Managing your personal financial affairs is increasingly difficult: the UK personal taxation regime is complicated and planning for your retirement is challenging. Government borrowing has surged in the wake of the COVID-19 pandemic, the conflict in Ukraine and the energy crisis, which means it's likely there are tax increases to come. Meanwhile, interest rates are increasing but remain well below inflation, creating challenges for savers.	At SJP we deliver holistic face-to-face financial advice via the 4,693 advisers in our Partnership. They establish long-term, trusted relationships with clients, understanding each client's unique financial situation. Our advisers are highly qualified and we provide them with detailed technical support, so they can navigate any complexities a client faces and put suitable financial plans in place. They also reassure clients in times of uncertainty, such as the current macroeconomic environment in the UK, helping them to manage short-term pressures while maintaining a long-term mindset.
#4 **Decline in the population of financial advisers** Industry experts predict the adviser population will decline over the medium to long term as advisers either retire or sell their businesses due to external pressures such as increased regulation. Yet there is growing demand for financial advice, so wealth managers will need to train new advisers.	At SJP it has been many years since we identified the need to 'grow our own' advisers to achieve our long-term growth ambitions. As a result, our Academy was established more than ten years ago, providing the professional training and experience necessary to become a successful financial adviser. Of the 4,693 advisers currently in the Partnership, 1,064 have been trained by the Academy and we have over 350 more individuals currently in training.
#5 **Pensions and intergenerational wealth transfer** The decline of defined benefit pension schemes in favour of defined contribution schemes places the responsibility on individuals, rather than employers, to provide for their retirement. At the other end of the scale, young adults entering the workforce are likely to have lower levels of savings compared to previous generations due to high housing costs. This will lead to substantial intergenerational wealth transfer in the years ahead.	At SJP our advisers help clients plan for their retirement, ensuring they understand their current resources and what they need to save to enjoy their retirement. Beyond retirement, they help clients plan their estate for intergenerational wealth transfer. Financial advice is needed by those on the receiving end of this transfer too, and with 23% of our advisers appointed in 2022 under the age of 30, this has helped to attract an increasing proportion of clients who are also under the age of 30.

Implementing our strategy

Our key business aim

Our key aim is to grow our funds under management (FUM) over time.

We attract, retain and grow client FUM through offering a high-quality service to the Partnership and clients. We therefore pursue a simple growth and support strategy, built on clear and focused strategic objectives.

How we achieve this

We grow FUM by attracting new client investments to St. James's Place, and providing high-quality services to ensure clients stay with us for the long term.

Our strategy

Our growth strategy	Our support strategy
Growing the size of the Partnership	Delivering exceptional service to advisers and clients
Increasing adviser efficiency	Driving great client outcomes
Broadening our client proposition	Ensuring we remain a trusted, robust and resilient business for our clients

£17.0bn
Gross inflows in 2022

96.5%
Retention of client investments in 2022[1]

1 Excluding regular income withdrawals and maturities

Our strategy

Our business priorities

We focus our long-term business priorities on six core areas. In each of these, we maintain a consistent and rigorous approach to risk management and governance.

Business priority	What this means	What we achieved in 2022
Building community	**We'll help every corner of our growing community contribute to its success**	• We welcomed a net 137 new advisers into the Partnership • We made changes to how our field management team support the Partnership so we're even better positioned to help Partners build great businesses and serve their clients • We reconnected the SJP community through face-to-face events
Being easier to do business with	**We'll invest in technology and processes that transform the experience we provide people**	• We launched the first phases of a new mobile app to a group of clients • We launched digital and social marketing tools to complement Salesforce • We continued to work hard on our service improvement programme with a focus on limiting administration errors
Delivering value to advisers and clients through our investment proposition	**We'll put the right people, data and governance in place to drive performance, delivering financial wellbeing in a world worth living in**	• We continued evolving our investment proposition to support great client outcomes, with progress set out in our Value Assessment Statement • We launched our Polaris range of unitised funds-of-funds for clients in the accumulation stage of their savings journey • We exceeded our interim target of a 25% reduction by 2025 in the carbon footprint of client investments
Building and protecting our brand and reputation	**We'll be clearer about who we are and who we want to be, so when people think financial advice, they think SJP**	• We began the roll-out of our refreshed brand identity across our business • We increased the cyber resilience of the Partnership • We increased our media engagement, strengthening our standing with trade and national press
Our culture and being a leading responsible business	**We'll build a purpose-led business that has a positive impact on society**	• We determined goals, metrics and the target operating model to accompany our Responsible Business Framework • We launched a new internal reward and recognition scheme, and held our first Impact Awards ceremony for employees • Our community raised £10.5 million for the St. James's Place Charitable Foundation, with Company matching • We were rated AAA by MSCI and Low Risk by Sustainalytics
Continued financial strength	**We'll manage our resources carefully so we can continue to grow the investment into our business**	• Our new business and FUM were resilient despite significant macroeconomic and geopolitical uncertainty • We contained growth in controllable expenses to 5% • We achieved a record Underlying cash result, driving strong dividend growth for shareholders

Our focus for 2023	Principal risks and uncertainties (see page 94)	Responsible business focus (see page 35)	Link to executive remuneration (see page 151)
• We'll continue to grow the Partnership, and improve adviser productivity • We'll support Academy graduates to become more productive more quickly • We'll launch the My House app, transforming the way we support learning and development	• Partner proposition • People	• Financial wellbeing • Community impact • Inclusion and diversity • Responsible relationships	• Net manpower growth • Employee learning and development • Partner sentiment • Employee engagement
• We'll launch additional functionality within our next-generation client app, and extend its availability to all clients • We'll enhance Salesforce functionality and embed it across our corporate functions • We'll focus on increasing the speed of administration, and further reduce our error rate	• Administration service • Partner proposition	• Financial wellbeing • Client satisfaction and retention • Data privacy • Responsible procurement	• Administration performance • Salesforce adoption • Digital client proposition • Client adoption of digital literature • Operational efficiency
• We'll focus on further improving our investment performance and supporting great client outcomes • We'll enhance our investment proposition to ensure it can be scaled beyond our £200 billion aim for 2025 • We'll continue to grow and raise the profile of our Private Clients proposition	• Client proposition	• Investing responsibly • Climate change • Client satisfaction and retention	• Value assessment ratings • Delivery of fund changes • Operational excellence • Responsible investment
• We'll implement a Group-wide plan for compliance with the Consumer Duty regulation • Our refreshed brand identity will be fully embedded, and we'll continue to focus on our reputation	• Conduct • Outsourcing • Regulatory • Security and resilience • Strategy, competition and brand	• Financial wellbeing • Climate change • Client satisfaction and retention • Inclusion and diversity • Policy influence • Risk management	• Client sentiment • Brand • Digital marketing • Value of advice • Cyber security • Client complaints • Internal audit, risk and regulation
• We'll educate the SJP community on our responsible business strategy, narrative and goals • We'll focus on the work we are doing to achieve our inclusion and diversity ambitions • We'll continue to focus on limiting our environmental footprint in all areas of our business	• Client proposition • Outsourcing • People • Regulatory • Strategy, competition and brand	• Financial wellbeing • Investing responsibly • Climate change • Community impact • Responsible relationships • Inclusion and diversity • Corporate governance	• Responsible business strategy • Net zero commitments • Community impact • Inclusion and diversity
• We'll aim to achieve further growth in new business and FUM in support of our 2025 ambitions • We'll consider the long-term interests of the Group and aim to limit growth in controllable expenses to 8% pre-tax for 2023, given the high inflationary environment	• Financial	• Financial wellbeing • Risk management • Responsible procurement	• Partner lending • Capital usage • Regulator relationship

Our strategy

Building community

We'll help every corner of our growing community contribute to its success.

Our approach

We know that our people are our greatest asset and they drive the success of our business for all stakeholders. Whether it's our advisers, their staff or our own employees, we want to build a thriving community of people who can build great futures with us.

The Partnership

Growing the Partnership means we can help clients have the confidence to create the futures they want. We'll continue to attract experienced advisers to the Partnership through our traditional recruitment channels, but we're also increasing the capacity and capability of our Academy, which provides the professional training and experience necessary for individuals to become financial advisers.

137

Net new advisers welcomed in 2022

2021: 218

Reconnecting our communities

We see the value in building relationships based on face-to-face and personal engagement, and this holds as true for connecting our communities as it does for our advisers engaging with their clients.

After the challenges of COVID-19, we've focused on getting back to building community through social engagement. In March 2022, we were delighted to welcome around 3,300 of our broader SJP community, back to our Annual Company Meeting at the O2 in London. This kick-started a programme of engagement across our community including adviser and employee events, conferences, and greater opportunities for networking and collaboration.

Our employees

We want to be an employer of choice within the financial services sector; one that is able to attract, develop and retain the best talent in the UK and give our people the confidence to create the futures they want. We're doing more to listen to our employees and understand how we can build a better business for them, whether through greater work flexibility, career development, training, mentoring, reward, and many other areas. Find out more on pages 57 to 58.

What we achieved in 2022

We're pleased to have welcomed a net 137 new advisers to the Partnership in 2022 through both recruiting experienced advisers and by 257 advisers completing our Academy programme. With our focus on making SJP the best place to build a financial advice business, we've also built a good pipeline for continued growth in the Partnership in the years ahead. We're making progress on developing our learning and development capabilities, and we've made changes to how we support the Partnership through our field management teams so that we're even better positioned to help them build great businesses and serve their clients well. We're pleased that adviser retention remained very strong at 93%.

"People are our greatest asset and they drive the success of our business for all stakeholders."

Iain Rayner, Chief Operating Officer

Being easier to do business with

We'll invest in technology that transforms the experience we provide people.

Our approach

As we've become a bigger business, we've inevitably become a more complex one, as has the industry we're a part of. This can create challenges across our community, whether for clients, advisers, their staff or our employees. Processes can be fragmented, experiences therefore diminished and inefficiencies compounded, so in our 2025 plan we're addressing this.

We're removing processes we don't need any more, decommissioning systems we've outgrown or which have become obsolete, and setting high standards for the providers we work with. Business improvement teams will identify opportunities to simplify and streamline what we do. Experts in robotic process automation will look for ways to automate tasks and therefore enhance the accuracy of processes. We've already automated hundreds of tasks and we're looking for opportunities to take this further. With Bluedoor and Salesforce as the backbone of our technology ecosystem, we can continue to decommission legacy systems and improve how we do things. As we bring on board new service providers, or renew contracts with existing ones, we'll integrate our systems seamlessly with theirs, with interfaces that communicate with each other automatically in real time. We'll create a new 'hub and spoke' operating model for managing our data, pushing data expertise as close as possible to the Partnership.

What we achieved in 2022

We made further progress on our technology journey in 2022. Having rolled out Salesforce across the Partnership in 2021, we spent 2022 launching complementary digital and social marketing tools for our advisers to use to better support their clients. We also launched the first phases of our new client mobile app to a group of clients as part of our programme to enhance client user experience, and we've worked hard on our service improvement programme to raise client and adviser service standards

◆

Using technology to enhance client experience

With a strong technology ecosystem now in place, we've been able to develop and launch a new client-facing app. The app, which is optional for clients, enables them to have a mobile view of their investments with SJP and offers easy access to information, documents and insights that are relevant to them. It will also enable clients to engage with their advisers via the app, enhancing and strengthening the trusted relationships our advisers already enjoy with their clients.

◆

"Bluedoor and Salesforce are the backbone of our technology ecosystem and enable us to improve how we do business."

Ian MacKenzie, Chief Operations & Technology Officer

Our strategy

Delivering value to advisers and clients through our investment proposition

We'll put the right people, data and governance in place to drive performance, delivering financial wellbeing in a world worth living in.

Our approach

We're focused on giving clients the confidence to create the futures they want by planning, growing and protecting their wealth over time. We take an approach to investment management that gives clients diversification and expertise *on a global scale that is beyond many wealth managers.* We design and build our own range of investment funds and portfolios, but we contract some of the world's best external managers to manage them. We also offer our clients discretionary fund management and stockbroking services, giving them even greater choice and flexibility in how to manage their investments.

We've established a team of over 40 investment professionals, who are supported by a panel of investment advisers, to focus on the performance of our funds and portfolios. Their work is underpinned by best-in-class data and technology solutions, and a governance structure that's designed to support well-informed decision-making.

What we achieved in 2022

We're always evolving our investment proposition so that we can support great client outcomes, which is our first investment belief and the starting point for everything we do. Changes we've made in recent years have contributed to further improvements and these are reflected in the progress outlined in our latest annual Value Assessment Statement. We continue to evolve our range of funds, including the launch of our Polaris range of fund-of-funds for clients in the accumulation phase of their savings journey, and made changes to existing funds including our Global Growth and Emerging Markets funds.

We've also made further good progress in reducing the carbon footprint of client investments, having already exceeded our interim target of a 25% reduction by 2025.

"Our investment proposition is built to support great client outcomes."

Tom Beal, Investments Director

Launching our Polaris funds

The introduction of the Polaris range, to sit alongside our InRetirement range, completes a suite of fund-of-funds solutions that are at the core of our investment proposition.

Designed to offer a simple solution for clients looking to grow their wealth over time, our four Polaris funds offer fund-of-funds solutions for clients in the accumulation phase of their life. These automatically rebalanced funds are engineered to be globally diversified, using the optimal blend of strategies to achieve the most suitable range of risk for clients across the risk spectrum. These funds complement our existing solutions, giving clients access to even more choices.

4

Solutions within the Polaris fund-of-funds range

Building and protecting our brand and reputation

We'll be clearer about who we are and who we want to be, so when people think financial advice, they think SJP.

Our approach

Our brand is the sum of all the thoughts and associations people have when they hear the name 'St. James's Place'. We want our brand to attract people to us – making them more likely to choose us, partner with us or work for us.

'Project Brand' began in 2020 aiming to create a clear, compelling and robust positioning for SJP, giving our clients the confidence to create the future they want. Our refreshed brand is how we look, how we sound, and what we say. Thinking clearly about these elements, and protecting them, creates a stronger brand that will stand the test of time.

Through our refreshed brand, we will build our reputation as a strong and responsible business that is trusted, considered, and recommended. Our brand is an organising principle that enriches the adviser and client experience across every touch point, and attracts and retains talent within the SJP community, reinforcing cultural change priorities. So when people think of financial advice, they think SJP.

What we achieved in 2022

During the year we began the roll-out of our evolved brand identity across our business. We committed to doing this sustainably, without creating waste. For example, we've run down stocks of existing stationery before moving to the new stock. We have launched a refreshed corporate website, and updated websites for each of our Partner businesses. We have continued to build and strengthen our relationships with journalists, and increase our visibility in the media. This has resulted in improving media sentiment in 2022, as people better understand who we are and what we do.

"A strong brand enables those experiencing it to feel a human connection and establish a lasting, personal relationship."

Claire Blackwell, Chief Client & Reputation Officer

Addressing cyber risk in the Partnership

We recognise that cyber risk continues to develop apace, particularly with the threat of State-sponsored cyber attacks. To help ensure our Partner practices are well protected and able to keep our clients' data safe, during 2022 we asked all Partner practices to gain the Cyber Essentials Plus external accreditation. This could either be sought directly through demonstrating the robust nature of their cyber security systems, or by using our 'Device as a Service' (DaaS) scheme. Through DaaS, advisers can acquire SJP technology which has been certified to Cyber Essentials Plus standard.

Our strategy

Our culture and being a leading responsible business

We're committed to being a purpose-led business that has a positive impact on society.

Our approach

Our culture is one of our biggest strengths and is fundamental to our success. The values and behaviours we share help us to embrace change, manage resources effectively, and make our business less complex. We're having regular conversations about culture across the SJP community – to celebrate when we get things right and challenge ourselves where we need to improve.

Behaving responsibly is a key part of our culture that touches every part of our business. It's a philosophy that helps to inform our decisions and how we run our business. This is important as we believe tomorrow's clients, advisers and employees will increasingly want to buy from, work with, and work for a company that understands its responsibility to society. When it comes to financial wellbeing, we're in a great position to help tackle some of the problems facing society today – from the retirement savings gap to the long-term care crisis and gender inequality in pensions.

What we achieved in 2022

In 2022 we focused on developing our Responsible Business Framework with clear goals and KPIs. Clearly articulating the outcomes we are striving to achieve will help us grow the positive impact we can have as a business, and our metrics will help us to measure our progress along the way. We've also continued to shine a light on our culture and how it is embraced by our people with new rewards and recognition, including our first-ever employee Impact Awards. We gained great recognition for our progress in developing our approach to responsible investing as a signatory of the Stewardship Code. And the work of the St. James's Place Charitable Foundation continues to be a huge source of pride. We're delighted that our community raised £10.5 million during the year with Company matching. The St. James's Place Charitable Foundation is now the third largest Corporate Foundation[1].

"Behaving responsibly is a key part of our culture that touches every part of our business."

Liz Kelly, Chief Corporate Affairs & People Officer

1 Association of Charitable Foundations, Giving Trends 2021.

Reducing the carbon footprint of client investments

Climate change is one of the most significant global challenges we face today. We believe we can have the greatest impact on climate change through how we invest our £148.4 billion of funds under management, and so in 2021 we committed to reducing the carbon footprint of client investments, with an interim target of a 25% reduction by 2025.

We are delighted to have already exceeded this target, in large part due to changes we've made to our funds in recent years. We will continue to work hard with our external fund managers to make further progress in the years ahead.

25%

Target reduction in the carbon footprint of client investments from 2019 to 2025

Continued financial strength

We'll manage our resources carefully so we can continue to grow our investment into our business.

Our approach

We have a straightforward financial business model. We generate revenue by attracting clients through the value of our proposition. They trust us with their investments and then stay with us. This grows our funds under management (FUM), on which we receive product management charges. This income is then used to meet our overheads, invest in the business and pay dividends to our shareholders.

We're financially prudent and we make sure that we're always holding assets to fully match our clients' investments. This, and the simplicity of our business model, means we have a resilient capital position capable of meeting our liabilities even in adverse market conditions.

Our ambitions

We've set ambitious financial objectives through to 2025. We want to build FUM to £200 billion and we'll do this by growing new client investments by 10% per annum on average over that period, and by retaining 95% of existing investments every year. We believe these growth ambitions are achievable given the market opportunity, the quality of our proposition and the strength of the Partnership, although growth in gross inflows will not be linear.

We've also set out a financial envelope for how we manage our resources over time, with the aim of containing annual growth in controllable expenses[1] to 5%. This will not be easy but we believe it's achievable in the medium term. In the short term, the impact of high inflation means we expect growth in controllable expenses to be 8% on a pre-tax basis for 2023. The investments we're making in how our business runs will allow us to work more efficiently. Better data, better systems and more automation will mean more control, fewer errors and less waste. We can grow our business more efficiently and we can prioritise strategic investment.

1 Controllable expenses are an alternative performance measure (APM). For further information refer to the glossary of APMs on pages 272 to 274.

8%

Aim to contain growth in pre-tax controllable expenses to 8% in 2023

2022: 5%

Gestation: driving growth in our future cash flows

Annual product management charges are our key profit driver. However, these are not taken for the first six years for investment and pension business. Business in this six-year period is known as 'gestation FUM', and for this period it contributes nothing to the Cash result apart from a day one margin arising on new business.

Gestation FUM is a very significant store of value and gives a high degree of visibility to the emergence of additional cash flows. Based on current market levels and assuming no withdrawals, gestation FUM at 31 December 2022 would contribute £383.5 million per annum to the Cash result once it is all out of the first six-year period, including £47.9 million over 2023. This contribution comes at no additional expense.

"Gestation is a concept unique to SJP, and a really positive differentiator."

Craig Gentle, Chief Financial Officer

Our responsible business

What's inside?

Our responsible business 34
Financial wellbeing 40
Investing responsibly 43
Climate change 46
Community impact 52
Strategic enablers 57

At SJP, our ambition is to be a leading responsible business in the UK. To us, this means considering responsible and sustainable decision-making in everything we do.

Being a responsible business marries our long culture of giving back with our clear purpose to help our clients and community embrace their tomorrow and create the futures they want. In this section of the Annual Report and Accounts we discuss our approach and impact on the long-term wellbeing and resilience of individuals, communities, the environment and society.

Our approach

As a FTSE 100 company with £148.4 billion of funds under management, we recognise the impact and influence we can have, and our responsibility to use this positively. Our ambition to be a leading UK responsible business is a long-term aspiration. It requires us to have a deep understanding of the topics most material to us, clearly articulated goals, the right processes to operationalise for success, and metrics that provide transparency on our progress. This journey will take time and involve continuous focus and review as our plans evolve. The external environment is changing rapidly and what might be perceived as 'leading' today is unlikely to stay the same for long. Being a leading responsible business is a state of mind, not a destination; whilst we don't claim to have all the answers, we are committed to our ambition – to understand the role we can play, make real progress and bring others with us on the journey.

Journey to date

In 2021, we set the aspiration to be a leading UK responsible business, identified the topics most material to us and developed our Responsible Business Framework (hereafter our Framework) to give structure to our approach.

Working in collaboration with stakeholders across the business and with the support of external consultants, in 2022 we then set initial goals and metrics for each of the topics within our Framework, drawing together existing measures and developing new goals where we want to drive progress. Alongside this we mobilised our new Responsible Business Advisory Group[1] to lead and report on our progress.

Agreeing our goals and metrics brings our Framework to life and gives us tools to better measure our performance from 2023, helping us tell our story and supporting our stakeholders to understand our progress. While we are not yet ready to share our metrics, you will see our goals throughout this section.

In October 2022, our approach was recognised at the Global Good Awards where we were awarded Gold for 'Global Good Company of the Year'.

"Striving to be a leading responsible business is a continuous journey for us. We know there is more work to do, but it was heartening to be considered alongside so many brilliant businesses making their work a force for good."

Vicki Foster, Divisional Director, Responsible Business

1 The Advisory Group has representation from all areas of our business and will report regularly to our Executive Board and Group Risk Committee.

St. James's Place Responsible Business Framework

Leading the conversation on investing responsibly

With £148.4 billion of funds under management, we are committed to using our scale and influence to lead the conversation on investing responsibly. We do this through fund manager engagement, our commitment to the UN Principles for Responsible Investment, our membership of the Net-Zero Asset Owner Alliance, and our education for clients on how to use money as a force for good.

Page 43

Enhancing financial wellbeing for our clients, our people and our communities

As a leading UK financial advice business, we are committed to enhancing financial resilience and confidence in all our communities, from our clients to the charities we support, and from primary school children to those most vulnerable in society. We do this through providing sound financial advice and delivering financial education.

Page 40

Taking action on climate change

Some of the issues facing our world today can feel overwhelming, but solving them involves everyone playing their part. We are committed to doing what we can to tackle climate change through our operations, supply chain and investment management approach. Our approach to reaching net zero includes educating our community on climate change, embedding environmental considerations into decision-making and conserving resources – not only to reduce our impact, but also have a positive one.

Page 46

Giving back to support local communities and regeneration

Giving back is in our DNA; from our founding days we have looked beyond ourselves to make a difference to those less fortunate. We are committed to driving positive community impact, building social capital within communities, and connecting the dots between the charities we support and the social initiatives we run, by offering place-based and skills-based outreach.

Page 52

Strategic enablers

Bringing together material topics that enable our business to function and grow sustainably.

People

- Responsible relationships
- Inclusion and diversity
- Policy influence
- Client satisfaction and retention

Page 57

Governance

- Corporate governance
- Risk management
- Data privacy
- Responsible procurement
- Human rights

Page 63

Our responsible business

How we measure our progress

We want to make it easy for all our stakeholders to understand the work we're doing and how we're measuring our performance. We are aligning our approach to key external frameworks which help broaden our impact.

United Nations Sustainable Development Goals (UNSDGs)

In 2020, we became a participant of the United Nations Global Compact, with the ambition to further embed those UNSDGs most relevant to our business into our long-term approach.

Within our Responsible Business Framework, our material topics each contribute to progress against the UNSDGs. We believe we can have the greatest impact on the six UNSDGs listed below.

SDG	Our promise and progress
Target 4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills for employment, decent jobs and entrepreneurship.	**Our promise** To improve money management in the next generation by supporting schools and other organisations to deliver financial education to children and young people. Alongside this, we aim to provide our advisers with the resources and knowledge to teach financial education. To provide relevant financial skills and education to our clients to give them the confidence to create the future they want. **Our progress** Most notably in 2022, we launched a strategic partnership with national charity Young Money, sponsoring the development of 21 'Centres of Excellence' over the next three years, equipping schools – predominantly in areas of deprivation – to deliver a robust financial education curriculum
Target 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	**Our promise** To ensure equal opportunities for women through our inclusion and diversity programmes and by ensuring we align to national commitments. **Our progress** In 2022, we continued to make progress against our commitments to increasing gender and ethnicity representation in our employee base, aligned with the Women in Finance and Race at Work charters. We also continued our commitment to mentoring, completing our fifth year with the 30% Club cross-sector mentoring programme supporting female development, organising nine months of senior mentoring for minority ethnic employees and members of the Aleto Foundation, and completing the second year of our in-house mentoring programme for talented women in the pipeline for senior roles. This programme supported 50+ women with mentoring by senior leaders as well as providing access to masterclasses and psychometric profiling.
Target 8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	**Our promise** To invest in our employees through training and development. To increase the aspirations of young people by working with schools and charities to support employability and provide positive work experiences. As part of our social mobility strategy, we actively seek to support disadvantaged young people into financial services careers. **Our progress** In 2022, we continued to enhance our development offering, working to create virtual reality learning and delivering pathway learning through interactive, digital curricula. We also worked with the Aleto Foundation to sponsor a three-day minority ethnic leadership programme, providing Aleto alumni and SJP employees with skills workshops and an innovation challenge, the results of which were presented to a panel of SJP senior leaders including CFO Andrew Croft.

SDG	Our promise and progress
Target 9.2 *Promote inclusive and sustainable industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.*	**Our promise** To encourage responsible practice among our suppliers and fund managers in the areas of environmental impact, societal impact and governance. To support our Partner practices in operating responsibly and aligning to national standards. **Our progress** *In 2022, we continued to highlight ESG considerations in our due diligence and conversations with suppliers,* and within our investment management approach. We also influenced industry participants to use client-friendly terminology, working closely with the collaborative industry body The Investing and Saving Alliance (TISA) Following the launch of our Framework in 2021, we built support for Partner practices on how to develop their own responsible business approach, and provided tailored consultancy as well as producing tools and sharing knowledge, for example by running a national panel for peers to share best practice
Target 10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.	**Our promise** To support the St. James's Place Charitable Foundation, through funding and volunteering, as its grants support charities that reduce social inequality and promote economic inclusion. To support employability programmes throughout our business. **Our progress** In 2022, the SJP community raised £10.5m for the Charitable Foundation, which in turn distributed £10.1m to 853 charities, supporting social mobility both in the UK and overseas. We also continued our strategic partnership with the Duke of Edinburgh (DofE) Award (see page 54) *As well as our Aleto leadership programme for minority ethnic employees and Aleto alumni, we ran our* Futures in Finance initiative for the second year, and continued to build on our inclusion and employability partnerships including The Diversity Project, LGBT Great, Stonewall, The Valuable 500, the Aleto Foundation, Progress Together, the Business Disability Forum and Disability Confident
Target 13.2 Integrate climate change measures into national policies, strategies and planning.	**Our promise** To control and reduce our environmental impact and promote sustainable business practices. **Our progress** Notably in 2022, we built a carbon conservation measure tracker to better understand existing energy usage across our corporate estate, allowing us to make recommendations for optimisation and identify opportunities for carbon reduction in support of corporate targets. We also signed up to the Financial Reporting Council's UK Stewardship Code, joining 235 other signatories adhering to high standards for the responsible management of capital. The aim is to not only create long-term value for clients, but also support sustainable benefits for the environment, economy and society by taking ESG factors, including climate change, into account when making investment decisions.

Memberships and partnerships

Strategic partnerships and collaboration are essential to driving meaningful change and contributing to greater progress. As well as aiming to report in a way consistent with our industry, we are also proud to be members and supporters of many organisations driving change, including those shown below.

Our responsible business

Sustainability Accounting Standards Board

We're pleased to continue to align our reporting to the Sustainability Accounting Standards Board (SASB) framework for our industry. The standards offer a consistent method of reporting and we engage with the framework for the benefit of all our stakeholders, sharing sustainability data in a consistent and transparent way.

Given our focus on wealth management we have responded to the reporting standards for Asset Management & Custody Activities.

Topic	Accounting metric	2022 status	Code
Transparent Information & Fair Advice for Customers	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	We publish complaints data half-yearly which can be found on our website at **www.sjp.co.uk/site-services/how-to-make-a-complaint**. We do not currently publish further information.	FN-AC-270a.1
	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product related information to new and returning customers	We do not currently publish this	FN-AC-270a.2
	Description of approach to informing customers about products and services	Before any advice is provided, our advisers must inform clients about the products and services we offer. This is a closely regulated area in the UK and we are fully compliant We publish numerous supporting documents, available on our website.	FN-AC-270a.3
Employee Diversity & Inclusion	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	This data breakdown can be found on pages 59 and 60	FN-AC-330a.1
Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	1. 100% of SJP manufactured funds. 2. 3% (Sustainable and Responsible Equity Fund). 3. Our general approach is for engagement rather than divestment with companies to drive positive change. We have an exclusions policy which covers all of our manufactured funds.	FN-AC-410a.1
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	Responsible investing is a defining characteristic of our investment approach and is an important component in creating long-term value for our clients. Our approach to responsible investing can be found on our website at **www.sjp.co.uk/products-and-services/investment/responsible-investing.**	FN-AC-410a.2
	Description of proxy voting and investee engagement policies and procedures	Details on proxy voting are publicly disclosed in our. ◆ Stewardship and Engagement Report ◆ Stewardship, Engagement and Shareholder Voting Policy These and further statements can be found on our website at **www.sjp.co.uk/products-and-services/investment/responsible-investing.**	FN-AC-410a.3

Topic	Accounting metric	2022 status	Code
Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	**Fraud:** There have been no losses that fall within the definition of 'legal proceedings' outlined in the SASB criteria. We hold data on monetary loss in respect of fraud, but this is categorised as a 'loss' due to our corporate decision to reimburse our clients for any losses suffered as a result of fraud. The frauds generally materialise as a result of adviser negligence, premeditated intent or a mistake at one of our administration centres and so we feel duty bound to reimburse. This data is not disclosed publicly. **Malpractice:** We currently hold data on the monetary losses accrued in respect of claims brought against SJP by clients for negligent financial advice provided to clients by our advisers. We do not disclose this publicly, and some litigation claims have strict non-disclosure agreements. We are not currently aware of any litigation in relation to anti-trust, anti-competitive behaviour or market manipulation that we would be required to disclose. **Insider trading:** Metric currently not held or disclosed.	FN-AC-510a.1
	Description of whistle-blower policies and procedures	We maintain robust whistleblowing policies and procedures, overseen by our Whistleblowers' Champion, which enable members of our internal community and those external to the Group to raise any concerns about wrongdoing connected to SJP. Our employees receive regular training on whistleblowing arrangements. The whistleblowing policy can be found on our website at **www.sjp.co.uk/about-us/corporate-governance.**	FN-AC-510a.2
Activity	(1) Total registered and (2) total unregistered assets under management (AUM)	(1) £0 (2) £148.4 billion The majority of AUM is retail unit trusts authorised by the FCA in the UK, with the balance primarily being insurance company assets	FN-AC-000.A
	Total assets under custody and supervision	Our closing 2022 funds under management stood at £148.4 billion	FN-AC-000.B

Our responsible business

Financial wellbeing

Enhancing financial wellbeing for our clients, our people and our communities.

Helping our clients create the futures they want through sound, empathetic and personal financial advice is our very purpose.

As a leading UK financial advice business, we are committed to enhancing financial resilience and confidence for our clients through face-to-face financial advice provided by expert financial advisers (our Partnership). We believe in the importance of long-term relationships built between our advisers and their clients. These relationships are built on mutual trust, enabling our advisers to gain a deeper understanding of their clients' future aspirations and long-term goals. We take the same holistic approach in how we support our wider communities, from the school children we provide with financial education to the charities we engage with, and how we help those most vulnerable in society.

We take action in line with this philosophy. For example, in 2022, we grew our podcast series focusing on experts who have experienced vulnerability.

As part of our wellbeing initiative and tackling cost-of-living issues, we also launched a 'Resilience in a Changing World' podcast to help individuals find their way through challenging periods and build robust strategies to navigate financial, emotional and societal issues.

As a research initiative, we launched the Finance in Society Research Institute in collaboration with the University of Gloucestershire, to advance high-quality collaborative personal financial research and provide technical and policy advice to organisations and government.

Our goals

1. Enhance clients' long-term financial wellbeing through face-to-face financial advice delivered by qualified, expert advisers.

2. Help to improve long-term financial resilience in society by providing financial education in schools and to charities.

3. Enhance the long-term financial resilience of employees through education and access to advice.

Facing societal challenges

We know financial wellbeing is a key component of a healthy and thriving society. When we talk about financial wellbeing, we mean the feeling of being financially confident, resilient and prepared for the future. 2022 was a critical year in highlighting the importance of financial confidence, resilience and wellbeing, with the cost-of-living crisis, rising inflation and soaring energy bills hitting the UK. Knowing how to grow and protect your finances is complicated and the risk of getting it wrong is high, so advice from a trusted professional can help people make better choices for the future. This is at the heart of what we offer our clients and our communities: the confidence to create the future they want.

In 2022, we aligned our approach to helping improve financial wellbeing in society with the UK Government's Money and Pensions Service (MaPS) strategy. This highlighted the need for increased financial wellbeing across the UK to enable individuals to make more informed financial choices. Our strategy draws together a range of financial wellbeing programmes, from our core advice proposition to workplace sessions, financial education in schools, support for military veterans and our developing propositions for female and LGBT+ investors. In addition to this, our Insights programme of content and communications provide both clients and the public with information to improve financial wellbeing and understand the benefits of taking advice. We believe everyone should have access to information to make their own informed choices and increase their financial literacy, confidence and resilience.

1,081

Number of Chartered Financial Planners within the SJP community in 2022

2021: 1,000

917,000

Clients we helped achieve financial wellbeing for in 2022

2021: 868,000

Working with our clients

- **We reached 1,081 Chartered Financial Planners within our community in 2022 (2021: 1,000)**
- **We have continued to build on the popular podcast series focusing on experts who have experienced vulnerability**
- **We launched a 'Resilience in a Changing World' podcast to help individuals find their way through challenging periods**

We supported the financial wellbeing of our 917,000 clients through our ongoing advice model – enabling them to set, review and achieve not only their financial goals, but the futures they want through sound financial advice. We know that client financial wellbeing is improved when people realise the value of the advice they are receiving: increased financial literacy, increased confidence, increased peace of mind, generated through a tailored solution and progress towards financial returns.

In October 2022, we created a new suite of marketing materials to help our advisers raise awareness among both existing clients and prospects that expert, face-to-face advice can support their wellbeing by helping them feel confident, capable and in control of their finances. The financial wellbeing portal which hosted the new materials was accessed by over 500 advisers and there were 1,000+ downloads of the new materials. We also shared financial-wellbeing-themed articles, videos and infographics via our corporate SJP social media accounts and these posts collectively had over 47,000 impressions and 1,500 engagements.

Our responsible business

Broadening our impact in the community

- **We supported the delivery of financial education to 5,825 young people in 2022 (2021: 12,881 young people)**
- **We gave £216,530 in grants to charities to support financial education activity in 2022 (2021: £57,500)**
- **We supported the launch of the Finance in Society Research Institute with the University of Gloucestershire**

Looking beyond our client and employee communities, we know that greater financial literacy benefits society as a whole, so we're also committed to providing financial education to school children and young adults, and making financial advice more accessible to people from all walks of life.

In 2022, we reached a total of 5,825 young people with our financial education programmes, delivered by our advisers and employees to schools, community groups and in areas of deprivation. We helped 3,968 young people through face-to-face and virtual workshops led by employee and adviser volunteers, and 1,857 by providing resources and funding to schools and charities. Our workshop materials have been through an extensive accreditation process with the charity Young Money, in association with the Money and Pensions Service (MaPS), to maintain their FE Quality Mark. We have also continued to extend our reach and impact by providing grants to, and building relationships with, charities including Young Enterprise, RedSTART, The Money Charity, National Numeracy, the Centre for Financial Capability, Help for Heroes and Forces MoneyPlan.

Building on our existing approach, in 2022, we were delighted to announce a new corporate partnership with national charity Young Money, a subsidiary of Young Enterprise. We have committed to sponsoring 21 school-based centres of excellence over the next three years, working with Young Money to equip schools to deliver a robust financial education curriculum.

Our sponsorship will fund one-on-one advice from an expert education consultant, staff training and access to financial education resources for each school. In addition to this funding, each school will work with an SJP location to understand what additional support might be useful – for example, financial education sessions for students or teachers, work experience opportunities, mentoring, volunteering and more. As we move through the partnership, both SJP employees and members of the Partnership will build relationships with the schools and their pupils by contributing their skills, expertise and time.

Working with our employees

- **We launched our refreshed employee financial wellbeing strategy**

Throughout 2022, we refreshed our support for employees with a new financial education and wellbeing programme launched in November. Collaborating with experts across our business, our financial toolkit helps all our people understand and manage their finances no matter their background. The toolkit includes a series of seminars, videos and podcasts designed to empower informed decisions. Content was created following direct engagement with employees, helping to ensure our support best meets their needs.

£216,530

Grants given to charities to support financial education activity in 2022

2021: £57,500

"Financial wellbeing is about feeling secure and in control. It is knowing that you can pay the bills today, can deal with the unexpected, and are on track for a healthy financial future. In short: confident and empowered."

Defining financial wellbeing – MaPS

Investing responsibly

Leading the conversation on investing responsibly.

With £148.4 billion of funds under management, we are committed to using our scale and influence to lead the conversation on investing responsibly. We do this through fund manager engagement, our commitment to the UN Principles for Responsible Investment, our membership of the Net-Zero Asset Owner Alliance, and our education for clients on how to use money as a force for good.

◆

Our goals

1. Net zero in investments by 2050.
2. Embed responsible investing within our investment processes and use our influence to maximise impact.
3. Have a complete responsible investment proposition and supporting education programme for advisers and clients.

◆

Our net zero targets

2022 saw the start of an unprecedented energy crisis in the UK. This has led to greater recognition from businesses that energy sources need to be diversified, which includes moving towards renewable options.

This year we've continued our journey to becoming net zero in our investment proposition by 2050. In 2021 we set an interim target of achieving a 25% reduction in the carbon emissions of our investment proposition[1] by 2025, compared to 2019. We are delighted to have already exceeded this target, and we will continue to work hard with our external fund managers to make further progress in the years ahead. More details on our progress can be found in our annual Portfolio Carbon Emissions Report: **www.sjp.co.uk/responsible-investing/sjp-carbon-report-2022**.

1 In line with our Net-Zero Asset Owners Alliance commitment, the asset classes in scope for this target are public equity, publicly traded corporate debt and real estate

Our responsible business

Embedding responsible investing within our investment processes

For us, responsible investment is driven by company *engagement. We support positive change in the world* by using our voice, amplified by our size and scale, to make companies work harder and aim higher in their environmental, social and governance (ESG) efforts.

There are three elements to our approach:

1. Engaging with our fund managers

We are clear with our fund managers that they must actively engage with the companies in which they invest our clients' money. They must also integrate ESG factors into their investment decision-making process, to minimise risk and maximise opportunity.

2. Our fund managers' engagements with companies

We don't prescribe how each fund manager should meet the baseline standards mentioned above, but we do require regular reporting. We expect our managers to set well-informed and precise objectives with their underlying companies. We'll share examples of these company engagements through a regular stream of case studies for our clients, available in 2023.

3. Our strategic partner Robeco's engagement with companies

Robeco are engagement specialists, helping us maximise *our influence in this important area by engaging with* companies on around 20 carefully selected themes, such as biodiversity, digital innovation in healthcare, and responsible executive remuneration. Throughout 2022, we continued our quarterly client reporting on Robeco's activity, published on our website. For example the Q4 2022 report can be found at **www.sjp.co.uk/sites/sjp-corp/files/SJP/product-and-services/investments/responsible-investing/our-approach/Robeco_Report_2022_Q4.pdf**.

Find out more about our engagement approach in the Stewardship and Engagement Report 2021 available on our website at **www.sjp.co.uk/products-and-services/investment/responsible-investing**. Published in the second quarter of 2022, the report earned us the right to become a signatory to the Financial Reporting Council's UK Stewardship Code, which sets high stewardship standards.

Becoming a signatory of the Code recognises our significant efforts in this space. As successful applicants, we join 235 other signatories of the UK Stewardship Code and will be required to report on an annual basis to remain a member.

"A single client doesn't have the time or access to influence company board agendas, direction, or objectives – but when we unite our clients, our fund managers, and their collective assets, companies listen. Our influence becomes difficult to ignore."

Petra Lee, Responsible Investment Consultant at SJP

Not an investment strategy, but *the* investment strategy

Companies are increasingly measured not only by their monetary value, but also by the impact they have on the world. Correspondingly, the changing world has an impact on how these companies operate and perform. Our fund managers understand this evolving landscape, so they invest in the companies they believe will stand the test of time and deliver returns over the long term.

It's our belief that if you're focused on performance, investing responsibly isn't an investment strategy, it's *the* investment strategy. Our external engagement partner Robeco helps us understand how companies approach ESG factors which feeds into how we identify future investment risks and opportunities.

Plans for 2023

We'll continue to collaborate with our stakeholders and the industry to create a client-led, intuitive approach to responsible investing. It's important that we keep pace with our peers and our regulators and use our size and scale to drive meaningful change.

Internally, we will look to develop investment solutions suited to the growing number in our target market who would like to put sustainability at the forefront of their investment strategy. Having identified our top 20 carbon-emitting holdings, we'll work with our external engagement partner Robeco to engage more deeply with them in 2023 and beyond.

◆

Adapting to changing regulation

Through the course of 2022, we kept a vigilant eye on the evolving regulatory environment in which we operate. We influenced industry participants to drive client-friendly terminology in a developing but jargon-heavy arena. This included working closely with the collaborative industry body TISA. We also took the following steps:

- We are developing factsheets containing ESG disclosures to help our clients understand where their money is invested and how sustainability is being considered. These factsheets will be released in 2023.
- We created and ran a climate investment education programme in collaboration with Imperial College and investment manager Ninety One, helping our investment analysts become even more aware of how to incorporate climate change into their everyday monitoring.
- We produced an e-learning module to educate our advisers and employees about the importance of responsible investing and how we integrate it in our proposition.

◆

"We recognise we are on a journey and will continue to develop our responsible investment approach, but validation of our process and becoming a signatory to the UK Stewardship Code certainly demonstrates how we are on the right track."

Sam Turner, Head of Responsible Investment & Proposition Strategy

Our responsible business

Climate change

Taking action on climate change.

Some of the issues facing our world today can feel overwhelming, but solving them involves everyone playing their part.

We are committed to doing what we can to tackle climate change through our operations, supply chain and investment management approach. Our approach to reaching net zero includes educating our community on climate change, embedding environmental considerations into decision-making and conserving resources – to not only reduce our impact, but have a positive one.

◆

Our commitment to addressing climate change

We aim to contribute to building a sustainable future by actively tackling climate change through the way we do business. We have a responsibility to our clients, society and the planet and we are committed to being a proactive force in the transition to a lower carbon economy. We also recognise the commercial business case of leading this change.

2022 presented yet more evidence that climate change is causing significant global impacts even at the current level of global warming, from record-breaking temperatures in the UK to life-altering floods in Pakistan. Taking action on climate change is one of the four strategic priorities in our Framework, as we know it presents significant financial and non-financial risks to our sector and communities. As our purpose is to give stakeholders the confidence to create the future they want, we must operate in a way that is responsible, future-focused and long term. We set out our approach to climate change here: **www.sjp.co.uk/about-us/responsible-business.**

◆

We are advocates of transparency

Effective and transparent reporting promotes accountability. We therefore welcome and endorse the recommendations of the Financial Stability Board and support the increased regulatory focus on disclosing climate-related risks and opportunities from the Bank of England and the Financial Conduct Authority. These disclosures demonstrate how we assess the impacts of climate change on our business and promotes a more informed understanding of climate-related risks and opportunities in our whole community.

We are reporting against the Task Force on Climate-Related Financial Disclosures (TCFD) framework for the third time this year, building on our reporting from the past two years. Given its size and scale, our comprehensive 2022 TCFD Report including all 11 TCFD disclosures can be found separately here: **www.sjp.co.uk/TCFD2022**. To aid readers of the Annual Report and Accounts, we provide a summary of the key plc disclosures from the report (overleaf), together with an overview of our approach to addressing climate change.

Summary of the Task Force on Climate-related Financial Disclosures

Theme	Description	Pages in the 2022 TCFD report	TCFD recommended disclosure	2022	Our disclosure in our 2022 TCFD report
Governance	Disclose the organisation's governance around climate-related risks and opportunities.	10-16	a) Describe the Board's oversight of climate-related risks and opportunities.	◆	We have provided an overview of how we govern climate-related risks and opportunities, our accountable leaders and our performance against new and former commitments.
			b) Describe management's role in assessing and managing climate-related risks and opportunities.	◆	
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	17-32	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	◆	We have provided a summary of where we are today, our memberships, our carbon audit and the levers we are applying to achieve net zero, plus our scenario analysis.
			b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	◧	
			c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a +2°C or lower scenario	◧	
Risk management	Disclose how the organisation identifies, assesses, and manages climate-related risks.	33-45	a) Describe the organisation's processes for identifying and assessing climate-related risks.	◧	We have described our climate-related risks and opportunities, the timeframe over which they manifest and their significance to our business, along with an overview on how we integrate this into our risk management process. We plan to enhance our understanding of technology-related climate risks during 2023.
			b) Describe the organisation's processes for managing climate-related risks.	◧	
			c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	◧	
Metrics and targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	45-52	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	◆	We have provided our organisational metrics, our progress against targets and the impact of our investment proposition on our exposure to carbon-intensive companies.
			b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks .	◆	
			c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	◆	

◆ Recommendations we have been able to fully disclose against

◧ Recommendations we have made significant progress against, and plan to enhance our disclosure further

Our responsible business

Our goals

During 2022 we continued to make progress on our environmental approach. We have maintained our operational carbon neutrality through offsetting.

1. Climate positive[1] in our operations by 2025

All SJP sole occupied offices use 100% electricity from renewable resources.

83% of our Company fleet are now electric or hybrid and 100% of our new orders are electric therefore we will, eventually, have a fully green fleet as we continue to make electric cars the best choice for our travelling employees.

2. Net zero in our supply chain by 2035

We undertook a supply chain review and engaged with a percentage of our suppliers on their climate targets and ambitions.

We shared best practice and case studies, helping them learn from one another.

We helped them understand their carbon footprint and set their own net zero targets.

3. Net zero in our Partnership by 2035

We are providing the Partnership with emissions calculator recommendations to help them identify, track and offset their carbon emissions.

We track, review and celebrate climate action commitments in the Partnership.

We are running workshops on best practice and developing toolkits for 2023.

We'll offset any residual emissions after 2035.

4. Net zero in our investments by 2050

As an interim target, in 2021 we committed to a 25% reduction in the carbon footprint of client investments by 2025.

We are delighted to have already exceeded this target. We will continue to work hard with our fund managers to make further progress in the years ahead, underscoring our desire to create financial wellbeing in a world worth living in.

Our governance

Accountability for managing climate-related risks and opportunities is led by the Board, which decides the strategic direction of our environmental strategy. The Executive Board then facilitates the execution of the activities, and these are supported by the Responsible Business Advisory Group, Climate Change Working Group, the Group Risk Committee, the Group Audit Committee, the Investment Executive Committee and our sustainable investment regulation programmes. Within this list, the main committees overseeing activities are our Responsible Business Advisory Group and Climate Change Working Group, with ultimate responsibility resting with our Chief Executive Officer, Andrew Croft. The Responsible Business Advisory Group and Climate Change Working Group meet regularly to co-ordinate Group carbon reduction plans, review environmental performance and agree mandatory and voluntary environmental reporting and disclosure.

Implementation of a carbon conservation measure (CCM) tracking tool

In April 2022 our corporate real estate (CRE) team launched a CCM tracking tool to complete a full survey of energy usage across SJP's office estate. This allows us to better understand existing set-ups, make recommendations for optimisation and identify opportunities for carbon reduction in support of corporate targets.

The survey identified 270 opportunities; 161 of these were through building management system (BMS) optimisation and the remaining were capital works. The BMS works were implemented immediately and ranged from setting restrictions on air-conditioning controllers to improving settings and adapting demand triggers. Further improvements include working to update all meters we manage to smart meters, and linking these to analytical software, to allow us to measure savings, identify efficiencies, and capture regular consumption data. We can also compare this data across different buildings and use it to support financial decisions regarding capital works. Our optimisation programme was completed in September 2022, and alongside other improvements and efficiencies already implemented should deliver projected carbon savings across the estate of around 395 tCO_2e annually.

With the CCM tracking tool we now have the ability to identify carbon reduction opportunities across the estate and make informed decisions on how to react to these, which in turn means we will more effectively meet environmental and sustainability timelines and targets.

1 By being climate positive we will remove more carbon emissions than from the environment than we contribute.

Our approach to tackling climate change

Following the agreement of our net zero targets in 2021, we have continued to make progress by focusing on education, reduction, conservation and embedding climate-positive actions across all our operations. In 2022, we took the following actions:

Educate our community on climate change

- educated senior leaders, Board members and our employee base on climate risk and our progress
- continued to capture the benefits of decreased business travel and use of accommodation through reviewing our policies on travel and face-to-face meetings, and empowering employees to make the low-carbon choice the norm

Reduce our footprint and become net zero

- 100% of electricity supplied to our sole occupied offices is from renewable resources
- maintained our operational carbon neutrality through offsetting
- 83% of our Company cars are now electric or hybrid, with twice as many electric charging points offered than in prior years

Educate
our community
on climate
change

Make it instinctive
If addressing climate change
is integrated into our people processes
and practices, it will become a
necessity to operating.

Embed
climate into
our decisions

Reduce
our footprint
and become
net zero

Conserve
our resources

Embed climate into our decisions

- took opportunities to continue right-sizing our real estate portfolio to ensure we do not carry unused office space
- when relocating to new office space, sought to occupy buildings with high environmental credentials
- built our CCM tracking tool to survey energy usage across our corporate estate and acted on areas highlighted for optimisation

Conserve our resources

- encouraged 59,929 clients to go paperless in 2022 In total, we now have 246,745 clients signed up to paperless reporting
- led our corporate brand refresh with a 'no waste' philosophy

Our responsible business

Our climate risk management

We choose to assess and manage both direct and indirect climate-related risks and opportunities, so that we fully understand how climate change impacts our business, strategy and financial planning. Full details of our risk management approach are available in the risk and risk management section of this Annual Report and Accounts, on pages 90 to 99.

Our climate change metrics and targets

We collect and report our environmental data from October to September each year. The tables below summarise our targets and progress, expressed in terms of both absolute and normalised carbon dioxide equivalent (CO_2e) emissions for our core business activities in recent years. Core business activities are defined as those within 'operational control'. Our emissions are calculated in line with the Greenhouse Gas Protocol using the 2021 emission factors provided by the Department for Environment, Food & Rural Affairs (DEFRA). The emissions were calculated by our external sustainability partner, BeZero.

1. Targets

We are committed to doing our part to cap global warming at 1.5 degrees Celsius by 2050 and are exploring science-based targets in each area of our business. On the journey to limiting global warming to 1.5 degrees Celsius by 2050 we have set the following interim targets for 2025:

Absolute emissions targets

ID	Scope	Description	% of emissions in scope	% decrease from base year	Base year	Base year emissions	Target year
Abs1	1	Gas and owned vehicles	100%	50%	2018	835	2025
Abs2	2 (Market-based)	Electricity	100%	100%	2018	167	2025
Abs3	3	Business travel, waste, and well-to-tank (WTT)	100%	50%	2018	10,380	2025

2. Progress

Absolute emissions progress

ID	Scope	Actual emissions in year (tonnes CO_2e)	% of target achieved	Comment
Abs1	1	649	45%	Since 2019 we have opened 3 new larger offices: Lombard Street, Knightsbridge and Aztec West. These increased both scope 1 and 2 consumption, but particularly gas usage. We have since introduced a carbon conservation measures (CCM) tracking tool that identifies efficiencies and opportunities to reduce our carbon output. This has proved effective, demonstrated by a marked reduction in both gas and electricity consumption over the last year. We have also updated our location meters (where we manage them), introduced utility analytical software and are working more closely with our utility brokers to ensure data accuracy and to identify trends, benchmark consumption across locations and reduce inefficiency.
Abs2	2 (Market-based)	198	-18%	In 2022, we continued to purchase 100% renewable electricity for our UK operations, reflecting best practice and driving demand in the renewable energy market.
Abs3	3	3,828	126%	As we came out of the COVID-19 pandemic in 2022, there has been an increase in scope 3 emissions compared to prior year but has remained well below the baseline year.

3. Gross emissions

As a large, quoted company incorporated in the UK, we are required to report our global and UK energy use and carbon emissions in accordance with the Companies (Directors' report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The data presented below represent emissions and energy use for which St. James's Place plc is responsible. To calculate our emissions, we have used the requirements of the Greenhouse Gas Protocol Corporate Standard along with the UK Government GHG conversion factors for company reporting 2021 The results below represent 100% of our activity using the operational control approach. Any estimates included in our totals are derived from actual data which have been extrapolated to cover the full reporting period.

				2018		2021		**2022**	
Scope		Description	Unit	UK	Global (excl. UK)	UK	Global (excl. UK)	**UK**	**Global (excl. UK)**
1		Emissions from gas, refrigerants and owned vehicles	tCO_2e	835	–	934	–	649	–
2	Location-based	Electricity emissions using geographical location	tCO_2e	1,836	168	1,629	102	1,335	198
	Market-based	Electricity emissions using purchased electricity factor	tCO_2e	–	168	–	102	–	198
3		Business travel in private cars	tCO_2e	1,208	–	158	–	277	–
1, 2 & 3	Location-based	Total emissions	tCO_2e	3,879	168	2,721	102	2261	198
	Market-based			2043	168	1,092	102	926	198
		Direct and indirect energy consumption	kWh	10,451,833	263,607	12,633,648	164,045	10,367,808	301,819
1, 2 & 3	Location-based	Normalised emissions to kWh	tCO_2e/ kWh	0.0003	0.0006	0.0002	0.0006	0.0002	0.0007
	Market-based			0.0001	0.0006	0.0001	0.0006	0.0001	0.0007
3		Other business travel, waste, hotel stays, WTT and T&D	tCO_2e		10,380		1,337		3,828
3		Property Trust	tCO_2e		11,469		7,872		6,221
Total (market-based)			tCO_2e		22,851		10,245		**10,896**

We account for 100% of our operational activity using the Operational Control Approach. There are no exclusions.

Normalised emissions

Scope	Normalised emissions in prior year (tonnes CO_2e per '000 sq ft)	Normalised emissions in year (tonnes CO_2e per '000 sq ft)	Comment
1	1.74	1.23	Despite new hybrid working conditions put in place post the COVID-19 pandemic, encouraging employees to return to offices, the emission intensities for scopes 1 and 2 have continued to decrease. However, a rise in business travel has resulted in increased business miles resulting in a rise in scope 3 intensity.
2 (Market-based)	0.19	0.37	
3	1.17	7.25	

◆

Our approach to offsetting

As part of our approach, we offset carbon emissions that we can't reduce through our current initiatives. However, purchasing carbon credits alone is not a long-term strategy for tackling climate change, and we continue to work hard to reduce emissions throughout our operations, supply chain, Partnership and investments. We work with a reputable carbon offsetting company, Coco+, to reduce the impact of carbon emissions produced by SJP, investing in projects that benefit both people and planet. This year we offset 8,000 tCO_2e across a mix of geographic locations by funding projects which supported clean cooking, renewable energy and forest conservation. All offsetting projects are aligned with the Verified Carbon Standard (VCS) and we chose projects that supported not only the main UN Sustainable Development Goals we align with, but as many of the 17 as possible through the projects available to us.

◆

Community impact

Transformative community impact, giving back to support local communities and regeneration.

Giving back is in our DNA; from our founding days we have looked beyond ourselves to make a difference to those less fortunate. We are committed to driving positive community impact, building social capital within communities, and connecting the dots between the charities we support and the social initiatives we run, by offering *place-based and skills-based outreach.*

Our goals

1. Generate community impact through Partner and employee engagement.
2. Invest in local communities.
3. Improve the financial literacy of young people.

£8.0m

Total invested in communities

2021: £6.2 million

£537,055

The value of the time our employees gave during working hours

2021: £599,356

90%

Percentage of Group employees involved in supporting our communities and good causes

2021: 94%

Our community impact approach

In 2021, we made community impact a strategic priority of our Framework to reflect its importance to us and to strengthen our commitment to support local communities and regeneration. In 2022, we continued to develop our approach through establishing clear goals and measures.

We want to create lasting value in everything we do, and act to make a difference to those less fortunate through our community work, financial education programmes and the support of the St. James's Place Charitable Foundation. We believe economic independence is an enabler of choice, giving people the confidence, knowledge and opportunity to make better decisions that positively affect their future. Our community work is therefore focused on supporting social mobility and inclusion because we believe that people cannot make informed decisions if they are experiencing exclusion.

An example of this in action is our work with Young Gloucestershire, a county-wide charity supporting the physical and mental wellbeing of young people, giving them the confidence, motivation and skills to improve their lives and cope with challenges.

◆

Young Gloucestershire – our holistic support

Alongside the St. James's Place Charitable Foundation, SJP have been working with Young Gloucestershire, a charity which supports the needs of disadvantaged young people in the county. Our holistic support has enabled them to grow, develop and has changed the lives of many young people for the better. The SJP community volunteer their skills and time – providing financial education, making up food parcels and acting as Trustees – and we have utilised the apprentice levy to support their staff training.

"Young Gloucestershire really values the partnership with SJP: it is so much more than a funder-recipient relationship. The opportunity for the ongoing development of our staff through the apprenticeship offer, the engagement of SJP staff in volunteering to be a trustee and the offer of programmes to our young people, alongside ongoing discussions and debates with the Foundation team, have really added value to Young Gloucestershire and we are very grateful for this ongoing support."

Tracy Clark, CEO Young Gloucestershire

◆

2%

Community investment

Percentage of profit before tax attributable to shareholders' returns invested in supporting our communities and good causes

2021: 2%

11,012

The total number of hours our employees gave during working hours in support of community engagement activities

2021: 12,395 hours

Our responsible business

Duke of Edinburgh (DofE) Award

In 2022 we continued our strategic partnership with DofE to support social mobility in the UK. Funding of £450,000 was given to support the DofE's strategic aims of working with disadvantaged young people – over 85,000 to date. Both our organisations are dedicated to helping people define their own futures, and through the DofE young people can raise their aspirations and confidence, and meet their personal goals. This strategic partnership helped in promoting careers insight and work opportunities to DofE participants. In 2022, we continued to support hosting of virtual work experience events, involving young people, thereby supporting access to the industry.

Image provided by The Duke of Edinburgh's Award (DofE)

Volunteering as a mark of our culture

As a business we encourage all employees to volunteer for at least two days a year in work time, in addition to participating in a team challenge. This year we were able to get back to hands-on volunteering following the easing of COVID-19 restrictions, and 25% of employees volunteered for one day or more. We also encourage and recognise employees who volunteer in their own time, with 44 £300 grants given to the charities they supported, for example, Rising Stars football club which provides sport and recreational activities for over 200 people annually aged 5-16 whilst also supporting families and the local community by hosting family fun days, as well as providing individuals from troubled households with a safe environment to partake in sport. Our people supported a wide variety of causes during work time, including:

- blood donations
- marshalling at Her Majesty's funeral
- delivering magic workshops at a youth zone in Manchester
- NHS Responders
- helping to set up at the Phoenix Festival
- helping prepare goods for sale at a hospice charity shop
- helping to load lorries for emergency relief in Ukraine

Our community also came together to support humanitarian crises through volunteering and donations. For example, £1.4 million was raised by the community to support the humanitarian effort in Ukraine, and in addition individuals and SJP locations organised collections of goods to be transported to Ukrainian refugees, which continued through the year. The Pakistan floods also rallied our community and in addition to raising £100,000, members of the community went out to Pakistan to lend their support.

We know that volunteering has a much broader impact than just supporting beneficiaries. In our annual impact survey, of the 358 employee volunteers who responded 43% report that volunteering improved at least one aspect of wellbeing, 70% developed a skill that helped either their personal or professional development and 47% said it increased their pride in St. James's Place.

778

The total number of employees who volunteered in work time

2021: 746

Support through the St. James's Place Charitable Foundation

A grant-making charity supported by the community of St. James's Place.

The St. James's Place Charitable Foundation (the Charitable Foundation) is an independent registered charity established by the founders of St. James's Place in 1992 to enable our community to give back to those less fortunate in the communities in which the SJP community work and live. The Charitable Foundation has grown alongside the St. James's Place Group and, according to the Giving Trends report 2021 from the Association of Charitable Foundations, is now the third largest corporate foundation in the UK. It provides support to small and medium-sized charities across the UK and overseas through a range of grant programmes and has supported in excess of 4,000 charities since it began. The Charitable Foundation focuses its grant-making in the following key areas:

- children and young people who are disadvantaged or have a disability
- hospices
- cancer support
- mental health
- veterans

The community of St. James's Place is generous in its support of the Charitable Foundation, through a variety of fundraising activities undertaken across the year. A key activity is monthly giving, and 82% of employees and Partners give monthly gifts, which in 2022 together represented 32% of the annual income raised. All monies raised for the Charitable Foundation are then matched by St. James's Place plc. 2022 was a busy year of fundraising by the SJP community: from golf days to cake bakes, and from taking on physical challenges such as marathons, cycle rides and treks to giving generously to the crises in the world such as Ukraine and the Pakistan flooding. An amazing £10.5 million was raised in the year through these fundraising activities and Company matching. A total of £10.1 million was then given out to 853 charities. The Charitable Foundation continues to provide a key cultural connection for all of us across the Group.

£120.6m

Total amount raised for good causes since inception in 1992

2021: £110.1 million

£10.1m

Amount given out to charities in 2022

2021: £6.2 million

853

Number of individual charities supported in 2022

2021: 578

82%

Percentage of UK Partners and employees who donate through a monthly covenant

2021: 85%

Our responsible business

£10.5m

Amount raised in 2022

2021: £8.0 million

Focusing on strong outcomes through grant-making and sustainability

In 2022, the Charitable Foundation continued to focus on small to medium-sized charities, enabling them to deliver essential services at a grassroots level, helping them to transition back to usual provision following the impact of the COVID-19 pandemic, and as the year unfolded helping them to cope with the rising challenges of the cost-of-living crisis affecting both their beneficiaries and their own running costs. Continuing to evaluate transformational impact on the charities supported, they have also continued to add value to grantees; the 2022 Impact survey highlighted strong impact from the grant-making, with 64% of beneficiaries supported by the charities funded reporting they had experienced substantive or transformational change.

64%

Beneficiaries report a substantive or transformational impact on their life

2021: 66%

Thank you

The Charitable Foundation is grateful for the continued and generous support of the St. James's Place community both in the UK and Asia, and the St. James's Place Group, who year on year provide outstanding support in donations, fundraising and volunteering time. The ongoing enthusiasm, creativity and willingness to give back is inspiring and is an agent for positive change in our communities both in the UK and overseas.

Through our grant-making and wider support mechanisms, we will continue to:

- be responsive to both local and global crises where we can effectively and safely direct funding;
- build on our partnership funding model with key supported charities;
- connect skills, knowledge and expertise to enable transformational change; and
- inspire the St. James's Place community to continue their generous support to the Charitable Foundation, so that together we can and will make a positive and lasting difference to people's lives.

"WellChild has enjoyed a long and successful partnership with SJP and the Charitable Foundation. From creating a lasting legacy of support in helping to establish WellChild nurses, to the ongoing support of our Helping Hands garden transformation programme."

Matt James, WellChild CEO

Note. The Charitable Foundation is not controlled by the St. James's Place Group, so the financial performance and position of the Charitable Foundation are not consolidated in the Group Financial Statements presented on pages 188 to 254

Strategic enablers

Our people

The following section reports against our material people themes. We are in the early stages of reporting against our Responsible Business Framework, so some of the sections that follow have more detail than others.

◆

Here we cover our approach to:

Responsible relationships

Inclusion and diversity

Policy influence

Client satisfaction and retention

◆

Responsible relationships

We invest in long-term relationships and know the importance of giving people the optimum environment to be the best version of themselves so we can create success together. This section details the support we gave our people in 2022.

Learning and development

Providing world-class learning experiences has continued to differentiate us throughout 2022. We've created an innovative, evidence-based training curriculum that delivers content through virtual, digital and classroom channels.

We are committed to leveraging technology to enhance learner engagement while simplifying access. Having launched the SJP House app to our Academy in 2021, the focus in 2022 was to integrate this with our existing system, Salesforce, enabling a richer experience. This integration provides real-world data to assess the true impact of learning, as well as providing a vast variety of learning content through bitesize videos, podcasts, workshops, accreditations and ease of access to continuing professional development material. The SJP House app will be available to employees in 2023 and will drive a learner-led culture and foster the development mindset of continuous improvement.

Virtual Reality (VR) role-play experience continues to play an important part in our offering. We have expanded the offering with experiences that explore both vulnerability and inclusion and diversity, as well as providing more in-depth feedback. Our focus for 2023 will be to expand our VR and Augmented Reality (AR) offering to the wider Partnership, as well as employees.

Delivering an industry-leading qualification through our Academy programme

Our Academy programme for 2022 continued to embed the new programme redesign, providing flexible access to tailored learning solutions through cutting-edge technology. Our technology-enabled approach has been designed to engage and challenge while providing extensive support from real-world industry leaders and mentors along the way.

Our responsible business

Employee engagement

Understanding our employees' sentiment is crucial in helping us build a thriving business and inclusive culture. In April 2022, we ran a short pulse survey which focused on wellbeing and rewards and benefits. We received strong engagement and good feedback from the survey and it was clear that employees both understood and were satisfied with their benefits package. We have subsequently identified areas where some employees would like more support and this feedback is informing our approach in 2023 and beyond. We ran our biennial Group-wide employee survey in September 2022, which asked questions across a wide range of subjects. The results compared to our September 2021 pulse survey results as follows:

- 'I feel proud to work for this company' – 87% (2021: 85%)
- 'I would recommend this company as a great place to work' – 84% (2021: 81%)
- 'I intend to still be working for this company in 12 months' time' – 82% (2021: 81%)
- 'My work gives me a sense of personal achievement' – 81% (2021: 81%)

Our engagement results are encouraging after a challenging 2021. We will continue to monitor employee sentiment through our 'continuous listening' approach in 2023 which will include two pulse surveys to check in 'little and often' with employees on subjects important to us all.

To further strengthen the sense of connection amongst employees we continue to focus on embedding our culture, a sense of belonging, and inclusion at SJP. In 2022, we developed materials for our 'cultural conversations' to support leaders hosting informal team sessions to encourage employees to share experiences which can further promote our culture and sense of connection.

During 2022, 77% of employees also took part in Impact, our recognition scheme launched in October 2021. The scheme enables employees to send e-cards or vouchers to colleagues to acknowledge their positive impact, and in October 2022 we held our first employee Impact Awards event to recognise those who are outstanding role models for our values and behaviours.

77%

Of employees also took part in Impact, our recognition scheme launched in October 2021

Employee wellbeing

Employee wellbeing remains a key focus for ensuring responsible and successful relationships and it was an area highlighted by our workforce engagement representatives early in 2022 via our April pulse survey. We repeated some of the pulse survey questions in September's biennial survey and were pleased to find a positive shift in sentiment. However, we recognise there is more to do to promote work-life balance and improve in this important area.

We provide a range of initiatives to support and promote wellbeing and a healthy work-life balance. These include an early intervention and occupational health service, Bupa private health insurance, an employee assistance programme, mental health first aiders, Babylon GP services and the services of two external doctors as well as holistic wellbeing practitioners. Reassuringly, 88% of our employees reported in our September biennial survey that they can easily access the wide range of wellbeing support we have available when they need it. Although this is very encouraging, we still believe there is more to be done to ensure consistency of the information available and approach taken. Our future focus is to develop a proactive wellbeing strategy where employees feel supported and valued.

Reward and benefits

Reward and benefits are a core part of our employee value proposition, ensuring we remain market-competitive so we can attract and retain the talent we need to perform at our best. We evaluate roles and build calibration and moderation into our key reward processes to ensure fair, consistent outcomes and to protect against gender pay bias. During 2022 we committed to reporting our ethnicity pay gap as well as maintaining our Living Wage Employer status for all our employees across the Group.

In 2022 we focused on how we could support employees through the cost-of-living crisis, which included a one-off payment to employees earning below £32,500 to assist with bills. We also developed a set of seminars and videos to provide guidance to all employees on managing their finances and accessing our broad range of benefits.

To further strengthen our focus on performance we introduced performance-related balanced scorecard measures to our employee bonus plans based on our Company objectives. The measures replace embedded value as a metric and include the controllable expense outcome, net inflows target and the underlying cash result. The resulting direct correlation of the company's performance with each employee's bonus has encouraged awareness and interest in the financial and economic factors that affect the company's performance. This has been complemented with regular update videos from the CEO and Executive team sharing insight on the external environment and progress. Despite difficult economic conditions we maintained 74% employee participation in our all-employee SIP and SAYE share schemes during our annual sign-up period in March 2022. Share participation creates a strong sense of ownership and interest in the performance of the business and enables all employees to share in the growth of the business.

Inclusion and diversity (I&D)

We want to create an inclusive environment where diverse perspectives are valued and our people can be their true selves. This helps us to build connections with all our clients, attract talented people to work with us and deliver the best products, services and experiences.

Our approach to I&D is focused on attracting, retaining and developing diverse talent and fostering an inclusive environment where everyone can thrive. Progress is overseen by the Inclusion and Diversity Steering Group, chaired by CEO Andrew Croft, with support from the Nomination and Governance Committee and our Board. During 2022, all Executive Board members continued to take an active role in promoting I&D, through sponsorship, mentoring and reverse mentoring and signing up to individual plans and targets.

Public commitments

We remain committed to our public diversity goals which we announced in 2018, and although progress in our industry can be variable in speed, every incremental change is an important step in the right direction. Female representation on the Board is 30% (but will rise to 37.5% following our AGM in May 2023), and in senior roles within our core employee base is 28.1%. Our minority ethnic representation is 6.3%, based on 71.3% of our core employee base who voluntarily provided ethnicity data.

A focus on training

In 2022, we launched an I&D toolkit based on four core principles: being representative, accessible, inclusive and avoiding bias. The toolkit was shared across our employee base and our Partnership with live workshops and self-serve content on how to apply the principles to decision-making, projects, recruitment, communications and much more. The principles provide consistency of approach across the organisation and help our people to embrace I&D across all they do.

As at 31 December 2022 we employed 2,770 people across the world, including 2,517 in the UK (31 December 2021: 2,673 people across the world, including 2,419 in the UK) and the breakdown of our workforce by gender is shown below.

Board Directors

Executive Board, Company Secretary and their direct reports

Managers and decision-makers

Total employees

1 Employees may appear in more than one of the graphs presented above.

2 'Managers and decision-makers' are defined as employees who have responsibility for planning, directing or controlling activities of the company, or a strategically significant part of the company.

3 The Executive Board, Company Secretary and their direct reports excludes administrative and executive support staff such as personal assistants and executive assistants.

4 Gender information is an evolving area of reporting and there are a variety of different frameworks requiring disclosures under different definitions and calculation methodologies As a result, not all of our gender statistics will align to each other.

Our responsible business

Attracting diverse talent

We continue to focus on how to attract diverse talent to the financial services industry and to our business, and we believe there is much to do to strengthen the external pipeline of talent and attract a greater range of people to work in our sector. At SJP we continue to use gender-coding software for our job adverts and aim for gender-balanced shortlists and interview panels. We undertook research on *the demographic makeup of employees at our locations to* understand how we can attract more diverse talent across the UK. We also launched a diversity data capture exercise in our Academy, so we are able to better track diversity amongst our newest advisers and Partners. Like many businesses, we are beginning to prepare for Ethnicity Pay Gap reporting and have recently held focus groups with some of our internal stakeholders to continue to identify barriers and opportunities for progress.

For our early careers populations, we have continued to partner with organisations and charities to help encourage diverse young talent into our business – some into short-term work experience/internship opportunities, others into full-time roles through apprenticeship and graduate schemes. These include working with charities such as 10,000 Black Interns, and Patchwork for applicants with disabilities. We ran our 'Futures in Finance' initiative for the second time in 2022, giving students a non-traditional entry point into the industry in an effort to remove sociocultural barriers. It is non-negotiable that we give full and fair consideration to all applicants who approach SJP, having regard to an individual's aptitudes and abilities. When needed, we will consider modifications to the working environment so employees with disabilities can take up opportunities or enhance their role, and we aim to assist employees who become ill or disabled, for example, by arranging appropriate support and training.

As part of this, we have increased our focus on disability and accessibility, continuing to partner with the Business Disability Forum and reviewing various aspects of our offering through an accessibility lens, including an upcoming workplace adjustments policy.

We have also continued to grow the development of our internal talent pipeline. Building on our success with mentoring, (which is available to all SJP employees), we completed our fifth year with the 30% Club, offering 30 mentors and matching 30 female mentees with mentors from a cross section of industries and sectors. 2022 was also the second year of our in-house mentoring programme for talented women in the pipeline for senior roles. The programme supports 50+ women with mentoring by senior leaders as well as access to masterclasses and psychometric profiling.

Earlier in 2022, we worked with the Aleto Foundation to sponsor a three-day minority ethnic leadership programme. The programme provided both Aleto alumni and SJP employees with skills workshops and an innovation challenge, the results of which were presented to a panel of SJP senior leaders including CEO Andrew Croft. In addition, participants also benefited from nine months of virtual mentoring with senior mentors from both SJP and Aleto. We believe programmes like this have the power to accelerate the drive for greater diversity in our sector, and this is why we have committed to sponsoring the EY Foundation's Sustainable Futures programme to begin in spring 2023.

Here we break down the data collection results with overall population percentages, followed by a more in-depth breakdown for race and ethnicity as gender is covered on the previous page.

Gender

Female **52.4%**
Male **46.3%**
Non-binary **0.2%**
Other **0.0%**
Prefer not to say (PNS) **1.1%**

Ethnicity

White **92.6%**
Asian **3.9%**
Mixed **1.6%**
Black **0.7%**
Other **0.1%**
PNS **1.1%**

Sexual orientation

Heterosexual **92.8%**
Bisexual **2.1%**
Gay/lesbian **1.4%**
Other **0.2%**
PNS **3.5%**

Disability

Without a disability **85.1%**
With a disability **12.4%**
PNS **2.6%**

Race and ethnicity

Executive management[1]	All other employees
92.2%	**92.7%**
White	**White**
2021: 93.6%	2021: 92.3%
6.1%	**6.3%**
Asian, Black, Mixed, Other	**Asian, Black, Mixed, Other**
2021: 4.8%	2021: 6.5%
1.7%	**1.0%**
Prefer not to say	**Prefer not to say**
2021: 1.6%	2021: 1.2%

1 We have defined executive management as a combination of Board Directors and 'managers and decision-makers' as in the gender split graphs on the previous page

As a commitment to becoming a leading responsible business in the UK, we will be reporting on our ethnicity pay gap in 2023

I&D engagement

Our thriving community of networks and groups are safe and collaborative spaces for members to share resources, experiences, allyship and support, in addition to providing input and feedback on strategy and policy change. The groups collaborate on events and initiatives and span the following areas:

- LGBT+ including the SJPride network
- race and ethnicity, including the Embrace network
- gender, including Unity, the professional women's network, with over ten network chapters internationally
- disability and neurodiversity, a group with a growing membership
- parents, network established during the pandemic for increased connection and support
- smaller groups sharing interests such as military veterans, age, the menopause, wellbeing, religion and faith and socio-economic background.

In 2022, we reviewed our networks and groups, working with external consultant Lumorous. The review helped us to develop and formalise governance, budget and best-practice support to help them grow and engage more fully in the areas of governance, impact and engagement. We continued to recognise and celebrate a full calendar of I&D events throughout 2022, including Mental Health Awareness Week, International Women's Day, International Men's Day and Black History Month. These are intended not only to raise awareness of a particular subject but to also provide the opportunity for open discussion and learning in a safe environment.

Our strong desire to continue to learn and grow is underpinned by our Partnerships with external organisations who offer guidance, best-practice sharing, research and resources. These include: The Diversity Project, LGBT Great, Stonewall, the Valuable 500, the Aleto Foundation, Progress Together, the Business Disability Forum and Disability Confident. In 2022, we contributed to The Diversity Project's new Progress and Goals disclosure tool to help expand visibility around the demographic makeup of our industry and contribute to a summary of actions being undertaken to diversify this for the future.

Policy influence

We aim to leverage our scale, influence and expertise to position SJP as a trusted partner with policy stakeholders and help shape policy to enable strategic commercial objectives and societal good. Giving SJP a voice on the issues that matter to us and to society will mitigate emerging risks, help us shape the policy agenda, and better enable us to drive change for society in line with our founding principle of 'giving back'.

Raising our voice to influence public policy means using our scale and influence to help shape the future of our industry for the better and have a positive impact on the communities we live and work in.

We continue to actively engage with our regulators, government, parliament, and other policy stakeholders where relevant, on issues where we have expertise and an interest. We are determined to be a prominent voice in society to promote the value of financial advice and financial resilience during a difficult economic period. Topics we have recently been proactively engaging on include the advice/guidance boundary and the labelling framework associated with sustainable investing.

Our responsible business

Client satisfaction and retention

We are committed to building meaningful, long-term relationships with satisfied clients who feel confident to make informed choices about their finances, to help our clients to achieve their financial goals.

Our business is based on building meaningful long-term relationships and the satisfaction of clients is very important to us. Retaining satisfied clients not only feeds into financial results but is also directly related to our long-term sustainability as a business. A recent survey of our client population, in relation to 2022, indicated good client sentiment, with 81% clients strongly advocating for us and recommending SJP, 68% believing we offer excellent or good value for money and 82% being very satisfied with their overall experience with us. Whilst we believe macroeconomic uncertainty and therefore investment market performance weighed on client sentiment for 2022, we are pleased that a significant majority of our clients remain very satisfied.

We engage with clients throughout the year via our 'client community' group, which was established in 2020 and is managed on our behalf by a third party. This enables us to better understand how clients feel, and gauge their views on key topics. We can also test their understanding of key communications, and ensure we continue to meet their evolving needs.

81%

Positive advocacy

2021: 91%

Trend
Advocacy

2022 detail
Advocacy

81%
Recommend

50% Have recommended
31% Would recommend
19% Not comfortable recommending

Value for money

Value for money

68%
Positive

27% Excellent
41%
21%
7%
4% Poor

Overall satisfaction

Overall satisfaction

82%
Positive

44% Very satisfied
38%
12%
4%
2% Very dissatisfied

Our governance

The following section reports against our material governance themes. We are in the early stages of reporting against our Responsible Business Framework, so some of the sections that follow have more detail than others.

Here we cover our approach to:

Corporate governance

Risk management

Data privacy

Responsible procurement

Human rights

Corporate governance

We are committed to creating long-term, sustainable success for all our stakeholders by ensuring that SJP decision-making is fair and robust. We take the responsible running of our organisation seriously and understand the risks of not doing so; we embrace diverse perspectives, set well defined individual accountabilities and equip our people to uphold the principles of integrity, expertise and compliance.

The Board is collectively responsible for establishing the purpose, values and strategy of the Group and satisfying itself that these and its culture are aligned. This includes mechanisms to embed responsible practice across the business, in which the Board is supported by the Executive Board and a number of sub-committees as highlighted below:

Responsibility	Managing committee	Executive Board member	Remit
Culture, Company and responsible business mission and employee wellbeing	Executive Board	Andrew Croft	To ensure the strength and maintenance of the unique SJP culture throughout our community, and to lead and manage our employees.
Responsible Business Advisory Group	Executive Board	Liz Kelly	To oversee the Group's responsible business strategy and approach, supported by various working groups covering specific areas such as environment, inclusion and diversity, corporate social responsibility and financial wellbeing.
Responsible Investment	Investment Executive Committee	Tom Beal	To ensure robust monitoring and governance of our fund managers, in accordance with our investment beliefs, which includes responsible investing.

The St. James's Place Charitable Foundation is an independent charity, managed by its Trustees who oversee grant-making and compliance with the charity's objectives.

Our responsible business

Risk management

We are committed to sustaining a strong risk culture that supports our vision and purpose. Robust risk management, underpinned by a strong risk culture, is a key driver of our success as a leading responsible business. An active approach to risk management across the organisation ensures we make informed decisions, balancing the opportunities risk taking brings within our risk appetite.

The inherent risk environment faced by the Group develops over time, and therefore we continuously and comprehensively identify and assess risks against our risk appetite. We then manage and monitor these accordingly. Under the leadership, direction and oversight of our Board and its committees, risks are carefully understood and managed, mitigated or accepted to enable us to achieve our strategic objectives. Our full risk and risk management report can be found on pages 90 to 99.

Data privacy

We know how important it is to demonstrate responsibility as data custodians to protect the privacy of all those we interact with. It is an essential part of our commitment to all our stakeholders and is integral to our success as a trustworthy organisation.

On 25 May 2018, the UK Data Protection Act 2018 and EU General Data Protection Regulation (GDPR) came into effect across all (then) 28 countries of the European Union. Following Brexit, the UK continues to closely adhere to GDPR requirements, and as such so do we. It is important we also demonstrate that any transfer of a data subject's personal data outside the European Union to 'third countries' is in accordance with a comprehensive International Data Transfer Policy.

In 2022, we appointed a Chief Data Officer to lead our approach to data governance, management and utilisation across the organisation. As our data strategy continues to develop and evolve, we have also increased dedicated resource to focus on data quality and support the wider programme of work.

We aim to give our Partners and employees data and information they can trust. Looking ahead, in a world where data plays an increasingly fundamental role in everything we do, this means we must update, improve and re-imagine what our data can do for us. In the short term our focus will be to update our corporate data architecture to better support our Partners and improve the management of data across the Group. Our Data Policy can be found here: **www.sjp.co.uk/site-services/privacy-policy**.

Responsible procurement

We are committed to managing our business in a responsible, sustainable and ethical manner. This means upholding high standards in our supply chain, because through engagement, due diligence and ongoing oversight we can advocate responsible practice throughout our value chain.

We recognise the benefits of building strong, mutually beneficial relationships with both new and existing suppliers, and sharing our aspirations and objectives to encourage them to similarly strive to make a positive and lasting difference to those less fortunate. We are delighted that many provide support for the St. James's Place Charitable Foundation through donations and participation in fundraising events, and our 83% electric car fleet is a great example of working strategically with suppliers to reduce environmental impact: 100% of our new fleet vehicle orders are for fully electric.

Our due diligence and ongoing oversight seek to provide confidence and secure evidence of good practice in respect of responsible business among our suppliers. We believe in treating all our stakeholders fairly, and our suppliers are part of that process.

Our process

Our procurement process is designed to ensure we meet our regulatory and business obligations. Our Sourcing, Outsourcing and Supplier Management Policy requires effective, risk-based due diligence to be conducted on all new suppliers. This includes an assessment of their approach to compliant, responsible, and sustainable procurement, including but not limited to I&D, modern slavery and gender pay gap reporting (where applicable). Regular oversight and periodic reassessment of the due diligence is required throughout the term of the relationship; the frequency of this activity depends on the materiality of the supplier, or risk they may pose to SJP.

We have been a member of the Living Wage Foundation since 2014, and encourage our suppliers to adopt the same approach or, where applicable, an overseas equivalent. In some cases, we have ensured our commercial agreements reflect this requirement and provide the supplier with the correct support to do so.

We are also signatories of the Prompt Payment Code, which is encouraged by the Department for Business, Energy and Industrial Strategy (BEIS) and demonstrates our commitment to good payment practices between ourselves and our suppliers.

As we continue working towards our vision of becoming a leading responsible business, we work closely to align ourselves with UNSDG 9 and its Target 9.2 of promoting inclusive and sustainable industrialisation through our work with suppliers.

Human rights

We are committed to managing our business in an ethical manner, with no tolerance for the abuse of human rights, and we collaborate with our stakeholders to strengthen and support the human rights movement. It is not possible to give people the confidence to create the futures they want without the basic rights and freedoms that belong to us all. We recognise that respecting human rights is everyone's responsibility and our practices and policies must reflect this whilst ensuring new areas of risk are identified and managed throughout our operations and our supply chain.

Responsible management is important to all our stakeholders – shareholders, clients, the Partnership, employees, suppliers and the communities in which we operate. We do not tolerate or condone abuse of human rights (including modern slavery) in any part of our business, and we are committed to minimising the risk of slavery or human trafficking in all parts of our supply chain. Our due diligence and ongoing oversight seeks to secure evidence of good practice in relation to human rights.

All employees have access to a copy of our code of ethics and our equal opportunities policy, which make clear that we oppose all forms of unfair discrimination or victimisation. Our bullying and harassment policy sets out our approach in relation to allegations of harassment and/or bullying. Harassment, in general terms, is defined as unwanted conduct affecting the dignity of people in the workplace. It may be related to age, sex, race, disability, religion, nationality or any personal characteristic of the individual and may be persistent or an isolated incident.

Anti-bribery and corruption

We have a zero-tolerance approach to bribery and corruption and aim to protect ourselves, our clients, shareholders, employees and other associated companies from any involvement. Our Board has responsibility for oversight of the Group's anti-bribery and corruption policy and procedures and reviews these annually. Our employees and advisers are provided with annual training on money laundering, financial crime, fraud, bribery and corruption through online training programmes which are mandatory to complete. Our anti-bribery and corruption policy, which gives further detail, is available on our website at **www.sjp.co.uk/about-us/corporate-governance**.

Non-financial and sustainability information statement

This section of the Annual Report constitutes the St. James's Place non-financial and sustainability information statement, produced to comply with sections 414CA and 414CB of the Companies Act 2006. The following table sets out where, within our Annual Report, we provide further detail on matters required to be disclosed under the sections above. In particular, it covers the impact we have on the environment, our employees, social matters, human rights, anti-corruption and anti-bribery matters, policies pursued and the outcome of those policies, and principal risks that may arise from the Company's operations and how we manage these, to the extent necessary for an understanding of the Company's development, performance and position and the impact of its activity.

Reporting requirement	Section(s) and page(s)
Anti-corruption and anti-bribery	Our responsible business (page 65)
Business model	Our business model (pages 20 and 21)
Employees	Developing employees (page 12), Building community (page 28), Our responsible business (pages 57 to 61), Risk and risk management (page 95), Section 172 statement (pages 104 to 110), Board composition, succession and evaluation (pages 119 and 121), Report of the Group Risk Committee (page 136), Report of the Group Nomination and Governance Committee (pages 139 to 142), Directors' report (page 177)
Environmental matters	Our responsible business (pages 43 to 51), Risk and risk management (page 94)
Non-financial key performance indicators	Our business model (pages 20 and 21), Our responsible business (pages 40 to 65)
Principal risks	Risk and risk management (pages 94 to 96)
Respect for human rights	Our responsible business (page 65)
Social matters	Our responsible business (pages 34 to 65), Corporate governance report (pages 106 and 109), Report of the Group Nomination and Governance Committee (page 142)
Climate-related financial disclosures	Our responsible business (pages 46 and 47)

Chief Financial Officer's report

Record financial results

2022 presented a challenging operating environment, as a variety of macroeconomic and geopolitical factors led to significant investment market falls and eroded consumer confidence.

Our business performed strongly against this backdrop, with our advisers attracting £17.0 billion (2021: £18.2 billion) of new client investments, our second-best year for new business flows in our history. With client retention rates remaining very high net inflows totalled £9.8 billion (2021: £11.0 billion), equivalent to 6.4% (2021: 8.5%) of opening funds under management (FUM).

Despite this new business performance, investment market falls resulted in FUM closing at £148.4 billion (31 December 2021: £154.0 billion).

In February 2021 we set out the planning assumptions that underpin our business plan through to 2025:

1. *long-term new business growth of 10% per annum;*
2. consistent retention of client investments above 95%;
3. containing controllable expense growth to 5% per annum; and
4. £200 billion of FUM by 2025.

Our results for 2022 demonstrate further progress towards these goals; however, we recognised at the outset that our performance over this planning period would not be linear. 2021 was a very strong year across all metrics as investment markets and consumer confidence were buoyed by COVID-19 vaccination programmes, with the environment in 2022 being much more challenging.

Despite this, our financial performance across IFRS, the Cash result and European Embedded Value (EEV) has reflected growth in average FUM during the year and the resulting growth in income and strong cost control in line with guidance despite the high inflationary environment. This has led to record results across each of our key IFRS, Cash and EEV metrics.

We have always taken a simple and prudent approach to managing the balance sheet and our capital requirements. This continues to be the case, with both the Group and our life companies in a strong financial position.

Our financial results are presented in more detail on pages 70 to 89 of the financial review, but there follows here a summary of financial performance on a statutory IFRS basis, as well as our chosen alternative performance measures (APMs). We also summarise key developments from a balance sheet perspective and provide shareholders with an overview of capital, solvency and liquidity.

Financial results

IFRS

IFRS profit after tax was £405.4 million in 2022 (2021: £287.6 million), up 41%. This reflects growth in average FUM and the impact of **policyholder tax asymmetry,** which benefits the IFRS result in periods of weaker markets. Further detail on this asymmetry is included in the financial review on page 74.

To address the challenge of policyholder tax being included in the IFRS results which distorts IFRS profit before tax, we focus on **IFRS profit before shareholder tax** as our pre-tax measure. On this basis the result was £501.8 million for the year (2021: £353.8 million), up 42% year on year.

The IFRS result also includes the impact of non-cash accounting adjustments such as equity-settled share-based payment expenses, deferred income and deferred acquisition costs, so we continue to supplement our statutory reporting with the presentation of our financial performance using two APMs: the Cash result and the EEV result.

Cash result

The **Cash result**, and the **Underlying cash result** contained within it, are based on IFRS but adjusted to exclude certain non-cash items. They therefore represent useful guides to the level of cash profit generated by the business. All items in the Cash result, and in the commentary below, are presented net of tax.

The **Cash result** of £410.1 million for 2022 (2021: £387.4 million) and the **Underlying cash result**, also of £410.1 million for 2022 (2021: £401.2 million) are up 6% and 2% respectively. These record results have been driven by average mature FUM being higher during 2022 than it was in 2021, despite investment market falls during the year, delivery of controllable expenses in line with our guidance, and increased shareholder interest on our working capital due to Bank of England base rate rises. More detail is set out below and in the financial review on pages 75 to 83.

During the year, the **net income from funds under management** was £607.7 million (2021: £577.5 million), representing a margin within our range of 0.63% to 0.65% (2021: 0.63% to 0.65%) on average mature FUM, excluding Discretionary Fund Management (DFM) and Asia FUM, in line with prior guidance. It is this mature FUM that

Despite the challenging environment in 2022, the resilience of our business model means we have reported record results across each of our key financial metrics.

Craig Gentle, Chief Financial Officer

contributes to the net income figure and at any given time it comprises all unit trust and ISA business, as well as life and pensions business written more than six years ago.

The development of mature FUM year on year is therefore driven by four principal factors:

1. new unit trust and ISA flows;
2. the amount of life and pensions FUM that moves from gestation into mature FUM after a six-year period;
3. the retention of FUM; and
4. investment returns

As a result, growth in FUM is a strong positive indicator of future growth in profits, despite not all new business contributing to net income from funds under management for the first six years of its existence.

At 31 December 2022, the balance of gestation FUM stood at £45.5 billion (31 December 2021: £49.3 billion). Once this current stock of gestation FUM has all matured, it will (assuming no market movements or withdrawals, and allowing for the corporation tax rate change in 2023) contribute in excess of a further £383 million to annual net income from funds under management and hence to the Underlying cash result, at no additional cost.

St. James's Place also generates a **margin arising from new business** where initial product charges levied on gross inflows exceed new business-related expenses. The decrease in margin arising from new business in 2022 largely reflects the decrease in gross flows over the period, although the relationship between the two is generally directionally consistent rather than linear as the margin includes some expenses which do not vary with gross inflows.

As part of the 2025 business plan, we set out our ambition to contain growth in **controllable expenses** to around 5% per annum. Controllable expenses are a key metric for the business and we have delivered against the plan with these costs increasing by 5% in 2022 to £277.9 million after tax, despite rapidly rising inflation.

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Establishment expenses	198.9	200.3
Development expenses	67.4	54.0
Academy	11.6	10.3
Controllable expenses	**277.9**	264.6

Chief Financial Officer's report

Financial results continued

Growth in income, coupled with this delivery of controllable expenses in line with our guidance, has been the primary driver of a record **Underlying cash result** for the year of £410.1 million (2021: £401.2 million).

There were no one-off items recognised during the year, resulting in the **Cash result** in 2022 also being £410.1 million (2021: £387.4 million).

EEV

The **EEV operating profit** is sensitive to interest rates changes, and so the increase in the opening risk discount rate year on year, combined with a larger in-force book at the start of 2022 compared to the start of 2021, is the main factor behind the increase in EEV operating profit to £1,589.7 million (2021: £1,545.4 million).

The **EEV profit before tax** for the period has been significantly impacted by the negative **investment return variance** of £1,314.0 million compared to the prior year (2021: positive £894.5 million). The negative return reflects decreased market values across our FUM compared to our expectation, as a result of investment market falls over the course of 2022.

The **EEV profit after tax** of £371.4 million (2021: £1,452.7 million) reflects profit emergence as above.

The **EEV net asset value per share** was £16.66 at 31 December 2022 (31 December 2021: £16.57).

Financial position

Our IFRS Statement of Financial Position, presented on page 190, contains policyholder interests in unit-linked liabilities and the underlying assets that are held to match them. To understand the true assets and liabilities that the shareholder can benefit from, these policyholder balances, along with non-cash 'accounting' balances such as deferred income (DIR) and deferred acquisition costs (DAC), are removed in the Solvency II Net Assets balance sheet.

This balance sheet is straightforward and demonstrates that the Group has liquid assets of £1,532.9 million (2021: £1,858.8 million), of which £1,271.7 million (2021: £1,605.3 million) is invested in AAA-rated money market funds. This deep liquidity represents 50% of total assets on the Solvency II Net Assets balance sheet (2021: 52%). Further information about liquidity is set out on page 82.

Analysis of the key movements in the Solvency II Net Assets balance sheet during the year is set out on pages 80 to 83.

Solvency and capital

We continue to manage the balance sheet prudently to ensure the Group's solvency is safely maintained

Given the simplicity of our business model, our approach to managing solvency remains to hold assets to match client unit-linked liabilities plus a management solvency buffer (MSB). At 31 December 2022 we held surplus assets over the MSB of £847.2 million (2021: £727.3 million).

We also ensure that our approach meets the requirements of the Solvency II regime. Our UK life company, the largest insurance entity in the Group, targets capital equal to 110% of the standard formula requirement, as agreed with the Prudential Regulation Authority (PRA) since 2017. This is a prudent and sustainable policy given the risk profile of our business, which is largely operational.

At 31 December 2022, the solvency ratio for our Life businesses was 130%. Whilst this solvency ratio has strengthened significantly from 115% at 31 December 2021, the ratio at 31 December 2022 benefits from two temporary effects arising from the significant investment market falls during the period:

- a 8% positive impact from policyholder tax asymmetry, which benefits our own funds and hence solvency ratio in the same way as it benefits our IFRS result. For further details, refer to page 74; and
- a 2% positive effect of the equity dampener depressing the market risk capital component.

Excluding these temporary effects which will unwind as markets improve, the solvency ratio for our Life businesses was 120%, which is more closely aligned with prior periods.

	31 December 2022	31 December 2021
Underlying solvency ratio for our Life businesses	120%	115%
Impact of policyholder tax asymmetry	8%	7%
Effect of the equity dampener	2%	-7%
Solvency ratio for our Life businesses	**130%**	115%

Taking into account entities in the rest of the Group, the Group solvency ratio at 31 December 2022 was 155% (2021: 134%), with this result also reflecting the positive impact of policyholder tax asymmetry and equity dampener effects noted above.

Dividends

Our dividend guidance is to pay out around 70% of the Underlying cash result in dividends. The strong growth in our Underlying cash result for 2022 therefore drives a total dividend for 2022 of 52.78 pence per share, up c.2% on the total dividend for 2021, inclusive of a proposed final dividend for 2022 of 37.19 pence per share.

The proposed final dividend will be paid, subject to approval by shareholders at our AGM, on 31 May 2023 to shareholders on the register as at the close of business on 5 May 2023. A Dividend Reinvestment Plan continues to be available.

Craig Gentle, Chief Financial Officer
27 February 2023

Summary financial information

	Page reference	Year ended 31 December 2022	Year ended 31 December 2021
FUM-based metrics			
Gross inflows (£'Billion)	71	17.0	18.2
Net inflows (£'Billion)	71	9.8	11.0
Total FUM (£'Billion)	71	148.4	154.0
Total FUM in gestation (£'Billion)	72	45.5	49.3
IFRS-based metrics			
IFRS profit after tax (£'Million)	74	405.4	287.6
IFRS profit before shareholder tax (£'Million)	74	501.8	353.8
Underlying profit before shareholder tax (£'Million)	74	514.8	384.4
IFRS basic earnings per share (EPS) (Pence)		74.6	53.3
IFRS diluted EPS (Pence)		73.9	52.5
IFRS net asset value per share (Pence)		231.6	207.1
Dividend per share (Pence)		52.78	51.96
Cash result-based metrics			
Controllable expenses (£'Million)	77	277.9	264.6
Underlying cash result (£'Million)	76	410.1	401.2
Cash result (£'Million)	76	410.1	387.4
Underlying cash result basic EPS (Pence)		75.6	74.6
Underlying cash result diluted EPS (Pence)		74.9	73.5
EEV-based metrics			
EEV operating profit before tax (£'Million)	84	1,589.7	1,545.4
EEV operating profit after tax basic EPS (Pence)		218.8	219.9
EEV operating profit after tax diluted EPS (Pence)		216.8	216.5
EEV net asset value per share (£)		16.66	16.57
Solvency-based metrics			
Solvency II net assets (£'Million)	88	1,379.9	1,245.3
Management solvency buffer (£'Million)	88	532.7	518.0
Solvency II free assets (£'Million)	89	1,921.4	1,323.4
Solvency ratio (Percentage)	89	155%	134%

The Cash result should not be confused with the IFRS Consolidated Statement of Cash Flows, which is prepared in accordance with IAS 7.

Financial review

This financial review provides analysis of the Group's financial position and performance.

It is split into the following sections:

Section 1

Funds under management (FUM)

1.1 FUM analysis

1.2 Gestation

As set out on page 21 and below, FUM is a key driver of ongoing profitability on all measures, and so information on growth in FUM is provided in Section 1.

Find out more on pages 71 and 72

Section 2

Performance measurement

2.1 International Financial Reporting Standards (IFRS)

2.2 Cash result

2.3 European Embedded Value (EEV)

Section 2 analyses the performance of the business using three different bases: IFRS, the Cash result, and EEV.

Find out more on pages 73 to 87

Section 3

Solvency

Section 3 addresses solvency, which is an important area given the multiple regulated activities carried out within the Group.

Find out more on pages 88 and 89

Our financial business model

Our financial business model is straightforward. We generate revenue by attracting clients through the value of our proposition, who trust us with their investments and then stay with us. This grows our funds under management (FUM), on which we receive:

- advice charges for the provision of valuable, face-to-face advice; and
- product charges for our manufactured investment, pension and ISA/unit trust products.

Further information on our charges can be found on our website: **www.sjp.co.uk/charges**. A breakdown of fee and commission income, our primary source of revenue under IFRS, is set out in Note 4 on page 205.

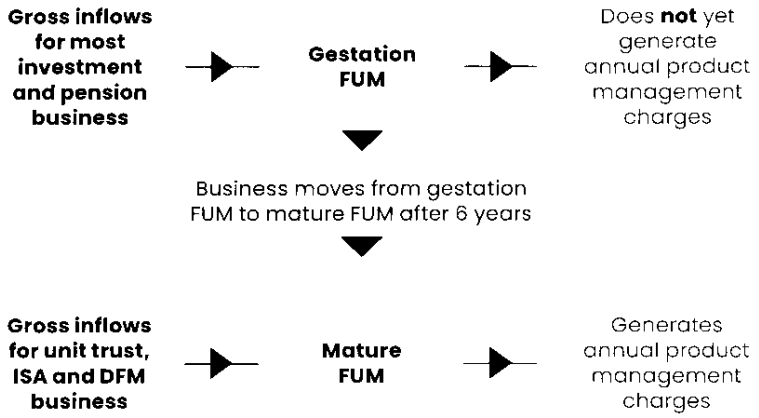
The primary source of the Group's profit is the income we receive from annual product management charges on FUM. As a result, growth in FUM is a strong positive indicator of future growth in profits. However, most of our investment and pension products are structured so that annual product management charges are not taken for the first six years after the business is written, so the ongoing benefit of these gross inflows into FUM for a given year will not be seen until six years later. This means that the Group always has six years' worth of FUM in the 'gestation' period. FUM subject to annual product management charges is known as 'mature' FUM. More information about our FUM and the fees we earn on it can be found in Sections 1 and 2 of the financial review on pages 72 and 76.

Initial and ongoing advice charges, and initial product charges levied when a client first invests into one of our products, are not major drivers of the Group's profitability, because:

- most advice charges received are offset by corresponding remuneration for Partners, so an increase in these revenue streams will correspond with an increase in the associated expense and vice versa; and
- under IFRS, initial product charges are spread over the expected life of the investment through deferred income (DIR – see page 74 for further detail). The contribution to the IFRS result from spreading these historic charges can be seen in Note 4 as amortisation of DIR. Initial product charges contribute immediately to our Cash result through margin arising on new business.

Our income is used to meet overheads, pay ongoing product expenses and invest in the business. Controllable expenses, being the costs of running the Group's infrastructure, the Academy and development expenses, are carefully managed in line with our 2025 business plan ambition to limit their growth to 5% per annum. Other ongoing expenses, including payments to Partners, increase with business levels and are generally aligned with product charges.

Gross inflows into FUM



Section 1
Funds under management

1.1 FUM analysis

Our financial business model is to attract and retain FUM, on which we receive an annual management fee. As a result, the level of income we receive is ultimately dependent on the value of our FUM, and so its growth is a clear driver of future growth in profits. The key drivers for FUM are:

- our ability to attract new funds in the form of gross inflows;
- our ability to retain FUM by keeping unplanned withdrawals at a low level; and
- net investment returns.

The following table shows how FUM evolved during 2022 and 2021. Investment return is presented net of all charges.

	2022				2021
	Investment	Pension	UT/ISA and DFM	Total	Total
	£'Billion	£'Billion	£'Billion	£'Billion	£'Billion
Opening FUM	35.95	74.83	43.21	153.99	129.34
Gross inflows	2.31	9.90	4.82	17.03	18.20
Net investment return	(3.15)	(7.68)	(4.57)	(15.40)	13.61
Regular income withdrawals and maturities	(0.29)	(1.72)	–	(2.01)	(2.00)
Surrenders and part-surrenders	(1.53)	(1.47)	(2.24)	(5.24)	(5.16)
Closing FUM	**33.29**	**73.86**	**41.22**	**148.37**	153.99
Net inflows	**0.49**	**6.71**	**2.58**	**9.78**	11.04
Implied surrender rate as a percentage of average FUM	**4.4%**	**2.0%**	**5.3%**	**3.5%**	3.6%

Included in the table above is:

- Rowan Dartington Group FUM of £3.29 billion at 31 December 2022 (31 December 2021: £3.52 billion), gross inflows of £0.44 billion for the year (2021: £0.55 billion) and outflows of £0.14 billion (2021: £0.14 billion); and
- SJP Asia FUM of £1.52 billion at 31 December 2022 (31 December 2021: £1.57 billion), gross inflows of £0.28 billion for the year (2021: £0.36 billion) and outflows of £0.10 billion (2021: £0.10 billion).

The following table shows the significant net inflows and the progression of FUM over the past six years.

Year	FUM as at 1 January	Net inflows	Investment return	Other movements[1]	FUM as at 31 December
	£'Billion	£'Billion	£'Billion	£'Billion	£'Billion
2022	154.0	9.8	(15.4)	–	148.4
2021	129.3	11.0	13.7	–	154.0
2020	117.0	8.2	4.1	–	129.3
2019	95.6	9.0	12.4	–	117.0
2018	90.7	10.3	(5.4)	–	95.6
2017	75.3	9.5	6.2	(0.3)	90.7

1 Other movements in 2017 related to the matching strategy disinvestment

Financial review

1.1 FUM analysis continued

The table below provides a geographical and investment-type analysis of FUM at 31 December.

	31 December 2022		31 December 2021	
	£'Billion	Percentage of total	£'Billion	Percentage of total
North American equities	49.1	33%	47.3	31%
Fixed income securities	23.1	16%	25.4	16%
European equities	19.3	13%	17.8	11%
Asia and Pacific equities	17.8	12%	18.6	12%
UK equities	16.0	11%	21.5	14%
Alternative investments	12.4	8%	11.9	8%
Cash	5.7	4%	5.9	4%
Other	2.8	2%	3.0	2%
Property	2.2	1%	2.6	2%
Total	**148.4**	**100%**	154.0	100%

1.2 Gestation

As explained in our financial business model on page 70, due to our product structure, at any given time there is a significant amount of FUM that has not yet started to contribute to the Cash result.

When we attract new FUM there is a margin arising on new business that emerges at the point of investment, which is a surplus of income over and above the initial costs incurred at the outset. Within our Cash result presentation this is recognised as it arises, but it is deferred under IFRS.

Once the margin arising on new business has been recognised the pattern of future emergence of cash from annual product management charges differs by product. Broadly, annual product management charges from unit trust and ISA business begin contributing positively to the Cash result from day one, whilst investment and pensions business enters a six-year gestation period during which no net income from FUM is included in the Cash result. Once this business has reached its six-year maturity point, it starts contributing positively to the Cash result, and will continue to do so in each year that it remains with the Group. Approximately 54% of gross inflows for 2022, after initial charges, moved into gestation FUM (2021: 51%).

The following table shows an analysis of FUM, after initial charges, split between mature FUM that is contributing net income to the Cash result and FUM in gestation which is not yet contributing, as at the year-end for the past five years. The value of both mature and gestation FUM is impacted by investment return as well as net inflows.

Position as at	Mature FUM contributing to the Cash result	Gestation FUM that will contribute to the Cash result in the future	Total FUM
	£'Billion	£'Billion	£'Billion
31 December 2022	102.9	45.5	148.4
31 December 2021	104.7	49.3	154.0
31 December 2020	85.9	43.4	129.3
31 December 2019	76.8	40.2	117.0
31 December 2018	62.1	33.5	95.6

The following table gives an indication, for illustrative purposes, of the way in which the reduction in fees in the gestation period element of the Cash result could unwind, and so how the gestation balance of £45.5 billion at 31 December 2022 may start to contribute to the Cash result over the next six years and beyond, factoring in the change in the main rate of corporation tax to 25% from 1 April 2023. For simplicity it assumes that FUM values remain unchanged, that there are no surrenders, and that business is written at the start of the year. Actual emergence in the Cash result will reflect the varying business mix of the relevant cohort and business experience.

Year	Gestation FUM future contribution to the Cash result
	£'Million
2023	47.9
2024	111.3
2025	176.2
2026	240.9
2027	310.5
2028 onwards	383.5

Section 2
Performance measurement

In line with statutory reporting requirements we report profits assessed on an IFRS basis. The presence of a significant life insurance company within the Group means that, although we are a wealth management group in substance with a simple business model, we apply IFRS accounting requirements for insurance companies. These requirements lead to Financial Statements which are more complex than those of a typical wealth manager and so our IFRS results may not provide the clearest presentation for users who are trying to understand our wealth management business. Key examples of this include the following:

- our IFRS Statement of Comprehensive Income includes policyholder tax balances which we are required to recognise as part of our corporation tax arrangements. This means that our Group IFRS profit before tax includes amounts charged to clients to meet policyholder tax expenses, which are unrelated to the underlying performance of our business; and
- our IFRS Statement of Financial Position includes policyholder liabilities and the corresponding assets held to match them, and so policyholder liabilities increase or decrease to match increases or decreases experienced on these assets. This means that shareholders are not exposed to any gains or losses on the £148.1 billion of policyholder assets and liabilities recognised in our IFRS Statement of Financial Position, which represented over 97% of our IFRS total assets and liabilities at 31 December 2022.

To address this, we developed APMs with the objective of stripping out the policyholder element to present solely shareholder-impacting balances, as well as removing items such as deferred acquisition costs and deferred income to reflect Solvency II recognition requirements and to better match the way in which cash emerges from the business. We therefore present our financial performance and position on three different bases, using a range of APMs to supplement our IFRS reporting. The three different bases, which are consistent with those presented last year, are:

- International Financial Reporting Standards (IFRS);
- Cash result; and
- European Embedded Value (EEV).

APMs are not defined by the relevant financial reporting framework (which for the Group is IFRS), but we use them to provide greater insight to the financial performance, financial position and cash flows of the Group and the way it is managed. A complete glossary of alternative performance measures is set out on pages 272 to 274, in which we define each APM used in our financial review, explain why it is used and, if applicable, explain how the measure can be reconciled to the IFRS Financial Statements.

2.1 International Financial Reporting Standards (IFRS)

As referenced above, our IFRS results are impacted by policyholder tax balances which we are required to recognise as part of our corporation tax arrangements. This means that our Group IFRS profit before tax includes amounts charged to clients to meet policyholder tax expenses, which are unrelated to the underlying performance of our business. The scale and direction of these amounts can vary significantly: for example in 2022 we were required to refund £501.1 million to clients due to investment market falls which flowed through our IFRS profit before tax as an expense, whereas in 2021 we deducted £488.6 million from clients due to investment market gains, which flowed through as income. See Note 4 Fee and commission income for further information. This leads to substantial distortion within our IFRS profit before tax: for the year ended 31 December 2022 it was £0.7 million, compared to £842.4 million for the year ended 31 December 2021.

To address the challenge of policyholder tax being included in the IFRS results we focus on the following two APMs, based on IFRS, as our pre-tax metrics:

- IFRS profit before shareholder tax; and
- underlying profit.

Further information on these IFRS-based measures is set out below.

Profit before shareholder tax

This is a profit measure based on IFRS which aims to remove the impact of policyholder tax. The policyholder tax expense or credit is typically matched by an equivalent deduction or credit from the relevant funds, which is recorded within fee and commission income in the Consolidated Statement of Comprehensive Income. Policyholder tax does not therefore normally impact the Group's overall profit after tax. The following table demonstrates the way in which IFRS profit before shareholder tax is presented in the Consolidated Statement of Comprehensive Income on page 188.

Financial review

2.1 International Financial Reporting Standards (IFRS) continued

	Year ended 31 December 2022 £'Million	Year ended 31 December 2021 £'Million
IFRS profit before tax	**0.7**	842.4
Policyholder tax	501.1	(488.6)
IFRS profit before shareholder tax	**501.8**	353.8
Shareholder tax	(96.4)	(66.2)
IFRS profit after tax	**405.4**	287.6

However, in both the current and prior year IFRS profit before shareholder tax and IFRS profit after tax have been impacted by another nuance of life insurance tax, which has led to increases of over 40% in each of these balances year-on-year.

As set out above, life insurance tax incorporates a policyholder tax element, and the financial statements of a life insurance group need to reflect the liability to HMRC and the corresponding deductions incorporated into policy charges. In particular, the tax liability to HMRC is assessed using IAS 12 Income Taxes, which does not allow discounting, whereas the policy charges are designed to ensure fair outcomes between clients and so reflect a wide range of possible outcomes. This gives rise to different assessments of the current value of future cash flows and hence an asymmetry in the Consolidated Statement of Financial Position between the deferred tax position and the offsetting client balance. The net balance reflects a temporary position, and in the absence of market volatility we expect it will unwind as future cash flows become less uncertain and are ultimately realised. Movement in the asymmetry is recognised in the Consolidated Statement of Comprehensive Income and analysed in Note 4 Fee and commission income. We refer to it throughout this Annual Report and Accounts as the impact of policyholder tax asymmetry.

Under normal conditions this asymmetry is small, but market volatility can result in significant balances. Market falls in early 2020 led to positive movements in policyholder tax asymmetry. Strong market growth in 2021 then resulted in a substantial unwind of this asymmetry, which gave rise to a negative impact of £52.9 million on IFRS profit after tax and IFRS profit before shareholder tax in the prior year. 2022 has again seen significant market falls, resulting in a positive movement of £50.6 million. This leads to a £103.5 million year-on-year difference in both IFRS profit after tax and IFRS profit before shareholder tax.

Ultimately the effect will be eliminated from the Consolidated Statement of Financial Position, and so it is temporary and we expect it to reverse as markets increase again.

Shareholder tax reflects the tax charge attributable to shareholders and is closely related to the performance of the business. However, it can vary year-on-year due to several factors: further detail is set out in Note 7 Income and deferred taxes.

Underlying profit

This is IFRS profit before shareholder tax (as calculated above) adjusted to remove the impact of accounting for deferred acquisition costs (DAC), deferred income (DIR) and the purchased value of in-force business (PVIF).

IFRS requires certain up-front expenses incurred and income received to be deferred. The deferred amounts are initially recognised on the Statement of Financial Position as a DAC asset and DIR liability, which are subsequently amortised to the Statement of Comprehensive Income over a future period. Substantially all of the Group's deferred expenses are amortised over a 14-year period, and substantially all deferred income is amortised over a six-year period.

The impact of accounting for DAC, DIR and PVIF in the IFRS result is that there is a significant accounting timing difference between the emergence of accounting profits and actual cash flows. For this reason, Underlying profit is considered to be a helpful metric. The following table demonstrates the way in which IFRS profit reconciles to Underlying profit.

	Year ended 31 December 2022 £'Million	Year ended 31 December 2021 £'Million
IFRS profit before shareholder tax	**501.8**	353.8
Remove the impact of movements in DAC/DIR/PVIF	13.0	30.6
Underlying profit before shareholder tax	**514.8**	384.4

The impact of movements in DAC, DIR and PVIF on IFRS profit before shareholder tax is further analysed as follows. Due to policyholder tax on DIR, the amortisation of DIR during the year and DIR on new business for the year set out below cannot be agreed to the figures provided in Note 8, which are presented before both policyholder and shareholder tax.

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Amortisation of DAC	(79.6)	(86.1)
DAC on new business for the year	37.3	41.2
Net impact of DAC	**(42.3)**	(44.9)
Amortisation of DIR	166.2	164.8
DIR on new business for the year	(133.7)	(147.3)
Net impact of DIR	**32.5**	17.5
Amortisation of PVIF	**(3.2)**	(3.2)
Movement in year	**(13.0)**	(30.6)

Net impact of DAC

The scale of the £42.3 million negative overall impact of DAC on the IFRS result (2021: negative £44.9 million) is largely due to changes arising from the 2013 Retail Distribution Review (RDR). After these changes, the level of expenses that qualified for deferral reduced significantly, but the large balance accrued previously is still being amortised. As deferred expenses are amortised over a 14-year period there is a significant transition period, which could last for another two or three years, over which the amortisation of pre-RDR expenses previously deferred will significantly outweigh new post-RDR expenses deferred despite significant business growth, resulting in a net negative impact on IFRS profits.

Net impact of DIR

The reduction in new business in the year means income deferred in 2022 is lower than it was in 2021. Income released from the deferred income liability has remained broadly static. Together, these effects mean that DIR has had a positive £32.5 million impact on the IFRS result in 2022 (2021: £17.5 million positive).

2.2 Cash result

The Cash result is used by the Board to assess and monitor the level of cash profit (net of tax) generated by the business. It is based on IFRS with adjustments made to exclude policyholder balances and certain non-cash items, such as DAC, DIR, deferred tax and equity-settled share-based payment costs. Further details, including the full definition of the Cash result, can be found in the glossary of alternative performance measures on pages 272 to 274. Although the Cash result should not be confused with the IAS 7 Consolidated Statement of Cash Flows, it provides a helpful supplementary view of the way in which cash is generated and emerges within the Group.

The Cash result reconciles to Underlying profit, as presented in Section 2.1, as follows.

	Year ended 31 December 2022		Year ended 31 December 2021	
	Before shareholder tax	After tax	Before shareholder tax	After tax
	£'Million	£'Million	£'Million	£'Million
Underlying profit	**514.8**	**414.7**	384.4	315.6
Equity-settled share-based payments	20.5	20.5	20.4	20.4
Impact of deferred tax	–	30.5	–	(0.5)
Impact of policyholder tax asymmetry	(50.6)	(50.6)	52.9	52.9
Other	0.8	(5.0)	2.9	(1.0)
Cash result	**485.5**	**410.1**	460.6	387.4

Equity-settled share-based payments have been static year on year, reflecting an increase in the number of shares and share options granted during the year, offset by lapse rate adjustments for expected performance against scheme conditions.

The most significant **impact of deferred tax** is the recognition in the Cash result of the benefit from realising tax relief on capital losses and deferred expenses. This has already been recognised under IFRS, and hence Underlying profit, through the establishment of deferred tax assets. More information can be found in Note 7.

Financial review

2.2 Cash result continued

The **impact of policyholder tax asymmetry** is a temporary effect caused by asymmetries between fund tax deductions and the policyholder tax due to HMRC. Movement in the asymmetry can be significant in volatile markets such as were experienced in 2022. For further explanation, refer to page 74.

Other represents a number of other small items, including the difference between the lease expense recognised under IFRS 16 Leases and lease payments made.

The following table shows an analysis of the Cash result using two different measures:

- **Underlying cash result**
  This measure represents the regular emergence of cash from the business, excluding any items of a one-off nature and temporary timing differences; and
- **Cash result**
  This measure includes items of a one-off nature and temporary timing differences.

Consolidated cash result (presented post-tax)

		Year ended 31 December 2022			Year ended 31 December 2021
		In-force	New business	Total	Total
	Note	£'Million	£'Million	£'Million	£'Million
Net annual management fee	1	961.0	59.6	1,020.6	1,001.6
Reduction in fees in gestation period	1	(412.9)	–	(412.9)	(424.1)
Net income from FUM	1	548.1	59.6	607.7	577.5
Margin arising from new business	2	–	122.4	122.4	146.4
Controllable expenses	3	(19.9)	(258.0)	(277.9)	(264.6)
Asia – net investment	4	–	(11.3)	(11.3)	(13.6)
DFM – net investment	4	–	(10.9)	(10.9)	(9.6)
Regulatory fees and FSCS levy	5	(4.0)	(36.0)	(40.0)	(37.8)
Shareholder interest	6	15.9	–	15.9	6.2
Tax relief from capital losses	7	20.7	–	20.7	9.2
Miscellaneous	8	(16.5)	–	(16.5)	(12.5)
Underlying cash result		**544.3**	**(134.2)**	**410.1**	401.2
Restructuring	9	–	–	–	(9.7)
Change in capitalisation policy	10	–	–	–	(4.1)
Cash result		**544.3**	**(134.2)**	**410.1**	387.4

Notes to the Cash result

1. Net income from FUM

The **net annual management fee** is the net manufacturing margin that the Group retains from FUM after payment of the associated costs: for example, investment advisory fees and Partner remuneration. Each product has standard fees, but they vary between products. Overall post-tax margin on FUM reflects business mix but also the different tax treatment, particularly life insurance tax on onshore investment business.

As noted on page 70 however, our investment and pension business product structure means that these products do not generate net Cash result, after the margin arising from new business, during the first six years. This is known as the 'gestation period' and is reflected in the **reduction in fees in gestation period** line.

Net income from FUM reflects Cash result income from FUM that has reached maturity, including FUM which has emerged from the gestation period during the year, and this line is the focus of our explanatory analysis. As with net annual management fees, the average rate can vary over time with business mix and tax. For 2022, our net income from FUM is within our range of 0.63% – 0.65%. As this is a post-tax margin, the increase in the main rate of corporation tax from 19% to 25% from 1 April 2023 will result in the net income from FUM margin moving to a range of 0.59% – 0.61% for 2023. There will be another, more modest impact in 2024 when the tax rate will be 25% for the full year.

Net income from Asia and DFM FUM is not included in this line. Instead, this is included in the **Asia – net investment** and **DFM – net investment** lines.

2. Margin arising from new business

This is the net positive Cash result impact of new business in the year, reflecting initial charges levied on gross inflows and new-business-related expenses. The majority of these expenses vary with new business levels, such as the incremental third-party administration costs of setting up a new policy on our back-office systems, and payments to Partners for the initial advice provided to secure clients' investment. As a result, gross inflows are a key driver behind this line.

However, the **margin arising from new business** also contains some fixed expenses, and elements which do not vary exactly in line with gross inflows. For example, our third-party administration tariff structure includes a fixed fee, and to provide some stability for Partner businesses, elements of our support for them are linked to prior-year new business levels.

Therefore, whilst the margin arising from new business tends to move directionally with the scale of gross inflows generated during the year, the relationship between the two is not linear.

3. Controllable expenses

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Establishment expenses	198.9	200.3
Development expenses	67.4	54.0
Academy	11.6	10.3
Controllable expenses	**277.9**	264.6

As stated in the Chief Financial Officer's report, as part of the 2025 business planning assumptions we set our ambition to contain growth in **controllable expenses** to around 5% per annum. Controllable expenses, which are the categories shown in the table above (stated after tax), are a key metric for the business and we are pleased to have delivered against our guidance despite the high inflationary environment, with these costs increasing by 5% to £277.9 million.

Establishment expenses in 2022 were broadly flat year on year at £198.9 million (2021: £200.3 million). These costs predominantly relate to people, property and technology and hence are relatively fixed in nature.

Development expenses were £67.4 million (2021: £54.0 million). Our investment in technology, alongside our commitment to making it easier to do business, is the driver behind the increase in our development expenses. We continue to improve our technology infrastructure and data quality, and to invest in Salesforce. We have also seen the successful phased launch of our new client app during the year.

Reflecting its critical role in providing a source of future organic growth in our adviser population, we continue to invest in building our **Academy** programme. The transition to a hybrid format, where we combine in-class learning with greater digital content, has meant we have been able to scale up our Academy programmes efficiently.

4. Asia and DFM

These lines represent the net income from Asia and DFM FUM. They include the Asia and DFM expenses set out in the reconciliation on page 79 between expenses presented separately on the face of the Cash result before tax and IFRS expenses.

We have continued to invest in developing our presence in **Asia**, as well as in **discretionary fund management** via Rowan Dartington both in the UK and overseas. Whilst both have been impacted by the challenging market conditions in 2022, they have each achieved outcomes broadly in line with prior guidance and are positioned well for the years ahead.

Financial review

2.2 Cash result continued

5. Regulatory fees and FSCS levy

The costs of operating in a regulated sector include **regulatory fees** and the **Financial Services Compensation Scheme (FSCS) levy**. On a post-tax basis, these are as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
FSCS levy	27.3	28.1
Regulatory fees	12.7	9.7
Regulatory fees and FSCS levy	**40.0**	37.8

Our position as a market-leading provider of advice means we make a very substantial contribution to supporting the FSCS, thereby providing protection for clients of other businesses in the sector that fail. Whilst the FSCS levy across the industry has fallen significantly for the current year, our charge has only reduced modestly due to substantial gains in our market share.

6. Shareholder interest

This is the income accruing on the investments and cash held for regulatory purposes together with the interest received on the surplus capital held by the Group. It is presented net of funding-related expenses, including interest paid on borrowings and securitisation costs. It has increased significantly during the year following rises in the Bank of England base rate.

7. Tax relief from capital losses

A deferred tax asset has been recognised under IFRS for historic capital losses which were regarded as being capable of utilisation over the medium term. The tax asset is ignored for Cash result purposes as it is not fungible, but instead the cash benefit realised when losses are utilised is shown in the **tax relief from capital losses** line.

Utilisation during the year of £20.7 million tax value (2021: £9.2 million) arose due to the market conditions prevailing at 31 December 2022. The remaining tax value of capital losses stands at £2.1 million (31 December 2021: £26.8 million), which we expect to utilise in 2023.

8. Miscellaneous

This category represents the net cash flow of the business not covered in any of the other categories. It includes Group contributions to the St. James's Place Charitable Foundation and movements in the fair value of renewal income assets.

9. Restructuring

In 2021 we recognised the one-off cost of a **restructuring** exercise associated with an employee redundancy programme in the year. As expected, there were no such costs for 2022.

10. Change in capitalisation policy

In 2021 we recognised a further one-off cost of £4.1 million as a result of the International Financial Reporting Standards Interpretations Committee providing additional guidance on the recognition of software configuration costs. In line with the wider industry we reflected this guidance in a **change in capitalisation policy**. Again as expected, there were no such costs for 2022.

Reconciliation of Cash result expenses to IFRS expenses

Whilst certain expenses are recognised in separate line items on the face of the Cash result, expenses which vary with business volumes, such as payments to Partners and third-party administration expenses, and expenses which relate to investment in specific areas of the business such as DFM, are netted from the relevant income lines rather than presented separately. In order to reconcile to the IFRS expenses presented on the face of the Consolidated Statement of Comprehensive Income on page 188, the expenses netted from income lines in the Cash result need to be added in, as do certain IFRS expenses which by definition are not included in the Cash result. In addition, all expenses need to be converted from post-tax, as they are presented in the Cash result, to pre-tax, as they are presented under IFRS.

Expenses presented on the face of the Cash result before and after tax are set out below.

	Year ended 31 December 2022			Year ended 31 December 2021		
	Before tax	Tax rate	After tax	Before tax	Tax rate	After tax
	£'Million	Percentage	£'Million	£'Million	Percentage	£'Million
Controllable expenses						
Establishment expenses	245.5	19.0%	198.9	247.3	19.0%	200.3
Development expenses	83.2	19.0%	67.4	66.7	19.0%	54.0
Academy	14.3	19.0%	11.6	12.7	19.0%	10.3
Total controllable expenses	**343.0**		**277.9**	326.7		264.6
Other costs presented separately on the face of the Cash result						
Regulatory fees and FSCS levy	49.4	19.0%	40.0	46.6	19.0%	37.8
Restructuring	–	–	–	12.0	19.0%	9.7
Change in capitalisation policy	–	–	–	5.1	19.0%	4.1
Total expenses presented separately on the face of the Cash result	**392.4**		**317.9**	390.4		316.2

The total expenses presented separately on the face of the Cash result before tax then reconciles to IFRS expenses as set out below.

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Total expenses presented separately on the face of the Cash result before tax	**392.4**	390.4
Expenses which vary with business volumes		
Other performance-related costs	160.4	145.0
Payments to Partners	1,011.8	988.0
Investment expenses	85.7	88.0
Third-party administration	135.0	128.0
Other	57.0	64.3
Expenses relating to investment in specific areas of the business		
Asia expenses	20.9	23.3
DFM expenses	35.7	31.0
Total expenses included in the Cash result	**1,898.9**	1,858.0
Expenses which are not included in the Cash result		
Amortisation of DAC and PVIF, net of additions	45.5	48.1
Equity-settled share-based payments expenses	20.5	20.4
Other	1.3	4.8
Total IFRS Group expenses before tax	**1,966.2**	1,931.3

Expenses which vary with business volumes

Other performance-related costs, for both Partners and employees, vary with the level of new business and the operating profit performance of the business. **Payments to Partners**, **investment expenses** and **third-party administration costs** are met through charges to clients, and so any variation in them from changes in the volumes of new business or the level of the stock markets does not impact Group profitability significantly.

Each of these items is recognised within the most relevant line of the Cash result, which is determined based on the nature of the expense. In most cases, this is either the net annual management fee or margin arising from new business lines.

Other expenses include interest expense and bank charges, operating costs of acquired financial adviser businesses and donations to the St. James's Place Charitable Foundation. They are recognised across various lines in the Cash result, including shareholder interest and miscellaneous.

Expenses relating to investment in specific areas of the business

Asia expenses and **DFM expenses** both reflect disciplined expense control during the year, whilst continuing to invest to support growth. Such investment will continue going forward.

In the Cash result, Asia and DFM expenses are presented net of the income they generate in the Asia – net investment and DFM – net investment lines.

Financial review

2.2 Cash result continued

Expenses which are not included in the Cash result

DAC amortisation, net of additions, PVIF amortisation and equity-settled share-based payment expenses are the primary expenses which are recognised under IFRS but are excluded from the Cash result.

Derivation of the Cash result

The Cash result is derived from the IFRS Consolidated Statement of Financial Position in a two-stage process:

Stage 1: Solvency II Net Assets Balance Sheet

Firstly, the IFRS Consolidated Statement of Financial Position is adjusted for a number of material balances that reflect policyholder interests in unit-linked liabilities together with the underlying assets that are held to match them. Secondly, it is adjusted for a number of non-cash 'accounting' balances such as DIR, DAC and associated deferred tax. The result of these adjustments is the Solvency II Net Assets Balance Sheet and the following table shows the way in which it has been calculated at 31 December 2022.

31 December 2022	Note	IFRS Balance Sheet £'Million	Adjustment 1 £'Million	Adjustment 2 £'Million	Solvency II Net Assets Balance Sheet £'Million	Solvency II Net Assets Balance Sheet: 2021 £'Million
Assets						
Goodwill		33.6	–	(33.6)	–	–
Deferred acquisition costs		337.3	–	(337.3)	–	–
Purchased value of in-force business		11.2	–	(11.2)	–	–
Computer software		33.3	–	(33.3)	–	–
Property and equipment	1	145.7	–	–	145.7	154.5
Deferred tax assets	2	13.9	–	(11.4)	2.5	5.0
Investment in associates		1.4	–	–	1.4	1.4
Reinsurance assets		66.4	–	(66.4)	–	–
Other receivables	3	2,982.8	(1,604.8)	(3.2)	1,374.8	1,587.6
Income tax assets	7	35.0	–	–	35.0	–
Investment property		1,294.5	(1,294.5)	–	–	–
Equities		103,536.0	(103,536.0)	–	–	–
Fixed income securities	4	27,552.7	(27,544.8)	–	7.9	7.8
Investment in Collective Investment Schemes	4	5,735.4	(4,463.7)	–	1,271.7	1,605.3
Derivative financial instruments		3,493.0	(3,493.0)	–	–	–
Cash and cash equivalents	4	6,432.8	(6,179.5)	–	253.3	245.7
Total assets		**151,705.0**	**(148,116.3)**	**(496.4)**	**3,092.3**	3,607.3
Liabilities						
Borrowings	5	163.8	–	–	163.8	433.0
Deferred tax liabilities	2	162.9	–	2.2	165.1	624.4
Insurance contract liabilities		483.5	(414.9)	(68.6)	–	–
Deferred income		530.4	–	(530.4)	–	–
Other provisions	6	46.0	–	–	46.0	44.1
Other payables	1, 3	2,198.6	(842.0)	(19.1)	1,337.5	1,254.4
Investment contract benefits		106,964.7	(106,964.7)	–	–	–
Derivative financial instruments		3,266.3	(3,266.3)	–	–	–
Net asset value attributable to unit holders		36,628.4	(36,628.4)	–	–	–
Income tax liabilities	7	–	–	–	–	6.1
Total liabilities		**150,444.6**	**(148,116.3)**	**(615.9)**	**1,712.4**	2,362.0
Net assets		**1,260.4**	**–**	**119.5**	**1,379.9**	1,245.3

Adjustment 1 strips out the policyholder interest in unit-linked assets and liabilities, to present solely shareholder-impacting balances. For further information refer to Note 11 Investments, investment property and cash and cash equivalents within the IFRS Financial Statements.

Adjustment 2 removes items such as DAC, DIR, PVIF and their associated deferred tax balances from the IFRS Statement of Financial Position to bring it in line with Solvency II recognition requirements.

Notes to the Solvency II Net Assets Balance Sheet

1. Property and equipment, and other payables

£114.4 million (2021: £120.3 million) of the property and equipment balance represents the right to use leased assets. It has decreased year-on-year as the leased assets are depreciated. Lease liabilities of £116.6 million are recognised within the other payables line (2021: £124.1 million). These have decreased as lease payments are made.

Note 9 Property and equipment, including leased assets, Note 10 Leases and Note 13 Other payables to the IFRS Financial Statements provide further detail.

2. Deferred tax assets and liabilities

Analysis of deferred tax assets and liabilities, including how they have moved year on year, is set out in Note 7 Income and deferred taxes within the IFRS Financial Statements.

3. Other receivables and other payables

Detailed breakdowns of other receivables and other payables can be found in Note 12 Other receivables and Note 13 Other payables within the IFRS Financial Statements.

Other receivables on the Solvency II Net Assets Balance Sheet have decreased from £1,587.6 million at 31 December 2021 to £1,374.8 million at 31 December 2022, principally reflecting the sale to a third-party of a portfolio of business loans to Partners. Further information on business loans to Partners and the sale during the year is set out overleaf and in Note 12 Other receivables.

Within other receivables there are two items which merit further analysis:

Operational readiness prepayment asset

One of the items within other receivables is the operational readiness prepayment asset. This arose from the investment we have made into our back-office infrastructure project, which was a complex, multi-year programme. In addition to expensing our internal project costs through the IFRS Statement of Comprehensive Income and Cash result as incurred, we capitalised Bluedoor development costs as a prepayment asset on the IFRS Statement of Financial Position. The asset, which stood at £278.3 million at 31 December 2022 (31 December 2021: £296.3 million) has been amortising through the IFRS Statement of Comprehensive Income and the Cash result since 2017 and will continue to do so over the remaining life of the contract, which at 31 December 2022 is 11 years.

During 2022 a project to migrate our offshore business onto Bluedoor commenced, which added £6.7 million to the total operational readiness prepayment asset. We expect to add approximately £40 million to the total operational readiness prepayment over the course of the project.

The movement schedule below demonstrates how the operational readiness prepayment has developed over the past two years.

	2022	2021
	£'Million	£'Million
Cost		
At 1 January	413.5	406.6
Additions during the year	6.7	6.9
At 31 December	**420.2**	413.5
Accumulated amortisation		
At 1 January	(117.2)	(92.7)
Amortisation during the year	(24.7)	(24.5)
At 31 December	**(141.9)**	(117.2)
Net book value	**278.3**	296.3

The amortisation expense is recognised within third-party administration expenses in the IFRS result, and within the net annual management fee and margin arising from new business lines of the Cash result. It is more than offset by the lower tariff charges on Bluedoor compared to the previous system, which grow as the business grows, benefiting both the IFRS and Cash results.

Financial review

2.2 Cash result continued

Business loans to Partners

Facilitating business loans to Partners is a key way in which we are able to support growing Partner businesses. Such loans are principally used to enable Partners to take over the businesses of retiring or downsizing Partners, and this process creates broad stakeholder benefits. First, clients benefit from enhanced continuity of St. James's Place advice and service over time; second, Partners are able to build and ultimately realise value in the high-quality and sustainable businesses they have created; and finally, the Group and, in turn, shareholders, benefit from high levels of adviser and client retention.

In addition to recognising a strong business case for facilitating such lending, we recognise too the fundamental strength and credit quality of business loans to Partners. Over more than ten years, cumulative write-offs have totalled less than 5bps of gross loans advanced, with such low impairment experience attributable to a number of factors that help to mitigate the inherent credit risk in lending. These include taking a cautious approach to Group credit decisions, with lending secured against prudent business valuations. Demonstrating this, loan-to-value (LTV) information is set out in the table below.

	31 December 2022	31 December 2021
Aggregate LTV across the total Partner lending book	32%	29%
Proportion of the book where LTV is over 75%	10%	7%
Net exposure to loans where LTV is over 100% (£'Million)	6.3	4.6

If FUM were to decrease by 10%, the net exposure to loans where LTV is over 100% at 31 December 2022 would increase to £9.3 million (31 December 2021: increase to £6.6 million).

Our credit experience also benefits from the repayment structure of business loans to Partners. The Group collects advice charges from clients. Prior to making the associated payment to Partners, we deduct loan capital and interest payments from the amount due. This means the Group is able to control repayments.

During the year we have continued to facilitate business loans to Partners. However, the balance has decreased significantly due to the sale to a third-party of a portfolio of £262.5 million business loans to Partners previously recognised on the Consolidated Statement of Financial Position. Further information is provided in Note 12 Other receivables.

	31 December 2022	31 December 2021
	£'Million	£'Million
Total business loans to Partners	**315.6**	521.6
Split by funding type:		
Business loans to Partners directly funded by the Group	315.6	307.6
Securitised business loans to Partners	–	214.0

4. Liquidity

Cash generated by the business is held in highly rated government securities, AAA-rated money market funds, and bank accounts. Although these are all highly liquid, only the latter is classified as cash and cash equivalents on the Solvency II Net Assets Balance Sheet. The total liquid assets held are as follows.

	31 December 2022	31 December 2021
	£'Million	£'Million
Fixed interest securities	7.9	7.8
Investment in Collective Investment Schemes (AAA-rated money market funds)	1,271.7	1,605.3
Cash and cash equivalents	253.3	245.7
Total liquid assets	**1,532.9**	1,858.8

The Group's primary source of net cash generation is product charges. In line with profit generation, as most of our investment and pension business enters a gestation period, there is no cash generated (apart from initial charges) for the first six years of an investment. This means that the amount of cash generated will increase year on year as FUM in the gestation period becomes mature and is subject to annual product management charges. Unit trust and ISA business does not enter the gestation period, and so generates cash immediately from the point of investment.

Cash is used to invest in the business and to pay the Group dividend. Our dividend guidance is set such that appropriate cash is retained in the business to support the investment needed to meet our future growth aspirations.

Our most significant investment in the business in recent years has been the development of Bluedoor, which has had a substantial impact on our liquid assets and borrowings positions. This project and all associated decommissioning was completed in relation to our UK business in 2020. As noted on page 81, a project to migrate our offshore business onto Bluedoor commenced during the year. This is much smaller in scale than the migration of our UK business and so will have limited impact on liquidity and borrowings.

5. Borrowings

The Group continues to pursue a strategy of diversifying and broadening its access to debt finance. We have done this successfully over time, including via the creation and execution of the securitisation vehicle referred to in previous years. For accounting purposes we are obliged to disclose on our Consolidated Statement of Financial Position the value of loan notes relating to the securitisation. Due to the sale during the year of a portfolio of business loans to Partners backing these loan notes, this balance was repaid in full during the year and so is negligible at 31 December 2022; but in the prior year the balance of £162.4 million inflated the reported level of borrowings. However, as the securitisation loan notes were secured only on the securitised portfolio of business loans to Partners, they were non-recourse to the Group's other assets.

This means that the senior tranche of non-recourse securitisation loan notes, whilst included within borrowing, were very different from the Group's senior unsecured corporate borrowings, which are used to manage working capital and fund investment in the business. Senior unsecured corporate borrowings reduced from £270.6 million at 31 December 2021 to £163.8 million at 31 December 2022, driven by the cash realised from the sale of the portfolio of business loans to Partners. Further information is provided in Note 16 Borrowings and financial commitments within the IFRS Financial Statements.

	31 December 2022	31 December 2021
	£'Million	£'Million
Corporate borrowings: bank loans	–	106.8
Corporate borrowings: loan notes	163.8	163.8
Senior unsecured corporate borrowings	**163.8**	270.6
Senior tranche of non-recourse securitisation loan notes	–	162.4
Total borrowings	**163.8**	433.0

During the year our revolving credit facility, one of our primary senior unsecured corporate borrowings facilities, was renewed. The facility increased from £340 million to £345 million, which is repayable at maturity in 2027. For further information see Note 16 Borrowings and financial commitments.

6. Other provisions

Further information on other provisions, including how the balance has moved year on year, is set out in Note 15 Other provisions and contingent liabilities within the IFRS Financial Statements.

7. Income tax liabilities

The Group has an income tax asset of £35.0 million at 31 December 2022 compared to a liability of £6.1 million at 31 December 2021. This is due to a current tax charge of £79.7 million, tax paid of £121.1 million and the impact of acquisitions and disposals of Group entities of a £0.3 million charge during the year. Further detail is provided in Note 7 Income and deferred taxes.

Stage 2: Movement in Solvency II Net Assets Balance Sheet

After the Solvency II Net Assets Balance Sheet has been determined, the second stage in the derivation of the Cash result identifies a number of movements in that balance sheet which do not represent cash flows for inclusion within the Cash result. The following table explains how the overall Cash result reconciles to the total movement.

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Opening Solvency II net assets	1,245.3	1,218.6
Dividend paid	(303.9)	(329.9)
Issue of share capital and exercise of options	14.5	29.0
Consideration paid for own shares	(0.3)	–
Change in deferred tax	(30.5)	0.5
Impact of policyholder tax asymmetry	50.6	(52.9)
Change in goodwill, intangibles and other non-cash movements	(10.9)	(7.4)
Non-controlling interests arising on the part-disposal of subsidiaries	5.0	–
Cash result	410.1	387.4
Closing Solvency II net assets	**1,379.9**	1,245.3

Financial review

2.3 European Embedded Value (EEV)

Wealth management differs from most other businesses, in that the expected shareholder income from client investment activity emerges over a long period in the future. We therefore supplement the IFRS and Cash results by providing additional disclosure on an EEV basis, which brings into account the net present value of the expected future cash flows. We believe that a measure of the total economic value of the Group's operating performance is useful to investors.

As in previous reporting, our EEV continues to be calculated on a basis determined in accordance with the EEV principles originally issued in May 2004 by the Chief Financial Officers Forum (CFO Forum) and supplemented both in October 2005 and, following the introduction of Solvency II, in April 2016.

Many of the principles and practices underlying EEV are similar to the requirements of Solvency II, and we have sought to align them as closely as possible. The table below and accompanying notes summarise the profit before tax of the combined business.

	Note	Year ended 31 December 2022 £'Million	Year ended 31 December 2021 £'Million
Funds management business	1	1,725.8	1,662.9
Distribution business	2	(58.8)	(24.4)
Other		(77.3)	(93.1)
EEV operating profit		**1,589.7**	1,545.4
Investment return variance	3	(1,314.0)	894.5
Economic assumption changes	4	235.1	4.2
EEV profit before tax		**510.8**	2,444.1
Tax		(139.4)	(578.7)
Corporation tax rate change	5	–	(412.7)
EEV profit after tax		**371.4**	1,452.7

A reconciliation between EEV operating profit before tax and IFRS profit before tax is provided in Note 3 Segment Reporting within the IFRS Financial Statements.

Notes to the EEV result

1. Funds management business EEV operating profit

The funds management business operating profit has increased to £1,725.8 million (2021: £1,662.9 million) and a full analysis of the result is shown below.

	Year ended 31 December 2022 £'Million	Year ended 31 December 2021 £'Million
New business contribution	977.2	1,002.2
Profit from existing business		
– unwind of the discount rate	440.7	275.8
– experience variance	89.0	89.5
– operating assumption change	210.1	293.0
Investment income	8.8	2.4
Funds management EEV operating profit	**1,725.8**	1,662.9

The **new business contribution** for the year at £977.2 million (2021: £1,002.2 million) was 2.5% lower than the prior year, primarily reflecting the reduction in new business volumes.

The **unwind of the discount rate** for the year was higher at £440.7 million (2021: £275.8 million), reflecting the larger in-force book at the start of 2022 compared to 2021, and an increase in the opening risk discount rate to 4.2% (2021: 3.4%).

The **experience variance** during the year was £89.0 million (2021: £89.5 million). This reflects positive retention experience over the year partially offset by increased development expenses.

The **impact of operating assumption changes** in the year was a positive £210.1 million (2021: positive £293.0 million). The change in the current year arises from a small improvement to the persistency assumptions for unit trust and ISA business, similar to the change in 2021 which arose due to a small improvement to the persistency assumptions for onshore bond and pension business. Both of the changes reflect positive retention experience over recent years. No further changes to persistency assumptions are expected in the short to medium term.

2. Distribution business

The distribution loss includes the positive gross margin arising from advice income less payments to advisers, offset by the costs of supporting the Partnership and building the distribution capabilities in Asia. The gross margin has decreased year on year reflecting lower new business volumes and the fact that some elements of our support for the Partnership are linked to prior-year new business levels. The FSCS levy expense for our distribution business remained high at £23.8 million (2021: £23.6 million), impacting the reported loss.

3. Investment return variance

The investment return variance reflects the capitalised impact on the future annual management fees resulting from the difference between the actual and assumed investment returns. Given the size of our FUM, a small difference can result in a large positive or negative variance.

The typical investment return on our funds during the year was negative 9% after charges, compared to the assumed investment return of positive 2%. This resulted in a negative investment return variance of £1,314.0 million (2021: positive £894.5 million).

4. Economic assumption changes

The positive variance of £235.1 million arising in the year (2021: positive £4.2 million) reflects the positive effect from the increase in the risk-free rate, combined with a decrease in the expected long-term rate of inflation.

5. Corporation tax rate change

In the UK Budget of 3 March 2021 it was announced that the main rate of corporation tax will increase from 19% to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021 within the Finance Bill 2021 and as a result the relevant deferred tax balances were remeasured in the prior year.

New business margin

The largest single element of the EEV operating profit (analysed in the previous section) is the new business contribution. The level of new business contribution generally moves in line with new business levels. To demonstrate this link, and aid understanding of the results, we provide additional analysis of the new business margin (the margin). This is calculated as the new business contribution divided by the gross inflows, and is expressed as a percentage.

The table below presents the margin before tax from our manufactured business.

	Year ended 31 December 2022	Year ended 31 December 2021
Investment		
New business contribution (£'Million)	148.2	153.0
Gross inflows (£'Billion)	2.31	2.62
Margin (%)	6.4	5.8
Pension		
New business contribution (£'Million)	495.3	512.0
Gross inflows (£'Billion)	9.90	9.86
Margin (%)	5.0	5.2
Unit trust and DFM		
New business contribution (£'Million)	333.7	337.2
Gross inflows (£'Billion)	4.82	5.72
Margin (%)	6.9	5.9
Total business		
New business contribution (£'Million)	977.2	1,002.2
Gross inflows (£'Billion)	17.03	18.20
Margin (%)	5.7	5.5
Post-tax margin (%)	4.3	4.2

The overall margin for the year was 5.7% (2021: 5.5%). The improvement year on year is due to a combination of the positive impact of the change in persistency for unit trust and ISA business, and controlled expenses.

Financial review

2.3 European Embedded Value (EEV) continued

Economic assumptions

The principal economic assumptions used within the cash flows at 31 December are set out below.

	Year ended 31 December 2022	Year ended 31 December 2021
Risk-free rate	3.9%	1.1%
Inflation rate	3.6%	4.0%
Risk discount rate	7.0%	4.2%
Future investment returns:		
– Gilts	3.9%	1.1%
– Equities	6.9%	4.1%
– Unit-linked funds	6.2%	3.4%
Expense inflation	3.9%	4.4%

The risk-free rate is set by reference to the yield on ten-year gilts. Other investment returns are set by reference to the risk-free rate.

The inflation rate is derived from the implicit inflation in the valuation of ten-year index-linked gilts. This rate is increased to reflect higher increases in earnings-related expenses.

EEV sensitivities

The table below shows the estimated impact on the reported value of new business and EEV to changes in various EEV-calculated assumptions. The sensitivities are specified by the EEV principles and reflect reasonably possible levels of change. In each case, only the indicated item is varied relative to the restated values.

		Change in new business contribution		Change in European Embedded Value
		Pre-tax	Post-tax	Post-tax
	Note	£'Million	£'Million	£'Million
Value at 31 December 2022		**977.2**	**739.2**	**9,064.7**
100bp reduction in risk-free rates, with corresponding change in fixed interest asset values	1	(16.9)	(12.9)	(77.5)
10% increase in withdrawal rates	2	(75.7)	(57.1)	(479.5)
10% reduction in market value of equity assets	3	–	–	(865.3)
10% increase in expenses	4	(15.7)	(11.9)	(90.6)
100bps increase in assumed inflation	5	(20.8)	(15.8)	(104.0)

Notes to the EEV sensitivities

1. This is the key economic basis change sensitivity. The business model is relatively insensitive to change in economic basis. Note that the sensitivity assumes a corresponding change in all investment returns but no change in inflation.
2. The 10% increase is applied to the withdrawal rate. For instance, if the withdrawal rate is 8% then a 10% increase would reflect a change to 8.8%.
3. For the purposes of this sensitivity all unit-linked funds are assumed to be invested in equities. The actual mix of assets varies and in recent years the proportion invested directly in UK and overseas equities has exceeded 70%.
4. For the purposes of this sensitivity only non-fixed elements of the expenses are increased by 10%.
5. This reflects a 100bps increase in the assumed RPI underlying the expense inflation calculation.

	Change in new business contribution		Change in European Embedded Value
	Pre-tax	*Post-tax*	*Post-tax*
	£'Million	£'Million	£'Million
100bps reduction in risk discount rate	**124.8**	**94.1**	**720.6**

Although not directly relevant under a market-consistent valuation, this sensitivity shows the level of adjustment which would be required to reflect differing investor views of risk.

Analysis of the EEV result

The table below provides a summarised breakdown of the embedded value position at the reporting dates.

	31 December 2022	31 December 2021
	£'Million	£'Million
Value of in-force business	7,684.8	7,712.1
Solvency II net assets	1,379.9	1,245.3
Total embedded value	**9,064.7**	8,957.4

	31 December 2022	31 December 2021
	£	£
Net asset value per share	**16.66**	16.57

The EEV result above reflects the specific terms and conditions of our products. Our pension business is split between two portfolios. Our current product, the Retirement Account, was launched in 2016 and incorporates both pre-retirement and post-retirement phases of investment in the same product. Earlier business was written in our separate Retirement Plan and Drawdown Plan products, targeted at each of the two phases separately, and therefore has a slightly shorter term and lower new business margin.

Our experience is that much of our Retirement Plan business converts into Drawdown Plan business at retirement, but, in line with the EEV guidelines, we are required to defer recognition of the additional value from the Drawdown Plan until it crystallises. If instead we were to assess the future value of Retirement Plan business (beyond the immediate contract boundary) in a more holistic fashion, in line with Retirement Account business, this would result in an increase of approximately £340 million to our embedded value at 31 December 2022 (31 December 2021: £395 million).

Financial review

Section 3
Solvency

St. James's Place has a business model and risk appetite that result in underlying assets being held that fully match our obligations to clients. Our clients can access their investments 'on demand' and because the encashment value is matched, movements in equity markets, currency markets, interest rates, mortality, morbidity and longevity have very little impact on our ability to meet liabilities. We also have a prudent approach to investing shareholder funds and surplus assets in cash, AAA-rated money market funds and highly rated government securities. The overall effect of the business model and risk appetite is a resilient solvency position capable of enabling liabilities to be met even during adverse market conditions.

Our Life businesses are subject to the Solvency II capital regime which applied for the first time in 2016. Given the relative simplicity of our business compared to many, if not most, other organisations that fall within the scope of Solvency II, we have continued to manage the solvency of the business on the basis of holding assets to match client unit-linked liabilities plus a management solvency buffer (MSB). This has ensured that not only can we meet client liabilities at all times (beyond the Solvency II requirement of a '1-in-200 years' event), but we also have a prudent level of protection against other risks to the business. At the same time, we have ensured that the resulting capital held meets with the requirements of the Solvency II regime, to which we are ultimately accountable.

For the year ended 31 December 2022 we reviewed the level of our MSB for the life businesses, and chose to maintain it at £355.0 million (31 December 2021: £355.0 million).

The Group's overall Solvency II net assets position, MSB, and management solvency ratios are as follows.

31 December 2022	Life[1] £'Million	Other regulated £'Million	Other[1,2] £'Million	Total £'Million	31 December 2021 total £'Million
Solvency II net assets	377.7	323.2	679.0	1,379.9	1,245.3
MSB	355.0	177.7	–	532.7	518.0
Management solvency ratio	**106%**	**182%**			

1 After payment of year-end intra-Group dividend.

2 Before payment of the Group final dividend.

Solvency II Balance Sheet

Whilst we focus on Solvency II net assets and the MSB to manage solvency, we provide additional information about the Solvency II free asset position for information. The presentation starts from the same Solvency II net assets, but includes recognition of an asset in respect of the expected value of in-force (VIF) cash flows and a risk margin (RM) reflecting the potential cost to secure the transfer of the business to a third party. The Solvency II net assets, VIF and RM comprise the 'own funds', which are assessed against our regulatory solvency capital requirement (SCR), reflecting the capital required to protect against a range of '1-in-200' stresses. The SCR is calculated on the standard formula approach. No allowance has been made for transitional provisions in the calculation of technical provisions or the SCR.

An analysis of the Solvency II position for our Group, split by regulated and non-regulated entities at the year-end, is presented in the table below.

31 December 2022	Life[1] £'Million	Other regulated £'Million	Other[1,2] £'Million	Total £'Million	31 December 2021 total £'Million
Solvency II net assets	3777	323.2	679.0	1,379.9	1,245.3
Value of in-force (VIF)	5,580.4	–	–	5,580.4	5,640.1
Risk margin	(1,516.4)	–	–	(1,516.4)	(1,622.9)
Own funds (A)	**4,441.7**	**323.2**	**679.0**	**5,443.9**	5,262.5
Solvency capital requirement (B)	(3,404.5)	(118.0)	–	(3,522.5)	(3,939.1)
Solvency II free assets	**1,037.2**	**205.2**	**679.0**	**1,921.4**	1,323.4
Solvency ratio (A/B)	**130%**	**274%**		**155%**	134%

1 After payment of year-end intra-Group dividend.

2 Before payment of the Group final dividend

The solvency ratio after payment of the proposed Group final dividend is 149% at the year-end (31 December 2021: 128%).

We continue to target a solvency ratio of 110% for St. James's Place UK plc, our largest insurance subsidiary, as agreed with our regulator the PRA. The combined solvency ratio for our life companies, after payment of the year-end intra-Group dividend, is 130% at 31 December 2022 (31 December 2021: 115%).

Solvency II sensitivities

The table below shows the estimated impact on the Solvency II free assets, the SCR and the solvency ratio from changes in various assumptions underlying the Solvency II calculations. In each case, only the indicated item is varied relative to the restated values.

The solvency ratio is not very sensitive to changes in experience or assumptions, and, due to the approach to matching unit-linked liabilities with appropriate assets, can move counter-intuitively depending on circumstances, as demonstrated by the sensitivity analysis presented below.

	Note	Solvency II free assets £'Million	Solvency II capital requirement £'Million	Solvency ratio %
Value at 31 December 2022		**1,921.4**	**3,522.5**	**155%**
100bps reduction in risk-free rates, with corresponding change in fixed interest asset values	1	1,839.6	3,527.9	152%
10% increase in withdrawal rates	2	1,959.0	3,287.5	160%
10% reduction in market value of equity assets	3	2,088.6	2,929.3	171%
10% increase in expenses	4	1,866.6	3,518.8	153%
100bps increase in assumed inflation	5	1,867.1	3,523.3	153%

Notes to the Solvency II sensitivities

1. This is the key economic basis change sensitivity. The business model is relatively insensitive to change in economic basis. Note that the sensitivity assumes a corresponding change in all investment returns but no change in inflation.
2. The 10% increase is applied to the lapse rate. For instance, if the lapse rate is 8% then a 10% increase would reflect a change to 8.8%.
3. For the purposes of this sensitivity all unit-linked funds are assumed to be invested in equities. The actual mix of assets varies and in recent years the proportion invested directly in UK and overseas equities has exceeded 70%. The sensitivity reflects the impact of changes in the equity dampener on market risk capital.
4. For the purposes of this sensitivity all expenses are increased by 10%.
5. This reflects a 100bps increase in the assumed RPI underlying the expense inflation calculation.

Risk and risk management

Effective risk management

Overview and culture

The business activities and the industry within which the Group operates expose us to a wide variety of inherent risks. Therefore, effective risk management, underpinned by a good risk culture, is critical to our success. We comprehensively identify and assess risks, agree our appetite for those risks, and then manage them accordingly. When assessing risks and deciding on the appropriate response we consider the potential impacts on our key stakeholders: clients, advisers, shareholders, regulators, employees and society.

The inherent risk environment faced by the Group changes over time as emerging factors and trends (including political risks such as changes in taxation, macroeconomic factors, cyber-crime and climate change) may impact on our short- and/or longer-term profitability.

Under the leadership, direction and oversight of our Board, these risks are carefully assessed and managed in order to achieve our strategic objectives, as set out on pages 25 to 33.

We do not, and cannot, seek to eliminate risk entirely; rather we aim to understand our risks and deal with them appropriately. The emphasis is on applying effective risk management strategies, so that all material risks are identified and managed within the agreed risk appetite. Risk management is embedded within our culture and therefore is a core aspect of decision-making.

Risk management forms a key part of the business planning process, including decisions on strategic developments affecting our client and Partner propositions, investments, and dividend payments.

Our Risk Management and Control Framework

The internal control environment is built upon a strong control culture and organisational assignment of responsibility. The 'first line' business is responsible and accountable for risk management. This is then combined with oversight from the 'second line' risk, controls and compliance functions, and assurance from the 'third line' internal audit to form a 'three lines of defence' model.

The Risk Management and Control Framework is a combination of processes by which the Group identifies, assesses, measures, manages and monitors the risks that may impact on the successful delivery of its strategic objectives. Based upon our risk appetite, the risks identified are either accepted or appropriate actions are taken to mitigate them.

The Board, through the Group Risk Committee, takes an active role in overseeing the Risk Management and Control Framework, for which it is responsible. As part of this the Board robustly assesses its principal and emerging risks, which are considered in regular reporting and summarised annually in the Own Risk and Solvency Assessment (ORSA); further information on this is provided overleaf

On behalf of the Board, the Group Audit Committee takes responsibility for assessing the effectiveness of the Group's risk management and internal control systems, covering all material controls, including financial, operational and compliance controls. It does this via an annual review of risk and control self-assessments and monitoring of the effectiveness of the internal control model throughout the year. The systems have been in place for the year under review and up to the date of approval of the Annual Report and Accounts.

The Board receives regular reports from the Group Risk Committee and Group Audit Committee and approves key aspects of the Group's Risk Management and Control Framework including the Risk Appetite Statement and Group ORSA.

The diagram on the right depicts our Risk Management and Control Framework.

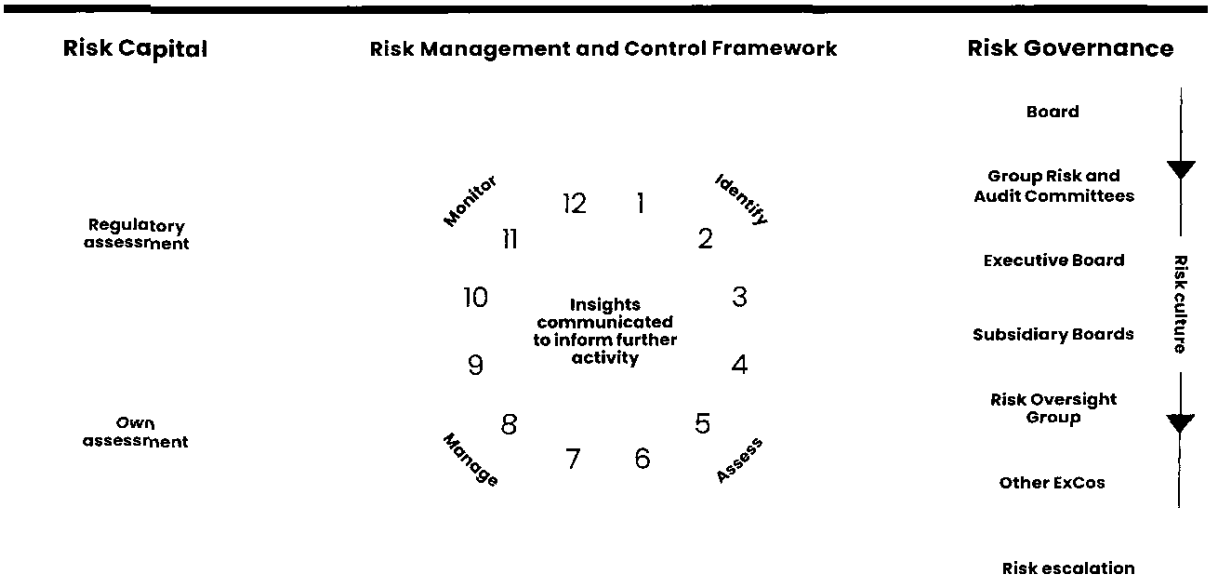
Our risk appetite

The Board carefully sets its appetite for taking risk against the Group's strategic objectives. These choices are set out in detail in our Group Risk Appetite Statement, which is reviewed at least annually by the Group Risk Committee, senior risk owners and the Executive Board before being approved by the Board. The Group Risk Appetite Statement also provides clarity over ownership, enabling us to identify the key individuals within the Group who have responsibility for managing particular risks. The Group Risk Appetite Statement informs the risk appetite statements prepared for and approved by the regulated subsidiary boards within the Group.

The Group Risk Appetite Statement includes a risk appetite *scale. This scale has several risk acceptance levels, ranging* from no appetite for taking risks at all, through to acceptance of risk. The level of risk we are willing to accommodate will vary depending on individual risk scenarios. Risk appetite can and will change over time, sometimes rapidly as economic and business environment conditions change, and therefore the statement is an evolving document.

A comprehensive suite of Key Risk Indicators (KRIs) is reported regularly, alongside qualitative information, to enable the Group Risk Committee, on behalf of the Board, to monitor that the Group remains within its accepted appetite.

Strategy – Key outcomes



1. Loss event reporting
2. Emerging risk assessment
3. Stress and scenario testing
4. Risk and controls self-assessment
5. Operational risk assessments
6. Reverse stress testing
7. Own Risk and Solvency Assessment
8. Recovery and resolution planning
9. Risk registers
10. Regular risk reporting
11. Key Risk Indicators
12. Risk relationship meetings

Risk and risk management

Own Risk and Solvency Assessment (ORSA)

We are classified as an insurance group and are subject to Solvency II insurance regulation. A key part of this regulation requires a consistent approach to risk management across the Group, supported by the *production of an annual ORSA*.

The ORSA process follows an annual cycle, which applies comprehensive risk assessments to the business's activity, and ensures the Group is resilient to stresses in both the short term and over a five-year period. The ORSA cycle is depicted in the diagram below.

The Solvency Capital Requirement for insurers allows for at least a '1-in-200-year' risk event over a one-year time horizon. In addition, severe stresses and scenarios are used to help provide insight into the ability to maintain the regulatory capital in such conditions. Our results show that it would be possible to maintain regulatory capital across the Group under all stresses for the business planning horizon. This assists us when considering the calculations and allocation of risk capital to all major risks in the Group, and the adequacy of capital positions. This process also ensures our continued confidence that the regulated subsidiaries remain strongly capitalised.

The ORSA uses a five-year projection period for the medium term. Due to the gestation period across some of our pension and investment product ranges we do not earn annual management fees on these in the first six years.

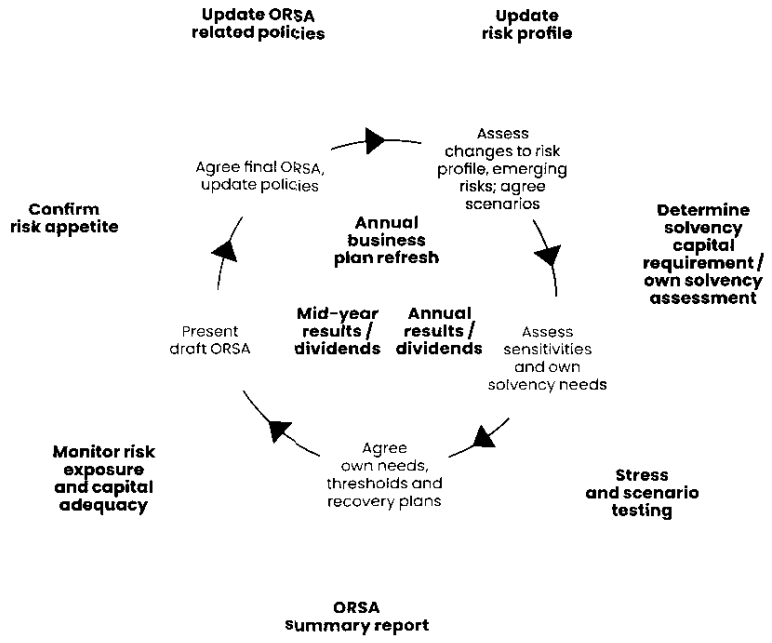
As a result, a five-year projection period is a prudent view of the Group's viability as for pension and investment business we consider ongoing revenues generated on existing business only. The ORSA is particularly useful *in assessing viability, as it involves a comprehensive* assessment of risks and capital requirements for the business. For example, consideration is given to factors or events that impact on our income from funds under management such as market movements, retention of clients and ability to attract new clients. We also consider factors which impact our costs such as inflation, non-inflationary expense increases and operational event-related losses. Combinations of these factors are used to form scenarios which are tested, providing for more extreme combinations of events.

The scenarios are used to assess both the immediate impact of an event and the impact over the longer term (in the wake of the event). In addition to a standard set of extreme 'combination' scenarios which we test every year, assessments are also completed based on more current/topical or emerging risk exposures affecting the Group or financial services more generally.

The ORSA assists decision-making by bringing together the following processes:

- strategic planning;
- risk appetite consideration;
- risk identification and management; and
- capital planning and management.

The ORSA continues to evolve and further strengthen risk management processes throughout the Group.



Current risk environment

There was a complex and rapidly evolving macroeconomic risk picture through 2022, which was exacerbated in the UK by political turmoil. We expect to see significant challenges at a national level in 2023 and beyond as people and businesses adjust to a higher interest rate environment and the higher cost of living. We are mindful of potential risks relating to changes in tax policy which could affect the amount our clients have available to save and how much tax they pay on income and investments. However, we also recognise an opportunity for our advisers, through ongoing financial advice, to support clients in managing their financial affairs in a volatile market; to combat the effects of inflation on the standard of living they are aiming for in retirement; and to remain tax-efficient in their savings as the tax landscape changes. We are also mindful of the potential for geopolitical tensions to escalate, which could have relevance to the Group through impacts on financial markets and through heightened cyber risk.

Overall we remain confident in our ability to withstand further challenges that may or may not emerge from the risk environment described in more detail below. Timely and targeted risk-based information has been provided to the Board to continue to support decision-making and help the understanding of key issues.

Macroeconomic

The macroeconomic risks associated with high inflation, the unwinding of 14 years of low interest rates and the threat of increasing geopolitical tension are not to be under-estimated. However, the Group's business model has demonstrated resilience and continues to be well positioned to survive extreme conditions and continue to invest for long-term growth.

Some examples of the key challenges for the business presented by the current macroeconomic conditions include:

- Asset prices could fall further as interest rates rise and the economic outlook deteriorates. Asset price falls reduce future profitability but, counterintuitively, improve the Group's solvency position in the short to medium term because our capital requirement reduces at a quicker rate than our own funds. The Group's financial resilience is demonstrated through stress and scenario testing and we remain highly confident in our ability to weather further extreme market falls, although such scenarios would negatively impact cash generation.
- In a higher inflationary environment our strategic targets of both limiting growth in controllable expenses to 5% per annum and investing in the business to support future growth become more difficult to jointly achieve. A key strategic consideration for the business is maintaining capacity for development expenditure and focusing investment on developments which will best support long-term growth in net client inflows.
- As interest rates rise, annuities could become more attractive for clients relative to remaining in drawdown. This could lead to an increase in withdrawals and hence a reduction in funds under management for the Group. However, whilst annuities are now relatively cheaper than they have been for some time, clients may be reluctant to crystallise funds to purchase an annuity in a market downturn. Furthermore, keeping funds in a drawdown pension continues to offer valuable flexibility.
- Business loans to advisers will have higher interest payments. This may come at a time where adviser income is under pressure due to negative market impacts on funds under management. However, we have operated careful lending criteria, which we are confident will limit the number of advisers who could require support, and we maintain the capacity to do so. Our field management team work with advisers to help them develop their businesses and, if required, SJP is able to provide targeted financial assistance.

Despite the potential macroeconomic risks we believe there are good reasons to be optimistic about continued investment and growth of net flows to the Group In particular, our advisers are well placed to advise clients on the benefits of taking a long-term view and investing or continuing to invest when markets are relatively low.

Regulatory change

Regulatory change is a constant, and amongst the significant regulatory change agenda for 2023 the FCA has launched the new Consumer Duty regulation. This is intended to set higher and clearer standards of consumer protection across financial services and require firms to act to deliver good outcomes for customers. In line with the whole of the industry we are engaging proactively with this important regulatory initiative. While we believe that we already achieve good outcomes for our clients, we are nonetheless reviewing all our client focused activities and reflecting on how we can develop them to meet ever increasing expectations. Ahead of Consumer Duty coming into force, there will be aspects of the way we operate which will need to change in order to meet regulatory expectations. The FCA is expecting action and where we identify this is required, we will respond to improve client experience and reduce any risk of poor client outcomes.

Risk and risk management

Current risk environment continued

Climate change

Tackling climate change is an issue of high importance. We aim to grow in a sustainable way, taking a long-term view which ensures we are a force for good for our clients and the wider world. As an example of how we are putting this into practice we have pledged that our operations will become climate positive by 2025 and our investments will be net zero by 2050. More information on the actions we are taking can be found on pages 46 to 51.

Climate change-related risks affect companies in different ways and we have carefully considered how climate change could impact the Group to identify risks and opportunities. Climate change is a driver of market-related risk, be that through physical climate events or impacts from transitioning away from fossil fuels. The invasion of Ukraine and rapid reduction in Russian oil and gas supplied to Europe has driven inflation and put focus on domestic energy security. We recognise that this presents a risk to the climate as western countries seek replacement fossil fuel resources in the short term, but also an opportunity in relation to accelerating the speed of transition to renewable energy sources.

Whilst recognising the unique ways in which climate change can affect individual investments, our approach to managing this risk is very similar to how we manage other drivers of market-related risk, namely through our investment management approach (IMA) and within that our approach to responsible investing. Through this we aim to take account of climate risks whilst seeking to deliver returns for clients in line with their risk appetite and increasing the value of FUM. Further, to ensure our resilience as a Group to market movements, our liabilities to clients are fully matched by our invested assets.

We also consider physical risks on our operations as we look to enhance our operational resilience. Generally, through the nature of our operations and the geography in which we operate, the physical risks to our direct operations are low. We further work to understand the risk to our material third parties' operations and engage with them to share and remediate material concerns.

A key residual risk to the Group is meeting the views and expectations of current and potential clients around our approach to the challenges presented by climate change. We aim to be as transparent as possible on what we are doing and have to accept that our approach will be too little for some and too much for others.

Principal risks and uncertainties

Whilst the risk landscape evolved over the course of the year, the inherent principal risk areas that the business faces remain consistent with the previous year. An example of this is that security and resilience remains a principal risk area and within this cyber risk continues to be a key risk. Nevertheless, we recognise that the cyber environment continues to develop, particularly with State-sponsored threats, which increases the inherent cyber risk to the business.

The business priority areas which our principal risks impact are set out in the tables in the following pages, together with the high-level controls and processes through which we aim to mitigate them. Reputational damage and impacts to shareholders and other stakeholders are a likely consequence of any of our principal risks materialising.

The symbols on the right are used to indicate which primary business priorities our principal risks could impact, while recognising that they could also have a secondary impact on other business priorities.

Our business priorities

Building community

Being easier to do business with

Delivering value to advisers and clients through our investment proposition

Building and protecting our brand and reputation

Our culture and being a leading responsible business

Continued financial strength

	Risk description	Business priority	Key risks	Example controls/mitigation
Client proposition	Our product proposition fails to meet the needs, objectives and expectations of our clients. This includes poor relative investment performance and poor product design		• Investments provide poor returns relative to their benchmarks and/or do not deliver expected client outcomes • Range of solutions does not align with the product and service requirements of our current and potential future clients • Failure to meet client expectations of a sustainable business, not least in respect of climate change and responsible investing	• Monitoring of asset allocations across portfolios to consider whether they are performing as expected in working towards long-term objectives • Monitoring funds against their objectives mindful of an appropriate level of investment risk • Ongoing assessment of value delivered by funds and portfolios versus their objectives • Where necessary, managers are changed in the most effective way possible • Continuous development of the range of services offered to clients • Engagement with fund managers around principles of responsible investment

	Risk description	Business priority	Key risks	Example controls/mitigation
Conduct	We fail to provide quality, suitable advice or service to clients		• Advisers deliver poor-quality or unsuitable advice • Failure to evidence the provision of good-quality service and advice	• Licensing programme which supports the quality of advice and service from advisers • Technical support helplines for advisers • Timely and clear responses to client complaints • Robust oversight process of the advice provided to clients delivered by business assurance, compliance monitoring, field risk and advice guidance teams
Financial	We fail to effectively manage the business's finances.		• Failure to meet client liabilities • Investment/market risk • Credit risk • Liquidity risk • Insurance risk • Expense risk	• Policyholder liabilities are fully matched • Excess assets generally invested in high-quality, high-liquidity cash and cash equivalents • Direct lending to the Partnership is secured • Reinsurance of insurance risks • Ongoing monitoring of all risk exposures and experience analysis • Setting and monitoring budgets • Implementing new systems to enable future cost reductions • Monitoring and management of subsidiaries' solvency to minimise Group interdependency
Partner proposition	Our proposition solution fails to meet the needs, objectives and expectations of our current and potential future advisers.		• Failure to attract new members to the Partnership • Failure to retain advisers • Failure to increase adviser productivity • Available technology falls short of client and adviser expectations and fails to support growth objectives • The Academy does not adequately support growth of the Partnership	• Focus on providing a market-leading Partner proposition • Adequately skilled and resourced population of supporting field managers • Reliable systems and administration support • Expanding the Academy capacity and supporting recruits through the Academy and beyond • Market-leading support to Partners' businesses
People	We are unable to attract, retain and organise the right people to run the business.		• Failure to attract and retain personnel with key skills • Poor employee engagement • Failure to create an inclusive and diverse business • Poor employee wellbeing • Our culture of supporting social value is eroded	• Measures to maintain a stable population of employees, including competitive total reward packages • Monitoring of employee engagement and satisfaction • Employee wellbeing is supported through various initiatives, benefits and services • Corporate incentives to encourage social value engagement, including matching of employee charitable giving to Charitable Foundation • Whistleblowing hotline
Regulatory	We fail to meet current, changing or new regulatory and legislative expectations.		• Failure to comply with existing regulations • Failure to comply with changing regulation or respond to changes in regulatory expectations • Inadequate internal controls	• Compliance functions provide guidance and carry out extensive assurance work • Strict controls are maintained in highly regulated areas • Maintenance of appropriate solvency capital buffers, and continuous monitoring of solvency experience • Clear accountabilities and understanding of responsibilities across the business • Fostering of positive regulatory relationships

Risk and risk management

Principal risks and uncertainties continued

	Risk description	Business priority	Key risks	Example controls/mitigation
Security and resilience	We fail to adequately secure our physical assets, systems and/or sensitive information, or to deliver critical business services to our clients.		• Internal or external fraud • Core system failure • Corporate, Partnership, or third-party, information security and cyber risks • Disruption in key business services to our clients	• Business continuity planning for SJP and its key suppliers • Focus on building operational resilience • Mandatory 'Cyber Essentials Plus' accreditation for Partner practices or use of an SJP 'Device as a Service' solution • Clear cyber strategy and data protection roadmap for continuous development • Data leakage detection technology and incident reporting systems • Identification, communication, and response planning for the event of cyber crime • Executive Board level cyber scenario work to test strategic response • Internal awareness programmes • Identification and assessment of important and critical business services
Strategy, competition and brand	Challenge from competitors and impact of reputational damage.		• Increased competitive pressure from traditional and disruptive (non-traditional) competitors • Cost and charges pressure • Negative media coverage • Failure to meet our commitments to net zero	• Clear demonstration of value delivered to clients through advice, service and products • Investment in improving positive brand recognition • Ongoing development of client and Partner propositions • Proactive engagement with external agencies including media, industry groups, shareholders and regulators • Clear interim targets to be tracked towards meeting our long-term net zero targets
Third parties	Third-party outsourcers' activities impact our performance and risk management		• Operational failures by material outsourcers • Failure of critical services. Significant areas include: – investment administration – fund management – custody – policy administration – cloud services	• Oversight regime in place to identify prudent steps to reduce risk of operational failures by material third-party providers • Ongoing monitoring, including assessment of operational resilience • Due diligence on key suppliers • Oversight of service levels of our third-party administration provider

Emerging risks

Emerging risks are identified through conversations and workshops with stakeholders throughout the business, reviewing academic papers, attending industry events and other horizon scanning by the Group risk team.

The purpose of monitoring and reporting emerging risks is to give assurance that we are well positioned to manage the risks to our future strategy, which is the primary risk management tool for longer term strategic risks. The Group Risk Committee reviewed emerging risks on a quarterly basis during 2022 and more detail is provided on this in the Chair of the Group Risk Committee's report on pages 132 to 138.

Examples of emerging risks which have been considered during the year include:

- inflation;
- consequences of the invasion of Ukraine;
- climate change and ESG-related risks;
- employee-related risks;
- shareholder activism; and
- risk of energy blackouts.

Viability statement

How we assess our viability

The business considers five-year financial forecasts when developing its strategy. These incorporate our budget for the next financial year and four further years of forecasts based on reasonable central assumptions around the development of business drivers.

At the core of assessing our viability we seek to understand how different principal risks could materialise. We consider risks which might present either in isolation or in combination and which could result in acute shocks to the business or long-term underperformance against forecasted business drivers. We consider that a five-year time horizon is sufficiently long to assess potential impacts and aim to ensure that the business remains viable, noting that identified management actions could also be enacted to restore the business's prospects.

When considering how the principal risks previously described might impact the business, we consider our ability to deal with particular events which may impact one or more of the following key financial drivers:

- reduction in client retention;
- reduction in new business relative to forecasts;
- market stresses;
- increases in expenses; and
- direct losses through operational risk events.

We carry out stress and scenario testing on these key financial drivers, alongside operational risk assessments. To provide comfort over viability over the next five years, the scenarios and assessments look at events which would be extreme, whilst still remaining plausible. This work demonstrates that, although there would be impacts on profitability, the Group is resilient and could continue to meet regulatory capital requirements over five years should even the more extreme risks materialise.

As well as robust scenario testing, the Directors have given consideration to assessments of the current risk environment, including how risks are managed through controls relative to the risk appetite and emerging risks.

Example scenarios

A diverse selection of stresses and scenarios is applied to test all material drivers in a variety of ways to provide understanding of dynamic impacts. Recently we have considered a number of onerous scenarios for our key financial drivers based on the 2022 year-end financial position. This included a scenario which explored how the 2022 Bank of England Annual Cyclical Scenario test for banks might impact the key financial variables for the Group. In order to do this, we carefully considered how the prescribed economic variables might translate for the Group. Our conclusion is that whilst this scenario would significantly reduce profitability it would be not cause any solvency concerns.

As a further example, as part of the dividend considerations in February 2022 we assessed the direct financial implications of a significant increase in the implied inflation curve, particularly over the next 1-3 years though also remaining significantly above expectations over the 4-10 year projection. We then used this inflation stress in two further scenarios of varying severity which also stressed the value of funds under management and new business relative to our base projections. In all scenarios, the Group was expected to remain adequately capitalised and have sufficient liquid resources, albeit the Group's profits, and therefore future dividends, would diminish. In the context of the 2022 dividend decision, however, these scenarios gave confidence that, after payment of the proposed dividend, the Group would remain within the Board's financial risk appetite.

It is also worth noting that when extreme events materialise, or the level of uncertainty in the external environment increases, management reacts accordingly by taking appropriate and measured actions. For example, following the initial uncertainty around COVID-19, the Board decided to withhold around one-third of the proposed 2019 final dividend until March 2021, when the impacts of COVID-19 had become clearer and the dividend was released. This prudent judgement ensured we were comfortable in our resilience and ability to protect clients while continuing strategic investment in the business to increase shareholder value.

We remain confident that the Group is able to respond to unforeseen events to ensure the Group remains viable.

Risk and risk management

Resilience over different time horizons

The table below provides an indication of which risks are relevant over different timeframes and why the Group is considered to be resilient over these timeframes.

Over the next year

Risks	Resilience
Over the short term, key risks are most likely to be operational, such as cybercrime or failure of operational processes. The cost-of-living crisis and higher interest rates are also key risks to business performance if they lead to downturns in markets and/or new investments, or to continued people-related risks which impact on our operations. Strategic risks which could have a shorter term impact relate to: managing expenses in a high inflationary environment whilst investing for growth; maintaining high engagement with the Partnership and supporting them through a tough macroeconomic environment; the pace of regulatory change, and talent management. Of the significant regulatory change due in 2023, including the new FCA Consumer Duty coming into force, there will be aspects of the way we operate which need to be evolved in order to continue to meet changing regulatory expectations and ultimately benefit our clients. It is not expected that solvency will be an issue in the short term due to our matching approach on liabilities. Liquidity risks would be relevant for this time window since they tend to be short term in nature. However, we do not anticipate there being liquidity risks given the approach to Group and subsidiary entity dividends and liquidity management in general. These risks are also relevant for the longer time periods.	The Group generates relatively steady cash profits on new business and existing funds under management which increase each year as funds in gestation 'mature'. In stress and scenario testing the Group demonstrates a high degree of resilience in its solvency level to falls in markets and new business. If severe risks materialised over the year, the Group's profitability would reduce and, whilst other options would be explored first, curtailing investment or reducing dividends would be obvious ways to protect the financial strength of the business. The business benefits from higher interest rates on cash reserves and has significant financial resources to support Partner businesses if required and where appropriate, though the need is likely to be limited due to the application of careful lending criteria for business loans to Partners. Changing regulatory expectations including Consumer Duty are being considered in depth. We are a client focused business and so any changes we make should be positive for our business, reducing regulatory and reputational risk and supporting good client outcomes. Operational resilience and business continuity are also important risks which might cause severe business disruption and are carefully managed. There are not considered to be any material uncertainties over the ability of the Group to survive over the one-year time horizon.

Over the next five years

Risks	Resilience
Over the medium term key risks are: investor sentiment; market impacts; changes to regulation or regulatory expectations particularly relating to advice; and further tax changes to tackle the UK's increased national debt. The importance of technology in the client proposition is only likely to grow, and risks may materialise from non-traditional competitors seeking to disrupt the UK financial advice market. An example of a strategic risk relates to ensuring we continue to provide the best proposition for advisers at each stage of their journey with SJP, to support productivity and retention.	In counteracting the medium-term risks, there is more time to respond and take actions to manage the Group's prospects. As already referenced, stress and scenario testing takes place, which provides comfort over the Group's ability to weather storms over a five-year time horizon and adapt. The Group's strategy is designed to navigate the threats and keep our proposition attractive for both existing and potential clients. As the largest wealth manager in the UK, the Group is well resourced to respond effectively to regulatory change and deal with increased regulatory complexity. Whilst the importance of technology in the advice space will grow, we believe that overall our target market will continue to value human interaction in discussing sensitive financial matters. Delivery of our technology strategy will however support clients and advisers in making the most of their interactions and drive efficiency in the back office. Ensuring that we have an excellent proposition for Partners is a core focus for the Group, and careful consideration is given to how we should evolve our proposition over time to ensure we develop and retain excellent advisers in the Partnership

Beyond 2027

Risks	Resilience
Most of the shorter term risks will remain relevant; however, over the longer term, the impact of artificial intelligence and machine learning in both investment management and advice will become greater.	We are exploring opportunities in relation to machine learning and other technology solutions as part of our technology strategy. This is being done cautiously to manage potential risks, but failure to build capabilities in this space may present a greater competitive risk.
Risks from climate change relating to investor sentiment and political change are already relevant now, but the consequences of failure to act will be felt more and more over time. We are committed to be climate positive in our operations by 2025, net zero in our supply chain by 2035 and net zero in our investments by 2050. If we fail to deliver on these commitments, then this could have a significant reputational impact within this time horizon.	We have been developing our responsible investing proposition for some years and welcome the focus in this area, as it is the right thing to do and provides an opportunity to maximise client benefit through our active investment management approach. We are increasing the governance and measurement of delivery against our responsible business commitments to ensure confidence of delivery. Finally, when we look five or six years ahead all current funds in 'gestation' will be expected to be contributing to profits and therefore increasing our expected financial resilience.

Conclusion

In accordance with the UK Corporate Governance Code (Provision 31), the Directors have assessed the Group's current financial position and prospects over the next five-year period and have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due. The Directors believe that the Group's risk planning, management processes and culture allow for a robust and effective risk management environment.

Approval of the Strategic Report

As part of the Annual Report by the Directors it is a statutory requirement to produce a Strategic Report.

The purpose of the report is:

- to inform members of the Company and help them assess how the Directors have performed their duty under section 172(1) of the Companies Act 2006 (duty to promote the success of the Company).

The objective of the report is to provide shareholders with an analysis of the Company's past performance, to impart insight into its business model, strategies, objectives and principal risks and to provide context for the Financial Statements in the Annual Report.

The Directors consider that the report, comprising pages 2 to 99 of this document, meets the statutory purpose and objectives of the Strategic Report.

On behalf of the Board:

Andrew Croft, Chief Executive

Craig Gentle, Chief Financial Officer
27 February 2023

Governance

Board of Directors 102
Corporate governance report (including section 172(1) statement) 104
Report of the Group Audit Committee 122
Report of the Group Risk Committee 132
Report of the Group Nomination and Governance Committee 139
Report of the Group Remuneration Committee 143
Directors' report 175
Statement of Directors' responsibilities 178

02

Corporate governance

If we are to live up to our commitment to be a leading responsible business, we must be able to demonstrate that we operate the highest standards of corporate governance, balancing the interests of all our stakeholders in our decision-making.

Robust and proportionate governance will not only provide the Board and its stakeholders with reassurance but is also critical to the successful delivery of a strategy that takes account of our wider societal purpose and the interests of all of our stakeholders.

Our aim within this report has been to consolidate our reporting on governance, providing context that explains how the Company's governance arrangements, and the Board's activities, have contributed to the delivery of our strategy. As a result, you will find reporting that may be found elsewhere in other companies' reports, including the section 172(1) statement.

We have structured our corporate governance report (see the navigation bars at the top of the pages) so that it aligns with the sections of the UK Corporate Governance Code, as these provide a useful basis for readers' navigation. Links between elements of this report and more detailed examples in the Strategic Report that seek to outline our approaches to themes within the Code are highlighted throughout.

Paul Manduca, Chair

The UK Corporate Governance Code

The corporate governance report on pages 104 to 121 explains how the Board leads the Company's approach to corporate governance, including an explanation of how the principles of the Financial Reporting Council's UK Corporate Governance Code (the Code) have been applied in practice.

As stated in last year's Report, pension contribution rates for Executive Directors will align with the wider workforce from 1 January 2023. As this alignment did not take effect until this date, the Company did not meet the requirements of Provision 38 of the Code during 2022. The Board considers that the Company has complied with all of the other principles and provisions of the Code (available at: **www.frc.org.uk**) during 2022. Detailed reporting on remuneration, as required by the Code, can be found in the Directors' Remuneration Report.

1 Board leadership and Company purpose (section 172(1) statement)

▶ **See pages 104 to 111**

2 Role of the Board and its responsibilities

▶ **See pages 112 and 113**

3 Board composition, succession and evaluation

▶ **See pages 114 to 121 and also the Report of the Group Nomination and Governance Committee on pages 139 to 142**

4 Audit, risk and internal control

▶ **See the Report of the Group Audit Committee and Report of the Group Risk Committee on pages 122 to 138**

5 Remuneration

▶ **See the Report of the Group Remuneration Committee on pages 143 to 174**

Board of Directors

Paul Manduca

NC

Chair of the Board

Date of appointment
Chair May 2021. Non-executive Director January 2021.

Experience
Paul joined from Prudential plc, where he was chairman for eight and a half years.

Other previous appointments include the chairmanships of Aon UK Limited and JPM European Smaller Companies Investment Trust Plc. Paul was the senior independent director of WM Morrison Supermarkets Plc, a non-executive director of KazMunaiGas Exploration & Production and chairman of Henderson Diversified Income Limited. Prior to this, he served as founding CEO of Threadneedle Asset Management Limited, global CEO of Rothschild Asset Management, director of Eagle Star and Allied Dunbar, CEO, Europe of Deutsche Asset Management, chairman of Bridgewell Group plc and was a director of Henderson Smaller Companies Investment Trust plc.

External appointments
Chairmanships of Templeton Emerging Markets Investment Trust plc, Majid Al Futtaim Trust and W.A.G Payment Solutions Plc.

Craig Gentle

Chief Financial Officer

Date of appointment
Chief Financial Officer January 2018.

Joined St. James's Place 2016 and appointed to the Board January 2018.

Experience
Craig joined the Company in 2016 as the Chief Risk Officer. Prior to this, Craig spent 22 years at PricewaterhouseCoopers LLP, 12 of which were as a Partner. During his time at PricewaterhouseCoopers LLP, Craig held a number of roles, including as a senior audit partner. Craig qualified as a Chartered Accountant in 1993.

External appointments
Member of the Board, Trustee and Honorary Treasurer for the Bristol Music Trust.

Emma Griffin

RK RM

Independent Non-executive Director

Date of appointment
Non-executive Director February 2020.

Experience
Emma has previously been a non-executive director of AIMIA Inc and Enterra Holdings. From 2002-2013, Emma was a founding partner of the stockbroking firm Oriel Securities, which was sold to Stifel Corporation. In her early career Emma worked at HSBC James Capel and Schroders.

External appointments
Emma is currently a non-executive director of EDF Man Holdings Ltd and SDCL Energy Efficiency Income Trust plc. She is also a non-executive director and chair of the Investment Committee of Industrial Alliance Financial Group, one of Canada's largest insurance and wealth management companies, listed on the TSX. She is also a non-executive director of the private investment companies Claridge Inc. and Solotech Inc.

Andrew Croft

Chief Executive

Date of appointment
Chief Executive January 2018.

Joined St. James's Place 1993 and appointed to the Board September 2004.

Experience
Andrew joined the Company in 1993 and was Chief Financial Officer from 2004 to 2017. Having trained as an accountant with Deloitte Haskins and Sells (now part of PricewaterhouseCoopers LLP) he then worked in the financial services sector. Since joining St. James's Place he has held a number of roles within the finance department, assuming the role of Finance Director in 2002 and being appointed as the Chief Executive Officer in January 2018. He is a Trustee of the St. James's Place Charitable Foundation.

Dominic Burke

AC RK

Independent Non-executive Director

Date of appointment
Non-executive Director November 2022.

Experience
Dominic has significant experience in the financial sector and has spent his career in the insurance industry. In 2000, Dominic joined the Jardine Lloyd Thompson Group plc following the acquisition of the Burke Ford Group of companies that he had co-founded, and from 2005 he took on the role of group chief executive until the company's 2019 sale to Marsh & McLennan Companies, Inc. Dominic held the position of vice chair of Marsh & McLennan until January 2022.

External appointments
Non-executive chairman of Newbury Racecourse plc. Honorary treasurer of The Injured Jockey Fund.

Rosemary Hilary

AC RK NM RM

Independent Non-executive Director

Date of appointment
Non-executive Director October 2019.

Experience
Rosemary was Chief Internal Auditor at TSB Bank from 2013 to 2016 and previously held senior positions at the Financial Services Authority and the Bank of England. Rosemary is a Chartered Certified Accountant, FCCA.

Rosemary was formerly a non-executive director and chair of the Audit and Risk Committee of Record plc and of the Pension Protection Fund, and a Trustee of Shelter.

External appointments
Rosemary is a non-executive director and chair of the Audit Committee of Willis Ltd; and a non-executive director and chair of the Risk Committee of Vitality Life and Vitality Health. In 2021 she became a Trustee of the Prince's Foundation and chair of its Audit and Risk Committee. She joined the board of the Scottish Building Society in 2022.

Committee key

- AC Member of Group Audit Committee
- RK Member of Group Risk Committee
- NC Member of Group Nomination and Governance Committee
- RM Member of Group Remuneration Committee
- ● Denotes Chair of Committee

Full biographical details of each Director can be found on our corporate website at www.sjp.co.uk

John Hitchins

AC RK

Independent Non-executive Director

Date of appointment
Non-executive Director November 2021.

Experience
John has extensive experience of the financial services industry gained through his career as a senior audit partner and his non-executive directorships. John spent 38 years with PricewaterhouseCoopers, specialising in financial services auditing and advisory services, before retiring in 2014. Since retiring from PricewaterhouseCoopers he has undertaken a number of non-executive director roles with financial services companies alongside a role as a senior adviser to the Financial Reporting Council.

External appointments
Non-executive director and chair of the audit committee of Aldermore Group PLC and Senior Adviser to the Financial Reporting Council.

Lesley-Ann Nash

RK RM

Independent Non-executive Director

Date of appointment
Non-executive Director June 2020.

Experience
Lesley-Ann has stepped down from her position as a director in the Cabinet Office of HM Government, where she spent six years leading a range of large-scale commercial and consumer programmes.

Lesley-Ann was a managing director at Morgan Stanley from 1998-2009, having previously worked at UBS and Midland Bank. She is a Fellow of the Chartered Institute of Management Accountants (CIMA). She was a Trustee of the North London Hospice for nine years.

External appointments
Lesley-Ann is a non-executive director of Workspace Group plc, BusinessLDN and Homes England.

Simon Jeffreys

AC RK NC RM

Independent Non-executive Director

Date of appointment
Non-executive Director January 2014.

Experience
Simon brings experience of the auditing world and financial services. He chaired AON UK Limited and Henderson International Income Trust plc until 2023, and was senior audit partner with PricewaterhouseCoopers LLP from 1986 to 2006 where he also led their Global Investment Management practice. Between 2006 and 2014, Simon was CFO and chief administrative officer at Fidelity International and then CFO and chief operating officer at the Wellcome Trust.

External appointments
Non-executive director and chair of the Audit and Risk Committees of Templeton Emerging Markets Investment Trust plc, SimCorp A/S, a listed Danish financial services software company, and the Crown Prosecution Service.

Roger Yates

AC RK NC RM

Senior Independent Non-executive Director (SID)

Date of appointment
Senior Independent Non-executive Director October 2018.

Non-executive Director January 2014.

Experience
Roger brings over 30 years of investment management experience. He started his career with GT Management Limited in 1981 and has subsequently held positions at Morgan Grenfell, Invesco and Henderson Group plc, where he was chief executive officer. Most recently, he was chair of Electra Private Equity plc and a non-executive director of IG Holdings plc and of J.P. Morgan Elect plc.

External appointments
Senior independent non-executive director of Mitie Group plc, non-executive director and chair of the Remuneration Committee of Jupiter Fund Management plc and chair of The Biotech Growth Trust plc.

Section 172(1) statement

Section 172 of the Companies Act 2006 requires a director to act in the way he or she considers, in good faith, would most likely promote the success of their company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the following factors:

- **A** Likely consequences of any decisions in the long term;
- **B** Interests of the company's employees;
- **C** Need to foster the company's business relationships with suppliers, customers and others;
- **D** Impact of the company's operations on the community and environment;
- **E** Desirability of the company maintaining a reputation for high standards of business conduct; and
- **F** Need to act fairly as between members of the company.

In discharging our section 172 duty we have regard to the factors set out above and also other factors which we consider relevant to the decisions being made. We are also clear that decisions may impact stakeholders in different ways and so the Directors aim to weigh up the impacts and make balanced decisions. We have set out below practical examples, including the effect on decisions taken during 2022. Whilst each of the factors presents important considerations, they may not always align and we acknowledge that not every decision we make will necessarily result in a positive outcome for all of our stakeholders.

Purpose and leadership

A focus on long-term success

Section 172 factor: A

Our purpose and values (see page 8) emphasise the long-term focus of the business. The Board's focus is on ensuring that the Company generates and preserves value over the long term for all of its stakeholders. The core of our strategy is the long-term relationship St. James's Place and the Partnership have with our clients, and this is what ultimately drives long-term value (financial and non-financial) for shareholders and other stakeholders. The Company's purpose and values influence decision-making across the business, and processes support the Board's aim to make sure that decisions are consistent with strategic objectives and the long-term success of the Company. Our culture continues to be vital to the continued success of the Group and the Board recognises it has an essential role in setting an appropriate tone from the top, monitoring the business and seeking to both protect it and add value.

Our governance framework, explained in more detail on pages 112 and 118, is designed to ensure that the Board, led by the Chair, is able to monitor the sustainability of the business model, performance against strategy and opportunities and threats as they arise. When reviewing performance against strategy, the Board looks to ensure it continues to align with the Group's culture and its commitment to being a leading responsible business, and delivers long-term success to St. James's Place and its stakeholders, by focusing on:

- providing entrepreneurial leadership and direction to the Group in setting out its strategic aims, vision and values and overseeing delivery against these, including approving major transactions and initiatives;
- monitoring financial performance and reporting, and approving/recommending payments of dividends;
- setting the Company's risk appetite, assessing the principal and emerging risks facing the Company and ensuring that adequate controls are in place to manage risk effectively;
- ensuring that appropriate and effective succession planning arrangements and remuneration policies are in place;
- implementing and ensuring the effective operation of corporate governance procedures; and
- ensuring that good client outcomes are delivered through the combination of the Group's distinctive investment management approach and the provision of high-quality ongoing advice.

The strategy, and performance against the strategy, are discussed throughout the Chair's report, Chief Executive's report and Strategic Report, and a summary of significant topics considered by the Board during 2022 is set out on pages 108 to 111 below, together with details of how the Directors had regard for factors A to F in their considerations.

Reputation and standards of business conduct

Section 172 factor: E

Our business exists to support clients to plan, grow and protect their financial futures. Our ability to achieve this would be materially impacted if we were unable to demonstrate standards of business conduct that meet clients' and society's (and regulators') expectations. Failure to maintain appropriate standards of conduct could inevitably lead to poor client outcomes, regulatory sanctions and/or adverse media coverage that could damage St. James's Place's reputation and the value placed on

it by all of our stakeholders. Conduct and reputation are prominent in our list of principal risks (see pages 94 to 96) and we seek to minimise the risk of harm to clients due to conduct issues through a robust control environment. The Board looks to its Risk Committee to monitor conduct risks and provide an appropriate level of assurance to support the Board's decision-making. Our reputation is best protected and improved by ensuring good client outcomes and avoiding conduct issues. Our reputation is also shaped by the image we project. With this in mind, the Board continues to monitor the brand and public relations activities to ensure they align with our purpose and long-term aims, and accurately depict our culture (see further information on page 8).

Our stakeholders

Section 172 factors: B C D F

The Group's principal stakeholders are covered in more detail on pages 9 to 14 in the Strategic Report. Whilst each stakeholder has different drivers and expectations, success for each is not mutually exclusive, as illustrated by the alignment between the interests of the Partnership, clients and employees when it comes to delivering successful client outcomes. We explain on pages 25 to 33 how successfully implementing our strategy will ensure the Company will continue to act in accordance with its purpose and values and achieve its vision. Successful implementation will also deliver against the expectations of all our stakeholders and we provide more detail on how we engage with each overleaf, together with an indication of where more detail can be found throughout this Annual Report.

Not all engagement is directly between stakeholders and the Board. Where engagement is not with the Board, the output informs business-level decisions made by management, an overview of which is fed back to the Board through regular reporting and focus on strategic topics.

◆

Inclusion and diversity case study

The Board is clear that inclusivity is key to SJP's future success and growth and that inclusive environments will provide foundations for diverse thought that will in turn encourage innovation and creativity.

A diverse community of people from a wide variety of backgrounds, and with a range of experiences, skills and approaches, will help us better understand and meet the needs of clients. We embrace inclusion and diversity, not just because it's the right thing to do, but because it makes our company stronger.

During 2022 the Board approved updated versions of the Board Diversity Policy and the Group Inclusion and Diversity Policy. Both policies aim to consider diversity in the widest sense rather than focusing only on specific aspects. A primary purpose of the Inclusion and Diversity Policy is the embedding of inclusive working practices across the business, in line with a framework of core principles:

- Representative – Showcasing the diversity of our business and industry, disrupting stereotypes and enhancing our talent pipeline
- Accessible – Enabling and empowering everyone to engage; eliminating barriers through adjustments
- Inclusive – Creating an environment where everyone feels they belong, and their input is valued
- Avoiding bias and group-think – Actively seeking out and engaging a range of voices and perspectives, taking steps to recognise and mitigate bias and blind spots from the start.

In 2020 SJP set public commitments to achieve 33% female representation on the Board, 30% in senior roles and 10% ethnic minority representation across all UK roles by September 2023. While progress in recent years has presented some challenges, including the weakness in the wider industry pipeline, we have seen some of the actions taken by management bearing fruit. Changes to policy and practice within the business – for example, improved recruitment initiatives, increased mentoring and networking opportunities and flexible working policies – have gained traction. We are now on track to meet our female representation commitments, and during 2022 there was an increase in minority ethnic hires (see page 60 for further information). However, the Board acknowledges that further work is needed in this area.

As outlined on page 142, during 2022 the FTSE Women Leaders targets were updated. The FCA also introduced updated Listing requirements requiring a 'comply or explain' statement in relation to the following revised diversity targets: at least 40% of the Board being women; at least one senior board position being held by a woman; and at least one member of the board being from a minority ethnic background. The new disclosure requirement will be mandatory from 2023 and the Group Nomination and Governance Committee is already taking this into account in its succession planning.

Overall, the Board is pleased with progress and sees evidence that inclusion and diversity is embedded in SJP's culture, forming a part of everyday language. Inclusion and diversity will remain at the forefront of the Board's thinking in 2023 as we continue to strive for a diverse and inclusive culture that enables SJP to attract, retain and develop talented people from all walks of life.

◆

Section 172(1) statement continued

Advisers

Communication and engagement with our advisers is delivered through a range of different approaches, from ongoing relationship management and development events to specific consultations. We utilise digital communication platforms but place great importance on face-to-face engagement through corporate-led or locally arranged events, including individual meetings, regional and national conferences and our Annual Company Meeting. During 2022 we expanded the calendar of events for our communities where they can network, share best practice and/or develop their skills and knowledge. Given the scale of our adviser base, we recognise that a blended approach to consultation will provide us with a greater depth of engagement and insight. In 2022 our consultations with advisers included deep dive interviews in relation to key projects, workshops with advisers and their support staff, and the introduction of a platform enabling us to understand the views of our advisers at scale. We have also continued to carry out surveys across our entire adviser population, which enable us to measure sentiment over time.

Further information on advisers in this Annual Report can be found on pages 6, 10, 18, 20-21, 24, 28, 95, 108-110, 117, 119, 129, 136, 151, 163 and throughout the our responsible business section on pages 34-65.

Employees

Effective and timely engagement with employees has always been an integral part of St. James's Place's culture. In 2019 we established our first formal workforce engagement committee to support the Board's engagement with our employees. During 2021 we reviewed the effectiveness of the Board's chosen mechanism for workforce engagement. Our review concluded that there were opportunities to enhance the two-way engagement, and so in 2021 we established, in place of the previous workforce engagement committee, a panel of employee-nominated representatives to assist our designated Non-executive Director responsible for workforce engagement. The role of this panel was embedded further during 2022 and the panel met quarterly to cover issues such as remuneration, communication, inclusion and diversity and hybrid working; they gave input to pulse survey themes and made recommendations to address some of the main employee survey findings. The Panel is engaged in ensuring an effective two-way dialogue with the Board. Part of the responsible Non-executive Director's role is to report back to the Panel on the Board's discussions, which Lesley-Ann does at each meeting. Panel members are charged with relaying and discussing the key areas of activity and focus with the workforce in their own areas. The engagement overseen by the Panel also provides management with valuable insight to support key decisions it makes.

Further information on employees in this Annual Report can be found on pages 7, 12, 18, 28, 95, 108-110, 117, 121, 129, 136, 151, 163, 177, and throughout the our responsible business section on pages 34-65.

Clients

Engagement with clients is largely driven through their ongoing relationship with their adviser, and this provides the primary means of sharing information with St. James's Place's clients. Regular client meetings provide an opportunity for clients to share their views and to ask any questions they may have. To enable us to get closer to clients' views and understand their experiences and expectations we have established a client community. This client community enables us to seek client input to inform developments, explore their views on key topics, and test their understanding of key client-facing material or regulatory letters. Our understanding of clients' interests is further enhanced by regular client surveys and targeted market research. Whilst no organisation likes to receive complaints, the Board and the Group Risk Committee regularly consider complaints reporting, which provides a further client lens. Going forward the Board will be required to approve annually an assessment of whether SJP is delivering good outcomes for clients consistent with the FCA's new Consumer Duty. Our engagement with clients will provide valuable insight and evidence to support these assessments.

Further information on clients in this Annual Report can be found on pages 4, 11, 16, 18, 20-21, 24, 30, 94, 108-110, 117, 121, 129, 135, 151, 163 and throughout the our responsible business section on pages 34-65.

Society

St. James's Place has advisers, clients, shareholders and employees, but we also care deeply about the role we play in wider society. 'Society' can be defined broadly and includes; government, regulators, suppliers, research and academic bodies, the third sector and consumer groups, as well as the wider communities in which we operate. Cultivating strong and mutually beneficial relationships with these groups has ensured our values and aims are aligned and we seek to build and maintain long-term relationships with all groups, based on mutual trust. We are currently stepping up our efforts to engage with a range of stakeholders and to ensure we have a voice on the issues in society where we can most constructively contribute, such as exploring the themes around the value of advice to society. Amongst other things, this involves working with academic and research institutions, being as helpful as we can in supporting governments and regulators to achieve their policy goals, and engaging meaningfully with our suppliers and local communities. Our activities range from proactive meetings, supporting policy initiatives, sharing our technical expertise to help solve societal problems, responding to consultations, and ultimately learning from and teaching the many stakeholders we engage with.

Further information on society in this Annual Report can be found on pages 7, 13, 19, 20-21, 24, 32, 96, 108-110, 117, 129, 138, 152, 163, 183 and throughout the our responsible business section on pages 34-65.

Shareholders

We continue to maintain close relationships with institutional shareholders through direct dialogue and frequent meetings, and we also meet regularly with the Group's brokers who in turn facilitate meetings with investors and their representatives. Regular dialogue is an important way of staying informed of the views of investors, and periodic meetings with them provide an insight into the considerations that drive their views of us an organisation. Examples of how we engage are set out below.

How we engage with shareholders	Opportunity for engagement
Institutional shareholder roadshows and conferences	2022 saw a return to a fuller programme of in-person shareholder roadshows and investor conferences, supplemented by virtual engagement. We conducted roadshows in the UK and overseas, meeting shareholders in the United States, Australia and various European destinations. Some roadshows were arranged to specifically give investors the opportunity to discuss our full-year and half-year results, whereas others were scheduled away from key reporting periods, leading to discussion of a broader range of strategic and operational topics. We attended conferences organised by a number of brokers, again both in the UK and overseas, providing shareholders with further opportunity to engage with senior management via one-to-one and group meetings. We also had a number of ad-hoc engagement events with shareholders. Together, these engagements provided the Directors with opportunities to gain insight into institutional shareholder views and expectations, and to address specific queries.
Investor studies	Whilst we did not commission any further studies in 2022, the findings of the investor study commissioned in 2018 and the insight from the studies carried out in relation to our brand review in 2021 have provided valuable insight from existing and potential investors. We will continue to use investor studies to deliver data that provides the Board with an opportunity to assess in more detail its investor base, investor behaviour, drivers of share price performance and investors' perception of a number of key aspects of our business model.
Individual shareholder meetings	The Group's largest institutional investors continue to meet regularly with the Executive Directors and the Chair, providing an opportunity for them to raise specific queries. The Chair, Senior Independent Director and other Non-executive Directors are available for consultation with shareholders on request, and contact major shareholders at least annually to offer opportunities to meet. During 2022, the Chair and the Chair of the Group Remuneration Committee have met with a number of shareholders as part of regular engagement activity and in response to requests from investors to discuss specific matters of interest to them.
Direct correspondence with major shareholders	As suggested in the Code, the Chair, Senior Independent Director and Committee chairs seek engagement with major shareholders on significant matters as they arise. The Chair of the Group Remuneration Committee wrote to shareholders during the year to explain proposed changes to the Remuneration Policy for Executive Directors, and subsequently met and/or corresponded with a number of shareholders who provided feedback (further information can be found in the Directors' Remuneration Report on page 144).
Annual General Meeting	Subject to the circumstances prevailing at the date of the meeting, all Directors will be available to meet with shareholders after the Company's Annual General Meeting, which will be held on 18 May 2023 and of which further details are set out in the Notice of Annual General Meeting.

Further information on shareholders in this Annual Report can be found on pages 14, 108-110 and 144.

Section 172(1) statement continued

What the Board did in the year

Each year we provide an overview of the key areas of the Board's focus. This is incorporated within our section 172(1) statement which enables us to explain better how each topic aligns with our strategy and how the Board considered stakeholder interests in its decision-making. The Board's activities are not limited to the formal Board meetings at which decisions are made. The Board's decision-making is supported by a much wider range of engagements with the business which include training, development and focus sessions, further details of which can be found under the Planning and preparing and Directors' development sections later in the corporate governance report. Although not an exhaustive list of the Board's activity in 2022, we have included below examples of significant topics that were considered.

Board topic	Stakeholder interests	Engagement	Outcomes/influence
Operational excellence – 2022 represented the second year of our five-year plan to invest in operational excellence. Operational excellence is about leveraging technology to make it easier to do business, whether that be for clients, advisers, employees or third parties, and our 2025 journey will ensure we are beyond 'levelled up' in terms of technology and are able to offer a leading digital platform. The 2025 technology roadmap will provide a 'next generation' client, adviser and employee experience, and during the year the Board was presented with an enhanced technology dashboard which allows members to track progress with projects more closely as well as business-as-usual technology operations. One such project is the new SJP app which launched in 2022. It aims to provide an on-demand portal for clients, supporting our advisers to manage and service them. Further developments have included the recruitment of a Chief Data Officer who is accountable for data leadership and the establishment of a business improvement and automation programme which aims to enhance working practices to achieve greater efficiency, assurance and added value for stakeholders.	Shareholders, advisers, employees and clients	The focus of investment (both in terms of finance and resource) has been informed by engagement with and feedback received from our advisers, clients and employees – both through informal interactions and via surveys and research. Pilots have also been important exercises across all elements of the operational excellence programme and have helped guide the development of new functionality and systems and the design of user interfaces, including the new SJP app.	The Board has been appraised of the insight gained from our engagement with advisers, employees and clients and this enabled it to encourage management to focus on how it prioritises both the areas chosen and the pace of investment. Feedback received throughout the year has helped us to learn how we can improve our communication during this and other significant programmes of work in the future, as well as how to ensure we proactively manage roll-out to stakeholders in ways that minimise disruption and maximise engagement.
Administration – The migration of our back-office administration systems to Bluedoor was a critical part of setting SJP up for the future. Since migration of the core UK business has been completed, functionality that the system can provide has begun to be utilised. This includes functionality to support advisers such as straight-through processing and self-service mechanisms, as well as refining manual processes and using automation to drive efficiencies. We have also introduced enhanced case tracking for advisers and are launching an advice assistance AI driver to augment the advice process, to make tasks quicker for advisers and provide assurance over quality of advice by design. This has been piloted with advisers, having been developed in partnership between SJP and SS&C, together with Intellect and Salesforce. During 2022, the planned migrations of the core platforms for our international and Rowan Dartington businesses to SS&C also progressed.	Shareholders, advisers, employees and clients	Our back-office administration has a direct impact on our advisers and clients and the Board receives both direct and indirect feedback on challenges that can arise. As much of the administration is carried out by our strategic partner SS&C it is important to work closely with them, and during the year the Board met with representatives of SS&C, gaining greater insight not only into SS&C as an organisation but also cultural alignment and the practicalities of working with SJP	Feedback from advisers, in particular, emphasised to the Board the significant impact the administration has on their day-to-day work. The Board is clear that administration should remain a key area of focus and continues to monitor both service levels and the delivery of enhancements. Our engagement with SS&C provided the Board with assurance that both management and SS&C were committed to delivering the best outcomes for clients and advisers both now and into the future, focusing in particular on reducing the number of cases that are not processed correctly first time. It also helped provide the Board comfort that the teams of employees working within SS&C were culturally aligned with SJP

Board topic	Stakeholder interests	Engagement	Outcomes/influence
Investment proposition and performance – During the year the Board continued to monitor the investment management strategy, which focuses on improving investment performance, creating capacity and responsible investment. The Value Assessment Statement (VAS), now in its third year, remains a helpful tool for the Board to keep an eye on progress. The appointment of Tom Beal as Director of Investments during the latter half of the year was a key point for the Board to ensure the strategy remained appropriate. For our investment management approach (IMA) to deliver the right outcomes for clients we believe it is important to be clear on the value it creates for them. To support Partners and clients, we believe it is essential for us to simplify our investment offering and provide a compelling single SJP investment proposition that delivers the flexibility to support clients' needs as their plans or circumstances change.	Shareholders, advisers, employees, clients and society	Our clients, advisers and fund managers provide us with regular feedback in a range of ways that help guide our focus on meeting client needs. The VAS also provides an important reference point for our stakeholders, including our regulators, and helps to clarify client and adviser expectations It also helps shape our reporting to enable clients and advisers to monitor and evaluate the performance of our funds.	Whilst the expectations of our clients and advisers helped to shape the planned future evolution of the IMA, the feedback we receive from stakeholders also delivers insight into shifts in client expectations and requirements, and provides a key indication that the changes we are making are having the desired impact. Engagement with our regulators has also helped inform our consideration of where further development is required in our reporting to clients.
Responsible business (including net zero) – As disclosed in last year's report, we acknowledge that what is perceived as being a responsible business is constantly evolving, and 12 months on from agreeing our Responsible Business Framework, the external environment has changed dramatically. What it means to be a responsible business will differ between organisations but for SJP it means being committed to helping our clients and communities to create the futures they want. In recent years we have openly recognised that the most significant influence we can have is via the management of the funds we oversee for our clients Our ambition to be a leading UK responsible business is a long-term aspiration, one which requires us to develop a deep understanding of our material topics, establish initial goals, develop these and track our progress. This year we have concentrated on developing our goals, which represent good practice and align to each of the four strategic priorities. More information can be found in the our responsible business section.	Shareholders, advisers, employees, clients and society	Year on year we have seen increased interest from all stakeholders in what many term environmental, social and governance (ESG) issues Our Responsible Business Framework is the culmination of over 100 engagements with internal and external stakeholders and a Responsible Business Advisory Group was established in 2022 with the aim of driving progress. Our regulators and shareholders continue to provide valuable guidance on their expectations via direct engagement and the publication of their own statements	There has been a clear shift in recent years in expectations for businesses and society to demonstrate that they are committed to addressing today's biggest systemic issues, including climate change and social inequality. We disclosed last year that the Board agreed a responsible business strategy, and in 2022 the Board endorsed the underlying goals and narrative. These goals have been shaped by the expectations of our stakeholders and we expect them to continue to evolve over time with ongoing engagement informing our decisions. Further details on our commitments can be found on page 35 of the our responsible business section.
Advisers – The face-to-face financial advice that is provided to SJP's clients is delivered exclusively by our advisers, with whom we enjoy a symbiotic relationship. Supporting our advisers is the key function of our business but as it has grown in size and matured over time, the needs of advisers have also developed. Partner businesses vary significantly in terms of scale, experience, focus and motivations and it is critical that SJP continues to evolve its approach to ensure that every Partner business receives the support necessary for it to continue to deliver best-in-class service to clients.	Shareholders, advisers, employees and clients	The challenges we, like many businesses, have faced in the last couple of years have spotlighted areas that require the focus of the Board and management. Although not all challenges have been driven by the impact of the pandemic, the impact that it had on our 'high-touch' relationship with our advisers helped to highlight the need to develop an agile and flexible approach to support them and take account of their varied needs and requirements. Via surveys and direct engagement our advisers have delivered insight that has informed changes to our support model.	The feedback and insight provided by advisers and employees assisted management in refining and, where necessary, revising the support model with a view to delivering the quality of service provision and business growth required to achieve our strategic objectives. Directors' own engagement with advisers and the results of formal engagement activities helped to provide the Board with assurance that the support model would meet the needs of our advisers and Partner businesses, whilst also underpinning our medium- and long-term strategic objectives

Section 172(1) statement continued

What the Board did in the year continued

Board topic	Stakeholder interests	Engagement	Outcomes/influence
Culture – Having articulated clearly our vision, purpose and values during 2021, there was focus in 2022 on specific culture objectives which spanned employees, suppliers, advisers, shareholders and society. The Board received updates on these objectives which included embedding and monitoring the culture vision among all our employees, engaging with key suppliers to set our expectations, and developing a cultural contract with our advisers. The Board has been able to monitor the current culture at SJP against the vision set out in our values of doing the right thing, being the best version of ourselves and investing in long-term relationships.	Shareholders, advisers, employees, clients and society	The Board receives regular updates on the ongoing 'culture programme' which we established to support the embedding of the culture vision within the business and to determine the means for monitoring the evidence of our culture in action. Our workforce engagement activity has also provided important employee and cultural indicators, with Lesley-Ann Nash's role as the nominated Non-executive Director for Workforce Engagement providing the Board with a direct means of engagement. We have also continued to engage and set expectations with key suppliers and plan to introduce a new supplier code of conduct.	Ongoing insight from management, coupled with 'deep dive' reviews, has helped the Board to hone in on what matters to our key stakeholders from a culture perspective. Although we appreciate the need to be sensitive to the cultures of individual Partner businesses, engaging with our advisers in relation to SJP's own culture is helping us to not only establish what should be expected from us, but also to understand whether their experiences align with our culture.
Partner business financing – Supporting the development of Partner businesses and facilitating the sale and purchase of businesses to other advisers within the Partnership through the provision of finance has always been a core part of the Group's business model. This ensures continuity of advice provision, which is directly in the interests of clients and the long-term sustainability of the Group. The Partnership is made up of over 2,500 Partner businesses that vary in terms of scale and focus. As we have grown, so have many of these businesses and inevitably those Partners who have been with us the longest will contemplate their own retirement at some point. During 2022, the Board saw not only excellent identification and management of capacity to support Partner lending, but also improvements in the processes and disciplines in place to manage transactions. This has benefited both Partners and SJP.	Shareholders, advisers and clients	The importance of Partner lending is appreciated by our long-standing shareholders, but we continue to engage with all shareholders to help them understand how fundamental it is to our business model. Continuous engagement with the Partnership also allows us to assess demand and trends in Partner businesses that may impact the future demand for lending. Our approach to Partner lending supports regular lending and also continues to develop to meet the longer-term requirements for Partners in larger or more complex businesses. Alongside the provision of finance, feedback from clients helps shape how we support Partners to deliver continuity for clients and employees of Partner practices when ownership of businesses transfers	Engagement with advisers together with clear messaging on the importance of succession planning has assisted in the development of an approach to Partner lending and financing that is longer term in nature and supports the ongoing advice to and servicing of clients. It has also provided the Board with assurance that the existing Partner lending plan is robust and aligned to our strategic objectives. Further engagement during 2022 has helped us to also shape our thinking around succession planning, which has in turn allowed us to explore how the provision of financing could expand to encompass different methods to suit specific needs.

Consumer Duty case study

The FCA's Consumer Duty (the Duty) comes into force on a phased basis on 31 July 2023, and has been a key focus for both the Board and the wider SJP community during 2022, as the Duty has implications not only for our clients but for all of our stakeholders.

The Board considers SJP's culture to be already aligned with the aims of the Duty, but is clear that there are areas for improvement that would support the Board's ongoing assessment of how the Duty is being met. Both the Group Risk Committee and the Board have received regular updates throughout the year on progress in assessing the implications of the Duty for SJP and establishing an implementation plan that will enable the Board and its subsidiaries to meet their ongoing reporting obligations. In consultation with the boards of its impacted subsidiaries, the Board concluded that it was appropriate to approach implementation of the new rules from a Group perspective and in October 2022 the Board approved an implementation plan. The Board has also appointed a designated Consumer Duty Non-executive Director Champion, John Hitchins, who is responsible for ensuring that the Duty is being discussed regularly and raised in all relevant discussions at meetings of the Board and its committees, as well as challenging management on how the Duty is being embedded and how SJP is focusing on customer outcomes.

The Board recognised at an early stage that the Duty would be a significant development and has been keen to ensure that Directors and subsidiary directors are kept appraised of developments and provided with context and insight that will help provide assurance that SJP remains on the right track. Board development sessions have helped to increase the Directors' understanding and knowledge of the subject, focusing in depth on the rules and associated guidance of the Duty, the expectations of the FCA and how these translate to the Board's oversight responsibilities. The Board has also received guidance from external consultants on the wider implications of the rules and emerging practices from across the industry.

At SJP, we believe we are starting from a solid base to deliver the requirements of the Duty, as one of our key priorities, and a central pillar of our culture, has always been to put clients first and to deliver good client outcomes, which is echoed in our Company values to do the right thing and invest in long-term relationships. The Duty sets a clear and high standard for firms in dealing with retail customers and we welcome this desire to increase the reputation of, and trust in, the financial services industry. We are committed to ensuring compliance with the Duty.

The role of the Board and its responsibilities

Powers of Directors

The powers of the Directors are set out in the Company's Articles of Association (the Articles), prescribed by Special Resolutions of the Company and codified in UK company law. The Articles contain, for example, specific provisions and restrictions concerning the Company's power to borrow money. They also provide Directors with authority to allot unissued shares, up to pre-determined levels set and approved by shareholders in general meetings. The Articles can be amended by a special resolution of the members of the Company, and a copy can be found on the Company's website. Our shareholders have granted the Directors authority to make charitable donations, and further details on the donations made can be found on page 177.

At the 2022 Annual General Meeting (AGM), shareholders granted authority to the Directors for the purchase by the Company of its own shares, with such authority expiring at the end of the 2023 AGM, or 30 June 2023, whichever is the earlier. The Company did not purchase any of its own shares during 2022 but the Directors will propose the renewal of this authority at the 2023 AGM.

Further to the powers granted above, the Board maintains a full schedule of matters reserved to it together with a Group Management Responsibilities Map which sets out the senior manager functions, prescribed responsibilities and control functions within each subsidiary of the Group (as applicable). The Group Management Responsibilities Map includes, inter alia, terms of reference for the various Board Committees, a schedule of the Company's policies and detailed job descriptions for each of the Directors.

Division of responsibility

The job descriptions of each Director, including the Chair and Chief Executive, and the division of responsibilities between them are clearly defined and agreed by the Board. The responsibilities of each of the Directors and the role of Secretary are summarised below.

The Board

Leadership

Chair

Responsible for the leadership of the Board and its continuing effectiveness; and for ensuring that the Board is satisfied that the Group's purpose, values and strategy align with its culture and that communication between the Executive and Non-executive Directors, as well as with shareholders generally, is effective.

Chief Executive

Responsible for the development and communication of the Group's strategy; for developing and achieving the business objectives; for leading and motivating an effective senior management team; and for ensuring an appropriate culture is adopted in the day-to-day management of the Group.

Chief Financial Officer

Responsible for providing leadership and direction for, and oversight of, the financial, accounting, tax, capital, liquidity and unit pricing activities of the Group; and for maintaining effective investor relations.

The Chief Executive has appointed an executive committee (the Executive Board) to support him in fulfilling his responsibilities for developing strategy for the Board's approval, communicating and implementing the Group's business plan objectives, ensuring that the necessary resources are in place in order to achieve the strategy and those objectives, and managing the day-to-day operational activities of the Group. The Executive Board comprises the Executive Directors of the Board and other members of senior management.

Independent oversight

Senior Independent Non-executive Director

Responsible for providing a sounding board for the Chair; for serving as an intermediary for the other Directors, when necessary; for leading the appraisal of the performance of the Chair; and for being available to shareholders as a point of contact if they have concerns which contact through normal channels has failed to resolve or for which such contact is inappropriate.

Independent Non-executive Directors

Responsible for contributing to the entrepreneurial leadership of the Group, within a framework of prudent and effective controls. Non-executive Directors provide independence, impartiality, experience, specialist knowledge and other diverse personal skills and capabilities. In some cases Non-executive Directors take on additional oversight responsibilities as is the case in relation to workforce engagement and championing the Consumer Duty.

Company Secretary

Responsible for guiding the Board in meeting the requirements of relevant legislation and regulation and for ensuring that Board procedures are both followed and regularly reviewed.

Directors have access to the advice of the Company Secretary at all times, as well as independent professional advice where needed, in order to assist them in carrying out their duties.

Planning and preparing

The Chair is responsible for setting the Board agenda together with the Chief Executive and the Company Secretary. The Group's strategy and business plan provide the basis for the forward Board agenda for the year and this is refined as key topics and strategic priorities emerge. The Board's forward agenda is coordinated with those of its Committees to ensure that topics are given sufficient coverage in the most appropriate forums.

The Chairs of the various Committees and material subsidiaries report on their activity at each Board meeting and liaise with the Chair to ensure items escalated from the Committees get sufficient time and focus on Board meeting agendas. The Board and other key Director forums are explained in more detail below.

The work undertaken by the Board Committees is covered in more detail in the individual Committee reports.

See pages 122 to 174

Scheduled Board meetings	Scheduled Board meetings follow an agreed format with the final agenda being set by the Chair, Chief Executive and Company Secretary by reference to the forward agenda and having considered key developments since the previous meeting. This approach ensures that coverage of the Board's key responsibilities is balanced against the need to focus on strategic priorities and address topical matters. The papers for each meeting, which include an Executive Report covering key developments in the business and performance indicators, are sent to the Board a week ahead of the meeting. This ensures that the information is timely and that the Directors are able to prepare for the meetings.
Ad-hoc Board meetings	From time to time, the Board is required to hold meetings outside of its planned schedule, to consider topics that require immediate attention or to approve Board appointments or transactions.
Non-executive Director performance updates	Meetings are held on an ad-hoc basis, when topics arise that warrant an informal discussion or where the Chief Executive wants to provide an update on performance where the gaps between formal Board meetings are longer.
Board working dinners	The Board regularly has working dinners, usually on the nights before Board meetings, to allow the Directors greater time to consider topics that warrant a more discursive approach. From time to time and where relevant, additional internal and external participants are invited to the dinners to present on these topics.
Strategy meetings	Focused strategy meetings are held each year to enable the Board and management to reflect on, debate, refine and agree the Group's strategy.
Non-executive Director meetings	The independent Non-executive Directors meet privately with the Chair during the year, to consider matters arising from Board meetings. They also meet without the Chair to consider his performance.
Development sessions	Directors are provided with development sessions on specific topics during the year. Further details can be found on page 117.
Other meetings	The Board also appoints ad-hoc committees from time to time to manage procedural matters relating to decisions it has made.

Board composition, succession and evaluation

The Board and its committees have a combination of skills, experience and knowledge. Our succession plans aim to promote gender, social, ethnic and cognitive diversity.

Composition

As explained on page 142, embracing diversity is one of our core cultural values and in 2022 the Board updated its Board Diversity Policy which aims to consider diversity in the widest sense rather than focusing only on specific aspects of diversity, to ensure that the Board composition features a range of perspectives, insights and the cognitive diversity needed for good decision-making. The Board recognises that it is on a journey towards improving diversity but made progress during 2022. The Board met the target set by the Parker Review throughout 2022 and as at the date of this report. Following the resignation of Ian Gascoigne in March 2022, the Board was also meeting the target set by the Hampton-Alexander Review although the appointment of Dominic Burke in November 2022 means that the proportion of women on our Board will be below the 33% target for a short period. However, when appointing Dominic, the Board was fully aware that the proportion of women would rise to 37.5% when both Simon Jeffreys and Roger Yates step down after the AGM in May 2023.

The Board is clear that it has a key role in overseeing and supporting the drive for diversity at all levels of the organisation. The benefit of diversity of thought is not achieved simply by meeting targets, however, and the Board and Group Nomination and Governance Committee are cognisant that the underlying committees and subsidiary boards will broadly be reflective of the overall diversity across the Group. Each of those committees and boards will have smaller memberships (where individual changes could have material impacts on diversity ratios) and could require specific skills or experience which are vested in a smaller subset of existing Directors and managers. We are also aware that diversity based on demographic factors can be easier to demonstrate than the diversity of backgrounds and cognitive diversity which help to shape the multi-dimensional conversations and the debates we experience in Board meetings. The broad range of backgrounds and experiences, gained both within and outside the financial services sector, on our Board, supports wide-ranging conversations that reflect and recognise the interests of all of our stakeholders. Further information on inclusion and diversity can be found in the Nomination and Governance Committee Report on page 142.

Independence

The Board determined that the Chair was independent on appointment and believes that all of the Non-executive Directors continue to demonstrate their independence. When determining independence, the Board considers each individual against the criteria set out in the Code and also considers how they conduct themselves in Board meetings, including how they exercise judgement and independent thinking. Notwithstanding the Board's determination that all of the Non-executive Directors are independent, it notes that Simon Jeffreys and Roger Yates had notified it of their intentions to retire from the Board following the 2023 AGM, by which time they will have served nine years on the Board.

The Board notes that Paul Manduca and Simon Jeffreys are both currently directors of Templeton Emerging Markets Investment Trust plc but it is satisfied that the common directorship does not impair either Directors' independence.

Further information can be found in the Nomination and Governance Committee Report on page 139 and 142

Gender	Ethnicity	Tenure
Female **3**	White **9**	0–3 years **4**
Male **7**	Minority Ethnic **1**	4–7 years **3**
		8+ years **3**

Board and Committee structure and attendance

Our Non-executive Board Committees

There are four wholly Non-executive Committees of the Board. The Chair of the Board is a member of, and chairs, the Group Nomination and Governance Committee. All of the other members of these Committees are independent Non-executive Directors. Further information on these Committees can be found in their separate reports on pages 122 to 174.

Group Audit Committee	Group Risk Committee	Group Nomination and Governance Committee	Group Remuneration Committee
Chair: Simon Jeffreys	**Chair:** Rosemary Hilary	**Chair:** Paul Manduca	**Chair:** Roger Yates
▶ **Report on page 122**	▶ **Report on page 132**	▶ **Report on page 139**	▶ **Report on page 143**

Attendance in 2022

Director	Board (total 6)	Audit (total 6)	Risk (total 6)	Nomination and Governance (total 4)	Remuneration (total 5)
Dominic Burke (appointed 1 November 2022)	◆	◆	◆	–	–
Andrew Croft (CEO)	◆◆◆◆◆◆	–	–	–	–
Ian Gascoigne (stepped down 31 March 2022)	◆	–	–	–	–
Craig Gentle	◆◆◆◆◆◆	–	–	–	–
Emma Griffin	◆◆◆◆◆◆	–	◆◆◆◆◆◆	–	◆◆◆◆◆
Rosemary Hilary	◆◆◆◆◆◆	◆◆◆◆◆◆	◆◆◆◆◆◆ (Chair)	◆◆◆◆	◆◆
John Hitchins	◆◆◆◆◆◆	◆◆◆◆◆◆	◆◆◆◆◆◆	–	–
Paul Manduca (Chair)	◆◆◆◆◆◆	–	–	◆◆◆◆ (Chair)	–
Simon Jeffreys	◆◆◆◆◆◆	◆◆◆◆◆◆ (Chair)	◆◆◆◆◆◆	◆◆◆◆	◆◆◆◆◆
Lesley-Ann Nash	◆◆◆◆◆◆	–	◆◆◆◆◆◆	–	◆◆◆◆◆
Roger Yates (SID)	◆◆◆◆◆◆	◆◆◆◆◆◆	◆◆◆◆◆◆	◆◆◆◆	◆◆◆◆◆ (Chair)

◆ Attendance ◇ Non-attendance

This table provides details of scheduled meetings held in the 2022 financial year and the attendance at each meeting of the members of each Board/Committee.

Rosemary Hilary joined the Group Remuneration Committee on 1 August 2022. Dominic Burke joined the Group Audit and Risk Committees on 1 November 2022.

Other forums reporting to the Board

In addition to the wholly Non-executive Committees, the Board has also delegated specific responsibilities to three further Committees. The terms of reference of these forums are regularly reviewed and are included in the Group Management Responsibilities Map.

Forum	Purpose
Group Defence Committee	Comprises the Chair, Senior Independent Director, Chief Executive and Chief Financial Officer and its purpose is to monitor dealing in the Company's shares with a view to being prepared in the event of a formal bid for ownership of the Company and to oversee engagement with activist investors.
Group Disclosure Committee	Comprises the Chief Executive and Chief Financial Officer and is responsible for identifying matters to be disclosed to the market.
Group Share Scheme Committee	Comprises the Executive Directors and its purpose is to assist the Board in fulfilling its responsibilities for operating and administering executive, employee, adviser and restricted share plans.

Directors' appointments

The Board has a responsibility to ensure that appropriate succession plans are in place for the Board and senior management. Details of progress made in the year can be found in the Report of the Group Nomination and Governance Committee. A summary of key aspects of Directors' appointments are set out below:

Appointment, replacement and re-election of Directors	The Articles permit Directors to appoint additional Directors and to fill casual vacancies. Any Directors appointed must stand for election at the first AGM following their appointment. All other Directors will stand for re-election at each AGM. Directors can be removed from office by an ordinary resolution of shareholders or in certain other circumstances as set out in the Articles. Before a Director is proposed for re-election by shareholders, the Chair considers whether his or her performance continues to be effective and whether he or she demonstrates commitment to the role. After careful consideration, the Chair is pleased to support the re-election of all Directors at the forthcoming AGM. Each Director brings significant skills to the Board as a result of their varied careers and we believe that this diversity is essential to the mix of skills and experience needed by the Board and its Committees in order to protect the interests of the Company's shareholders. As in previous years, the Board is recommending to shareholders that all the Directors retiring at the forthcoming AGM be re-elected, and further information can be found in the Notice of Meeting for the forthcoming AGM.
Duration of appointments	Non-executive Directors, other than the Chair, are appointed for a specified term and the Executive Directors have service contracts. Copies of the terms and conditions of appointment of all Directors are available for inspection at the registered office address and will be available for inspection at the Company's AGM.
Terms of appointment	The Executive Directors have service contracts with the Company that provide for termination on 12 months' notice from either the Company or the Director (except in certain exceptional recruitment situations where a shorter or longer notice period from the Company may be set, provided it reduces to a maximum of 12 months within a specified time limit). Service contracts do not contain a fixed end date. The Company does not have agreements with any Director or employee that would provide compensation for loss of office or employment resulting from a takeover, except that provisions in the Company's share schemes may, in certain circumstances, cause share awards granted to employees under such schemes to vest on a takeover
Time commitments	Non-executive Directors are expected to commit sufficient time to enable them to undertake their responsibilities and, as explained in the Report of the Group Nomination and Governance Committee, their capacity to fulfil their responsibilities is reviewed on an ongoing basis so that the Board can be satisfied that each Non-executive Director commits sufficient time to the business of the Company. Paul Manduca was appointed as Chair in May 2021 and devotes a significant proportion of his time to the role. In conjunction with the Senior Independent Director, he regularly assesses his commitments and continues to manage his portfolio of other activities to ensure that he has sufficient time to meet the requirements of the position. He currently also chairs Templeton Emerging Markets Investment Trust plc, Majid Al Futtaim Trust and W.A.G Payment Solutions Plc. He had a full attendance record at the Company's Board meetings in 2022 and also attended all Board Committee meetings in addition to spending a substantial amount of time engaging with the business outside formal Board and Committee meetings. Whilst Paul is the chair of three quoted company boards, the time that he is required to commit to his role on the investment company Templeton Emerging Markets Investment Trust plc is significantly lower than would be the case for a trading company. The Board is satisfied that he commits sufficient time to the business of the Company and will be able to do so throughout the remainder of his tenure.
Conflicts of interest	The Board has in place procedures for the management of conflicts of interest. In the event a Director becomes aware of an actual or potential conflict of interest, they must disclose this to the Board immediately. The Board then considers the potential conflict of interest based on its particular facts, and decides whether to authorise the existence of the potential conflict and/or impose conditions on such authorisation if it believes this to be in the best interests of the Company. Internal controls also exist to conduct regular checks to ensure that the Directors have disclosed material interests appropriately. No Director has, or has had during the year under review, any material interest in any contract or arrangement with the Company or any of its subsidiaries.
Directors' and officers' indemnity and insurance	The Company has taken out insurance covering Directors and officers against liabilities they may incur in their capacity as Directors or officers of the Company and its subsidiaries. The Company has granted indemnities to all of its Directors in their capacities as Directors of the Company and, where applicable, subsidiary companies on terms consistent with the applicable statutory provisions. Qualifying third-party indemnity provisions for the purposes of section 234 of the Companies Act 2006 were accordingly in force during the course of the financial year ended 31 December 2022, and remain in force at the date of this report.

Directors' development

Inductions for new Directors

An appropriate induction programme is designed to enable all new Directors to meet senior management, understand the business and future strategy, visit various office locations and speak directly to advisers and staff around the country, as well as being introduced to other key stakeholders. Induction plans are tailored to meet the specific requirements of incoming Directors.

Continuing professional development

The Chair and Company Secretary ensure continuing professional development for all Directors, based on their individual requirements, and this is achieved through a wide range of approaches:

Approach	Examples in 2022
Specific development sessions and training	Specific development sessions and events have been provided for the Directors during the year and these have included further training on climate risks, the FCA's Consumer Duty, SJP's data strategy, SM&CR and future technology trends. The sessions are led by a mixture of internal and external subject matter experts, as was the case with the September session on Consumer Duty co-presented with an external subject matter expert (which was one of two Director development sessions on Consumer Duty that took place in the year). The development sessions provide Directors with opportunities to engage with employees from departments across the business to augment their knowledge of the business, the marketplace and the regulatory environment. The Group Audit Committee also holds development sessions to support the Committee's understanding of topics relevant to it, including developments in audit and corporate governance reform and how these would impact St. James's Place, which are outlined in the Report of the Group Audit Committee on page 123.
Visits to head office, other locations and service providers to meet with employees and members of the Partnership	During 2022 the business was able to return to a more typical schedule of in-person visits and events that had not been possible during the two previous years due to the pandemic. The Directors were also able to attend an increased number of Partner conferences and other events that were hosted in regional offices, including employee engagement events.
Attendance at subsidiary board meetings, executive committees and management forums	During the year, Non-executive Directors periodically attended meetings of the boards of subsidiary companies to gain further insight. They were also invited to attend Directors' lunches hosted by senior management as part of the workforce engagement programme.
Attendance at seminars or other events which assist Directors in carrying out their duties	Directors receive invitations from time to time to attend seminars and conferences that provide opportunities to network and enhance their knowledge and experience. In 2022, many of these events returned to taking place in person rather than virtually, providing Directors with greater opportunity to make connections.

1 2 3 4 5 Board composition, succession and evaluation

Directors' induction

Induction programmes typically run for around three to six months for new Directors and are tailored to meet their individual needs based on their existing knowledge and experience and specific aspects relevant to the roles they will be taking up. The programmes are centred on three key elements which are summarised below:

Element	What the element provides
Information and materials	Directors are provided with a comprehensive library of key documents covering the Group's history, constitution, governance framework, corporate reporting, policies, key business areas and much more. This helps Directors to build their knowledge of St. James's Place, highlights areas of further interest and provides a reference library to consult as and when appropriate.
Individual meetings	Meetings are arranged with specific employees to explore in more detail significant aspects of the business and to provide the opportunity to build relationships that will support the Directors going forward. Where a Director will be carrying out a role on a specific board or committee, additional meetings and development sessions will be set up to support the Director's understanding of significant matters relevant to that role.
Meeting attendance	Directors are invited to attend meetings of committees of the Board that they do not sit on, the boards of material subsidiaries and, where appropriate other corporate events and forums that will support their understanding of the Group. Attendance at these meetings provides an opportunity for Directors to observe the Group's governance in action and familiarise themselves with some of the key and emerging themes across the Group.

Where possible, meetings are scheduled to take place in person at an SJP office location; however, in some instances the flexibility to convene meetings virtually has been beneficial. The transition from hard-copy papers to a secure Board portal in recent years has also enabled us to build a comprehensive reference library for new Directors which not only supports their induction but can prove useful throughout their tenure.

2022 Board effectiveness review

Reflecting on the 2021 review

During 2021, the Board carried out an externally facilitated review, and following a formal selection process appointed Independent Audit to carry out the review. The review identified several areas of focus which are summarised below, together with updates on the progress made in 2022.

Area of focus	Update on progress
Focus on people	Updates on our people forms part of the Chief Executive's report at each Board meeting and the Board has received quarterly updates on the work of the Workforce Engagement Panel. The nominated Non-executive Director for Workforce Engagement also now has the opportunity to update the Board at every Board meeting. During 2022 our new People Director was appointed and she will bring fresh insight and a renewed focus on many of our people policies and practices so that we continue to offer a great place for people to build their careers. Wellbeing remains an important topic and has been covered regularly, in particular as part of the responsible business and culture deep dives presented to the Board. The Group Risk Committee considers people risks regularly and this includes remuneration and wellbeing as specific areas of focus. As part of its ongoing monitoring of emerging risks it frequently gets updates on aspects that impact people, including recruitment and retention.
Macro trends	The Board's recognition of the changing needs and expectations of clients, Partners and employees is reflected in a number of its key strategic initiatives and reporting thereon. Examples include: • The Board's Strategy Day in June 2022 provided an opportunity to consider the implications of macro trends on wealth management and wider society, with external speakers invited. • Regular updates on the technology/digital journey are reported to the Board with the Chief Operations and Technology Officer attending every other Board meeting to update on technology and digital strategy. • NED development sessions have focused on data and innovation in technology and updates from the Technology Advisory Group are brought to the Board regularly. The Group Risk Committee has also considered a deep dive on responsible business risks (including ESG) and has continued to monitor ESG as part of its monitoring of emerging risk. The Board received an update on the responsible business strategy and plans which set out how ESG will be embedded in our strategy.
IT security/cyber risk	Following the 2021 review the Directors received an overview of the current cyber landscape and, supported by advisers, undertook a detailed review of cyber simulations carried out by management and the key learnings and actions arising therefrom. The Group Risk Committee has had specific deep dives on general cyber risks, cyber-related administration and third party risks, and also receives a regular scorecard covering security and resilience, whilst continuing to monitor emerging risks in this area. Further information on the Board's focus on technology, cyber and data can be found in the case study on page 120.
Focus and impact	The Board and Committee forward agendas and development plans for 2022 provided formal engagement points with the business and have focused the Board on key matters. Regular informal engagement and location visits have helped to increase engagement levels. Lesley-Ann Nash's work with the Workforce Engagement Panel in her role as nominated Non-executive Director for workforce engagement has also strengthened the line of sight and extent of engagement with the workforce.
Culture	Following the conclusion of the 2021 review, the Board received a full update on the progress made on embedding our culture vision during 2021, including the culture KPIs and dashboard, and the 2022 culture objectives. Updates on aspects of culture are included in executive reporting and where relevant in deep dives presented to the Board. Culture progress is also reflected in reporting to the Group Risk Committee. A formal culture update was presented to the Board in November 2022, where goals and narrative were endorsed by it.

Technology, cyber and data case study

Technology, cyber and data are areas of significance for all businesses, and we are no different.

As a Board we are careful to maintain the generalist capabilities, skills and experience that underpin the effectiveness of the unitary board, and provide the most effective base from which Non-executive Directors can provide meaningful challenge.

Striking the right balance is a challenge in its own right, however, the Board, supported by the Nomination and Governance Committee, continues to evaluate the best means of capturing insight and expertise in areas such as technology, cyber and data to inform discussion and debate. We established a Technology Advisory Group (TAG) in 2021 to help advise and educate the Board, and in 2022 we took the opportunity to review its effectiveness in meeting its purpose.

The TAG is chaired by the Chief Operations and Technology Officer and is attended by a Non-executive Director, members of the senior leadership team and independent advisers with cyber and technology expertise. The review acknowledged that, whilst the TAG had provided a valuable forum to explore technology, cyber and data landscapes in more detail, there was scope for enhancing the means of keeping the Board appraised of developments and key themes. We agreed that the Board would continue to have representation and receive updates from the TAG at each Board meeting, but that additional focus and deep dives should form a part of the Board's focus in this area, alongside regular reporting and management information. The executive report to the Board now includes an enhanced technology dashboard at each meeting, with the Chief Technology and Operations Officer attending to present focused updates regularly each year. The dashboard informs the Board on strategic technology projects and the operational excellence programme, as well as a status update on technology operations to give the Board assurance on service availability, security and key technology risks.

Specific development sessions for Directors were also identified as an important means of keeping them abreast of the external environment and internal developments. The Board received development sessions on data and the future of technology in 2022. The data session, held with the Chief Data Officer, focused on the internal data strategy and key successes of the team during the year, as well as providing an opportunity for the Directors to ask questions and discuss wider data topics such as artificial intelligence and data and behavioural science. The future of technology session was delivered by external subject matter experts and centred on key trends in technology that were likely to have a meaningful impact on the financial services sector in the coming years.

The 2022 review

Although the Board was not required to carry out an externally facilitated review in 2022, the Board chose to appoint Independent Audit to provide support in carrying out its review. The aim of the 2022 review was to narrow the focus around some key areas, in particular the effectiveness of the committee structure and oversight and assurance in relation to Group subsidiaries.

Themes emerging

The 2022 review identified several themes that highlighted areas of strength (see below) and also areas for the Board to focus on going forward. Overall, the Board concluded that there were no significant areas for concern and the Board and its Committees were operating effectively, albeit there will always be opportunities for further improvement.

The Board's contribution	The Board is well chaired and clear on the importance of its stakeholders. As new Directors have settled in, the Board has been able to increase its influence, particularly with regard to strategy development.
Risk management	The Board recognises that the Risk Management and Control framework in place is deeply embedded in the organisation's culture and operations. This provides Directors with assurance but also ensures that the dialogue between the Board and management is open and invites constructive challenge.
Committees and subsidiaries	The Board's committee structure is working well, with a clear understanding of what it aims to deliver. Committees are well organised and have appropriate compositions. The wider governance framework was also well understood and provided the Board with adequate oversight of the operation of subsidiaries, as well as a mechanism for two-way engagement.

Areas for focus

The areas identified for the Board to focus on in 2023 and beyond are summarised below, together with an overview of the action already taken.

Area of focus	Summary
People	As with many businesses, the working environment has evolved rapidly in the last few years and employees and the business have had to adapt to the changes. Following the pandemic, 2022 has seen even more pressure placed on society with fuel prices and inflation contributing to a cost-of-living crisis that has had far-reaching impacts. Whilst the Board has been encouraged by how management has responded to our employees, it also recognises that our people are a critical part of our strategy and therefore this is an area that must remain prominent in our thinking.
Overseeing culture	The Board has recognised the progress made with regard to our culture in recent years (see page 119) and acknowledges its own role in setting the tone and monitoring culture. Deep dive reviews continue to provide valuable insight, but the Board would also like to sharpen its focus on the indicators that highlight our impact on stakeholders.
Big trends	This is an area that is prominent on the radar of most organisations as they seek to anticipate how macro changes will impact their business models in the future. We are no different and the Board is clear that it needs to keep one eye on the horizon if our proposition is to remain relevant and capable of responding to the changing needs and expectations of our stakeholders, in particular our clients and Partners.
Investment performance and client outcomes	2022 has been a volatile year for global markets and we have continued to see significant progress made in the ongoing development of SJP's own investment management approach. The ongoing evolution of our Value Assessment Statement has driven an improvement in our reporting of investment performance, and this is an area the Board wants to continue to prioritise in line with regulatory expectations and our desire to deliver good outcomes to clients.

By order of the Board:

Paul Manduca, Chair
27 February 2023

Report of the Group Audit Committee

Simon Jeffreys

Group Audit Committee membership

Member and date joined Committee

Simon Jeffreys (Chair)
1 January 2014

Dominic Burke
1 November 2022

Rosemary Hilary
17 October 2019

John Hitchins
1 January 2022

Roger Yates
1 July 2014

The terms of reference of the Committee set out the Committee's role and authority as Committee for the Company and certain subsidiaries. They can be found on the corporate website at www.sjp.co.uk/about-us/corporate-governance.

Key objective of the Committee

The Committee's primary purpose is to oversee financial reporting, the internal and external audits and the Group's systems of internal control, and to provide guidance and advice on these areas to the Board and, where applicable, other boards and committees in the Group.

Regular attendees at meetings

Chair of the Board; Chair of the SJPUK Board; Chief Financial Officer; Chief Risk Officer; Internal Audit Director; Chief Actuary; Director, Financial Reporting; and Senior Statutory Auditor.

Dear Shareholder,

I am pleased to present the Committee's report for the year ended 31 December 2022. The report provides insight into our work over the year, and details how we have discharged the responsibilities delegated to us by the Board.

The Committee fulfils a vital role in the Group's governance framework, providing valuable independent challenge and oversight across the Group's financial reporting, audit and internal control procedures.

The Committee is conscious of the environment we are reporting in and is comfortable that appropriate procedures are in place to ensure this has been taken into account as part of the year-end process, which included consideration of the accounting judgements and actuarial assumptions.

In carrying out its remit, the Committee paid particular attention to the Government response to the BEIS consultation on Audit and Corporate Governance Reform (BEIS consultation). At the beginning of the year, management initiated a project to review the results of the BEIS consultation and plan our response. Management kept the Committee regularly updated throughout the year on the various pieces of work being undertaken. During these updates, the Committee gave focus to the evidencing of the effectiveness of key internal controls, which were not just limited to financial controls, and the mapping of the current assurance landscape on all aspects of key corporate reporting across the business. The Committee is pleased with management's progress and will closely monitor the implementation of the reforms and associated consultations.

Management has also kept the Committee appraised of the FRC publications and thematic reviews released throughout the year, which included topics regarding discount rates, EPS, deferred tax asset disclosures, judgements and estimates; this provided the Committee with reassurance that management was giving due consideration to each.

Looking ahead to next year, the Committee will continue to focus on the implementation of the IFRS 17 Insurance Contracts Standard and preparation and activities in response to the BEIS consultation, paying close attention to the developing requirements.

Finally, following changes to the composition of the Committee, I would like to welcome Dominic Burke. As announced during October 2022, I will be retiring from the SJP Board at the conclusion of the 2023 AGM having served as a Director for nine years. In accordance with succession plans, it is the Board's intention, subject to regulatory approval, to appoint John Hitchins as my successor. I would like to take this opportunity to thank the Committee members, management and external auditors for their support during my tenure.

Simon Jeffreys
On behalf of the Group Audit Committee

27 February 2023

Operation and performance of the Audit Committee

The Chair of the Committee discussed agendas and significant matters separately with the external auditor and the Internal Audit Director in advance of each meeting, with each of the six scheduled meetings focusing on the key topics set out in its forward work programme. Attendance by Committee members at these meetings is shown on page 115. The Committee also welcomed attendance from the other Non-executive Directors, who attended Committee meetings as part of their ongoing development. Private sessions were held regularly with the Internal Audit Director and the external auditor, providing an opportunity for matters to be discussed in the absence of management.

Development sessions are held regularly to further enhance the Committee's understanding of key and emerging topics, and to provide a platform for the Committee to discuss and consider any impact on the Group. Committee members also attended external briefings and technical updates, for example those given by the major accounting firms. The development session topics from 2022 are summarised in the table below.

The Committee evaluated its own performance and effectiveness over the course of the year and carried out an annual review of its terms of reference. The Committee's effectiveness was also reviewed by the Board as part of its overall assessment of its own effectiveness (see pages 119 to 121). The Board and the Committee remain satisfied that the Committee operated effectively and has the experience and qualifications necessary to perform its role successfully, noting in particular that the Chair of the Committee is a qualified accountant and former Senior Audit Partner, and that other members also have recent and relevant experience and expertise in the financial services sector.

The Committee was responsible for carrying out the function required under the FCA's Disclosure and Transparency Rule DTR7.1.3R (Audit Committees) and complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 throughout the year ended 31 December 2022.

Topic	Outcome gained
Unit Trust Audits and Funds Audit Industry	An understanding of PwC's audits of the St. James's Place unit trusts in the UK and the broader perspectives of the financial reporting environment for UK funds.
TCFD and Investment Scenarios	An understanding of the TCFD scenario testing in the context of the Group's overall approach and commitment to reach net zero by 2050.
Investment Division	Met with the key members of the investment division to gain a clearer insight into the division's operations.
IFRS 17 Insurance Contracts Standard	An understanding of the impact of IFRS 17 on the Group.
BEIS Audit and Corporate Governance Reform	An understanding of the key reforms and work being undertaken by management to ensure the Group is prepared for implementation.
Digital Transformation of Finance Function	An overview of the advances being made in enhancing the existing operating model, including the increased use of automation within the SJP finance function.
Controls Framework	An update on progress to enhance SJP's internal controls financial reporting framework.
Actuarial System Transformation	An understanding of the new actuarial system that will be fully rolled out in early 2023.

Report of the Group Audit Committee continued

The Committee's activities are centred on a rolling cycle of key areas of focus and events as summarised in this timeline:

July

- Management present the Half-Year Report and Accounts
- External auditors present their half-year review report
- Internal audit present their interim Internal Controls Evaluation

May

- Management present their review of the year-end process
- The Committee reviews the result of the annual evaluation of the external auditors, and considers whether the external auditors continue to be appropriately independent and objective, and effective in the role of external auditor
- External auditors present their internal control findings from the year-end audit
- The MLRO presents their annual MLRO report and annual review of systems and controls over bribery and fraud
- Internal Audit present their annual review and quality assessment of their performance as an operational function, including the effectiveness of their delivery of the audit plan
- The Whistleblowers' Champion presents their annual report, providing an overview of the operation and effectiveness of the systems and controls in relation to whistleblowing
- The Committee reviews their terms of reference and evaluate their performance

February

- Management present the final draft Annual Report and Accounts, TCFD Report and Solvency II reporting, along with the year-end control and compliance reporting, for the Committee to consider recommending to the Board for approval
- Group Risk present their year-end assessment of risk and controls
- Internal audit present their Internal Controls Evaluation
- External auditors present their findings from the audit and their Auditor's Report, providing confirmation of independence, and the Committee considers recommending to the Board the reappointment of the external auditors at the Company's next AGM

In addition to the items set out in the diagram below, the Committee also received regular updates on the following:

External auditor independence	Progress against the Internal Audit Plan	Internal control	Capital management and financial control breaches	Developments in corporate reporting	Fraud and whistleblowing activity and reports from the Money Laundering Reporting Officer	Key policies

October

October

- Internal audit present their internal audit plan for the following year
- External auditors present their year-end plan

November

November

- Management present their plan for the year-end process, including any technical considerations as well as key judgements
- External auditors provide a year-end progress update on the audit
- Group Risk present their findings from the year-end internal controls process
- The MLRO presents their financial crime report, covering the operation and effectiveness of the Group's systems and controls regarding anti-money laundering, counter-terrorist financing, financial sanctions compliance, facilitation of tax evasion, fraud prevention and anti-bribery and corruption.
- Management present the tax strategy for approval

January

January

- Management provide a year-end progress update, including key accounting issues and judgements, presenting drafts of narrative sections of the Annual Report and Accounts, TCFD Report and Solvency II reporting
- Management present an overview of the unit trust audits
- External auditors provide a year-end progress update on the audit
- Internal audit present their draft Internal Controls Evaluation

Report of the Group Audit Committee continued

Matters considered during the year

The Committee focused on a number of matters which can be grouped under four broad headings: corporate reporting, external audit, internal audit, and internal controls. The following sections illustrate the Committee's activities during the year.

Corporate reporting

Formal Committee meetings, covering the activities set out on pages 124 and 125, are supplemented during the year with informal learning sessions to review, with management, key messages for both the Annual Report and Accounts and Half-Year Results, and to explore in more depth any complicated issues emerging. This forum provides Committee members with an opportunity to gain further clarity and understanding.

Some highlights of the Committee's work during the year, including the significant issues it considered relating to the Financial Statements, are included in the table below.

Key corporate reporting topics

Theme	What did the Audit Committee do?	What was the conclusion and impact?
Accounting judgements and actuarial assumptions	• Management provided a summary of the transaction to dispose of a portfolio of Partner loans to a third party. It noted that it had exercised judgement in arriving at the conclusions that (i) the Group did not control the entity that acquired the loans; and (ii) the loans sold to the third party should be deconsolidated for Group reporting purposes. The Committee challenged management to ensure that this judgement was recorded as a significant accounting judgement in the Annual Report and Accounts. • Management set out proposals for an update of the persistency assumptions for the unit trust and ISA business. The Committee discussed the proposals, receiving confirmation from the external auditor that they had no concerns with the change of methodology. • As part of the year-end exercise management provided a paper to the Committee setting out the key accounting judgements and actuarial assumptions. • As part of their ongoing oversight of investments the Committee monitored the valuation process for level 3 assets, particularly private equity and private credit assets held in the Diversified Assets Fund.	• Following discussion, and noting management's engagement with the external auditors on this subject, the Committee concurred with the accounting treatment of the transaction. • The Committee noted that high persistency rates had been experienced for a number of years, and also that the proposed rates still reflected the range of possible outcomes beyond experience. As a result, they agreed with management and approved the changes for Group reporting purposes and for recommendation to the board of St. James's Place Unit Trust Group Limited. • The Committee was satisfied with the judgements made, noting in particular that it was content with the impairment exercise in relation to the significant operational readiness prepayment. • The Committee was reassured that despite the complexity and the uncertain economic environment the valuation process was robust.
Accounting regulation and audit	• There were no new accounting standards or significant new disclosure requirements for 2022. • The Committee considered the proposed approach to meeting the reporting requirements of IFRS 17 for the 2022 year-end.	• The Committee was satisfied that the impacts of IFRS 17 were not material to the Group, and also with the proposed disclosures for 2022 year-end.
Final results and Annual Report	• The Committee reviewed and provided input into the periodic financial reporting, including the Half-Year Report and Full-Year Accounts for 2022, including the final results announcement, and the Group Annual Report and Accounts for 2022, including the Viability and Going Concern statements.	• Following detailed deliberations, challenge and discussion on key aspects of the reports, the Committee was satisfied with the periodic financial reports and recommended their approval to the Board.

Theme	What did the Audit Committee do?	What was the conclusion and impact?
Regulatory reporting	• In addition to statutory reporting, the Committee also reviewed the following regulatory reporting requirements: – **Solvency II** – Group Solvency and Financial Condition Report (SFCR) and Group Regular Supervisory Reporting (RSR) – **CASS** – reasonable assurance reports on St. James's Place Investment Administration Limited, St. James's Place Unit Trust Group Limited and Rowan Dartington & Co. Limited, and a limited assurance report on St. James's Place Wealth Management plc – **TCFD Report** – which encompassed St. James's Place UK plc & St. James's Place Unit Trust Group Limited	• Management confirmed the specifics of the rules for Solvency II reporting and the Committee was able to approve the publication of the 2022 year-end SFCR and the submission of the 2022 RSR to the regulator. • The Committee reviewed and was satisfied with the CASS external audit reports. • Following a request by the Committee that management carry out a validation exercise on the content of the report, the Committee was satisfied with the TCFD Report and recommended its approval to the respective boards.

'Fair, balanced and understandable' opinion

The Board is required to provide its opinion on whether the Company's Annual Report and Accounts taken as a whole are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

To support the Board in providing its opinion, the Committee carried out a formal review, taking account of investor feedback, commentary from the Financial Reporting Council's (FRC) annual review of corporate reporting, and management's own assessment. The Committee assessed the quality of financial reporting through discussion with the external auditor, receiving presentations, and discussing key matters with senior financial management.

This process included considering each of the elements (fair, balanced, and understandable) on an individual basis to ensure our reporting was comprehensive in a clear and consistent way, and in compliance with accounting standards and regulatory and legal requirements. The external auditor also considered and confirmed agreement with the 'fair, balanced and understandable' statement as part of the audit process.

Following its review, the Committee advised the Board that the Company's Annual Report and Accounts for the year ended 31 December 2022 were fair, balanced and understandable.

External audit

Auditor activity and effectiveness

PwC were first appointed in 2009 and were reappointed as the Group's external auditor following a tender process in 2016. The Group will be required to change its audit firm no later than the 2027 audit. As noted in last year's Committee report, the Committee has continued with discussions regarding the next tender process, taking into account the need to expand market diversity whilst maintaining audit independence standards. Planning for this has begun with a view to completing a competitive tender process by 2026, well ahead of the FY27 audit cycle beginning to ensure a smooth transition between audit firms in order to mitigate risk for stakeholders.

Andrew Moore held the position of the Group's Senior Statutory Auditor from July 2019, stepping down in May 2022 at the end of the financial year-end 2021 reporting cycle due to a change of his role at PwC. Gary Shaw was appointed as his successor following a selection process which the Committee fully participated in.

New senior members of the PwC audit team were also introduced during the year-end process following a number of key audit team members reaching their seven-year tenure limits at the end of the audit. The process provided the Committee with reassurance of knowledge transfer and continuity, and that the audit team servicing SJP remained of high quality.

As in previous years, PwC attended all Committee meetings and met privately with the Committee after each meeting. The Chair of the Committee also regularly met with Gary Shaw, the Group's Senior Statutory Auditor, to receive updates on progress and discuss any private matters, including audit fees and the profitability of the audit, progress of the audit and the performance of the SJP finance function.

To launch PwC's programme of work, the Committee received and agreed their plan for the audit of the 2022 year-end. PwC then provided regular updates on their work, culminating in their overall final report and findings from the year-end audit and the review of the half-year results. The reports were discussed with PwC, and the Committee concurred with management's response to the recommendations identified.

The Committee asked PwC to pay particular attention to the recognition of an additional operational readiness asset in relation to the new contract between St. James's Place International plc and SS&C, the IFRS 17 disclosures, the derecognition of the portfolio of Partner loans sold to a third party, and Diversified Assets Fund (DAF) hedging and exposure to the Group and was satisfied with the results of PwC's work and findings.

Report of the Group Audit Committee continued

Matters considered during the year continued

During the year, an internal evaluation was carried out to assess the independence, objectivity and effectiveness of PwC and the effectiveness of the 31 December 2021 audit process, following the publication of the FRC's Guidance on Audit Committees. PwC's effectiveness was assessed in various ways, including: feedback from management involved in the audit; feedback from the Committee; assessing audit quality and delivery against the audit plan; and interrogating client administration systems to ensure senior PwC audit team members did not hold any St. James's Place products.

Audit quality

The Committee noted the developing conversation in the industry about the use of Audit Quality Indicators (AQIs) to help track the performance of an audit and inform the annual assessment of auditor effectiveness. We will consider how we might use AQIs during the next cycle of reporting.

The Committee also noted the results of the FRC's review of PwC for the 2021/22 inspection cycle, and were pleased to observe that, when compared to the previous year, there was an uplift in the percentage of audits graded as 'good or limited improvements required' from 80% to 83%. Many instances of good practice were noted by the FRC and the Committee therefore considered that PwC currently provides a robust audit.

The Committee found that PwC demonstrated robust challenge and professional scepticism during the 2022 year-end process and that Gary Shaw had been highly visible and effective as the engagement partner for the Group. PwC continued to provide high-quality output to the Committee, setting out clearly their approach, findings and recommendations. The Committee discussed with PwC the results of their work and challenge of management, especially in relation to those matters on which the Committee asked them to focus, for example the recognition of an additional operational readiness asset, IFRS 17 outcome, derecognition of the portfolio of Partner loans, and DAF hedging.

The Committee agreed with management's view that PwC were effective in their role as external auditor. Following this evaluation, the Committee recommended that the Board seek the reappointment of PwC as external auditor at the next Annual General Meeting (AGM).

The Committee also reviewed the evaluation of Grant Thornton's performance, in relation to their role as auditors of St. James's Place International plc and contributing to the Group audit by PwC, and were satisfied with their performance.

Finally, the Committee was authorised by shareholders at the last AGM to determine the remuneration of the external auditor. As such, the Committee considered and approved the 2022 audit fees. More information on the audit fees can be found in Note 5 to the Financial Statements.

Auditor independence and non-audit services

During the year the Committee considered proposals for all non-audit services as they arose and received updates at each meeting on fees incurred with PwC for all services. The Committee discussed and approved the non-audit work carried out by PwC, which was limited to audit services relating to the corporate reporting, such as the review of the half-year results and validating capital contribution payments to St. James's Place Wealth Management plc. Full details of PwC's remuneration for 2022 are set out in Note 5 to the Financial Statements.

The Committee carried out its annual review of the Policy on Auditor Independence with the review resulting in minor changes. During 2023 the Committee will monitor for any potential developments in relation to the Ethical Standard arising from the BEIS consultation.

In their audit report to the Committee, PwC confirmed that they remain independent of the Group and, having carried out its own assessment, the Committee concluded that PwC remained independent and objective.

Internal audit

The 2022 Internal Audit Plan (the Plan) was approved by the Committee in October 2021. The planning process is based on two approaches to analysing risk. The first is a bottom-up risk assessment of the Group's audit universe, which methodically assesses the risks faced by each component of the business. The second is a top-down assessment of the key risks to the Group. The resulting Plan reflects both of these assessments, providing a blend of bottom-up core assurance activity with specific risk-targeted audits.

This Plan, together with a risk-ranked watchlist, was reviewed and monitored throughout the year and all updates and changes to the Plan were specifically considered and approved by the Committee.

Internal Audit Planning Process

Top-down Assessment of Key Risks to the Group

Specific Risk-Targeted Audits

Risk-based Internal Audit Plan

Core Assurance Activity

Bottom-up Risk Assessment of Audit Universe

The Plan addressed three key themes, shown below with examples of audits undertaken:

Theme	Description	Example audits undertaken
Clients and the Partnership	The Group's processes for ensuring appropriate client outcomes, overseeing the continued growth and expansion of the Partnership compliance with the Group's advice standards, and the effectiveness of the field management team in maintaining the required controls.	• ESG and Responsible Investing • Fund Liquidity Management • Value Assessment Statements Costs and Charges • Investment Committee Decision-Making • Value for Money of Advice Framework • FCA Consumer Duty • Partner Growth and Development Function • Unit Pricing Controls
Operational excellence	The robustness and effectiveness of the Group's core operational processes, the impact of continued growth and increased complexity, and the major change initiatives.	• HR Processes • Oversight of SS&C • Strategic Data Storage • IT General Controls in respect of various key systems • Onshore Bond and Pension Servicing Processes • Robotic Process Automation • Investment Data Hub • Systems Architecture
Regulation and reputation	The regulatory landscape, including significant recent and expected future changes, the importance of compliance across the Group's increasingly complex operations, and the key function of second-line monitoring.	• Hong Kong and Singapore Risk Management Frameworks • Outsourcing and Third-Party Risk Management • Inclusion and Diversity • Gender Pay Gap Reporting • Identity and Verification Matching • Provision and Implementation of Regulatory Guidance • CASS Oversight • Fraud Risk Management • ICARA Process

The delivery of the Plan is the responsibility of the Internal Audit Director, who is accountable to the Committee and who has regular one-to-one meetings with the Chair of the Committee and the Chair of the Board. In addition, the Committee Chair and chair designate attended the internal audit strategy day held during the year.

Each internal audit report is sent promptly to Committee members and progress reports are discussed at each meeting to update the Committee on progress against the Plan and any remedial actions allocated to management. During the year, the Committee followed up to ensure that management actions from internal audit reports were being completed, and that alternative controls were in place until those actions were completed.

Internal audit reports regularly to the Committee on internal controls and has confirmed that the Group's internal controls are generally effective at keeping the Group within the Board's stated risk appetite. Noting that certain controls require improvement, management has plans in place for further enhancements to the control framework in specific areas, with progress being monitored by internal audit and the Committee. For example, work is underway to ensure first-line management is consistent in its evaluation of risks and controls and to continue to enhance the controls around the Group's technology estate, given the ongoing programme of change. In October 2022, the Committee considered and approved the proposed 2023 Internal Audit Plan.

Following a competitive tender process completed in late 2021, Deloitte LLP continue to provide co-sourcing services for specialist expertise and market insight. Examples of services provided under this contract include subject matter experts such as IT and regulatory specialists, and additional resources to maintain and enhance the level of assurance provided to the Committee.

Report of the Group Audit Committee continued

Matters considered during the year continued

The effectiveness of the internal audit function was externally assessed in late 2019 by EY against the global standards set by the International Institute of Internal Auditors, the 2017 Code for Effective Internal Audit in Financial Services, and current best practice in our industry. The report concluded that the internal audit function remains effective and 'generally conformed' to the global standards across all aspects of performance. It highlighted the function's significant progress and suggested opportunities for enhancements, work on which is now substantially concluded. Work continued to progress during 2022 on the one recommendation that remains open: to enhance the use of data analytics within audits. Data analytics have been employed in a growing number of audits and through developments in continuous monitoring. This remains a key priority for the team and is also being supported through co-source engagement.

An internal quality assessment was carried out and presented to the Committee in May 2022. The Committee concluded that internal audit is effective and meets the needs of the Group. The Committee also reviewed and approved the Internal Audit Charter, which can be found on our website at: **www.sjp.co.uk/about-us/corporate-governance.**

Whistleblowing

The Board ensures that appropriate arrangements are in place to enable individuals to raise any concerns about illegal or improper behaviour connected to St. James's Place. The Chair of the Committee is a key contact in the Whistleblowing Policy and is the Whistleblowers' Champion under the Senior Managers and Certification Regime. On behalf of the Board, the Committee reviewed whistleblowing arrangements during the year and received regular updates on activity. Each case was considered when first reported and tracked through at each meeting until satisfactorily concluded. The Committee established that each of the matters had been properly investigated and appropriate actions taken, that no resulting changes were required to the Group's procedures or systems of control, and that none of the matters were material to the financial position or results of the Group. None of the items indicated a systemic problem or control weakness. Following review and challenge by the Committee, the Annual Whistleblowing Report and the Whistleblowing Policy were considered by the Board in May 2022. The Board concluded that the whistleblowing arrangements were appropriate and consistently in force across the entire Group.

Internal controls

Systems of internal control

The Board has overall responsibility for ensuring that management maintains comprehensive systems of internal control for managing risk and for assessing their effectiveness. On behalf of the Board, the Committee takes responsibility for assessing the effectiveness of the Group's risk management and internal control systems, covering all material controls including financial, operational and compliance controls for the Group and the individual entities. It does this by:

- overseeing the continuous review of risk and control self-assessments (RCSAs); and
- monitoring the effectiveness of the internal control model throughout the year through the quarterly updates provided by management to the Committee.

Through our risk management framework we identify and assess risks. Our internal controls are designed to manage the inherent risks down to a level where the residual risk is within our stated risk appetite, rather than aiming to eliminate the risk altogether. This provides appropriate but not absolute assurance against material misstatement or loss. St. James's Place plc is committed to operating within strong systems of internal control that enable business to be executed and risk taken without over-exposing the business to reputational damage or potential losses beyond risk appetite.

Specifically, in relation to the financial reporting processes, the main features of the internal control systems include:

- operation and assessment of controls in key risk areas;
- monthly review and approval of all financial accounting data including data generated by our outsource providers;
- formal review of financial information by senior management, for both individual companies and the consolidated Group; and
- extensive documentation of key processes, procedures and applicable key controls associated with financial reporting.

The Committee is provided with updates on the operation of financial reporting controls throughout the year and each control is subject to an annual cycle of review and reapproval which culminates at the year-end.

In addition, the Committee receives, discusses and evaluates quarterly updates on the results from the Group risk function on the effectiveness of the internal control model. These updates are underpinned by management's RCSAs which are captured through the Group's risk and internal controls platform. The Committee also receives and discusses the assessments of internal controls from internal audit to support its review of the internal control system. Actions identified through internal audits, compliance monitoring reviews, and through the RCSA process via internal control updates are monitored, to ensure suitable improvements are made.

During the period, the Committee discussed the management activities being undertaken in preparation for future stages of the Department for Business, Energy & Industrial Strategy's consultation paper on Audit and Corporate Governance. The Committee took steps to review its audit and assurance policy and expand assurance in certain areas, particularly regulatory reporting and ESG. The Committee also considered the requirements for enhanced control environment attestations and the potential impact on the external audit tender process.

Over the course of 2022, management continued embedding Salesforce as the primary CRM system for the Partnership. This is part of a strategic initiative to be 'easy to do business with' via the upgrade of existing technology supporting the Partnership in advising clients. It also is significant in improving the management of client documentation and the Group's ability to maintain centralised oversight. A further material development to the control environment over the year was a programme of activities focused on improving the robustness of third party oversight, including fund unit pricing.

During the year there have been control-related failings on fund unit pricing on several occasions resulting from operational incidents involving a third party service provider. Whilst none of these resulted in client detriment, a comprehensive root cause investigation of the incidents was commissioned and jointly overseen by the Group Audit and Risk Committees. Following the investigation, the provider has implemented further mitigative control activities to prevent future incidents, and these are assessed as part of the regular monitoring programme. Furthermore, internal audit were engaged to provide assurance over the risks of further errors and the Committee will receive reports and monitor the implementation of planned actions arising from this work.

Overall the Committee is satisfied that the Group's internal control and risk management framework comprises adequate arrangements, actions and mitigating controls. The Committee recognises that to support the continuing growth and increasing complexity of the Group, there is a need to invest in improving and strengthening the Group's risk culture and the risk management and internal control systems.

These sources of assurance assist the Committee in completing its annual review and enable it to attest on behalf of the Board that it has been able to properly review the effectiveness of St. James's Place's system of internal control in accordance with the 2014 FRC Guidance on risk management, internal control and related financial and business reporting.

The Committee did not identify any significant control failings or weaknesses that remain unmitigated and it has ensured that corrective action is being taken on matters arising from the review. Internal audit and RCSAs identified areas where controls improvements should be made. For example, enhancements are being made to the process for evidencing the realisation of benefits from projects. The Committee continues to track progress on these items throughout the year to ensure actions are completed.

Bribery and fraud review

The Committee monitors and receives regular reports from the Money Laundering Reporting Officer on the Group's policies, systems and controls to prevent bribery and fraud. During 2022, fraud update reports have been presented at each Committee meeting and a comprehensive annual report covering fraud and bribery was presented to the Committee in May. It was determined that, overall, St. James's Place's controls are effective, appropriate policies and procedures are in place, and operational effectiveness of controls is evidenced.

The majority of attempted frauds against St. James's Place and its clients arise as a result of client account takeover activities involving email hacking and email interception. Fraud prevention controls to prevent the takeover of client accounts and fraudulent withdrawal of client funds are reliant on manual controls performed by Partners and Partner support staff. Whilst most operate the required controls effectively, individual lapses do lead to losses, of which we have seen a small number in 2022. The Group has seen some cases of fraudulent misrepresentation or scams, aimed at persuading clients to transfer their funds for investment. The following actions have been undertaken to counteract these threats:

- An updated fraud prevention training module was issued to all Partners, Partner support staff and employees to improve awareness of these risks and how to counteract them;
- Monitoring of St. James's Place social media activity to detect attempted takeovers or suspicious activity, and detection and removal of cloned St. James's Place websites; and
- Communications to Partners, Partner support staff and clients via SJP documents and social media to increase awareness of how to protect themselves from a range of investment scams.

Report of the Group Risk Committee

Rosemary Hilary

Group Risk Committee membership

Member and date joined Committee

Rosemary Hilary (Chair)
17 October 2019 and became Chair on 19 August 2020

Dominic Burke
1 November 2022

Emma Griffin
16 September 2020

John Hitchins
1 January 2022

Simon Jeffreys
1 January 2014

Lesley-Ann Nash
16 September 2020

Roger Yates
1 January 2014

The Committee's terms of reference set out the Committee's role and authority and can be found on the corporate website at www.sjp.co.uk/about-us/corporate-governance.

Key objective of the Committee

The Committee's primary role is to provide guidance, advice and constructive challenge to relevant boards in relation to the Group's risk appetite and management of risk. The relevant boards are those of St. James's Place PLC and its wholly owned subsidiaries (together the SJP Group), which include its regulated companies.

Regular attendees at meetings

Chair of the Board, Chief Executive, Chief Financial Officer, Chief Operations and Technology Officer, Chief Risk Officer, Chief Actuary and Internal Audit Director are regular attendees. Subject matter experts and other members of senior management are also invited to attend and present on specific topics throughout the year.

Dear Shareholder,

I am pleased to present this report to you as Chair of the Committee and would like to welcome Dominic Burke to the Committee and thank all the members for their contribution during the year.

After nearly two years of living with the COVID-19 pandemic, in early 2022 the UK government lifted the last of the restrictions and the risk of major business disruption in the UK from COVID-19 restrictions has abated. However, new risks have materialised, most notably the rapidly increasing rate of inflation, the conflict in Ukraine and related impacts on financial markets and energy supply and these have contributed to a cost-of-living crisis which has more recently been exacerbated by rising rates of interest.

In light of these issues we have been cognisant of the impacts that these challenges are having on all of our stakeholders, including our clients whom we endeavour to support through the provision of sound financial advice, to assist them in their financial confidence and resilience. The heightened political and economic uncertainty has also increased the likelihood of clients finding themselves in vulnerable circumstances and therefore the Committee has continued to focus on the Group's approach to identifying and supporting our clients who are in vulnerable circumstances. This has included formulating a new vulnerability policy, enhancing our corporate website to support clients who require assistance, and launching new online training modules for the Group and its wider community in order to educate and raise awareness of how to recognise and support clients with characteristics of vulnerability.

The Group has also continued to focus on the wellbeing of its advisers and employees, with cost-of-living payments made to our lower paid employees in September 2022 and enhancements to the support we provide in relation to adviser and employee wellbeing as part of our responsible business strategy.

Our commitment to being a leading responsible business remains core to our strategy and the Committee has monitored and challenged the business in a number of areas, including the risks posed by climate change. We followed developments through 2021 when the UK hosted the COP26 summit and then in 2022 COP27 and the resulting outcomes. The Group continues to advance towards achieving its ambition of being a leading responsible business and meeting its commitments of being climate positive in our operations by 2025, net zero in our supply chain and across the Partnership by 2035 and net zero in our investments by 2050. During the year, progress was made through focusing on each of the strategic priorities within our Responsible Business Framework: financial wellbeing, investing responsibly, climate change and community impact. Initial goals have been set for each and more details can be found on pages 40 to 56.

In 2022 the regulatory agenda remained full and has required the business to assess the implications of new regulatory policies including in relation to the appointed representatives regime and, most notably, the new Consumer Duty regulation which comes into force in July 2023.

To ensure compliance with the Duty the Committee has closely monitored and challenged the approach taken by the Group and reviewed the governance arrangements that have been established to manage the programme and workstreams and oversee the alignment of all relevant practices and procedures. The Committee reviewed the Group's implementation plan in October (which was subsequently recommended to the Board for approval) and has since then monitored the progress in assessing and delivering the requirements of the Duty ahead of implementation. Committee members attended a number of development sessions during the year, including in relation to the Duty, which further enhanced their understanding of the key requirements and impacts on the Group.

The Committee has continued to oversee and scrutinise the Group's risk profile and operational resilience. During the year it reviewed the policy and framework approach adopted by the Group to ensure its important business services remained operationally resilient and were prepared for operational disruptions in order to minimise client harm. The Committee also considered the stress and scenario testing carried out as part of the Own Risk and Solvency Assessment (ORSA) in order to assess the risks to the Group's capital and liquidity. This analysis continued to confirm that the Group remains resilient to macroeconomic shocks arising from post-pandemic supply chain pressures, the conflict in Ukraine, rising inflation and interest rates and volatile financial markets. It also assisted in informing the Group's dividend decisions. Focused reports from senior executives have also contributed to the Committee's evaluation of the Group's principal risks.

During the year, the Committee has continued its focus on strategic and emerging risks. A series of 'deep dives' was held with senior executives supported by analysis from the business to develop enhanced understanding of how risks to the Group's strategy were evolving and where increased focus of risk management activities should be prioritised. Additionally, the Committee monitored and received in-depth assessments on new and emerging risks including inflation, the conflict in Ukraine, climate change, employee-related risks and shareholder activism.

The Group's risk and compliance functions sit under the executive leadership of Mark Sutton, the Group's Chief Risk Officer (CRO), and during the year I have worked closely with Mark to set the agenda of the Committee meetings and discuss key issues.

In 2023 the Committee will continue to probe and test the Group's risk profile to assess whether it remains within the Board's risk appetite, and to monitor emerging risks to ensure the Group is ready for the challenges which lie ahead.

Rosemary Hilary
On behalf of the Group Risk Committee

27 February 2023

Report of the Group Risk Committee continued

Operation and performance of the Committee

The Committee comprises seven independent Non-executive Directors. The Committee Chair regularly meets the CRO, the Chief Executive, the Chief Financial Officer and individual members of the Executive Board to discuss key risk topics. The Chair, in conjunction with the other Committee members and the CRO, establishes a rolling forward agenda, ensuring that the key responsibilities of the Committee are fulfilled, and that significant and emerging risks are considered at appropriate times.

The Committee's performance was reviewed as part of a Board effectiveness review (see pages 119 to 121) and the Board remains satisfied with the Committee's effectiveness and that, taken together, the Committee has the experience and qualifications necessary to perform its role. The Committee's annual review of its terms of reference concluded that it continued to discharge its responsibilities appropriately.

Oversight of risk

The Committee spends a significant proportion of its time receiving updates from the CRO and other key executives, who have direct access to the Chair should the need arise. The Committee also regularly considers progress on and approves the Compliance Monitoring Plan. The Committee continuously monitors the operation, performance and resourcing levels of the risk and compliance functions.

Oversight of the Risk Management Framework is key to the delivery of the responsibilities of the Committee. During 2022, the Group's principal risks and emerging risks evolved with the changing macroeconomic and geopolitical situation. However, the continued progress and investment, including in organisational design changes in the risk and compliance function during the previous two years, have meant that both the business and the Risk Management Framework were able to adapt to these challenges and continued to demonstrate resilience. The increased use of technology and data analytics tools in areas such as risk reporting and anti-money laundering has also led to more effective operations.

Assessing the implementation of risk mitigation in the business is another area which the Committee reviews and challenges. Where risks crystallise, the Committee reviews the circumstances and root causes, and then assesses the response of management. More details on the principal risks, how risk is monitored and managed across the business, the Risk Management Framework and the risk appetite can be found on pages 90 to 99. The Committee reviewed and commented on the Group's Risk Appetite Statement and, in its final form, recommended its approval to the Group Board.

Interactions with regulators

As most of the activity within the Group is regulated, the Committee considers all material interactions with the Group's principal regulators: the Prudential Regulation Authority, the Financial Conduct Authority, the Information Commissioner's Office, the Central Bank of Ireland, the Monetary Authority of Singapore, the Hong Kong Securities and Futures Commission and the Hong Kong Insurance Authority. It monitors progress against any actions.

Activities during the year

On an ongoing basis the Committee receives regular reports on a number of areas, including:

- updates on material risks that have been prominent in the period since the previous meeting;
- reporting on key risk indicators;
- interactions with regulators and any actions required;
- an assessment of the impact and implementation of new regulations;
- business assurance reviews;
- the Group's Own Risk and Solvency Assessment, as well as similar assessments for certain of St. James's Place's regulated subsidiaries;
- the latest view of emerging risks and any significant changes in the risk environment;
- reporting on conduct risk, operational resilience and outsourcing and supplier management;
- reporting on cyber security risks;
- updates on progress with implementing the new Consumer Duty; and
- examples of client complaints and reports on clients in vulnerable circumstances.

Key matters considered during the year

The table below highlights some examples of where the Committee has provided review and challenge, alongside relevant conclusions. Examples are shown across the Group's nine risk areas.

Risk area	What did we do?	What were the conclusions?
Client proposition	**Investment risk landscape** – The Committee received an update on the development of a centralised risk management team which is focused on the control environment for investment risk management associated with funds and outsourced providers. Their key objective is to ensure consistency in the monitoring of investment risk-taking across SJP's appointed fund managers' which in turn contributes to continued positive client outcomes. **Consumer Duty** – The Committee received regular updates on the approach being taken by the Group to ensure the principles set out in the Duty are embedded in the business. The governance and structure of the programme were reviewed and areas of particular focus were highlighted including culture, value assessment, testing of consumer understanding, and distribution arrangements for third-party products.	The Committee challenged and discussed the development of the investment risk management team's objectives to ensure they focused on client outcomes and ensure the plan was sufficiently resourced to manage the risks associated with the different strategies employed by the funds. The Committee welcomed the decision to appoint John Hitchins as 'Consumer Duty Champion' and recognised that the governance structure of the programme would evolve as it became embedded into the business. The Committee reviewed and was provided assurance as to the approach being taken to ensure appropriate evidence about the value of ongoing advice; and the actions being taken to ensure the Consumer Duty principles pervaded the Group's culture.
Conduct	**Clients in vulnerable circumstances** – The Committee reviewed a detailed presentation on the key measures and oversight in place across the business to support clients in vulnerable circumstances, noting the progress made in increasing awareness of and identification of vulnerable clients. Progress included the launching of six new online learning courses to the whole SJP community. The Committee explored new initiatives which included adviser notifications when vulnerable clients made a withdrawal and the use of voice analytics and management information to assess why such clients contacted the Company. **Complaints handling** – The Committee received reports on the Group's complaints handling operations and data, which outlined the impact of circumstances arising throughout the year on complaint volumes and complaint handling processes. Circumstances included reactions to volatile market conditions, the conflict in Ukraine and the cost-of-living crisis. **Supervision of Partner businesses** – Elements of the Group Risk Management Framework were piloted with certain areas of the Partnership and involved risk and control self-assessment workshops. These resulted in a forward-looking, data-led approach to risk management being taken in our large and medium-sized Partner businesses. The Group's field risk teams improved conduct risk management for advisers through an organisational restructure which was intended to improve the quality of supervision, especially for advisers in their early years with the organisation. The Committee also received reports on the oversight and management of Partners' outside business interests and a field risk team update on client servicing.	The Committee discussed the actions being taken in the business to continuously develop its approach to identifying and supporting clients in vulnerable circumstances and it was encouraged by the initiatives being undertaken and the increasing awareness of this complex area. It was agreed that progress would continue to be monitored carefully in the future. The Committee received assurance that sufficient resource was available to manage complaints volumes adequately. Working practices had been reviewed and changes implemented which had improved the team's effectiveness and complaint handling methods. The Committee was satisfied with the progress made by advisers in better delivering and better demonstrating ongoing servicing and advice to their clients, as well as the increased awareness and preventative actions being taken in relation to cyber security risks throughout the Partnership. The depth and frequency of monitoring by the field risk team provided assurance that risks posed to client outcomes and SJP's reputation continued to be well managed. The Committee was encouraged by the data-led approach to the Risk Management Framework being taken and the positive feedback received from advisers, which has resulted in a focus on strategic and operational risks for advisers. The Committee noted that the approach to conduct risk management could be scaled up effectively as the size of the Partnership increased The Committee acknowledged that as a result of the emerging risk analysis there would need to be a focus on the challenges involved with improving technology and data to meet the Partnership's needs. Additionally, an equal focus was required on improving Partner productivity and reviewing different approaches available to grow the Partnership, attract new talent and ensure the Partnership continued to engage with and value the benefits of the SJP proposition.

Report of the Group Risk Committee continued

Key matters considered during the year continued

Risk area	What did we do?	What were the conclusions?
Financial	**ORSA –** The Committee reviewed and challenged the Group's Own Risk and Solvency Assessment (ORSA) process throughout the year. This included stress and scenario testing activity which supports the assessment of financial resilience, liquidity and solvency ratios for the Group and the UK and Irish insurance entities, as well as analysis and challenge of reverse stress testing. **Contingency Funding Plan and liquidity –** The Committee reviewed the Group's Contingency Funding Plan and liquidity risk management for St James's Place UK plc (SJPUK). The Committee noted that SJPUK remains highly liquid and any liquidity risks were closely monitored.	The Committee actively challenged the comprehensiveness and depth of stress and scenario testing including those relating to current topical stresses; and was comfortable that: risks within the Group remained at an acceptable level; the Group was adequately capitalised to deliver its strategy; and the Group would remain solvent in stressed situations The Committee supported the Group's Contingency Funding Plan and the liquidity risk management for SJPUK.
Partner proposition	**Technology support –** The Committee received regular reports on the implementation of Salesforce and cyber security solutions as they continued to be rolled out to Partner businesses. **Partner finance –** The Committee reviewed the Group's proposition for providing finance in a rapidly changing environment where the size and structure of the Partnership has been evolving and requires different funding strategies to meet Partners' needs and ensure the Group's gearing and risk exposure remain within appetite	The Committee supported the strategy of implementing Salesforce to further support Partner businesses and to facilitate enhanced centralised evidence of client servicing, and was encouraged by the increasing number of Partner practices adopting the Group's cyber security solutions. The Committee was reassured by the actions being taken to adapt to the different financial needs of the Partnership through provision of a broad and evolving range of financing capabilities, and was satisfied that the approach taken was sustainable in uncertain economic conditions.
People	The Committee received updates on our key employee-related risks, which focused on managing remuneration policies and practices in line with regulatory requirements, maintaining appropriate levels of employee engagement and monitoring emerging risks in relation to talent acquisition and retention. To enhance monitoring of employee sentiment and engagement, the Group used an annual employee survey and additional pulse surveys, which provided valuable insight and highlighted that employee engagement scores were improving. The surveys also indicated areas which were having an impact on employees' such as how the changing nature of the workplace was affecting employees' 'sense of belonging' and the importance of promoting inclusive behaviours. The Committee discussed the challenges being experienced in the acquisition and retention of talent, which included competition created by increasing numbers of opportunities for hybrid and remote working and the increasing demand for people with specialist skills in areas such as data science As part of the overall review of people risk, the Committee considered remuneration risks. The review of such risks supports the Group Remuneration Committee's consideration of the alignment of the Group's remuneration policies for Directors and employees with its strategy It also provides assurance on compliance with existing and forthcoming regulatory requirements.	The Committee was satisfied with the results of the actions taken to embed measures to ensure the continued compliance of our remuneration policies and practices with regulatory requirements. The Committee was encouraged by the actions taken to enhance employee engagement and inclusion, which included. providing employees with the tools and support they require to fulfil their roles; recognising high performance; continuing to embed a diverse and inclusive culture. In terms of acquisition and retention of talent, the Committee derived assurance from the various actions that were being taken. These included salary benchmarking; a cost-of-living payment to employees earning below a certain level; and working policies and practices that allow flexibility for employees. The CRO attended meetings of the Group Remuneration Committee to provide a view of risk behaviours and of the conduct and management of operational incidents in order to ensure reward and performance were reflected appropriately. The Committee's own activities supported the Group Remuneration Committee in reaching its conclusion that remuneration policies continue to mitigate potential conflicts of interest and do not encourage inappropriate risk-taking

Risk area	What did we do?	What were the conclusions?
Regulatory	**Regulatory change –** The Committee reviewed and discussed the impact of upcoming regulatory change and management's response, for example, to the FCA's new Consumer Duty and policy on Appointed Representatives. **Client money and client assets –** The Committee reviewed and approved the CASS Annual Report for 2021, which provided assurance that core operational controls remained robust. **Regulator engagement –** The Committee received reports on the more material topics of discussion with the Group's regulators, as well as progress reports on the actions taken to address matters raised by the regulators as part of ongoing supervision and wider industry communications. **Business assurance –** The Committee received an update on the effectiveness of the controls in place to provide assurance that advice provided by advisers is of a high standard. Technology was being utilised to reduce the risk of errors and support advisers to ensure quality of advice and client outcomes.	The Committee probed and received updates on each area and was satisfied with the progress made against the areas of regulatory change outlined by management. The Committee was comfortable with the rigorous approach taken in relation to CASS controls and oversight, and the processes used to enhance future outcomes where items were identified for improvement. The Committee discussed and agreed the actions being taken to address both firm-specific and industry-wide themes identified by regulators. Following the invasion of Ukraine by Russia the Committee reviewed the potential impact of new sanctions, and the actions taken by the Group to ensure they are complied with and the situation is monitored for any changing requirements. The Committee noted that the business assurance function remained effective in ensuring that the advice provided to clients by advisers was of a high standard and had been validated for compliance with regulatory requirements during the year. The approach taken for higher risk products and more complex transactions such as defined benefit pension transfers was managed robustly and within the Group's risk appetite. The Committee asked to receive reporting on the aged analyses of the resolution of case feedback from business assurance.
Security and resilience	**Operational resilience –** The Committee oversaw the project to develop the Group's approach to operational resilience and compliance with the new FCA and PRA requirements As part of this, the Committee reviewed the operational resilience self-assessment, policy and framework which set out the processes used to ensure the Group remains operationally resilient. **Cyber risks –** The Committee was provided with updates on cyber risks, including the approaches to: reduce cyber risk in the Partnership, increase cyber resilience throughout the extended business including suppliers; and respond to cyber threats. The Committee reviewed the Group's objective to implement a base level of cyber security through either self-accreditation to the Cyber Essentials Plus (CE+) scheme or accreditation through subscribing to the Group's own Device as a Service (DaaS) proposition.	The Committee was satisfied with and approved the operational resilience self-assessment, policy and framework and continued to receive updates on the operation of the policy framework and compliance with the regulations. The Committee receives a regular report which provides assurance on the resilience of our important business services and important support services and confirms that appropriate preventative action is being taken to address any vulnerabilities identified The Committee was encouraged that significant progress had been made with Partners either becoming self-accredited to Cyber Essentials Plus or accredited through the use of our Device as a Service offer. The Committee discussed the main cyber risks and was reassured by the controls in place and the enhancements which were continually being made to improve them in light of evolving threats, especially following the conflict in Ukraine

Report of the Group Risk Committee continued

Key matters considered during the year continued

Risk area	What did we do?	What were the conclusions?
Strategy, competition and brand	**Strategy impact –** As part of an overall assessment of the Group's progress towards achieving its strategy, the Committee was presented with reports highlighting the different risks faced by the business in meeting its stated goals. More details can be found on pages 26 to 27. The reports emphasised the strong progress made in delivering new business, retention and cost control. The risks, both emerging and current, which threaten the delivery of the strategy were considered alongside the options available to address them The Committee also received reports on the risks faced by St. James's Place International plc (SJPI) and the Asia business. **Emerging risks –** The Committee considered regular updates on management's views of emerging risks, supported by a detailed horizon scanning exercise carried out with each member of the Executive Board. The Committee also provided its views of emerging risks that should remain within its short- to medium-term focus. **Responsible business –** The Committee received an update on the Group's progress toward being a leading responsible business and reviewed the framework that underpins the plan to achieve this strategic priority. The Committee challenged the flexibility of the approach in dealing with short-term variations in the macroeconomic environment.	The Committee was reassured by the actions and developments evidenced to mitigate the identified risks to delivering the strategy, which included enhancements in the areas of Partner proposition, finance and recruitment. The Committee was comfortable that appropriate emerging risks had been identified and that due focus was being placed on managing them where possible. The enhanced reporting and more granular assessment of these risks provided the basis for deeper debate on the potential implications for the Group. The Committee maintained the discipline of continuing to set aside appropriate time to consider emerging risks. Deep dives enabled the Committee to challenge each of these in a more detailed manner and assess the impact on the Group. The Committee was satisfied with the approach being taken to managing our stakeholders' expectations in relation to the transition to and delivery of the Responsible Business Framework.
Third parties	**Administration performance** – The Committee received updates on the risks to the provision of administration services to Partners and clients. It was reported that the overall risk environment remained stable and ongoing work would ensure that the risk remained at an acceptable level. This stability had helped improve service delivery, quality of administration and error rates. **Outsourcing –** The Committee reviewed supplier performance generally, and specifically the progress being made to ensure compliance with new regulations regarding oversight of outsourcing, including the provision of support and training to relevant employees. The Committee also reviewed the Group's arrangements for managing cyber security risk across its material outsourcers and the third and fourth parties whom they sub-contract. The Committee challenged the key mechanisms used to monitor changes to material outsourcer relationships and the response protocols for any cyber-related incidents	The Committee was satisfied that service level agreements (SLAs) continued to be met in all material respects by our third-party administrators and centres in the UK, Ireland and Mumbai. The time to process certain transactions under the SLAs had improved considerably during the year The Committee endorsed the additional support measures which had been put in place for clients and cases which were more complex, including use of additional relationship managers and mechanisms for monitoring and mitigating third-party supplier risks. The Committee was encouraged by the progress made and approved a new policy to support a proportionate and risk-based approach to the management and oversight of third-party suppliers and outsourcers. The Committee monitors adherence to the policy on a regular basis. The Committee recognises the importance of maintaining appropriate controls over outsourced activities and was encouraged by the improvements made in managing cyber risk throughout the supply chain.

Outlook

The Committee will continue its focus on ensuring the Group's key risks are appropriately managed so that St. James's Place remains resilient, with strong foundations for long-term success. Particular emphasis will be placed on considering how the Consumer Duty principles are embedded into culture throughout the SJP community to ensure continued positive client outcomes. Further areas of focus will include reviewing the adequacy of our response to emerging risks, the actions taken to ensure ongoing operational resilience, and assessing how the new appointed representatives regime is implemented and governed. The liquidity and solvency of the regulated entities within the Group will of course also remain important topics of focus along with the principles supporting our approach to product oversight and governance, which ensure our products continue to meet the needs of clients and the Partnership.

Report of the Group Nomination and Governance Committee

Paul Manduca

Group Nomination and Governance Committee membership

Member and date joined Committee

Paul Manduca (Chair)
1 January 2021

Rosemary Hilary
22 July 2020

Simon Jeffreys
1 January 2022

Roger Yates
8 October 2018

The Committee's terms of reference set out the Committee's role and authority and can be found on the corporate website at www.sjp.co.uk/about-us/corporate-governance.

Key objective of the Committee

The Committee has overall responsibility for planning Board and senior executive succession, leading the process for new appointments and ensuring that these appointments bring the required skills, experience and diversity to the Board. The Committee is also responsible for overseeing the Group's governance arrangements, taking into consideration the structure, size and composition of all its boards and committees to ensure they are made up of the right people with the necessary skills and experience to direct the Group in the successful execution of its strategy.

Regular attendees at meetings

The Chief Executive, Company Secretary and representatives of external consultants.

Dear Shareholder,

A Board's success relies on membership that has a diverse balance of tenures, skills, experience and perspectives, and maintaining robust succession plans is key to achieving this. As has been previously reported, big strides were made in 2020 and 2021 in making appointments (my own included) as part of our longer-term succession plans, recognising that a number of Non-executive Directors were nearing nine years' tenure. With quite a few new Directors and after limited opportunity for face-to-face interaction during the pandemic, 2022 was an important year for Directors to enhance relationships and the Board and its Committees to bed in.

With Simon Jeffreys and Roger Yates both reaching nine years' tenure in 2023 the Committee took the opportunity in 2022 to consider not only the strength of the overall Board, but also potential successors to fill the roles of Senior Independent Director and chairs of the Group Remuneration and Audit Committees. Recognising that we would lose experience when both Simon and Roger stepped down, we agreed to carry out a thorough search for candidates to further strengthen the Board, which resulted in the recommendation of the appointment of Dominic Burke. When the Board announced Dominic's appointment in October, it was also able to confirm that, subject to regulatory approval, Emma Griffin and Dominic Burke would succeed Roger as chair of the Group Remuneration Committee and Senior Independent Director respectively, and John Hitchins would succeed Simon Jeffreys as chair of the Group Audit Committee.

Report of the Group Nomination and Governance Committee

continued

We continue to keep a close eye on executive succession planning and the Chief Executive discussed with the Committee details of the short-term/emergency succession plans in place for the Executive Board and other key management roles, together with an indication of potential longer-term succession options for each role. These plans were enacted in the second half of the year when Tom Beal was appointed as Director of Investments following Robert Gardner's decision to step down from the role to set up a new venture in the environmental sector. We wish Robert the very best of luck in his new business ventures, but are confident that Tom, who has been with SJP for in excess of 14 years – most recently in the role of Chief Investment Officer – is a worthy successor and the best candidate for the role.

Our focus on inclusion and diversity remains undimmed and during the year we updated the Group's Inclusion and Diversity Policy and our own Board Diversity Policy. We continued to monitor progress against our inclusion and diversity strategy and stated public commitments and have also spent considerable time discussing the implications of changes to diversity targets relating to gender and ethnicity, and changes to the Listing Rules which will come into force from 2023. In line with many organisations, we have found the pace of change that is required challenging, but although we acknowledge that we still have some way to go, we can see clear evidence of inclusion and diversity being embedded in our culture.

The Committee continues to monitor the Group's governance framework, which aims to ensure the Group operates in the most effective manner, with its various boards able to work in a joined-up manner to support the Group's aims. For our subsidiary boards and their directors, an increase in entity-specific regulation and legislation has given rise to a myriad of new requirements, making consistency, effective communication and engagement across the Group ever more important.

We were not required to carry out an externally facilitated Board evaluation in 2022, having last had one in 2021, but opted to carry out an internal evaluation with the support of Independent Audit. The effectiveness review was carried out in the second half of the year and further details can be found in the corporate governance report on pages 119 to 121.

I look forward to reporting on further progress as we continue our work in 2023.

Paul Manduca
On behalf of the Group Nomination and Governance Committee

27 February 2023

Activities during the year

Topic	Summary of activity	Find out more
Board composition	Taking account of the tenure of existing Board members, noting that two Board members would reach nine years' tenure and were anticipated to step down in 2023, the Committee remained focused on the longer-term succession planning for Non-executive Directors. The Committee considered the skills, experience and diversity required to ensure ongoing effectiveness, and following a thorough search recommended to the Board that Dominic Burke be appointed a Non-executive Director.	See overleaf
Committee composition	The composition of the Board's principal committees is kept under regular review and changes were made during the year to ensure appropriate balance of membership.	See overleaf
Management succession	The Committee was kept well informed about the short- and medium-term succession plans for members of the Executive Board and key personnel and also considered longer-term succession plans. Towards the end of 2022, Robert Gardner stepped down from his position on the Executive Board and as Director of Investments and the Committee considered the appointment of his successor, Tom Beal.	See overleaf
Inclusion and diversity	The Committee continued to assess the progress made against the inclusion and diversity strategy and SJP's commitments. The Committee also considered changes to specific targets and the FCA's Listing Rules requiring the disclosure of diversity data. The Board Diversity Policy and the Inclusion and Diversity Policy have also been reviewed and updated.	See page 142
Group governance	The Committee continued to monitor developments that impacted the Group's governance framework and the overall operation of Group governance.	See overleaf
Board effectiveness	The Committee kept under review the progress made against the actions identified in the 2021 Board effectiveness review.	See pages 142 and 119 to 121

Operation and performance of the Committee

During 2022 the Committee comprised the Chair of the Board and three independent Non-executive Directors, who between them are also the chairs of the Group Nomination and Governance, Audit, Risk and Remuneration Committees and the Senior Independent Director. Membership of the Committee, alongside the Board's other Committees, was reviewed and no changes to its composition were made in 2022. The Committee's effectiveness was considered as part of the Board's overall assessment of its effectiveness (see pages 119 to 121) and it remains satisfied that, as a whole, the Committee has the experience and qualifications necessary to perform its role.

Board succession and Committee composition

The Committee has reported over the last few years on the considerable work undertaken to manage the succession of a number of Non-executive Directors who were reaching nine years' tenure on the Board. Simon Jeffreys and Roger Yates will reach nine years' tenure in 2023 and will step down from their Board positions at the conclusion of the AGM in 2023.

Recognising that the loss of Simon and Roger's experience would impact the Board, the Committee agreed to engage Russell Reynolds to support in the search for a potential new Non-executive Director. Russell Reynolds is a sponsor of the 30% Club and is accredited in the FTSE 350 category of the Enhanced Voluntary Code of Conduct for Executive Search Firms. In May they provided a diverse long-list of high-calibre candidates who could further strengthen the Board. Having taken account of the availability of candidates, a formal interview process was undertaken before other members of the Board were invited to meet the recommended candidate. On 28 October 2022 the Board announced the appointment of Dominic Burke.

As well as losing their experience when Simon and Roger step down from the Board, we will also lose our incumbent Senior Independent Director and the chairs of the Group Remuneration and Audit Committees. The Committee has considered the most appropriate successors for those roles and recommended to the Board that, subject to regulatory approval, Emma Griffin and Dominic Burke should succeed Roger as chair of the Group Remuneration Committee and Senior Independent Director respectively, and John Hitchins should succeed Simon Jeffreys as chair of the Group Audit Committee. When making these recommendations the Committee noted the responsibilities attaching to each role, ensuring that those being put forward had the necessary experience.

The composition of our committees is another area kept under constant review, and in August 2022 the Committee recommended Rosemary Hilary be appointed as a member of the Group Remuneration Committee. Upon his appointment to the Board, the Committee also recommended that Dominic Burke be appointed as a member of the Group Audit and Risk Committees.

Succession planning is an ongoing exercise and remains at the forefront of the Committee's consciousness and activities as it seeks to ensure the Board remains effective. We remain comfortable that the size, structure and composition of the Board is appropriate but will continue to monitor the make-up and workload of the Board. Where we deem it necessary, we will look to bring in additional Directors to address potential gaps or the loss of one of our existing Board members.

Executive succession

Our people are one of our most important assets and ensuring we appoint and retain the right people is critical to our success. In order for SJP, or any organisation, to be sustainable and successful over the long term it needs to be able to identify talent and manage succession. Succession planning at the executive and senior management levels is a key focus of the Committee and during the year it has kept under review the short-term succession plans in place for the Executive Board and key personnel in the event that emergency cover is required, as well as the medium- to long-term view.

However, succession planning isn't just important for senior management roles and when successors are appointed from within the organisation there will inevitably be implications for wider constituencies. With this in mind the Committee is not only focused on ensuring successors are identified and nurtured, but also that the impact of enacting succession plans is anticipated and addressed. The importance of having robust succession plans was demonstrated this year when Robert Gardner resigned from his role as Director of Investments to set up a new venture in the environmental sector. Tom Beal had been identified as Robert's successor which enabled the Chief Executive and the Board to act quickly and ensure an unbroken delivery of our investment management approach.

Group governance

The regulatory landscape in the financial services sector has evolved significantly in recent years. As we are a holistic wealth management firm, this means that a number of subsidiaries within the Group are impacted by the extensive legal and regulatory frameworks operating in the UK and overseas. The requirements set by our regulators are often aligned but in some cases there are differences, which adds complexity to how we operate. In order to avoid potential duplication or inefficiency that could result from this complexity the Group's aim has been to have a clear and demonstrable governance framework to support our key people and governance bodies in fulfilling their individual and collective responsibilities. The Committee plays an important role in overseeing the evolution of our governance framework and the implications of new requirements. In 2022 one such evolution has been the appointment of an independent chair and the establishment of a separate audit committee for our UK life company St. James's Place UK plc.

In recent years, the UK Corporate Governance Code and financial services regulations and guidance have introduced requirements for individual Directors to take on specific roles on the Board. One such role is the Consumer Duty Non-executive Director Champion, which was prescribed in the FCA's rules and guidance relating to the Duty published in 2022. The Duty will come into force in July 2023 and aims to ensure that firms act to deliver good outcomes for retail customers.

Report of the Group Nomination and Governance Committee

continued

The Non-executive Director Champion, together with the Chair and Chief Executive, is responsible for ensuring that the Consumer Duty is being discussed regularly and raised in all relevant discussions at meetings of the Board of the Company and its committees. The Board, on behalf of the Group, appointed John Hitchins as the Group's Non-executive Director Champion. The Committee took the opportunity in 2022 to clearly define the responsibilities associated with this role and that of the Nominated Non-executive Director for Workforce Engagement, formalising them for inclusion in the respective Directors' job descriptions.

Inclusion and diversity

Inclusion and diversity is an important aspect of our succession planning and we recognise that if we are to meet our long-term inclusion and diversity aims, it must form a part of our formal plans. During 2022 the Committee approved updates to the Group's Inclusion and Diversity Policy and has continued to monitor its implementation, our performance against our inclusion and diversity strategy and the targets which have been factored into executive team bonus performance criteria and Board KPIs. Addressing diversity has been a challenge throughout the financial services sector and is taking longer than anyone would like. However, we are seeing progress against our stated targets and, perhaps more importantly, we see clear evidence that a commitment to diversity is embedded in our culture, as demonstrated by its prominence in the language we use and the actions we take. We know that we need to keep our foot firmly on the accelerator if we are to achieve the progress we desire which is why inclusion and diversity features in the objectives for executives' annual bonuses. During 2022, the number of senior female hires increased by 100% and the total proportion of women in senior roles increased to 28.1%, meaning we are on track to meet our commitment for 30% senior females by September 2023. Also during 2022, 14% of external hires identified as minority ethnic, which has resulted in the total proportion of minority ethnic employees increasing to 6.3% against our target of 10% minority ethnic representation by 2023. Our latest Gender Pay Gap Report is available on our website at **www.sjp.co.uk,** and for the first time in 2023 we are voluntarily publishing our Ethnicity Pay Gap Report which will also be available on our website. Further information on how the Inclusion and Diversity Policy has been implemented can be found in the our responsible business section of our Strategic Report on pages 59 to 61.

The Board Diversity Policy, which was updated in 2022, sets out our own commitment and provides an important part of the Board's succession plans, and the process for recruiting new Directors. The Board continues to meet the Parker Review target and whilst the appointment of Dominic Burke in November 2022 has resulted in the percentage of women on the Board falling to 30% temporarily, the Board made the appointment fully aware that the proportion of women would be 37.5% when both Simon Jeffreys and Roger Yates step down after the AGM in May 2023.

During 2022 the FTSE Women Leaders targets were updated, with increased diversity figures to be met by 2025, and the FCA introduced updated Listing requirements relating to the disclosure of diversity data, which will be mandatory from 2023. The size of our Board means that individual membership changes can have a material impact on the gender ratio, but the Board remains committed to ensuring social, ethnic and cognitive diversity is achieved through the identification of and active support for our talent pipeline. Whilst there are no short-term plans to replace the Chair, Chief Executive, CFO or SID, all of which roles are currently occupied by men, the chair of the Group Risk Committee, chair-elect of the Group Remuneration Committee and Nominated Non-executive Director for Workforce Engagement are all women.

Whilst this means we would not comply with the incoming Listing Rule requirement if it was currently in force, the Board sees each of these as prominent roles, in particular that of the chair of the Risk Committee, which holds much greater importance for financial services companies than for other sectors, as demonstrated by the level of scrutiny and focus it receives from the financial services regulators.

Board effectiveness

The Committee has reviewed detailed analysis of the significant other commitments of existing and newly joined Non-executive Directors and how much time was spent on the Company's business and affairs. The Committee and the Board are satisfied that the Non-executive Directors are able to, and do, commit sufficient time and attention to the Company's business. In addition, the Committee reviewed and approved an assessment of the independence of each of the Non-executive Directors, concluding that each of the Non-executive Directors demonstrated that they remained independent in character and judgement. Further information on these conclusions can be found in the Notice of Meeting for the Company's 2023 AGM.

In 2021, following consideration of a number of potential board evaluation providers, the Committee recommended to the Board that Independent Audit Limited be appointed to provide support with internal reviews in 2022 and 2023. The Committee has monitored progress against the actions that arose from the 2021 Board effectiveness review during 2022 and is satisfied that they have been addressed. Further details of the progress made and the 2022 review are set out on pages 119 to 121. For details on the training and development provided to Directors (including induction programmes) please see pages 117 and 118

Report of the Group Remuneration Committee

Roger Yates

Group Remuneration Committee membership

Member and date joined Committee

Roger Yates (Chair)
1 January 2014

Emma Griffin
22 July 2020

Simon Jeffreys
1 January 2014

Lesley-Ann Nash
1 January 2022

Rosemary Hilary
1 August 2022

The Committee's terms of reference set out the Committee's role and authority. They can be found on the corporate website at www.sjp.co.uk/about-us/corporate-governance.

Key objective of the Committee

The Committee's primary purpose is to ensure that the Directors' Remuneration Policy and related arrangements support the business's strategy and culture as well as the recruitment, motivation and retention of Executive Directors and senior executives, whilst also having regard to workforce remuneration and complying with regulatory requirements.

Regular attendees at meetings

Chair of the Board, Chief Executive, Chief Financial Officer, Chief Risk Officer and People Director.

Contents

Section 1
Committee Chair's annual statement (unaudited)

Section 2
Remuneration at a glance and annual report on remuneration

Section 3
2023 Directors' Remuneration Policy

Dear Shareholder,

On behalf of the Committee, I am pleased to present the Directors' Remuneration Report for 2022 (the Remuneration Report).

The Remuneration Report is in three sections:

- this introductory statement;
- the Annual Report on Remuneration for 2022, including an 'at a glance' summary; and,
- the proposed Directors' Remuneration Policy (the Policy) for the 2023-25 period, which also explains any differences from the Policy that applied during 2020-22.

The sections are set out in accordance with the UK Directors' Remuneration Report Regulations 2013, as amended in 2018 and 2019.

Section 1
Chair's annual statement (unaudited)

Shareholder support

The Policy that applied for the 2020-22 period was approved by shareholders at the AGM in May 2020 with 94.71% of votes cast in favour. The Committee's implementation of that Policy also received strong support at the AGMs in 2021 and 2022, with 99.62% and 97.72% votes in favour, respectively.

We have monitored developments in shareholder and voting agency guidance on remuneration and undertaken two significant shareholder consultations over the last two years.

In 2021, we consulted with major shareholders on changes to the performance metrics for the annual bonus for 2022 and subsequent years. These changes, which did not require a change to the Policy, were designed to provide a rounded view of financial performance, with three key financial criteria. These metrics are familiar to shareholders and help to drive current year profits and future growth. The proposals were welcomed by shareholders who responded to the consultation and were implemented by the Committee for the 2022 performance year.

During 2022, we conducted a thorough review of the Policy, and consulted with major shareholders on some proposed amendments, in preparation for the normal triennial vote at the AGM in 2023. Shareholders who responded were generally supportive of the proposed changes and made a number of helpful and constructive suggestions for the Committee to consider. This feedback was taken into account as the proposed Policy was finalised for inclusion in this Remuneration Report.

Restraint in executive director remuneration

During the 2020-2022 Policy period, the Committee has applied a restrained approach to remuneration for Executive Directors. Zero annual bonuses were awarded for 2020 and zero base salary increases were awarded in 2021, despite robust Company performance, and strong personal performances from the Executive Directors.

The Long-term Incentive Plan (LTIP) award maximum of 250% of base salary was approved by shareholders at the Policy vote in 2020. However, the Committee decided to defer implementation of this maximum grant level until 2022 – awards in 2020 and 2021 were held at the previous maximum level of 200% of base salary.

Base salaries and total variable pay maximums for our Executive Directors have been below market benchmarks for financial sector companies of our size for many years. Nevertheless, the Committee has kept base salary increases no higher than the level applicable to the wider SJP workforce – including a zero award in 2021.

Annual performance and bonus outcomes for 2022

The outcome for the annual bonus reflects the strong financial results for the year and the good progress made by the Executive Directors in meeting or exceeding the strategic goals set by the Committee at the start of the year which are fully explained in the Report.

Before approving the performance outcome, the Committee considered whether there were any wider performance or risk management factors that might require a downward discretionary adjustment. It concluded that the outcome reflected the overall performance achieved by the Company over the one-year period whilst maintaining effective risk controls. Therefore, the Committee decided that no downward discretionary adjustment was appropriate.

Based on this assessment of performance, the Committee determined that 77.1% of the maximum annual bonus should be awarded to Executive Directors for 2022.

The performance criteria and outcomes are fully explained in the Remuneration Report. The Committee has continued to enhance the level of detail and clarity of information in the Remuneration Report about the strategic and operational performance criteria, and the Committee's assessment of this non-financial part of the scorecard.

In accordance with the Policy, 50% of the bonus is deferred into shares for three years.

Long-term performance, and Performance Share Plan (PSP) outcomes for 2020-22

The three years ending 2022 have been a period of strong absolute and relative performance, and the PSP outcomes reflect this. The relative Total Shareholder Return (TSR) was above median in the range set by the Committee, and Earnings Per Share (EPS) growth being towards the upper end of the range set by the Committee.

Based on this, the total metric-driven outcome for the 2020-22 PSP cycle was 86.4% of maximum.

The resulting vested shares are subject to a two-year post-vesting holding period, in accordance with the Policy.

Before approving the PSP outcomes, the Committee considered whether there were any wider performance or risk management factors that might require a downward discretionary adjustment. It concluded that in line with the outcome for the annual bonus that the PSP outcomes were a good reflection of the overall performance achieved by the Company and the value delivered for shareholders, over the three-year period, and that the results have been achieved whilst maintaining effective risk controls. Therefore, the Committee decided that no downward discretionary adjustment was appropriate. The Committee also considered whether any adjustment should be made for 'windfall gains' (see opposite).

'Windfall gains'

The Committee carefully considered whether a downward adjustment should be made to the PSP vesting outcome in 2023 to take account of the COVID pandemic-related stock market 'shock' around the time of grant in March 2020 – specifically the impact of this on the number of shares that were awarded. Due to the general stock market fall, the SJP share price at the time of grant was £7.13, compared to £10.26 at the time of the prior year's grant in 2019. This resulted in Executive Directors being granted 44% more shares at the 2020 grant than they had received at the prior year's grant (excluding the impact of year-on-year salary changes on the grant value).

The Committee considered a number of balancing factors in assessing whether an adjustment should be made at vesting for this 'windfall gain':

- The fall in the share price around the time of grant was not a consequence of SJP's performance or that of the management team. It was a global phenomenon resulting from the COVID pandemic 'shock'.
- Our Executive Directors were not insulated from the negative effects on vesting values of the COVID-related market 'shock'. These negative effects included the impact on the value of 2017 PSP awards vesting in 2020, and the value of deferred bonuses earned for the 2016 performance year that vested in the spring of 2020.
- Our Executive Directors were also not insulated from the economic effects of the pandemic on performance outcomes for 2018 PSP awards vesting in the spring of 2021 (which vested at only 9% of maximum, compared with 63% for the 2017 PSP awards vesting for performance to the end of 2019 before the pandemic).
- Unlike many FTSE 350 companies, we awarded zero bonus for 2020, despite robust performance relative to the non-financial criteria that made up 50% of the annual bonus. Executive Directors also received zero base salary increases in spring 2021 and voluntarily waived 20% of base salary for three months during 2020. The Chief Executive's and the Chief Financial Officer's total remuneration for 2020 was, respectively, 43% and 33% lower than for the prior year, in the context of the COVID pandemic.
- SJP did not draw upon government support during the COVID pandemic, nor make any COVID-related redundancies, and we reinstated the proportion of the withheld 2019 final dividend in March 2021.
- If there had, instead, been a share price 'spike' at the time of the award, the Committee would not have increased the size of award in order to align it with the size of the previous year's award. The Committee has not compensated Executive Directors for any share price 'spike' at the time of award in previous year's. For example, the award price of the PSP in March 2014 spiked at a level 65% higher than the previous years' award, resulting in 40% fewer shares being awarded; however, no upward adjustment was made to the award size to mitigate this negative impact on Executive Directors.

Having considered all the relevant factors, the Committee concluded that no adjustment will be made to the PSP vesting outcome in respect of the 2020 PSP awards due to vest in March 2023 for the Executive Directors.

Changes to the Board

Ian Gascoigne retired as Managing Director from the Board and the Company on 31 March 2022. His remuneration in this Report is for the portion of the year that he served until the date he left the Board. He remained eligible for annual bonus for the part of 2022 that he served as a Executive Director. Full details of the treatment of Mr Gascoigne's remuneration on retirement were set out in last year's Report.

On 1 November 2022 we welcomed Dominic Burke as a Non-executive Director onto the Board. Details of the remuneration for all of the Directors serving throughout the year can be found later in the Report. As announced during October 2022, I will be retiring from the SJP Board at the conclusion of the 2023 AGM having served as a Director for nine years. In accordance with succession plans, it is the SJP Board's intention, subject to regulatory approval, to appoint Emma Griffin as my successor. I would like to take this opportunity to thank the Committee members, management and shareholders for their support during my time as Chair of the Committee.

Proposed Policy for 2023-25

The Committee has undertaken a thorough review of the Policy in preparation for the triennial AGM vote, including consulting with major shareholders as set out above, and taking account of remuneration for other SJP employees. The Committee concluded that the overall remuneration structure continues to be suitable for SJP and is aligned to our strategic goals. Where amendments have been proposed to the Policy and practice, these are intended to: support the continued growth of the business over the next three years; assist retention and, when necessary, recruitment of talent; and, ensure that the Policy includes features of best practice in UK executive remuneration.

The key proposed changes to the Policy and practice are:

- to increase the weighting on financial metrics in the annual bonus to 60% (from 50% currently), with a corresponding reduction in the strategic and operational metrics weighting to 40% (from 50% currently);
- to align the maximum annual bonus more closely with market norms for companies of SJP's size. The current maximum of 150% of base salary (with half deferred into shares) compares with medians of 230-275% of base salary for CEOs and CFOs in listed financial sector companies of our size. We propose to increase the bonus maximum in two stages, to 175% in 2023, and to 200% for 2024 and beyond – still below the median levels in other financial sector companies. Maximum award levels for the PSP are unchanged at 250% of base salary;
- to reduce the weight of the Embedded Value (EV)-based Earnings Per Share (EPS) performance metric in the PSP to one third (from two thirds currently) and introduce a Cash Result-based EPS performance metric with a weighting of one third. Relative Total Shareholder Return (TSR) will continue to be used as a performance metric for the remaining third. These performance metrics provide a good balance, reflecting performance over the long-term in growing the business and in delivering value and cash flows for shareholders;

Report of the Group Remuneration Committee continued

- to measure EPS growth for future PSP awards against absolute targets rather than relative to inflation. We are one of the very few remaining companies using inflation-linked targets in its PSP. With the increasingly volatile and unpredictable inflation levels in the economy, continuing the inflation-linked approach risks undermining the incentive effect of the PSP;
- we therefore also propose to measure growth on a Compound Annual Growth Rate (CAGR) basis, which is more exacting than the Average Annual Growth Rate (AAGR) basis used previously. The EPS targets for the 2023 award are detailed in this Report on page 164;

◆

The objectives of the remuneration policy are:

- to support the retention of individuals with the experience and skills to drive the performance of the Company;
- to ensure remuneration is transparent and reflects the performance of the Group in the relevant year and the longer-term. Annual bonus and long-term incentive opportunities are therefore linked to the achievement of demanding performance targets; and
- to align pay with the strategic objectives of the Company and the interests of our shareholders whilst giving due regard to principles of best practice and relevant regulations.

The Policy can be found on pages 166 to 174.

◆

- to increase the post-cessation shareholding requirement for Executive Directors to match the Investment Association guideline; and
- to reduce the existing Executive Directors' pension allowance from 1 January 2023 to 15% of base salary (from 20% currently). The allowance for new Executive Director appointments is already aligned with the level for other employees, which is 10% of base salary on joining, rising to 15% with service.

During the consultation with shareholders, a number of respondents highlighted the importance of ESG-related metrics in variable pay. This feedback has been considered by the Committee. For the last two years the strategic objectives relating to the annual bonuses for the Executive Directors have included a category related to our culture and being a responsible business. This category includes a range of ESG targets, with progress tracked each year. It reflects our aim to become a leading responsible business, and we will continue to set relevant and stretching targets for the Executive Directors. Our commitment to addressing climate change is also reflected in our responsible investment targets and our membership of the Net-Zero Asset Owner Alliance. Although we have not introduced an ESG-related metric to the PSP for 2023, the Committee will consider this for future PSP awards.

Salary increases for 2023

Base salaries in 2022 for the Chief Executive (£590,947) and Chief Financial Officer (£427,300) were substantially below the relevant market benchmarks for a company of SJP's size, at 82% and 84% of the financial services market medians. There is a strong case for re-positioning these salaries, to better align them with the market level that the Company would need to pay to recruit and retain individuals of the necessary calibre if the roles became vacant. However, the Executive Directors and the Committee each concluded that, given the prevailing economic and cost-of-living context, base salary increases in 2023 for our Executive Directors should not exceed the average percentage increases applying to the wider SJP workforce.

The actual increase for the Executive Directors determined by the Committee for 2023 is 5%, which is below the average of 8% for the wider SJP workforce.

The Committee will keep the salary levels under review for future years. There may be a need to re-position base salaries at some point during the 2023-25 Policy period.

Board Chair fee and Non-executive Director fees for 2023

The Committee reviewed the Board Chair fee and concluded that it would remain unchanged in 2023. The Committee intends to consider the Board Chair's fee again for 2024, when the current Chair will have served three years.

The Board (excluding Non-executive Directors) reviewed the Non-executive Director fee rates and concluded that, overall, Non-executive Director fees were not materially out of step with the market, and having taken account of the wider economic environment, agreed that incremental increases would only be made where gaps existed. With effect from 1 January 2023, fees for the chairs of the Group Audit, Group Risk and Group Remuneration Committees will increase by £1,000 per annum (to £26,000 per annum) and fees for members of these committees will increase by £500 per annum (to £10,500 per annum).

Consultation with colleagues

One of our Committee members, Lesley-Ann Nash, is also the Non-executive Director with responsibility for workforce engagement. Lesley-Ann conducts regular meetings with our Workforce Engagement Panel, which includes a cross-section of SJP colleagues. This included a remuneration session during 2022 which I also attended as Chair of the Committee along with the Committee's independent adviser, to discuss the Policy and practice for Executive Directors and how the underlying principles and structure align to the wider employee workforce. A further session was held in early 2023 to discuss the proposed changes to the Policy and take account of the views of the Workforce Engagement Panel before finalising the proposals.

Corporate Governance Code and FCA regulations

The Committee regularly monitors how remuneration policy and practice meet the requirements of the Corporate Governance Code, and the relevant FCA Remuneration Codes that apply to regulated subsidiaries within the Group.

In reviewing the Policy, the Committee was mindful of Provision 40 of the Corporate Governance Code and considers that our remuneration Policy addresses the following factors:

Factors	Approach to remuneration Policy
Clarity	Our Remuneration Policy and its operation and alignment with our strategic objectives are disclosed in the Directors' Remuneration Report, which provides stakeholders with clarity on the link between the achievement of SJP's strategy and how Executives Directors are rewarded. Clarity on remuneration is also provided to employees via our Workforce Engagement Panel, which provides the opportunity for panel members to engage on remuneration-related topics including the proposed changes to the Policy.
Simplicity	The structure of the package for Executive Directors is simple to understand and provides transparent performance criteria and payment scales for variable pay plus appropriate scope for the use of judgement and discretion by the Committee. In recent years we have adjusted the performance measures for variable elements so that they are more clearly aligned with stakeholder expectations and experience. This has involved selecting measures that are better understood by stakeholders as well as ensuring we explain the alignment better in the Policy and the Report.
Risk	The Executive Directors' package is sensitive to risk and is aligned with our strategic objectives and the interests of our shareholders and other stakeholders. The Policy is assessed to ensure it aligns with the Group's risk appetite and regulatory requirements, and that it does not encourage undue risk-taking. Assurance of this is sought from the Chief Risk Officer.
Predictability	Our Policy clearly discloses the maximum opportunity for each element of the Policy. The actual outcomes will depend on the performance achieved against the specific performance metrics. The assessment of the overall outcome for each of the strategic objectives attaching to the annual bonus has this year been enhanced to make clear the extent to which each objective had been completed. The weighting of the financial performance element of the annual bonus has also increased this year and the strategic objective element has been reduced.
Proportionality	The proposed metrics and maximum award levels in the annual bonus and PSP help to ensure that variable pay for Executive Directors is proportionate to the performance delivered for stakeholders and there is alignment between the outcomes and the achievement of SJP's strategy. Stretching performance conditions and the discretion available to the Committee ensure that poor performance is not rewarded.
Alignment to culture	The Policy reflects SJP's culture of rewarding performance, being a responsible business, and taking account of the needs of all stakeholders. This is particularly relevant for the strategic objectives relating to the annual bonus as it includes elements specifically aligning with cultural indicators.

Total Shareholder Return

The Company has sustained outstanding levels of return to shareholders. The sum of £100 invested in SJP a decade ago was worth £366 at the end of 2022, which is three times the rate of return for the FTSE All-Share Index.

Conclusion

Remuneration outcomes for 2022 reflect the strong performance during the year. The proposed Policy amendments build on what has proved to be a successful remuneration strategy over many years. The changes are also balanced and proportionate. I thank shareholders who assisted the Committee in the consultation process, and very much welcome their constructive feedback and support for the proposals.

I encourage you to vote both for the Directors' Remuneration Report for 2022, and for the Directors' Remuneration Policy for the 2023-25 period.

Roger Yates
On behalf of the Group Remuneration Committee

27 February 2023

Section 2
Remuneration at a glance and annual report on remuneration

Summary of Executive Directors' remuneration for the year

How were our Executive Directors rewarded?

Single figure remuneration for the year

The following tables provide a summary of single total figure of remuneration for 2022 and 2021 for the Executive Directors.

Andrew Croft, Chief Executive
£'000

	2022	2021
Base salary	587,161	568,218
Benefits	49,705	49,145
Pension	117,432	113,644
Other	176	2,863
Annual bonus (cash)[2]	339,379	411,958
Annual bonus (deferred)[2]	339,379	411,958
Total	1,433,232	1,557,786
PSP vested	1,682,174	1,583,637

Craig Gentle, Chief Financial Officer
£'000

	2022	2021
Base salary	424,561	410,865
Benefits	39,397	38,987
Pension	84,912	82,173
Other	–	2,875
Annual bonus (cash)[2]	245,396	297,877
Annual bonus (deferred)[2]	245,396	297,877
Total	1,039,662	1,130,654
PSP vested	1,216,326	1,145,076

Ian Gascoigne,[3] Managing Director
£'000

	2022	2021
Base salary	104,086	410,865
Benefits	33,657	110,743
Pension	20,817	82,173
Other	2,244	177
Annual bonus (cash)[2]	60,162	297,877
Annual bonus (deferred)[2]	60,162	297,877
Total	281,128	1,199,712
PSP vested	1,216,326	1,145,076

1 The value of the PSP vested corresponds to the long-term incentives in the Total remuneration table on page 149.

2 The annual bonus awards are in respect of performance during the years ending 2021 and 2022 respectively.

3 Ian Gascoigne retired as Managing Director and from the Board on 31 March 2022 and received salary, benefits and pension allowance to this date.

Linking remuneration to achievement of key business goals

		Weighting (maximum potential percentage points per item)	Outturn (actual points earned)	Percentage of base salary earned[1]
Annual bonus for 2022 (max 150% of base salary)	Underlying cash result	10%	2.4	3.6%
	Net Funds Under Management flows	20%	20.0	30.0%
	Annual growth in controllable expenses	20%	20.0	30.0%
	Strategic and operational KPIs	50%	34.7	52.0%
	Total bonus opportunity	**100%**	**77.1**	**115.6%**
PSP (2020 award) (max 200% of base salary[1])	Relative TSR	33.3%	30.0	60.0%
	Average annual adjusted EPS growth in excess of RPI[2]	66.6%	56.4	112.7%
	Total PSP opportunity	**100%**	**86.4**	**172.7%**

1 Base salary for PSP is the base salary at the time of grant. The value of the PSP vesting is also dependent on the amount of share price movement between grant and vesting.

2 The EPS performance condition is calculated by reference to the post-tax EEV operating profit (on a fully diluted per share basis). This measure excludes the direct impact of the stock market fluctuations and changes in economic assumptions on the final year's performance.

Annual report on remuneration

This Directors' Remuneration Report, excluding the Directors' Remuneration Policy, will be put to an advisory shareholder vote at the 2023 AGM. This part of the Remuneration Report explains the work of the Remuneration Committee and sets out how we implemented our Policy during 2022. The information on pages 148 to 165 has been audited where indicated. This part also sets out how we intend to implement the proposed Directors' Remuneration Policy in 2023. The Policy itself will be put to a shareholder vote at the AGM on 18 May 2023 and is set out in full on pages 166 to 174.

2.1 How the Remuneration Policy was applied in 2022

2.1.1 Remuneration payable in respect of performance in 2022 (audited)

Summary of total remuneration

The remuneration received by Executive Directors in respect of the years ended 31 December 2022 and 2021 is set out below.

Executive Director		Base salary £	Benefits £	Annual bonus £	Long-term incentives £	Pension £	Other £	Total £	Total fixed remuneration £	Total variable remuneration £
Andrew Croft	**2022**	**587,161**	**49,705**	**678,758**	**1,682,174**	**117,432**	**176**	**3,115,406**	**754,298**	**2,361,108**
	2021	568,218	49,145	823,916	1,583,637	113,644	2,863	3,141,423	731,007	2,410,416
Craig Gentle	**2022**	**424,561**	**39,397**	**490,792**	**1,216,326**	**84,912**	**–**	**2,255,988**	**548,870**	**1,707,118**
	2021	410,865	38,987	595,754	1,145,076	82,173	2,875	2,275,730	532,025	1,743,705
Ian Gascoigne	**2022**	**104,086**	**33,657**	**120,324**	**1,216,326**	**20,817**	**2,244**	**1,497,454**	**158,560**	**1,338,894**
	2021	410,865	110,743	595,754	1,145,076	82,173	177	2,344,788	603,781	1,741,007

The remuneration received by Non-executive Directors in respect of the years ended 31 December 2022 and 2021 is set out below.

Non-executive Director		Fees £	Benefits £	Total £
Dominic Burke	**2022**	**21,208**	**–**	**21,208**
	2021	–	–	–
Emma Griffin	**2022**	**124,125**	**6,584**	**130,709**
	2021	104,650	1,942	106,592
Rosemary Hilary	**2022**	**154,021**	**–**	**154,021**
	2021	127,725	287	128,012
John Hitchins	**2022**	**122,042**	**–**	**122,042**
	2021	14,108	–	14,108
Simon Jeffreys	**2022**	**181,537**	**1,699**	**183,236**
	2021	114,392	1,217	115,609
Paul Manduca	**2022**	**375,000**	**4,784**	**379,784**
	2021	305,948	179	306,127
Lesley-Ann Nash	**2022**	**111,000**	**85**	**111,085**
	2021	84,650	1,571	86,221
Roger Yates	**2022**	**167,042**	**534**	**167,576**
	2021	113,937	311	114,248

Report of the Group Remuneration Committee continued

2.1.1 Remuneration payable in respect of performance in 2022 (audited) continued

Summary of total remuneration continued

Benefits

Benefits for the Executive Directors comprise a company car or cash equivalent, fuel, private healthcare, life and critical illness cover, permanent health insurance, health screening and travel costs. For Ian Gascoigne, they also included a housing allowance to facilitate working across multiple locations (2022: £18,000). The amounts shown are generally the taxable amounts.

Benefits for Non-executive Directors are for the reimbursement of taxable travel expenses grossed up for any tax payable thereon. Paul Manduca received private healthcare benefit of £3,551 during 2022. Simon Jeffreys and Roger Yates received health screening of £534 each during 2022. Non-executive Directors are not paid a pension and do not participate in any of the Company's variable incentive schemes.

Pension allowance

Pension contributions, being 20% of base salary, were capped by legislation and so a non-pensionable allowance was paid to the Executive Directors in full for Andrew Croft and Ian Gascoigne (until he retired as an Executive Director on 31 March 2022), and for the balance for Craig Gentle, who had a £4,000 contribution to the money purchase Group pension scheme. Consistent with the pension contributions provided to the wider workforce, all Executive Directors appointed after the 2018 AGM receive a pension allowance of 10% of salary on joining, increasing to 12.5% after five years and 15% after ten years of service. The pension contributions for Executive Directors appointed prior to the 2018 AGM were reduced to 15% of base salary on 1 January 2023. None of the Executive Directors participate in defined benefit pension schemes.

Annual bonus

As explained on page 169, half of the annual bonus is paid in cash, and the other half in the form of a conditional award of the Company's shares. Release of the shares is subject to the participant's continued employment throughout the restricted period. Deferred shares are subject to forfeiture for three years under the terms of the Deferred Bonus Scheme.

Long-term incentives

The value of the long-term incentives is the value of shares for the award where the performance period ends in the year, together with the value of dividend equivalents that have been added in the form of shares, during the three-year performance period. The gross value of those dividend equivalent shares is based on the three-month average share price to 31 December 2022 of £10.93 (being £176,660 for Andrew Croft, £127,729 for Craig Gentle and £127,729 for Ian Gascoigne). The long-term incentive figures for 2022 have been calculated using the average of the Company's share price in the three-month period to 31 December 2022, being £10.93, as the actual vesting date of the PSP award is on 25 March 2023. The figures for 2021 have been updated from the three-month average figures used in last year's report (being £1,702,967 for Andrew Croft, £1,231,359 for Craig Gentle and £1,231,359 for Ian Gascoigne) to the Company's share price on the date of vesting on 25 March 2022, being £14.47.

The LTIP figure for 2022 in the table on the previous page includes the following: £524,019 for Andrew Croft; £378,904 for Craig Gentle and £378,904 for Ian Gascoigne, which are attributable to the movement in the share price between the grant date and the end of the performance period. This amounts to 31.15% of the vesting amount shown in the table. The LTIP figure for 2021 in the table on the previous page includes the following: £456,664 for Andrew Croft, £330,199 for Craig Gentle and £330,199 for Ian Gascoigne, which are attributable to the movement in the share price between the grant date and the date of vesting the end of the performance period. This amounts to 28.84% of the vesting amount shown in the table for Andrew Croft, Ian Gascoigne and Craig Gentle. These awards are subject to a two-year post-vesting holding period.

Other

These amounts relate to income received from the Share Incentive Plan and the Save As You Earn scheme. For the Share Incentive Plan the value relates to the Matching shares (one Matching share is awarded for every ten Partnership shares purchased) received. For Andrew Croft, 12 Matching shares were awarded on 25 March 2022 at £14.63. Employees making contributions to the Save As You Earn receive a 20% discount on shares under option. Ian Gascoigne started a savings contract in March 2022 with a discount of £2.77 per share for 810 shares under option.

Subsidiary board fees

Rosemary Hilary received £36,458 for chairing St. James's Place UK plc until 6 June 2022 and Emma Griffin received £28,125 for chairing St. James's Place Unit Trust Group Limited in 2022. Simon Jeffreys received €31,250 for chairing St. James's Place International plc in 2022. Dominic Burke, John Hitchins and Roger Yates were appointed as Non-executive Directors of St. James's Place UK plc during 2022 and received the following fees for the part of the year that they served: £5,208 for Dominic Burke; £26,042 for John Hitchins and £26,042 for Roger Yates.

Payments to past Directors

As detailed in last years' Report, Ian Gascoigne, who retired from the Board on 31 March 2022, retained his 2020 PSP Award in full as he continued as an employee after leaving the Board. The award of 115,249 shares will vest on 25 March 2023.

Payments for loss of office

No payments were made to past Directors for loss of office during the year ended 31 December 2022.

2.1.2 Summary of total annual bonus for 2022 performance (audited)

Financial objectives

The performance conditions and weightings which applied to the annual bonus and the resulting payout were as follows:

Measure	Weighting (percentage of salary)	Weighting (percentage of maximum)	Threshold (20% payable)	Maximum value (100% payable)	Actual	Payout (percentage of salary)	Payout (percentage of maximum total bonus)
Underlying cash result	15%	10%	£405m	£505m	£410.1m	3.6%	2.4%
Net funds under management flows	30%	20%	£7.42bn	£9.24bn	£9.8bn	30.0%	20.0%
Annual growth in controllable expenses	30%	20%	£349.0m	£344.0m	£343.0	30.0%	20.0%
Strategic	75%	50%	Assessment by the Committee of the performance of the Executive Directors			52.0%	34.7%
Total payout						**115.6%**	**77.1%**

Annual bonus strategic targets performance assessment

As described in other parts of the Annual Report and Accounts, the Company delivered strong performance in 2022 for each of our key stakeholders: clients, advisers, employees, shareholders and society. The Committee considered these groups when setting the strategic targets for 2022, together with other objectives set out in the 2022 business plan. In serving our clients well, developing our employees and advisers for the future and striving to improve the effectiveness of our organisation, the Company will be well placed to meet our long-term business objectives, and create additional value for our shareholders. The Company also focuses on the importance of safe and sustainable growth through prudent management of risk and the highest standards of regulatory compliance, maintaining constructive relationships with regulators.

The Committee set the Executive Directors a range of business priorities which align to the six business priorities underpinning our annual business plan. Each category is equally weighted and is made up of a number of objectives. Underlying performance against each of the priorities was monitored against quantitative and qualitative measures to help support the Committee's determination of the overall success against objectives and we have included details of the measures and outcomes for the objectives below. When assessing the overall outcome for each priority, the Committee has this year included a score to show to what extent each priority had been completed. In order to determine an overall outcome the Committee has aggregated the scores for each of the six priorities and has also taken into account any other relevant achievements attained during the year.

The Committee recognised that a high proportion of the business priorities had been achieved and that good progress had been made in meeting or exceeding the major business plan objectives. The category entitled 'Our culture and being a leading responsible business' is made up entirely of ESG targets. In addition, other factors throughout the objectives also recognise our aim to be a leading responsible business.

Business priority (scorecard weighting – total 75%)	Measure/target	Outcome	Score
Building community (12.5%)			**Slightly behind**
Net manpower growth	Growth of adviser base in line with plan	3% growth achieved	
Employee learning and development	Achieve strong rates of employees adopting online tools for their learning and development	New online learning and development tool implemented with the Academy. Marginal delay with the implementation to the Partnership and employees	
Partner sentiment	Achieve strong overall scores based on a basket of criteria in Partner engagement surveys	Enhanced engagement and tracking of sentiment achieved. Partner development events were well received. Further strengthening of Partner relationship ongoing	
Employee engagement	Achieve strong employee engagement scores based on employee survey results	Engagement score of 83% achieved, close to stretch goal	

Report of the Group Remuneration Committee continued

Business priority (scorecard weighting – total 75%)	Measure/target	Outcome	Score
Being easier to do business with (12.5%)			**On track**
Administration performance	% of KPIs used to track the performance of our administrators showing a positive outcome	Target exceeded. Achieved 90% over the whole year	
Salesforce adoption	Embed use of Salesforce into Group functions	Embedded into Group functions. Work on realising full benefits to be completed	
Digital client proposition	Launch a new digital client application	Achieved	
Client adoption of digital literature	Increase the use of digital communications by clients	Exceeded target	
Operational efficiency	Delivery of efficiency gains through automation in line with plan	Outperformed target as at December 2022.	
Delivering value to advisers and clients through our investment proposition (12.5%)			**Slightly behind**
Value Assessment Ratings	Aggregate relative performance of funds in Value Assessment Statement	Some progress achieved	
Delivery of fund changes	Successful delivery of planned fund changes	Achieved in line with plan	
Operational excellence	Delivery of programme in line with plan	Programme delivered broadly in line with plan	
Responsible Investment	Reduce carbon footprint of investment proposition in line with plan	Exceeded target	
Building and protecting our brand and reputation (12.5%)			**On track**
Client sentiment	Maintain client sentiment toward SJP	Positive client sentiment. Overall satisfaction level of 87%	
Brand	Implement new brand in line with plan	New brand was launched in 2022 and positively received. Strong media sentiment score: 97% average	
Digital marketing	Launch of Salesforce digital marketing solution	Launch achieved	
Value of advice	Develop clear value of advice communications and engagement tools	Achieved in line with plan	
Cyber security	Increase % of Partner practice which use DaaS or who are CE+ accredited	Strong progress achieved	
Client complaints	Achieve low levels of complaints, relative to volume of clients	Low ratio of complaints relative to volume of clients	
Internal audit, risk and regulation	Based on broadening/deepening regulatory relationships, no regulatory sanctions and internal audit/compliance reports	There were no significant control failings or weaknesses identified in the year that remain unmitigated, and no regulatory sanctions. See Report of the Group Audit Committee on pages 130-131 for more information.	
Our culture and being a leading responsible business (ESG) (12.5%)			**Ahead**
Responsible business strategy	Embed our culture vision effectively across larger bases of Partners and employees	Achieved in line with plan	
Net zero commitments	Executive approval of Responsible Business KPIs	Achieved in line with plan and endorsed by the Board	
Community impact	Support St James's Place Charitable Foundation to raise £9 million	Goal exceeded. £10.48m raised during 2022	
Inclusion and diversity	Increase representation of female (goal 28%) and minority ethnic employees (goal 8%) in senior roles	Achieved 28% for females in senior roles. Further work ongoing on representation of minority ethnic employees	
Continued financial strength (12.5%)			**On track**
Partner lending	Optimise external lending facilities for Partner business loans	Achieved. New loan securitisation completed	
Capital usage	Group capital managed within risk appetite	Achieved	
Regulator relationship	Maintain constructive relationship with PRA and FCA	Constructive relationship maintained. Work on the implementation of Consumer Duty is ongoing	

2.1.3 Long-term incentive awards (audited)

Vesting of Performance Share Plan (PSP) awards

On 31 December 2022, the awards made on 25 March 2020 under the PSP reached the end of their three-year performance period. These will vest on 25 March 2023, being the third anniversary of the date of grant. The vested shares for Executive Directors are subject to a two-year post-vesting holding period (other than to sell shares to settle tax on vesting or exercise). The performance conditions which applied to the 2020 PSP awards, and the actual performance achieved against these conditions, are set out in the tables below:

	TSR relative to the FTSE 51 to 150[1]		Average annual adjusted EPS growth in excess of RPI[2]	
Performance hurdle	Performance required	Percentage of one third of award vesting	Performance required	Percentage of two thirds of award vesting
Below threshold	Below median	0%	Below 5%	0%
Threshold	Median	25%	At least 5%	25%
Stretch or above	Upper quartile or above	100%	16% or above	100%
Actual achieved	24 out of 83 companies	90.1%	13.7%	84.5%

1 FTSE 51-150 index excluding investment trusts and companies in the FTSE oil, gas and mining sectors.

2 The EPS performance condition is calculated by reference to the post-tax EEV operating profit (on a fully diluted per-share basis). This measure excludes the direct impact of stock market fluctuations and changes in economic assumptions on the final year's performance.

3 Straight-line vesting occurs between threshold and maximum vesting.

4 Awards are subject to a three year performance period. Vested shares cannot normally be sold for a further two years other than to the extent necessary to settle tax on vesting or exercise

5 Malus and clawback provisions apply.

6 No discretion was exercised by the Committee to override the outcome referred to above.

Therefore, the total percentage of the 2020 PSP awards vesting was 86.37%, which resulted in the following awards to the Executive Directors:

Director	Total number of shares granted	Percentage of awards vesting	Number of shares vesting including dividend equivalent shares[1]	Value of shares vesting (£)[2]
Andrew Croft	159,387	86.37%	153,810	1,682,174
Craig Gentle	115,249	86.37%	111,215	1,216,326
Ian Gascoigne	115,249	86.37%	111,215	1,216,326

1 Andrew Croft accrued 16,153 dividend equivalent shares and Craig Gentle and Ian Gascoigne accrued 11,679 dividend equivalent shares.

2 As these awards will not actually vest until 25 March 2023, a deemed share price is used to calculate the value of shares vesting for the purposes of this Report. This is taken as the three-month average to 31 December 2022, being £10.93.

Granting of PSP awards in 2022

Details of PSP awards (nil-cost options) granted to the Executive Directors in 2022 are set out in the table below:

Director	Type of award	Basis of award granted	Average share price at date of grant	Number of SJP shares over which award was granted[1]	Face value of award (£'000)	Percentage of face value that would vest at threshold performance
Andrew Croft	Nil-cost option	250% of salary of £590,947	£14.64	100,947	1,478	25%
Craig Gentle	Nil-cost option	250% of salary of £427,300	£14.64	72,992	1,069	25%

1 The number of shares awarded was calculated based on the average share price over a period of three days prior to the date of grant on 25 March 2022, being £14.64 per share The face value of the award figure is calculated by multiplying the number of shares awarded by the average share price figure of £14.64.

2 PSP awards are structured as nil cost options and therefore no exercise price is payable on exercise. Dividend equivalents accrue to the Executive Directors between the date of grant and exercise of the award (up to a maximum of six years from date of grant) but are released only to the extent that awards vest Awards in 2022 were based on the achievement of two metrics. (a) TSR performance relative to a composite benchmark of the FTSE 51 to 150, excluding investment trusts and companies in the oil, gas and mining sectors for one third of the award. For the TSR performance metric element, 25% vests at median, with straight-line relationship to 100% vesting for upper quartile performance, and (b) average annual adjusted earnings (EPS) per share growth target, based on EEV, in excess of CPI, with the scale starting at CPI+5% and extending to CPI+12% calculated by reference to the post tax EEV operating profit (on a fully diluted per share basis) for two thirds of the award. For the EPS performance metric element a threshold and stretch level of performance is set. At threshold, 25% of the relevant element vests, rising on a straight-line basis to 100% for attainment of levels of performance between threshold and maximum targets These awards also have a post-vesting holding period of two years from the vesting date.

Report of the Group Remuneration Committee continued

2.1.4 Share awards (audited)

The tables below set out details of share awards that have been granted to individuals who were Executive Directors during 2022 and which had yet to vest or be exercised at some point during the year. The performance periods for all share awards run for a period of three years, ending on 31 December of the year immediately preceding the vesting date.

Performance Share Plan awards outstanding

Director	Date of grant	Market price at grant	Shares originally awarded	Face value (£)[1]	Shares vested	Vesting date	Remaining unexercised at 31 December 2022
Andrew Croft	25 March 2019	£9.92	107,537	1,066,767	100,454	25 March 2022	100,454
	25 March 2020	£7.13	159,387	1,136,429	–	25 March 2023	159,387
	25 March 2021	£12.67	89,695	1,136,436	–	25 March 2024	89,695
	25 March 2022	£14.64	100,947	1,477,359	–	25 March 2025	100,947
Craig Gentle	25 March 2019	£9.92	77,757	771,349	72,635	25 March 2022	72,635
	25 March 2020	£7.13	115,249	821,725	–	25 March 2023	115,249
	25 March 2021	£12.67	64,856	821,726	–	25 March 2024	64,856
	25 March 2022	£14.64	72,992	1,068,238	–	25 March 2025	72,992
Ian Gascoigne	27 March 2017	£10.57	71,405	754,751	44,912	27 March 2020	44,912
	25 March 2019	£9.92	77,757	771,349	72,635	25 March 2022	72,635
	25 March 2020	£7.13	115,249	821,725	–	25 March 2023	115,249
	25 March 2021	£12.67	64,856	821,726	–	25 March 2024	64,856

1 The face value of the award is calculated by multiplying the number of shares awarded by the market price at grant (the average share price figure over a period of three days prior to the date of grant).

Deferred Bonus Scheme – shares held during 2022

The table below sets out details of the awards held by the Executive Directors under the deferred element of the annual bonus scheme during 2022:

Director	Balance at 1 January 2022	Released in year[1]	Awarded in year[2]	Balance at 31 December 2022[3]	Vesting date
Andrew Croft	24,806	24,806	–	–	25 March 2022
	15,346	–	–	15,346	25 March 2023
	–	–	31,934	31,934	25 March 2025
Craig Gentle	17,936	17,936	–	–	25 March 2022
	11,096	–	–	11,096	25 March 2023
	–	–	23,091	23,091	25 March 2025
Ian Gascoigne	17,936	17,936	–	–	25 March 2022
	11,096	–	–	11,096	25 March 2023
	–	–	23,091	23,091	25 March 2025

1 These deferred share awards were awarded on 25 March 2019 and were equal in value to 50% of the Directors' 2018 total annual bonus.

2 Bonuses were not paid to any employees for 2020 and therefore no deferred share awards were awarded.

3 Outstanding awards at the year-end relate to deferred shares awarded in 2020 and 2022 which were earned in 2019 and 2021 respectively. The share price used to calculate the 2020 award was £10.11 and for the 2022 award was £12.90

Further details of the deferred element of the annual bonus scheme are set out on page 169. Dividends accrue to the Executive Directors during the three-year period while the shares are subject to forfeiture, and details of these dividends are set out on page 169.

Save As You Earn (SAYE) share option scheme – shares held during 2022

Details of the options held by the Directors in 2022 under the SAYE scheme and any movements during the year are as follows:

Director	Options held at 1 January *2022*	Granted *in year*	Lapsed *in year*	Exercised *in year*	Options held at 31 December *2022*	Exercise *price*	*Dates from which exercisable*
Andrew Croft	1,148	–	–	–	1,148	£9.40	01 May 2024 to 31 October 2024
Craig Gentle	843	–	–	–	843	£12.81	01 November 2024 to 30 April 2025
Ian Gascoigne	1,167	–	–	1,167	–	£7.71	01 May 2022 to 31 October 2022
	221			–	221	£8.13	01 May 2023 to 31 October 2023
	–	810	–	–	810	£11.11	01 May 2025 to 31 October 2025

At 31 December 2022 the mid-market price for the Company's shares was £10.95. The range of prices between 1 January 2022 and 31 December 2022 was between £9.20 and £17.32.

Share Incentive Plan – shares held during 2022

The table below sets out details of the awards held by the Directors under the Share Incentive Plan during 2022:

Director	Balance at 1 January 2022	Partnership shares allocated in year[1]	Matching shares allocated in year[2]	Dividend shares allocated in year[3]	Balance at 31 December 2022	Holding period (matching shares)
Andrew Croft	188	–	–	–	188	24 March 2017 to 24 March 2020
	181	–	–	–	181	29 March 2018 to 29 March 2021
	192	–	–	–	192	25 March 2019 to 25 March 2022
	277	–	–	–	277	25 March 2020 to 25 March 2023
	156	–	–	–	156	25 March 2021 to 25 March 2024
	–	122	12	–	134	25 March 2022 to 25 March 2025
Craig Gentle	188	–	–	–	188	24 March 2017 to 24 March 2020
	192	–	–	–	192	25 March 2019 to 25 March 2022
	156	–	–	–	156	25 March 2021 to 25 March 2024
Ian Gascoigne	502	–	–	–	502	28 March 2011 to 28 March 2014
	210	–	–	–	210	26 March 2014 to 26 March 2017
	167	–	–	–	167	26 March 2015 to 26 March 2018
	174	–	–	–	174	24 March 2016 to 24 March 2019
	188	–	–	–	188	24 March 2017 to 24 March 2020
	181	–	–	–	181	29 March 2018 to 29 March 2021
	192	–	–	–	192	25 March 2019 to 25 March 2022
	277	–	–	–	277	25 March 2020 to 25 March 2023
	156	–	–	–	156	25 March 2021 to 25 March 2024

1 Partnership shares are shares awarded in return for an investment of between £10 and £1,800. Partnership shares were purchased on behalf of Andrew Croft on 25 March 2022 at a price of £14.63 per share, in return for £1,800 being deducted from pre-tax salary.

2 For every ten Partnership shares acquired, the Company awards one matching share. Matching shares were also awarded on 25 March 2022 in relation to the Partnership shares mentioned above.

3 The Partnership, dividend and matching shares will be held by an employee benefit trust on behalf of the Director. The matching and dividend shares must be held for a minimum period of three years from the date of the award.

Between 1 January 2023 and 27 February 2023 there were no exercises or other dealings in the Company's share awards by the Directors.

Report of the Group Remuneration Committee continued

2.1.5 Shareholding requirements and Directors' share interests (audited)

Shareholding requirements

As from 2018, the Executive Directors were required to build up a shareholding equivalent to 200% of salary in Company shares. As from 2020, the Chief Executive was required to build up a shareholding equivalent to 300% of salary in the Company shares. All of the Executive Directors have already exceeded the shareholding requirements (as shown in the table below). Whilst our Policy aims to broadly align with market expectations, in practice the longest-serving Executive Directors continue to maintain shareholdings that exceed the stated policy. This demonstrates their commitment to the long-term success of the Company and to upholding the values that underpin our culture (see page 8 for further details on our values).

Director	Shares held at 1 January 2022	Shares held at 31 December 2022	Percentage of base salary held in SJP shares as at 31 December 2022[1]
Andrew Croft	725,133	732,395	1316%
Craig Gentle	81,998	96,631	206%
Dominic Burke	–	–	
Emma Griffin	2,070	2,164	
Rosemary Hilary	–	–	
John Hitchins	–	–	
Simon Jeffreys	18,364	18,364	
Paul Manduca	10,000	17,000	
Lesley-Ann Nash	–	–	
Roger Yates	50,000	50,000	

1 Calculated using the mid-market price at 31 December 2022 of £10.95 and the base salary as at 31 December 2022. The overall percentage of base salary excludes the shares that would need to be sold to meet the notional tax and employee National Insurance contributions on bonus share awards that remained in their periods of deferral.

2 The interests of the Executive Directors set out above include Deferred Bonus Scheme (DBS) awards held in trust for the Directors which are subject to a three-year continuous service requirement, details of which are set out on page 169. The interests of the Executive Directors also include awards under the Share Incentive Plan, details of which are set out on page 168.

3 The Company's register of Directors' interests contains full details of Directors' shareholdings and any share awards under the Company's various share schemes

4 Disclosure of the Directors' interests in share awards is given on pages 154 and 155 and also in Note 25 – Related Party Transactions.

5 Ian Gascoigne retired (see page 115) from the Board on 31 March 2022 and held 490,856 shares as at that date (31 December 2021 452,360). He is subject to a post-cessation shareholding requirement which requires him to hold all of these shares up to the first anniversary of his departure date and then 50% of them up until the second anniversary of his departure date

Between 1 January 2023 and 27 February 2023 there were no transactions in the Company's shares by the Directors.

Executive Directors' shareholdings and outstanding share awards

Executive Director	*Beneficially owned at 31 December 2022*[1]	*Outstanding PSP awards (performance conditions)*[2]	SAYE options (no performance conditions)[3]	*Outstanding DBS awards (no performance conditions)*[4]	SIP shares (no performance conditions)[5]
Andrew Croft	732,395	450,483	1,148	47,280	1,128
Craig Gentle	96,631	325,732	843	34,187	536
Ian Gascoigne[6]	452,360	297,652	1,031	34,187	2,047

1 Beneficially owned shares include those DBS awards and SIP shares set out in columns 5 and 6 above.

2 Details of the PSP awards (including options that are unvested and those that are vested but have not been exercised) are set out on page 154.

3 Details of the SAYE options (including options that are vested but have not been exercised) are set out on page 155.

4 Details of DBS awards are set out on page 154

5 Details of the SIP shares are set out on page 155.

6 Ian Gascoigne's shareholdings and outstanding share awards are as at the date he retired as a Director (31 March 2022).

2.1.6 Dilution (unaudited)

Dilution limits agreed by shareholders at the time of shareholder approval of the various long-term incentive schemes allow for up to 10% of share capital in ten years to be used for grants to employees and members of the St. James's Place Partnership under all share schemes (i.e. both the employee and Partner share schemes), and up to 5% of share capital in ten years to be used for grants to employees under discretionary schemes. These limits comply with the Investment Association dilution guidelines on the issue of new shares.

The table below sets out, as at 31 December 2022, the number of new ordinary shares in the Company which have been issued, or are capable of being issued (subject to the satisfaction of any applicable performance conditions), as a result of options or awards granted under the various long-term incentive schemes operated by the Company in the ten years prior to 31 December 2022.

Share scheme	Number of new ordinary shares of 15 pence each	Percentage of total issued share capital as at 31 December 2022
SAYE schemes	3,582,204	0.66%
Executive share schemes	13,622,645	2.5%
Partners' share schemes	11,511,762	2.12%
Total	28,716,611	5.28%

In addition, as at 31 December 2022, the Group's Employee Share Trust held 1,740,251 shares in the Company which were acquired to meet awards made under the PSP, Deferred Bonus Scheme and Restricted Share Plan. The number of shares in the Company held in the Share Incentive Plan Trust as at 31 December 2022 was 470,005.

Report of the Group Remuneration Committee continued

2.1.7 Total shareholder return performance and CEO pay over the same period (unaudited)

The graph below shows a comparison of the Company's TSR performance against the FTSE All-Share Index over the last ten financial years. The Company considers this to be the most appropriate comparative index, given the broad nature of the index and the companies within it.

This graph shows the value, by 31 December 2022, of £100 invested in St James's Place on 31 December 2012, compared with the value of £100 invested in the FTSE All-Share Index on the same date. The other points plotted are the values at intervening financial year-ends.

The table below shows the total remuneration figure for the Chief Executive over the last ten financial years. The total remuneration figure includes the annual bonus and long-term incentive awards which vested based on performance in those years (and ending in that year for PSP scheme awards).

	Year ending 31 December						Year ending 31 December			
	David Bellamy						Andrew Croft			
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total remuneration (£)	3,362,651	3,646,514	3,115,230	2,631,667	2,458,020	1,886,774	1,421,729	812,678	3,141,423	3,115,406
Annual bonus (% of maximum)	98%	95%	93.3%	96.67%	96.67%	62%	37.5%	0%	96.7%	77.1%
LTIP vesting (% of maximum)	95%	96%	100%	100%	87.94%	85.3%	62.9%	9%	93.4%	86.4%

The deemed value of the PSP award in the table above for 2022 is £1,682,174. This value reflects an increase of £3.80 or 53.4% in the St. James's Place share price over the vesting period (the share price of the PSP award on the date of grant was £7.13 and the deemed share price on the date of vesting was £10.93, calculated as set out in the following note)

As the actual vesting date for the PSP (performance period ending 31 December 2022) is not until 25 March 2023, a deemed value has been used This is the average of the Company's share price in the three-month period to 31 December 2022, being £10.93. The 2021 figure for total remuneration has been updated by substituting the three-month average figure used to calculate the value of long-term incentive awards in last year's Report by a revised figure based on the Company's share price on the date of vesting on 25 March 2022, being £14.47

2.1.8 Percentage change in remuneration of all Directors and employees (unaudited)

As the Company has no employees, the table below shows the percentage change in the salary/fee, benefits and annual bonus for each Director against all UK employees of the Group over the last three years.

Remuneration element		Average employee (% change)	Executive Directors (% change) A Croft	C Gentle
Salary/fee[1]	2022	7.4	3.3	3.3
	2021	–	5.8	5.8
	2020	5.0	(2.2)	(2.2)
Benefits[2]	2022	3.3	1.1	1.1
	2021	5.6	1.7	1.6
	2020	3.1	–	(6.1)
Bonus	2022	9.5	(17.6)	(17.6)
	2021	–	–	–
	2020	(100)	(100)	(100)

Remuneration element		Average employee (% change)	Non-executive Directors (% change)[3] D Burke[5]	E Griffin[5]	R Hilary[6]	J Hitchins[5,7]	S Jeffreys[5]	P Manduca	L-A Nash[5]	R Yates[5]
Salary/fee[1,4]	2022	7.4	–	18.6	20.6	765.1	58.7	22.6	31.1	46.6
	2021	–	–	18.1	34.3	–	11.8	–	71.4	5.3
	2020	5.0	–	–[4]	686.2	–	14.5	–	–	13.5
Benefits[2]	2022	3.3	–	239.0	(100)	–	39.6	2,572.6	(94.6)	71.7
	2021	5.6	–	62.9	(58.5)	–	(5.7)	–	–	–
	2020	3.1	–	–	–	–	(34.2)	–	–	–
Bonus	2022	9.5	–	–	–	–	–	–	–	–
	2021	–	–	–	–	–	–	–	–	–
	2020	(100)	–	–	–	–	–	–	–	–

1 The change in the salary for average employees is higher than the average salary increase of the workforce referred to in the Chair's annual statements in prior years due to salary increases in respect of promotions and role changes being taken into account.

2 See the Benefits note on page 150 for further details on the benefits for Directors

3 The fees for Non-executive Directors for 2022 were split into a base fee and a separate committee membership fee. The total for these two elements resulted in an increase of 1.6% for 2022.

4 The Directors in office at the time each agreed to a 20% reduction of base salaries/fees for May, June and July 2020. The reduction is reflected in the changes for both 2020 and 2021.

5 Emma Griffin and Lesley-Ann Nash were appointed during 2020. Paul Manduca and John Hitchins were appointed in 2021 and Dominic Burke was appointed in 2022. Additionally, John Hitchins, Simon Jeffreys and Roger Yates were appointed to the board of St. James's Place UK plc during 2022.

6 The significant increase in Rosemary Hilary's fee in 2020 was due to her having not served a full year in 2019. Rosemary Hilary was also appointed as chair of the Group Risk Committee on 19 August 2020.

7 The significant increase in John Hitchins' fee in 2022 was due to him having not served a full year in 2021.

2.1.9 Relative importance of spend on pay (unaudited)

The following table sets out the percentage change in profit, dividends and overall spend on pay in the year ending 31 December 2022, compared to the year ending 31 December 2021.

	2022 £'Million	2021 £'Million	Percentage change
Executive Directors' remuneration[1]	5.4	5.4	-1%
IFRS profit after tax[2]	405.4	287.6	+41%
EEV operating profit before tax[2]	1,589.7	1,545.4	+3%
Dividends	287.1	281.3	+2%
Employee remuneration costs	254.2	262.9	-3%

1 Calculated on the same basis as the Single total figure of remuneration on page 148 for Executive Directors in office as at 31 December 2022.

2 IFRS profit after tax has been presented to enable comparison between different companies, as it is a measure defined by International Financial Reporting Standards. EEV operating profit before tax is an alternative performance measure (for further details see the glossary of alternative performance measures on page 273), which has been presented as it is the financial performance measure upon which bonuses are based Further information about these measures is set out in the financial review on pages 70 to 89

Report of the Group Remuneration Committee continued

2.1.10 CEO pay ratio (unaudited)

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022	**Option C**	**75:1**	**54:1**	**30:1**
2021	Option C	93:1	60:1	33:1
2021	Option A	87:1	56:1	31:1
2020	Option A	25:1	16:1	10:1
2019	Option A	45:1	28:1	17:1
2018	Option C	62:1	42:1	21:1

	CEO pay	25th percentile pay	50th percentile pay	75th percentile pay
	£	£	£	£
Salary	587,161	29,414	40,445	61,426
Total pay	3,117,452	41,622	57,324	102,845

For 2022, we have calculated the CEO pay ratio using Option C, as it allows us to use our existing gender pay gap information supplemented with other pay data from our Group companies. We have changed from using Option A, as Option C is less complex and better aligned with the way we hold our employee data for our Group companies. Through testing we have found that Option C provides reliable results, similar to those that Option A would produce. We have also recalculated the 2021 figures on the Option C basis to provide a like-for-like comparison with 2022.

To calculate the ratio in accordance with the regulations we ranked all our UK employees by their annualised full-time equivalent salary as at 30 April 2022. From this we identified three employees at the 25th, 50th and 75th percentiles. We then calculated the total remuneration figure for each of the three employees throughout 2022, in line with the same reporting regulations that apply to our Executive Directors, which is then used to calculate the ratio to the Chief Executive's remuneration. We believe the three identified employees are representative of the 25th, 50th and 75th percentiles.

For 2022, the financial objective element of the annual bonus changed from an objective based on EEV operating profit, to a scorecard of three financial metrics: Underlying Cash Result, Net Funds Under Management flows and Annual growth in controllable expenses. The Net Funds Under Management flows and Annual growth in controllable expenses metrics were met in full and the Underlying Cash Result was met in part. This is reflected in the lower CEO pay ratio than the previous year when the financial objective element of the annual bonus was met in full.

The median ratio is consistent with our pay, reward and progression policies for employees which relate pay levels to performance and market benchmarks. In 2022, 75.8% of the Chief Executive's total remuneration was delivered through variable pay schemes. These are directly linked to the Company's performance as well as share price movements over the longer-term. Whilst none of the three employees identified at the 25th, 50th and 75th percentiles are eligible to receive PSP Awards, all three received an annual bonus within the year and are invited to participate in the SIP and SAYE scheme on the same terms as the Chief Executive.

2.2. Remuneration Committee (unaudited)

2.2.1 Role, activities and performance of the Committee

The Committee's primary purpose is to ensure that there is a clear link between reward and performance and that the Policy structure and levels of remuneration for both Executive Directors and Material Risk Takers (identified in accordance with relevant PRA and FCA requirements) are appropriate. In particular, the Committee reviews the list of those employees who are considered to be Material Risk Takers and monitors compliance with the Group's remuneration policies, as they apply to that population. When determining the appropriateness of remuneration the Committee pays particular attention to the remuneration paid to the wider workforce (in particular Director pay ratios and relative importance of spend) and the overall competitiveness of packages when compared to peers. The key responsibilities of the Committee are set out in its terms of reference, which can be found on the Company's website **www.sjp.co.uk**.

The Committee's key areas of activity during the year included:

Topic	Summary of activity	Find out more
Annual bonus objectives and new awards	The Committee considered and set the strategic objectives for 2022 and agreed the bonus awards made for 2021.	See pages 151 to 152
PSP awards and vestings	The Committee determined the grants and performance conditions for PSP awards to be made to Directors, senior management and Material Risk Takers. The Committee also considered whether there were any circumstances which warranted the application of malus or clawback provisions, or the exercise of discretion permitted under scheme rules.	See page 153
Assessing risk	The Committee assessed the alignment of the Group's remuneration policies with risk appetite and regulatory requirements, and sought assurance from the Chief Risk Officer, and relevant management from across the business, that the remuneration outcomes were in line with the policies, were appropriate, and did not warrant discretionary changes.	
Financial services regulation	The Group's remuneration policies and practices are required to meet regulatory requirements that apply to certain Group subsidiaries. In addition, industry best practice drives the expectations of a range of stakeholders, including our regulators. During the year, the Committee considered adherence to existing requirements and the implications of the new Investment Firms Prudential Regulations (IFPRs). The Committee has also considered the approach to remuneration for individuals in control functions and is responsible for setting the methodology for determining Material Risk Takers and for agreeing the list of Material Risk Takers.	
Remuneration advisers	The Committee carried out an annual review of the Committee's advisers, Alvarez and Marsal (A&M), and confirmed that the Committee continued to be satisfied with the support and advice provided and that there were no circumstances existing which would compromise A&M's independence.	See opposite
Regulatory developments and feedback from investors	Regular updates were received from the Company Secretary and the Committee's remuneration advisers on regulatory developments, investor guidelines and feedback from investor meetings. These were taken into account by the Committee when determining remuneration outcomes and the application of the Policy for 2023.	
Remuneration policy	The Committee sets the remuneration for the Company's Chair, Executive Directors, Executive Board members and Material Risk Takers and has reviewed the Directors' Remuneration Policy and consulted with stakeholders, including investors and employees. The Committee also reviewed the Employee Remuneration Policy.	
Governance and other matters	The Committee reviewed the gender pay gap reporting, its own terms of reference and the Chair's fee, and carried out an annual review of the remuneration adviser as detailed above.	

The Committee's effectiveness was reviewed by the Board as part of its overall assessment of its effectiveness (see pages 119 to 121) and the Board remains satisfied that, as a whole, the Committee has the experience and qualifications necessary to successfully perform its role.

Report of the Group Remuneration Committee continued

2.2.2 Committee membership and attendance in 2022

This is set out on page 115. No Director was present when their own remuneration was considered or agreed.

2.2.3 Advisers to the Committee

As reported last year, the Committee carried out a formal tender process in 2021 and appointed A&M as advisers to the Committee. A&M are signatories to the Remuneration Consultants' Code of Conduct, which requires their advice to be impartial, and they have confirmed their compliance with the Code to the Committee. A&M provided advice in relation to general remuneration matters and on proposed changes to the Policy. A&M did not provide any other services to the Company. Following an annual review, the Committee is satisfied that A&M have no connection with the Company or individual Directors which may compromise their independence or objectivity.

The total fees paid to A&M for the advice provided to the Committee during the year was £141,006. Fees are charged on a 'time spent' basis.

2.2.4 Voting at Annual General Meetings

The votes cast at the 2021 and 2022 Annual General Meetings in respect of the resolution on the Directors' Remuneration Report and at the 2020 Annual General Meeting in respect of the resolution on the Directors' Remuneration Policy are summarised below.

	2022 Directors' Remuneration Report vote	Percentage of votes cast	2021 Directors Remuneration Report vote	Percentage of votes cast	2020 Directors' Remuneration Policy vote	Percentage of votes cast
Votes for	443,328,337	97.72%	454,434,677	99.62%	421,389,944	94.71
Votes against	10,363,154	2.28%	1,744,941	0.38%	23,526,651	5.29
Total votes cast	**453,691,491**		456,179,618		**444,916,595**	
Total votes withheld	597,929		36,400		63,572	

2.3. Implementation of the Remuneration Policy in 2023 (unaudited)

2.3.1 2023 salary

The base salaries of the Executive Directors are being increased in 2023. The current salaries as at 1 March 2022 and from 1 March 2023 are as follows. These percentage increases are below the average increase levels for other employees of the Company:

Executive Director	Salary from March 2022 £	Salary from March 2023 £	Percentage increase
Andrew Croft	590,947	620,494	5%
Craig Gentle	427,300	448,665	5%

2.3.2 Annual bonus for 2023

The Executive Directors' maximum bonus opportunity for 2023 will, subject to the approval of the new Policy at the 2023 AGM, increase to 175% of salary. 60% of the annual bonus will be determined by a scorecard of financial performance metrics, and 40% by key strategic targets. Malus and clawback provisions apply to both the cash and deferred elements of the bonus.

Financial objectives

The scorecard of financial performance metrics is intended to:

- provide a rounded and balanced view of financial performance;
- include targets that management can directly influence;
- include a target relating to future growth; and
- recognise current year profitability.

Metrics	Weighting (% of base salary – total 105%)	Alignment with strategy
Underlying cash result	21%	Recognises annual cash profitability, which is an important driver of dividends and future investment in the business.
Net funds under management flows	42%	Reflects both new business and client retention, and is a driver of sustained profit growth.
Annual growth in controllable expenses	42%	Keeping cost growth below the rate of growth in revenues is a key determinant of profit growth.

Annual bonus performance targets for the metrics set out here for 2023 will be disclosed in the Directors' Remuneration Report for 2023, as disclosing them in the Report for 2022 may have commercial disadvantages for the Company.

Strategic objectives

For 2023, the Committee has again set the Executive Directors a range of business priorities which align to the six business priorities underpinning our annual business plan. Each priority is equally weighted and is made up of a number of objectives with a mix of quantitative and qualitative measures, which will be scored against a set of defined KPI metrics to determine the outcome of each priority. Set out below are details of the measures for the objectives. As was the case in 2022, the priority titled 'Our culture and being a leading responsible business' is made up entirely of ESG targets. However, other factors throughout the objectives may also to some extent recognise our aim to be a leading responsible business.

Business priority (scorecard weighting – % of base salary – total 70%)	
Building community • Net manpower growth • Attainment of competent adviser status • Partner sentiment • Partner feedback from engagement events • Employee engagement	**Being easier to do business with** • Administration performance • Administration error rate • Salesforce integration and satisfaction levels • Enhancement of digital client proposition • Client adoption of digital tools • Data governance and quality
Delivering value to advisers and clients through our investment proposition • Client sentiment • Value Assessment Ratings • Delivery of Fund and portfolio changes • Carbon footprint of investment proposition	**Building and protecting our brand and reputation** • Client sentiment • Maintain reputation • Client servicing • Cyber security • Media sentiment • Client complaints • Regulator relationship • Internal Audit, risk and regulation
Our culture and being a leading responsible business • Embed culture vision • Carbon-positive commitments • Financial resilience and education • Community impact • Inclusion and diversity	**Continued financial strength** • Partner Lending • Risk appetite of capital

Report of the Group Remuneration Committee continued

2.3.3 Performance Share Plan awards for 2023

The Executive Directors will each receive a PSP award in 2023 of 250% of salary (2022: 250%). The existing and proposed new Policy both set the maximum award capacity at 250% of base salary. These awards will be subject to a relative TSR performance condition for one third of the award; EPS CAGR using Cash Result profits for one third and EPS CAGR using EEV adjusted profits for the final third as follows:

	TSR relative to FTSE 51 to 150[1]		EPS CAGR % using Cash Result profits[2]		EPS CAGR % using EEV adjusted profit[3]	
Performance level hurdle	Performance required	Percentage of one third of award vesting	Performance required	Percentage of one third of award vesting	Performance required	Percentage of one third of award vesting
Below threshold	Below median	0%	Below 5%	0%	Below 5%	0%
Threshold	Median	25%	At least 5%	25%	At least 5%	25%
Stretch or above	Upper quartile or above	100%	12% or above	100%	12% or above	100%

1 FTSE 51 to 150, excluding investment trusts and companies in the FTSE oil, gas and mining sectors.

2 One-third of the award is based on EPS CAGR % using Cash Result profits.

3 One-third of the award is based on EPS CAGR % using EEV adjusted profit. This is by reference to the post-tax EEV operating profit (on a fully diluted per-share basis). This metric excludes the direct impact of stock market fluctuations and changes in economic assumptions on the final year's performance.

4 Straight-line vesting occurs between threshold and maximum vesting.

5 Awards are subject to a three-year performance period. Vested shares cannot normally be sold for a further two years other than to the extent necessary to settle tax on vesting or exercise

6 Malus and clawback provisions apply

2.3.4 Shareholding requirement

The Chief Executive is required to build and maintain a shareholding equivalent to 300% of salary in the Company's shares. For other Executive Directors, the shareholding requirement is 200% of salary.

2.3.5 Pensions

The Executive Directors' pension level reduced to 15% of base salary on 1 January 2023. This brings it into line with the pension allowance for long-serving employees in the wider workforce.

2.3.6 Duration of contracts

The Board of the Company is proposing that each of the Executive Directors be re-elected at the Company's forthcoming AGM. Although the Executive Directors' services contracts do not have fixed end dates they may be terminated with 12 months' notice from either the Company or the Executive Director.

2.3.7 Fees for the Board Chair and Non-executive Directors for 2023

The fees for the Board Chair and Non-executive Directors for 2022 and 2023 are as set out below. SJP aims to provide competitive recognition and reward for all employees that reflects the nature of individual roles and enables us to attract and retain the best talent. Similarly, providing adequate compensation to all Board members is essential if the Board is to be able to recruit and retain high-calibre Directors and maintain effective succession plans for all Board roles. As reported last year, the Board reviewed the fees paid to our Non-executive Directors in 2021 and set fees in line with individual responsibilities. The Board believes that setting fees in line with responsibilities will ensure that the fees paid to individual Directors better reflect their differing responsibilities and time commitments and will also recognise the impact on specific Committees and roles of increased complexity, workload, regulatory responsibilities and the size of the Group.

The Board (excluding the Non-executive Directors) reviewed the base fees for the Non-executive Directors, Senior Independent Director and Designated Non-executive Director for Workforce Engagement during the year and concluded that no changes would be made in 2023. The Board did however note that the fees for committee membership were not reflective of the increased responsibility and commitments for those roles and were also out of step with commensurate roles elsewhere. Having taken account of the wider economic climate the Board agreed that modest incremental increases should be made, commencing on 1 January 2023. The fees for Committee Chairs will increase to £26,000 (2022: £25,000) and for Committee members (other than Committee Chairs) will increase to £10,500 (2022: £10,000). These fees would not apply to the chair or members of the Nomination and Governance Committee which remain unchanged. Alongside the Board's review of Non-executive Director fees, the Committee also reviewed the fee for the Chair of the Board and decided that it would not be increased in 2023. When setting the fees paid to our Non-executive Directors and the Chair for 2023, the Board and Remuneration Committee sought to ensure that they were commensurate with those for listed financial services companies of comparable size.

	Fees from 1 January to 31 December 2022	Fees from 1 January to 31 December 2023	Percentage increase from 2021
	£	£	
Board Chair	375,000	375,000	0%
Base fee	76,000	76,000	0%
Committee Chair (excluding Nomination and Governance Committee)	25,000	26,000	4%
Audit, Risk and Remuneration Committee member (per Committee membership)	10,000	10,500	5%
Nomination and Governance Committee member	5,000	5,000	0%
Senior Independent Director	15,000	15,000	0%
Designated Non-executive Director for Workforce Engagement	15,000	15,000	0%

This Remuneration Report was approved by the Board of Directors and signed on its behalf by:

Roger Yates, Chair of the Group Remuneration Committee
27 February 2023

Section 3
2023 Directors' Remuneration Policy

During the year, the Committee carried out a review of the Directors' Remuneration Policy (Policy) in preparation for the normal triennial vote at the AGM in 2023. The Committee decided to propose some amendments to the Policy to support the continued success of the business over the next three years and to incorporate latest developments in best practice. This section of the Directors' Remuneration Report sets out the new Policy, which will be submitted for a shareholder vote at the 2023 AGM. The Policy will apply to remuneration in respect of the three-year period from 2023 to 2025.

Overview of the Policy

How the Committee sets the Policy

The Committee, on behalf of the Board, draws up and recommends the Policy and determines the remuneration packages of the Executive Directors of the Company and the Chair of the Board. In addition, the Committee determines the remuneration of the senior management team (including the Chief Risk Officer) and any other employees classified as Material Risk Takers or Identified Staff under relevant financial services regulations. The Committee also oversees remuneration policy and practice for the wider employee population, including the operation of any share schemes.

Approach to, and objectives of, the Policy

Our previous Policy was approved by shareholders in the required triennial vote at the 2020 AGM with 94.71% votes in favour, and operated from 2020 to 2022. The overall approach to remuneration adopted by St. James's Place has been in place for many years, and the 2020 Policy was little changed from that approved by shareholders in 2017.

The Committee carried out a detailed review of the current Policy during 2022, taking into account the business strategy for the next three years, pay and employment conditions of other employees in the Group, shareholder feedback received, latest best practice guidance and the 2018 UK Corporate Governance Code. Following the review, the Committee decided to propose a number of amendments to the Policy to ensure the remuneration arrangements for Executive Directors continue to be in line with best practice and shareholder expectations, and that the Policy supports the business strategy. The amended Policy will apply to awards in respect of the 2023 performance year onwards for all Executive Directors. A summary of the proposed amendments to the current Policy is also provided.

The proposed new Policy is designed to meet the following objectives:

- to support the retention of individuals with the experience and skills to drive the performance of the Company;
- to ensure remuneration is transparent and reflects the performance of the Group in the relevant year and the longer term. Annual bonus and long-term incentive opportunities are therefore linked to the achievement of demanding performance targets; and
- to align pay with the strategic objectives of the Company and the interests of our shareholders, whilst giving due regard to principles of best practice and relevant regulations.

Considerations when setting the Policy

In setting the Policy for the Executive Directors, the Committee also takes into consideration a number of factors:

- the Committee applies the principles set out in the UK Corporate Governance Code and also takes into account best practice guidance issued by the major UK institutional investor bodies, the PRA and FCA (including the provisions of any applicable Remuneration Codes) and other relevant organisations;
- the Committee has overall responsibility for the remuneration policies and structures for employees of the Group as a whole and it reviews remuneration policy on a firm-wide basis. When the Committee determines and reviews the Policy, it considers and compares it against the pay, policy and employment conditions of the Group to ensure that there is appropriate alignment between the two; and
- the Committee considers the external market in which the Group operates and uses comparator remuneration data from time to time to inform its decisions. However, the Committee recognises that such data should be used as a guide only (recognising that data can be volatile and may not be directly relevant) and that there is often a need to phase in changes over a period of time.

The Committee's overall policy, having had due regard to the factors above, is that a substantial proportion of total remuneration should be in the form of variable pay. This is achieved by setting base pay and benefits no higher than mid-market levels, with annual bonus and long-term incentive opportunities linked to the achievement of demanding performance targets. The Policy ensures alignment of the total remuneration paid to the Executive Directors with the interests of shareholders. Historically, the levels of annual bonus awarded, and long-term incentives awarded, to the Executives have varied considerably, reflecting the performance of the Group in the relevant year.

Executive Directors are not involved in the determination of their personal remuneration. Committee members are not permitted to vote on the implementation of the Non-Executive Director elements of the Policy that apply to them, in line with the procedures established by the Board for the management of conflicts of interest (see page 116).

Engagement with shareholders

The Committee engages with, and seeks the views of, its major investors and investor representative bodies on any significant changes to the Policy. The Committee also engages from time to time with shareholders when considering important questions about the implementation of the Policy. Views expressed by shareholders are considered by the Committee as part of any review of the Policy, or sooner if appropriate. The Committee has consulted with major shareholders and voting agencies on the proposed amendments to the Policy for 2023-25.

Summary of proposed amendments to the current Policy:

- increase the weight on financial performance in the annual bonus scorecard to 60% (from 50% previously) and reduce the weight on the strategic and operational metrics to 40%;
- increase the maximum annual bonus to 200% of base salary (from 150% previously) in two stages – to 175% for 2023 and 200% from 2024;
- extend the post-cessation shareholding requirement of 300% of salary for the CEO and 200% of salary for the CFO, for all shares to be retained for the entire two year period post cessation (instead of the previous Policy of full requirement for the first year, and half this for the second year); and
- reduce pension allowances for incumbent Executive Directors to 15% effective 1 January 2023, aligned with the level provided to long-serving employees in the wider workforce. The allowance level for new Executive Directors appointees is already aligned with the level for the wider workforce, which is 10% of base salary on joining rising to 15% with service.

For information, the Committee is also reducing the weight on Embedded Value (EV)-based EPS in the Performance Share Plan (PSP) to one third (from two thirds currently) and introducing a Cash Result-based EPS metric with a weighting of one third. Relative TSR will continue to be used for the remaining third. These metrics provide a good balance, reflecting performance over the long term in growing the business, and in delivering value and cash flows for shareholders.

The Committee will measure EPS growth for future grants in the PSP against absolute targets rather than relative to inflation. SJP has been one of the very few remaining companies using inflation-linked targets in its LTIP. With the increasingly volatile and unpredictable inflation levels in the economy, continuing the inflation-linked approach risks undermining the incentive effect of the plan. Growth will be measured on a Compound Annual Growth Rate (CAGR) basis, which is more exacting than the Average Annual Growth Rate (AAGR) basis used previously. The EPS targets for the 2023 grant are detailed in the 2022 Annual Report on Remuneration.

Remuneration Policy for Executive Directors

The following table summarises each element of the Policy, explaining how each element operates and links to corporate strategy.

Element	Purpose and link to strategy	Operation including maximum opportunity	Performance metrics
Base salary	To provide the core reward for the role. Sufficient level to recruit and retain individuals of the necessary calibre, taking into account the required skills, experience, demands and complexity of the role.	Normally reviewed annually from 1 March, taking into account. role, experience and performance of the individual; Company performance; external economic conditions; average changes in broader workforce salary; and periodic benchmarking for each role against similar UK-listed companies. Percentage increases will normally be at, or below, the level of percentage increases for the Company's wider employee population. Increases may be higher in exceptional circumstances, such as a change in role, a significant change in responsibility or role size and/or where salary is substantially out of line with market norms Where new appointees have been given a starting salary below mid-market level, percentage increases above those granted to the wider workforce may be awarded, subject to individual performance and development in the role.	Whilst there are no performance targets attached to the payment of base salary, performance is considered as context in the annual salary review

Report of the Group Remuneration Committee continued

Element	Purpose and link to strategy	Operation including maximum opportunity	Performance metrics
Pension	Helps recruit and retain Executive Directors. Provides a discrete element of the package to contribute to retirement income.	Provides either defined contributions to a pension scheme or an equivalent cash amount via non-pensionable allowance if the Executive Director is affected by HMRC limits. The maximum pension level for Executive Directors who joined the Board before the 2018 AGM will be 15% from 1 January 2023 This brings it into line with the pension allowance for long-serving employees in the wider workforce. For any Executive Directors joining the Board after the 2018 AGM, the pension allowances are aligned to those of the wider workforce, which is currently an employer contribution of 10% of salary on joining, which increases with service up to a maximum of 15%. In response to changes in legislation or similar developments, the Company may amend the form of an Executive Director's pension arrangements.	N/A
Other benefits	Operate competitive benefits to help recruit, retain and support the wellbeing of employees.	Including but not limited to: • Company car (or salary supplement in lieu) • Private medical insurance • Life cover • Critical illness • Death-in-service cover • Relocation assistance, such as accommodation allowance, where necessary • Use of a driver for business purposes. Executive Directors are eligible to participate in any all-employee share plan (e.g. SIP and SAYE) operated by the Company, on the same terms as other eligible employees. The maximum level of participation is subject to limits imposed by HMRC (or a lower cap set by the Company). Any reasonable business expenses (including tax thereon) may be reimbursed.	N/A

Element	Purpose and link to strategy	Operation including maximum opportunity	Performance metrics
Annual bonus	Rewards the achievement of annual financial and strategic business plan targets and delivery of key non-financial objectives. Deferred element aids retention, encourages long-term shareholding, discourages excessive risk taking and aligns with shareholders' interests Performance metrics reflect the key performance drivers of the annual business plan, achievement of which will indicate performance in line with the Group's strategy.	Maximum opportunity for the Executive Directors is 175% of base salary in 2023 and 200% from 2024 onwards. Performance below threshold results in zero payment. Payments are on a scale from 20% to 100% of the maximum opportunity, for performance between threshold and maximum. 50% of any bonus payable is paid in cash and the remaining 50% deferred into SJP shares, the vesting of which is normally subject to a three-year continuous service requirement but not further performance conditions. Dividends in the form of shares accrue on the deferred shares and are paid to the Executive Directors during the three-year deferral period. All bonus payments are at the discretion of the Committee. The Committee has the discretion to override formulaic bonus outcomes, where necessary, under both financial and non-financial performance metrics, to take account of overall performance. The Company Malus and Clawback Policy applies. The Committee may apply malus or clawback in such circumstances as: ◆ misconduct; ◆ failure to meet appropriate standards of fitness and propriety; ◆ financial misstatement; ◆ error or miscalculation in determining a performance outcome or award; and ◆ material failure of risk management.	Performance measures, targets and weightings are reviewed annually and set in line with the annual business plan. Performance is measured over one year. At least 60% of the bonus is based on financial measures, reflecting the key priorities of the business for the relevant year. Up to 40% of the annual bonus can be based on the achievement of key non-financial objectives set at the start of the year. Actual measures and weightings may change from year to year to reflect the business priorities at that time. Details of performance criteria and targets set for the year under review and performance against them are provided in the Annual Report on Remuneration.
Performance Share Plan	Supports long-term retention. Focuses the Executive Director on longer-term corporate performance and objectives. Aligns interests to those of shareholders.	Awards may be granted annually for up to 250% of salary as at date of grant. Vesting is usually on the third anniversary of the date of grant, dependent on the achievement of stretching performance conditions measured over a period of three financial years. Executive Directors are required to retain vested PSP shares, net of tax, for a further period of two years. Dividend equivalents may accrue, in the form of shares, on awards made between the date of grant and the end of the two-year post-vesting holding period. These dividend equivalents will be released only to the extent that awards vest. The Committee has the discretion to override formulaic vesting outcomes, where necessary, to take account of overall performance. The Committee has the discretion, in exceptional circumstances, to grant and/or settle an award in cash. The Company Malus and Clawback Policy applies. The Committee may apply malus or clawback in such circumstances as: ◆ misconduct; ◆ failure to meet appropriate standards of fitness and propriety; ◆ financial misstatement; ◆ error or miscalculation in determining a performance outcome or award; and ◆ material failure of risk management	Awards vest to the extent of achievement of the following performance metrics (equally weighted): ◆ EPS growth based on EEV adjusted profit; ◆ EPS growth based on Cash result; and ◆ relative TSR performance. The Committee may choose different measures, and weightings between them, if it deems it appropriate, taking into account the strategic objectives of the Company. For each performance metric, a threshold and stretch level of performance is set. At threshold, 25% of the relevant element vests, rising on a straight-line basis to 100% for performance between threshold and maximum

Report of the Group Remuneration Committee continued

Element	Purpose and link to strategy	Operation including maximum opportunity	Performance metrics
Minimum shareholding requirements	To ensure alignment of the long-term interests of Executive Directors and shareholders.	Executives are required to build and maintain a minimum shareholding equivalent to 300% of base salary for the Chief Executive and 200% of base salary for other Executives, to be achieved normally within five years of appointment. Until the threshold is reached, at least 50% of vested shares from the PSP and other share awards (less tax liability) should normally be retained.	N/A
Post-cessation shareholding requirements	To ensure continued alignment of the long-term interests of Executive Directors and shareholders post cessation.	Executives are required to maintain a shareholding equivalent to the in-employment shareholding requirement immediately prior to departure (or the actual share and award holding on departure, if lower) for two years post cessation. There are appropriate arrangements in place to ensure enforceability.	N/A
Non-executive Directors' fees	To attract high-quality, experienced Non-executive Directors.	The Chair of the Board is paid an all-inclusive annual fee which is reviewed periodically by the Committee. All Non-executive Directors receive a basic annual fee for carrying out their duties, together with additional fees in respect of Board Committee Chairship and, where appropriate, membership, and other responsibilities, with fee levels reviewed periodically by the Board. They may also be paid additional fees in the event of exceptional levels of additional time being required. PLC Board Directors who are also members of subsidiary boards of the Company may receive fees in respect of their duties on the subsidiary boards. Any reasonable business expenses (including tax thereon if applicable) may be reimbursed. There is no prescribed maximum individual fee level or annual increase. Reviews take into account market data for similar non-executive roles in other companies of a similar size, complexity and/or business to St. James's Place as well as the time commitment of Non-executive Directors. The policy is to pay up to the mid-market level based on similar roles and time commitments of chairs and non-executives in comparable companies.	Neither the Chair nor the Non-executive Directors are eligible for any performance-related remuneration.

Notes to the Policy table

The performance measures and targets that are set for the Executive Directors' annual bonus and Performance Share Plan (PSP) awards are carefully selected to align with the Company's strategic and key performance indicators.

For the annual bonus, financial and strategic measures are reviewed and selected by the Committee annually. The measures selected and weighting between them may vary annually depending on the key priorities of the business for the year ahead. Robust and demanding targets will be set annually taking into account the economic environment, market expectations and the Company's budget and business plan for the year ahead. Currently a set of financial metrics, such as cash profit result, net FUM flows and costs, are used to assess financial performance as these measures reflect a number of key performance drivers including new business, retention of funds under management and cost control. The remaining bonus is determined based on strategic measures set annually on a balanced scorecard basis.

The Company has used a relative TSR measure and EPS growth targets for the PSP for a number of years in line with the Group's strategy of delivering profitable growth and superior returns to its shareholders. The Committee will continue to review the choice of performance measures and the appropriateness of targets prior to each PSP award being made and will set robust and stretching measures for any alternative measures used. For the EPS growth measure, stretching targets will be set annually taking into account the economic environment, market expectations and the Company's budget and business plan at that time. For the comparative TSR measure the Committee's policy is to set threshold vesting for median performance rising to full vesting for upper quartile performance. The Committee may from time to time review the appropriateness of the TSR comparator group.

No performance targets are set for the SAYE and SIP awards as these form part of all employee arrangements designed to encourage employees across the Group to purchase shares in the Company.

Committee discretion

The Committee will operate the annual bonus plan, deferred bonus plan, PSP and all-employee share plans according to the rules of each respective plan and consistent with normal market practice and the Listing Rules, where relevant. The Committee will retain flexibility in a number of areas regarding the operation and administration of these plans, including (but not limited to) the following:

- who participates in the plans;
- when to make awards and payments;
- how to determine the size of an award, a payment, or when and how much of an award should vest;
- how to deal with a change of control or restructuring of the Group;
- in the case of stated good leaver reasons or otherwise, whether a Director is a good/bad leaver for incentive plan purposes and whether and what proportion of awards vest at the time of leaving or at the original vesting date(s) as relevant;
- how and whether an award may be adjusted in certain circumstances (e.g. for a rights issue, a corporate restructuring or for special dividends); and
- whether any adjustment to the PSP vesting outcome is required, taking account of any windfall gain due to share price variation at the time of grant.

The Committee also has the discretion within the Policy to adjust targets and/or set different measures and alter weightings for the annual bonus plan and the PSP if events happen that cause it to determine that the original targets or conditions are no longer appropriate and the amendment is required so that the targets or conditions achieve their original purpose. The Committee has the discretion to adjust the application of the minimum shareholding requirements, in role or post-cessation, to take account of exceptional circumstances.

Any use of exceptional discretion to override formulaic outcomes would, where relevant, be explained in the Annual Report on Remuneration, as appropriate.

Awards made prior to the effective date

For the avoidance of doubt, in approving the Policy, authority was given to the Company to honour any commitments entered into with current or former Directors that have been disclosed to shareholders in previous remuneration reports. This includes all historic awards that were granted under any current or previous share schemes operated by the Company but remain outstanding (detailed in the Annual Report on Remuneration) and which will remain eligible to vest based on their original award terms. Awards made under the Performance Share Plan in 2020, 2021 and 2022 will continue to be based on the achievement of the metrics previously set for those awards.

For each performance metric, a threshold and stretch level of performance is set. At threshold, 25% of the relevant element vests, rising on a straight-line basis to 100% for performance between threshold and maximum targets. Details of payments to former Directors will be set out in the Annual Remuneration Report, where required by the relevant regulations, as they arise.

Approach to remuneration for recruitment and promotions

The Committee aims to set a new Executive Director's remuneration package in line with the Policy in place at the time of appointment. The Committee will take into account, in arriving at a total package and in considering the quantum for each element of the package, the skills and experience of the candidate, the market rate for a candidate of that experience, and the importance of securing the best candidate. For new appointments, base salary and total remuneration may be set initially below normal market rates on the basis that it may be increased once satisfactory development and performance in role has been demonstrated.

Annual bonus and long-term incentive maximum award sizes will comply with the maximum opportunity set out in the Policy table (not including any arrangements to replace foregone remuneration – see below). Participation in the annual bonus plan will normally be pro-rated for the year of joining and different performance measures may be set from those applying to the other Directors, if it is appropriate to do so to reflect the individual's responsibilities and the point in the year at which they joined the Board. A PSP award can be made shortly following an appointment (assuming the Company is not in a close period). Where it is essential for the purposes of recruitment, such as where a new external recruit has not had any bonus deferral in their previous role, bonus deferral may be phased in over a short period. The standard approach will be for deferral to apply as stated in the Policy table.

The Committee may make additional cash and/or share-based awards as it deems appropriate and, if the circumstances so demand, to take account of foregone remuneration by an executive on leaving a previous employer. Awards would, where possible, reflect the nature of awards forfeited in terms of delivery mechanism (cash or shares), time horizons, attributed expected value and performance conditions. Other payments may be made in relation to relocation expenses and other incidental expenses as appropriate.

In the case of an internal appointment, any variable pay element awarded in respect of the prior role would be allowed to pay out according to its terms and any other ongoing remuneration obligations existing prior to appointment would continue.

For an overseas appointment, the Committee will have the discretion to offer benefits and pension provisions which reflect local market practice and relevant legislation.

If appropriate and in exceptional circumstances the Committee may agree, on the recruitment of a new Executive Director, a notice period of in excess of 12 months but reducing to 12 months over a specified period.

For the appointment of a new Chair or Non-executive Director, the fee arrangement would be set in accordance with the approved Policy at that time.

Report of the Group Remuneration Committee continued

Risk management

Risk is managed within the Policy through the Committee:

- taking into consideration the recommendations contained in any applicable Remuneration Codes and associated guidance which apply to the Group;
- structuring the annual bonus plan to contain a mix of financial and strategic performance metrics, where performance conditions are tailored to the business outlook and strategy, including the management of risk within the business. The Committee also retains the discretion to reduce the bonus and PSP outturns where appropriate;
- assessing the performance metrics from a risk perspective, with input from the Risk Committee and Chief Risk Officer;
- requiring deferral of 50% of annual bonus payments into the Company's shares, which are then deferred for three years;
- requiring the Executive Directors to retain shares acquired on vesting of PSP awards granted from 1 January 2015 onward for a post-vesting holding period of two years on the shares vesting. During this period the vested shares cannot normally be sold other than to the extent necessary to settle tax on vesting or exercise;
- ensuring that the majority of the incentive pay comes in the form of a long-term incentive plan subject to stretching performance targets measured over multi-year performance periods, with the performance period for subsequent awards overlapping the previous award, together with an additional two-year holding period. This ensures that there is no incentive to maximise performance over a particular period;
- incorporating withholding (malus) and recovery (clawback) provisions into the Company's bonus and long-term incentive plans; and
- requiring the Executive Directors to build and maintain a substantial shareholding in the Company, and to retain a shareholding for two years post cessation.

Remuneration policy across the Group

The Policy is designed after having regard to the remuneration policy for employees across the Group as a whole and the Committee aims, where appropriate, for there to be a consistent approach applied. For instance, the suite of benefits in kind is generally consistent (other than in relation to quantum) and all employees participate in annual bonus plans. All employees, including the Executive Directors, are offered the opportunity to participate in the Group's SAYE Share Option Plan and Share Incentive Plan. Senior managers participate in the long-term incentive plan.

The Policy is more weighted towards variable pay than for other employees to make a greater part of their pay conditional on the successful delivery of business strategy, and in line with shareholder interests. In addition, a higher proportion of senior level remuneration is deferred than is the case for the workforce as a whole.

The Workforce Engagement Panel is periodically consulted on a range of topics, which include, amongst other matters, the Directors' Remuneration Policy and the Company's approach to remuneration.

Remuneration scenarios for Executive Directors

The chart below shows how the proportion of each Executive Director's remuneration package varies at different levels of performance in accordance with the Policy to be implemented in 2023 and using the assumptions set out below. A significant proportion of remuneration is linked to performance, especially at stretch performance levels.

Assumptions

Threshold = fixed pay only (salary, benefits and pension).

Target = fixed pay plus payout of the annual bonus at midway between threshold and max and 50% vesting of PSP awards.

Maximum = fixed pay plus 100% vesting of the annual bonus and PSP awards.

Maximum + 50% share price growth = maximum pay + the impact of an assumed 50% share price growth on the PSP award.

Salaries used are those applying on 1 March 2023 and taxable benefits are those reported for the year ending 31 December 2022.

Pension is based on 2023 Policy applied to 1 March 2023 salaries.

Amounts have been rounded to the nearest £1,000. The assumptions noted for 'on-target' PSP performance in the graph above are provided for illustration purposes only. Participation in all employee plans, dividends payable on PSP awards over the vesting period or on deferred share bonus awards are not included in the above scenarios and the table assumes no increase to the share price.

CEO

CFO

Service contracts and loss of office

The Company's policy is that service contracts may be terminated with 12 months' notice from either the Company or from the Executive Director (except in certain exceptional recruitment situations where a longer notice period from the Company may be set provided it reduces to a maximum of 12 months with a specified time limit). Service contracts do not contain a fixed end date.

Under their service contracts the Executive Directors are entitled to salary, pension contributions and benefits for their notice period (except on termination for events such as gross misconduct where payment will be for sums earned up to the date of termination with no notice period only). The Company would seek to ensure that any payment is mitigated by use of phased payments and offset against earnings elsewhere in the event that an Executive Director finds alternative employment during their notice period. There are no contractual provisions in force other than those set out above that impact any termination payment.

Report of the Group Remuneration Committee continued

In summary the position on cessation of employment is as follows:

Provision	Detailed Terms
Notice Period	12 months by either party
Termination payment	Base salary plus benefits (including pension). An express obligation on the Executive to mitigate their loss. Payments can be made on a monthly basis, and reduced or ceased if an Executive is able to secure alternative employment. In addition any statutory amounts would be paid as necessary.
Remuneration entitlements on cessation of appointment	A pro-rata bonus may also become payable for the period of active service along with the vesting of outstanding share awards (in certain circumstances as described below).
Change of control	As on termination and with remuneration entitlements as described above.

Executive Directors are also subject to the Company's post-cessation shareholding policy.

When considering the size of any proposed termination payment, the Committee would take into account a number of factors including the health, length of service and performance of the relevant Executive, including the duty to mitigate their own loss, with a broad aim to avoid rewarding poor performance while dealing fairly with cases where the departure is due to other reasons, for example illness or redundancy.

Any unvested awards held under the PSP schemes will lapse at cessation of employment, unless the individual is leaving for certain reasons (defined under the plan such as death, injury, ill-health, disability, redundancy, retirement, their office or employment being either a company which ceases to be a Group member or relating to a business or part of a business which is transferred to a person who is not a Group member, or any other reason the Committee so decides). In these circumstances, unvested awards will normally vest at the normal vesting date (unless the Committee decides they should vest at cessation of appointment) subject to performance conditions being met and normally subject to scaling back in respect of actual service as a proportion of the total performance period (unless the Committee decides that scaling back is inappropriate). The same approach applies on a change of control.

Any unvested awards held under the Deferred Bonus Scheme will lapse at cessation of employment unless the Committee exercises discretion to allow them to be retained. In these circumstances the Committee may determine whether unvested awards will vest at the normal vesting date or at cessation of employment.

The Committee may agree to the payment of disbursements such as legal costs and outplacement services if appropriate and depending on the circumstances of the leaving Executive.

The Committee may pay any legal entitlements or settle or compromise claims in connection with a termination of employment, where considered in the best interests of the Company.

Non-executive Directors' letters of appointment

The Non-executive Directors (including the Chair) do not have service contracts or any benefits in kind arrangements and do not participate in any of the Group's pension or incentive arrangements. The appointment of each Non-executive Director can be terminated by giving three months' notice (subject to annual re-appointment at the AGM). Any period of service longer than six years is subject to particularly rigorous review by the Nomination Committee of the Board. The Non-executive Directors' letters of appointment do not provide for any payment on termination except for accrued fees and expenses to the date of termination.

The terms and conditions of Executive Directors' service contracts and the letters of appointment of the Non-executive Directors are available for inspection at the Company's registered office during normal business hours and at the AGM, the details of which can be found in the Directors' report in the Company's Annual Report and Accounts.

External appointments

Executive Directors are permitted to be appointed to an external board or committee so long as this is unlikely to interfere with the business of the Group. Any fees received in respect of external appointments are retained by the relevant Executive Director.

Directors' report

The Directors present their report together with the audited Consolidated Financial Statements of the Group for the year ended 31 December 2022. This report has been prepared in accordance with requirements outlined within The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and, together with the Strategic Report, forms the management report as required under the UK Financial Conduct Authority's (FCA) Disclosure and Transparency Rule DTR4.1. Certain information that fulfils the requirements of the Directors' report can be found elsewhere in this document and is referred to below. This information is incorporated into this Directors' report by reference.

Information disclosed in accordance with the requirements of the sections of the FCA's Listing Rule LR9.8 (Annual Financial Report) and Disclosure and Transparency Rule DTR7 (Corporate Governance) that is applicable can be located as follows:

Disclosure	Location
Board diversity targets	Corporate governance report
Details of long-term incentive schemes	Directors' Remuneration Report
Contracts of significance	This Directors' report
Shareholder waivers of dividends	This Directors' report
Shareholder waivers of future dividends	This Directors' report
Directors' interests in the Company's shares	Directors' Remuneration Report
Major shareholders' interests	This Directors' report
Authority to purchase own shares	Corporate governance report
Internal controls	Report of the Group Audit Committee
Climate-related financial disclosures consistent with TCFD	2022 TCFD Report located on our corporate website at: **www.sjp.co.uk/about-us/responsible-business**

As permitted by legislation, some of the matters required to be included in the Directors' report have instead been included elsewhere in this Annual Report and Accounts:

- future business developments throughout the Strategic Report;
- risk management on pages 90 to 99 of the Strategic Report;
- details of branches operated by the Company on page 248; and
- the Group's impact on the environment, including those disclosures required regarding greenhouse gas emissions, on pages 46 to 51 of the Strategic Report.

Status of Company

The Company is registered as a public limited company under the Companies Act 2006. For details of the Company's subsidiaries and overseas branches, please see Note 23 to the Financial Statements.

Going concern

In conjunction with its assessment of longer-term viability as set out on pages 97 to 99, the Board concluded that it remained appropriate to adopt the going concern basis of accounting in preparing the Consolidated Financial Statements as it believes the Group will continue to be in business, with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations, for a period of at least 12 months from the date of approval of the Consolidated Financial Statements.

Share capital

Structure of the Company's capital

As at 31 December 2022, the Company's issued and fully paid-up share capital was 544,235,757 ordinary shares of 15 pence each. All ordinary shares are quoted on the London Stock Exchange and can be held in uncertificated form via CREST. All shares have equal rights to dividends and to participate in a distribution on winding up. Details of the movement in the issued share capital during the year are provided in Note 20 to the Consolidated Financial Statements.

Voting rights

At any General Meeting, on a show of hands, each member who is present in person has one vote and every proxy present who has been duly appointed by a member entitled to vote on a resolution has one vote. On a poll, every member who is present in person or by proxy shall have one vote for every share of which they are the holder.

Directors' report continued

Shares held by the Company's Employee Share Trust and Share Incentive Plan Trust rank pari passu with the shares in issue and have no special rights. Voting rights and rights of acceptance of any offer relating to the shares held in the Employee Share Trust rests with the trustees, who may take account of any recommendation from the Company. The trustees of the Share Incentive Plan Trust may vote in respect of shares held in the Trust, but only as instructed by participants in the Share Incentive Plan in respect of their Partnership, Dividend and/or Matching Shares. The trustees will not otherwise vote in respect of shares held in the Share Incentive Plan Trust.

Restrictions on voting rights

If any shareholder has been sent a notice by the Company under section 793 of the Companies Act 2006 and has failed to supply the relevant information within a period of 14 days, then the shareholder may not (for so long as the default continues) be entitled to attend or vote either personally or by proxy at a shareholders' meeting, or to exercise any other right conferred by membership in relation to shareholders' meetings.

If those default shares represent at least 0.25% of their class, any dividend payable in respect of the shares will be withheld by the Company and (subject to certain limited exceptions) no transfer, other than an excepted transfer, of any shares held by the member in certificated form will be registered.

Articles of Association

The full rights and obligations attaching to the ordinary shares of the Company are set out in the Articles. Holders of ordinary shares are entitled to: receive the Company's Reports and Accounts; attend, speak and exercise voting rights; and appoint proxies to attend General Meetings.

Restrictions on share transfers

There are restrictions on share transfers, all of which are set out in the Articles. Restrictions include transfers made in favour of more than four joint holders and transfers held in certificated form. Directors may decline to recognise a transfer unless it is in respect of only one class of share and lodged and duly stamped by the HMRC. The Directors may also refuse to register any transfer of shares held in certificated form which are not fully paid. Directors may also choose to decline requests for share transfers from a US Person (as defined under Regulation S of the United States Securities Act 1933) that would cause the aggregate number of beneficial owners of issued shares who are US Persons to exceed 70.

The registration of transfers may be suspended at such times and for such periods (not exceeding 30 days in any year) as the Directors may from time to time determine in respect of any class of shares.

The Company is not aware of any agreements between shareholders that restrict the transfer of shares or voting rights attached to the shares.

The interests of the Directors, and any persons closely associated with them, in the issued share capital of the Company are shown on page 156.

Substantial shareholders

Information provided to the Company by substantial shareholders pursuant to the FCA's Disclosure Guidance and Transparency Rules (DTR) is published via a Regulatory Information Service and are available on the Company's website.

As at 31 December 2022 and the date of this report, the Company had been notified of the following interests disclosed to the Company under Chapter 5 of the DTR:

	% of voting rights[1]
BlackRock, Inc.	6.36%
BLS Capital	5.23%

1 Percentages are shown as a percentage of the Company's total voting rights as at the date the Company was notified of the change in holding.

Results and dividends

The financial review on pages 70 to 89 sets out the consolidated results for the year.

An interim dividend of 15.59 pence per share, which equates to £84.7 million, was paid on 23 September 2022 in respect of the year ended 31 December 2022 (2021: 11.55 pence per share/£62.4 million). The Directors recommend that shareholders approve a final dividend of 37.19 pence per share, which equates to £202.4 million (2021: 40.41 pence per share/ £218.9 million), in respect of the year ended 31 December 2022, to be paid on 31 May 2023 to shareholders on the register at close of business on 5 May 2023.

Details of the Dividend Reinvestment Plan (DRIP) are set out on page 270.

Our people

Details of the Company's approach to maintaining an appropriately skilled and diverse workforce, including recruitment practices, development opportunities, employee engagement and equal opportunities can be found in the our responsible business section on pages 57 to 61.

Details of how the Board engages with employees can be found on page 106 of the Corporate Governance section. This engagement, and the presence of a designated Non-executive Director *on the Board, ensures that the Board* is able to take account of the interests of employees in its discussions and when making decisions. Engagement during 2022 contributed to the Board's consideration of key strategic topics and the determination of policies affecting the workforce, and helped to inform future decision-making around flexible working and our strategy regarding employee rewards.

Fostering business relationships

Engagement with the Board's key stakeholders, including suppliers and clients, is summarised in the corporate governance report on pages 105 to 107. In many cases the Group's primary point of engagement with these stakeholders is through the business, where regular dialogue is maintained. Focus on strategic topics and regular reporting from management enables the Board to establish a clear view of business relationships with these stakeholders and has provided important context in its deliberations and decision-making. Further details are set out in the section 172(1) statement on pages 104 to 111.

Significant contracts and change of control

The Company has a number of contractual arrangements which it considers essential to the business of the Company. Specifically, these are committed loan facilities from a number of banks, arrangements *with fund managers and third-party* providers of administrative services.

A change of control of the Company may cause some agreements to which the Company is a party to alter or terminate. These include bank facility agreements, securitisation arrangements and employee share plans.

The Group had committed facilities totalling £509 million as at 27 February 2023 which contain clauses which require lender consent for any change of control. In addition, the Group guarantees the obligations of loans made to Partners in connection with facilities agreed with various lenders totalling £414 million in aggregate. Should consent not be given, a change of control would trigger mandatory repayment of the said facilities.

The Group also had committed securitisation facilities totalling £175 million which contain clauses which require lender consent for any change of control. Should such consent not be given, a change of control would trigger early amortisation of the facilities.

All the Company's employee share plans contain provisions relating to a change of control. Outstanding awards and options may vest and become exercisable on a change of control, subject where appropriate to the satisfaction of any performance conditions at that time and pro-rating of awards.

Financial instruments

An indication of the Group's use of financial instruments can be found in Note 17 to the Financial Statements.

Directors and Directors' indemnities

Details of the Directors of the Company at the date of this report and during the year ended 31 December 2022 can be found in the corporate governance report on pages 102 and 103. Details of the indemnity provisions in place for the Directors, including qualifying third-party indemnity provisions, can be found on page 116.

Political and charitable donations

It is the Group's policy not to make any donations to political parties within the definitions set out in the Political Parties, Elections and Referendums Act 2000 and sections 362 to 379 of the Companies Act 2006. During the year we have donated £5.4 million to the St. James's Place Charitable Foundation, more details of which can be found on pages 55 and 56.

Annual General Meeting

The Company plans to hold its Annual General Meeting on Thursday 18 May 2023. Full details of the meeting, including location, time and the resolutions to be put to shareholders at the meeting, are included in a separate Notice of Annual General Meeting, which will be available on our website **www.sjp.co.uk**.

Important events since the financial year-end

Details of important events affecting the Group since 31 December 2022 can be found in the Chief Executive's report on pages 16 to 19.

Disclosure of information to auditors

Each of the Directors, at the date of approval of this report, confirms that:

- so far as each Director is aware, there is no relevant audit information of which the auditors are unaware; and
- each Director has taken all steps that he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

On behalf of the Board:

Andrew Croft, Chief Executive

Craig Gentle, Chief Financial Officer
27 February 2023

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts 2022 and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising *FRS 101* Reduced Disclosure Framework, and applicable law).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements, and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

The Directors consider that the Annual Report and Accounts 2022 and the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Board of Directors section on pages 102 and 103 confirms that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

By order of the Board:

Jonathan Dale, Company Secretary
27 February 2023

Financial Statements

Independent Auditors' Report to the Members of St. James's Place plc 180
Consolidated Statement of Comprehensive Income 188
Consolidated Statement of Changes in Equity 189
Consolidated Statement of Financial Position 190
Consolidated Statement of Cash Flows 191
Notes to the Consolidated Financial Statements under International Financial Reporting Standards 192

03

Independent Auditors' Report to the Members of St. James's Place plc

Report on the audit of the Financial Statements

Opinion

In our opinion:

- St. James's Place plc's Consolidated Financial Statements and Parent Company Financial Statements (the "Financial Statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit and the Group's cash flows for the year then ended;
- the Consolidated Financial Statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Parent Company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: Consolidated and Parent Company Statements of Financial Position as at 31 December 2022; the Consolidated Statement of Comprehensive Income, Consolidated Statement of Cash Flows, the Consolidated and Parent Company Statements of Changes in Equity for the year then ended; and the notes to the Financial Statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Group Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 5, we have provided no non-audit services to the Parent Company in the period under audit.

Our audit approach

Overview

Audit scope

- The Consolidated Financial Statements comprise the consolidation of approximately 70 individual components, each of which represents an individual legal entity within the Group or consolidation adjustments.
- We assessed each component and considered the contribution it made to the Group's performance in the year, whether it displayed any significant risk characteristics and/or whether it contributed a significant amount to any individual Financial Statement line item.
- The above assessment resulted in us identifying seven financially significant components that required audit procedures for the purpose of the audit of the Consolidated Financial Statements.
- Six financially significant components are based in the UK and were audited by the PwC UK audit team. The other significant component is based in the Republic of Ireland and was audited by Grant Thornton Ireland.
- By performing audit procedures on these seven components and by audit of specific balances in four components with large individual balances, we achieved coverage greater than 85% of each material Financial Statement line item within the Consolidated Financial Statements.
- We performed a full scope audit of all material line items in the Parent Company's Financial Statements

Key audit matters

- Valuation of level 3 investments, being investment properties and equities and fixed income securities in the Diversified Assets Fund (Group)
- Valuation of the Operational Readiness prepayment in respect of the development of an administration platform at an outsourced provider (Group)

Materiality

- Overall Group materiality: £20,700,000 (2021: £15,000,000) based on 5% of average underlying cash generated in the year (2021: 5% of average underlying cash result generated in the past three years).
- Specific group overall materiality: £720,000,000 (2021: £758,000,000) based on 0.5% (2021: 0.5%) of Assets held to cover linked liabilities applied to assets held to cover linked liabilities, investment contract liabilities and associated income statement line items.
- Overall Parent Company materiality: £13,800,000 (2021: £14,200,000) based on 1% of total assets (2021: 1% of total assets).
- Performance materiality: £15,500,000 (2021: £11,250,000) (Group) and £10,350,000 (2021: £10,600,000) (Parent Company).
- Specific performance materiality: £540,000,000 (2021: £568,000,000) applied to assets held to cover linked liabilities, investment contract liabilities and associated income statement line items.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of investments with judgemental valuation, being investment properties and level 3 investments in the Diversified Assets Fund (Group) As disclosed in the Group Audit Committee report (Page 122) and Note 17 (Page 226). As at 31 December 2022, the Group held £146.5 billion of investments (including cash and cash equivalents). The majority of these investments do not require significant judgement in calculating their valuation in the Financial Statements. However, £3.3 billion of these investments are in investment properties (£1.3 billion) and level 3 equities (£1.6 billion) and fixed income securities (£0.4 billion) in the Diversified Assets Fund ("DAF"), which require management to use significant estimates and judgements in order to calculate the valuation at the year-end. Due to the magnitude of these balances and the level of judgement involved in their valuation, this was an area of focus for our audit. The Group outsources the investment valuation activities for each, with assets in the DAF valued by Kohlberg Kravis Roberts & Co. Inc ("KKR"), whilst the investment property portfolio is managed by Orchard Street with regular valuations performed by CBRE.	***Investment properties:*** We engaged our internal real estate valuation experts to review the methodology and key assumptions used by CBRE in valuing the property portfolio. Our valuation experts: • Obtained and reviewed the valuation reports produced by CBRE and confirmed that the methodology adopted was appropriate. • Benchmarked the key assumptions used by CBRE against industry norms using our experience and knowledge of the market for all properties in the portfolio. • Where they fell outside of the expected ranges, valuations showed unexpected movements, or otherwise appeared unusual, further testing was performed and, when necessary, further discussions were held with Valuers to understand and validate the assumptions. • Agreed key data inputs to the valuations to supporting evidence on a sample basis ***Level 3 equities and fixed income securities in the Diversified Assets Fund:*** We engaged our internal valuation experts to review the methodology and key assumptions used by KKR in valuing a sample of individual level 3 investments within the DAF. Our valuations experts met with KKR and reviewed the year end valuation report for each asset in the sample. They challenged KKR on the appropriateness of the methodology and assumptions, given the specifics of each of the assets in question. From the evidence obtained when testing the valuation of investment properties and level 3 assets in the DAF, we found the assumptions and methodology used, and the resulting valuations, to be appropriate

Independent Auditors' Report to the Members of St. James's Place plc continued

Key audit matter	How our audit addressed the key audit matter
Valuation of the Operational Readiness prepayment in respect of the development of an administration platform at an outsourced provider (Group) As disclosed in the Group Audit Committee report (Page 122) and Note 12 (Page 217). The Group is charged costs by an outsourced provider for the development of a policy administration platform used by the Group. These costs are recognised as a prepayment and are unwound over the duration of the related service agreement with the provider. The balance of the prepayment asset at 31 December 2022 was £278.3 million. The maximum value at which the prepayment can be recognised is equal to the net present value of future cost savings from the agreement. Due to the nature and magnitude of the amount arising from the contractual terms, the valuation of this asset was an area of focus for our audit.	In testing whether the asset was valued appropriately and whether an impairment was necessary we: ◆ agreed amounts capitalised in the year to the service agreement and cash payments to the provider; ◆ assessed the reasonableness of the assumptions underlying management's discounted cash flow analysis calculating the anticipated future cost savings that support the valuation of the asset; ◆ agreed that the cost savings had been calculated using appropriate service tariffs; ◆ performed a sensitivity analysis on the inflation and discount rate assumptions as well as business flow levels to determine the potential impact of changes in these assumptions to check whether they would affect the carrying value of the asset; and ◆ considered the headroom available under what we considered to be reasonably possible downside scenarios and whether additional disclosure was necessary. We determined that the accounting, recognition and disclosure of the asset in the Financial Statements was supported by the evidence obtained.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

The Group is structured as a vertically integrated wealth management business and operates predominantly within the United Kingdom. Seven components within the Group were considered financial significant and therefore required an audit of their complete financial information. These were St. James's Place UK plc, St. James's Place Unit Trust Group Limited, St. James's Place Investment Administration Limited, St. James's Place Management Services Limited, St. James's Place Wealth Management plc, St. James's Place Wealth Management Group Limited and St. James's Place International plc.

Six of the financially significant components were audited by PwC UK. St. James's Place International plc is incorporated and regulated in the Republic of Ireland and was audited by Grant Thornton Ireland. At the planning stage of the audit we provided written instructions to Grant Thornton Ireland to confirm the work we required them to complete. The instructions set out respective responsibilities (including on actuarial work), our involvement in their work, and the materiality level they should perform their work to. We held regular phone calls and meetings with the Grant Thornton Ireland engagement leader, director, and senior members of the Grant Thornton Ireland team through the planning, execution and completion phases of the audit to inform them of developments at a Group level and to understand from them any local developments that were relevant for our audit of the Group. During the execution phase, senior members of the UK engagement team visited Grant Thornton Ireland and performed a live review of Grant Thornton Ireland's audit working papers, reviewing selected elements of their work focused on the significant and elevated risks identified.

In addition to the full scope audit of the seven components noted above, we also performed specific audit procedures on certain Financial Statement line items within three other components. These Financial Statement line items were selected for testing to ensure that we had sufficient coverage of each Financial Statement line item within the Consolidated Financial Statements.

The impact of climate risk on our audit

The Group has set out its approach and goals in respect of its Funds under Management in the Investing responsibly section of the Strategic Report. This includes the goal of becoming "Net Zero" in investments by 2050 (with an interim target of a 25% reduction in the carbon emissions of its investment proposition by 2025).

In planning our audit, we considered the extent to which climate change is impacting the Group and how it impacted our risk assessment for the audit of the Group's Financial Statements. In making these considerations we:

- Enquired of management in respect of their own climate change risk assessment, including associated governance processes and understood how these have been implemented.
- Obtained the latest Task Force for Climate Related Financial Disclosures ("TCFD") report from the Group and checked it for consistency with our knowledge of the Group based on our audit work and the disclosures made in the Strategic Report.
- Considered management's risk assessment and the TCFD report in light of our knowledge of the wider asset management and wealth management industries.

We have incorporated a consideration of the climate change impact on the audit of the Group's valuation of investment properties and level 3 investments in the Diversified Assets Fund held at fair value, taking into account the nature of the asset and the valuation approach. This has not had a significant impact on the related key audit matters.

Our conclusions were that the impact of climate change does not give rise to a Key Audit Matter for the Group and it did not impact our risk assessment for any material Financial Statement line item or disclosure.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual Financial Statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Financial Statements – Group	Financial Statements – Parent Company
Overall materiality	£20,700,000 (2021: £15,000,000).	£13,800,000 (2021: £14,200,000).
How we determined it	5% of underlying cash generated in the year (2021: 5% of average underlying cash generated in the past three years)	1% of total assets (2021: 1% of total assets)
Rationale for benchmark applied	The engagement team concluded that £20.7 million is the most appropriate figure when setting an overall materiality on the engagement. The quantum of £20.7 million was determined by considering the various benchmarks available to us as auditors, our experience of auditing the Group and our experience of the Group. £20.7 million represents 5% of the underlying cash generated in the last year.	The purpose of the Parent Company is to hold investments in other Group companies. As such PwC considers it appropriate to use total assets as the benchmark for overall materiality.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was £3,000,000 to £19,700,000. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2021: 75%) of overall materiality, amounting to £15,500,000 (2021: £11,250,000) for the Consolidated Financial Statements and £10,350,000 (2021: £10,600,000) for the Parent Company Financial Statements.

Independent Auditors' Report to the Members of St. James's Place plc continued

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

For certain balances, our specific performance materiality was 75% of the specific overall materiality for assets held to cover linked liabilities, investment contract liabilities and associated income statement line items, amounting to £540,000,000 (2021: £568,000,000) for the consolidated financial statements.

We agreed with the Group Audit Committee that we would report to them misstatements identified during our audit above £1,000,000 (Group audit) (2021: £750,000) and £690,000 (Parent Company audit) (2021: £700,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons. For balances where we apply our specific performance materiality we agreed to report misstatements greater that £20,700,000 (2021: £15,000,000).

Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- Obtained management's assessment of the going concern of the Group, and challenged the appropriateness of the assumptions used by utilising our knowledge of the Group gained throughout the audit and obtaining further corroborative audit evidence.
- Considered the results of management's analysis of the relevant solvency requirements and liquidity position of the Group, including forward looking scenarios within the Group's Own Risk and Solvency Assessment.
- Considered information obtained through review of regulatory correspondence, minutes of meetings of the Board, Group Audit and Group Risk Committees, as well as publicly available information to identify any information that would contradict management's 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 Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In auditing the Financial Statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

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

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The Directors are responsible for the other information, which includes reporting based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2022 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Directors' Remuneration

In our opinion, the part of the The Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The Directors' statement in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;
- The Directors' explanation as to their assessment of the Group's and parent company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Parent Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the Financial Statements and our knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Parent Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Group Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the Financial Statements and the audit

Responsibilities of the directors for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the Members of St. James's Place plc continued

Auditors' responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole 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 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 economic decisions of users taken on the basis of these Financial Statements.

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.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to corporate taxation, and to UK and Irish regulatory principles, such as those governed by the Prudential Regulation Authority, the Financial Conduct Authority and the Central Bank of Ireland, and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the Financial Statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to risk of management override of controls and risk of fraud in revenue recognition. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Discussions with the Risk and Compliance function, Internal Audit and the company's legal counsel, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading the Group Audit Committee papers in which whistle blowing matters are reported and considered the impact of these matters on the Group's compliance with laws and regulations;
- Reading key correspondence with the Prudential Regulation Authority, the Financial Conduct Authority and the Central Bank of Ireland in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes including those of the Board, Group Risk and Group Audit Committees;
- Reviewing data regarding customer complaints and the company's register of litigation and claims, in so far as they related to non-compliance with laws and regulations and fraud;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations increasing reported revenues;
- Designing audit procedures to incorporate unpredictability around nature, timing or extent of our testing.

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 Financial Statements. 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.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Parent Company Financial Statements and the part of the The Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Group Audit Committee, we were appointed by the Directors on 7 December 2009 to audit the Financial Statements for the year ended 31 December 2009 and subsequent financial periods. The period of total uninterrupted engagement is 14 years, covering the years ended 31 December 2009 to 31 December 2022.

Other matter

As required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these Financial Statements form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Gary Shaw (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

27 February 2023

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2022 £'Million	Year ended 31 December 2021 £'Million
Insurance premium income		33.7	36.5
Less premiums ceded to reinsurers		(23.3)	(23.2)
Net insurance premium income		**10.4**	13.3
Fee and commission income	4	1,954.2	2,737.2
Investment return	6	(13,771.9)	15,275.4
Net income		**(11,807.3)**	18,025.9
Policy claims and benefits			
– Gross amount		(48.0)	(62.8)
– Reinsurers' share		14.6	16.9
Net policyholder claims and benefits incurred		**(33.4)**	(45.9)
Change in insurance contract liabilities	14		
– Gross amount		88.8	(9.7)
– Reinsurers' share		(16.0)	(9.9)
Net change in insurance contract liabilities		**72.8**	(19.6)
Movement in investment contract benefits	6	13,734.8	(15,186.7)
Expenses	5	(1,966.2)	(1,931.3)
Profit before tax	3	**0.7**	842.4
Tax attributable to policyholders' returns	7	501.1	(488.6)
Profit before tax attributable to shareholders' returns		**501.8**	353.8
Total tax credit/(charge)	7	404.7	(554.8)
Less: tax attributable to policyholders' returns	7	(501.1)	488.6
Tax attributable to shareholders' returns	7	(96.4)	(66.2)
Profit and total comprehensive income for the year		**405.4**	287.6
Profit attributable to non-controlling interests		0.4	0.9
Profit attributable to equity shareholders		405.0	286.7
Profit and total comprehensive income for the year		**405.4**	287.6

		Pence	Pence
Basic earnings per share	20	**74.6**	53.3
Diluted earnings per share	20	**73.9**	52.5

The results relate to continuing operations.

The Notes and information on pages 192 to 254 form part of these Consolidated Financial Statements.

As permitted by section 408 of the Companies Act 2006, no Statement of Comprehensive Income is presented for the Company.

Consolidated Statement of Changes in Equity

		Equity attributable to owners of the Parent Company						Non-controlling interests	Total equity
	Note	Share capital £'Million	Share premium £'Million	Shares in trust reserve £'Million	Misc. reserves £'Million	Retained earnings £'Million	Total £'Million	£'Million	£'Million
At 1 January 2021		80.6	185.3	(14.8)	2.5	859.4	1,113.0	(0.9)	1,112.1
Profit and total comprehensive income for the year		–	–	–	–	286.7	286.7	0.9	287.6
Dividends	20	–	–	–	–	(329.9)	(329.9)	–	(329.9)
Issue of share capital	20	0.1	10.2	–	–	–	10.3	–	10.3
Exercise of options	20	0.4	18.3	–	–	–	18.7	–	18.7
Shares sold during the year		–	–	6.3	–	(6.3)	–	–	–
Retained earnings credit in respect of share option charges		–	–	–	–	20.4	20.4	–	20.4
At 31 December 2021		**81.1**	**213.8**	**(8.5)**	**2.5**	**830.3**	**1,119.2**	**–**	**1,119.2**
Profit and total comprehensive income for the year		–	–	–	–	405.0	405.0	0.4	405.4
Dividends	20	–	–	–	–	(303.6)	(303.6)	(0.3)	(303.9)
Issue of share capital	20	0.1	5.6	–	–	–	5.7	–	5.7
Exercise of options	20	0.4	8.4	–	–	–	8.8	–	8.8
Consideration paid for own shares		–	–	(0.3)	–	–	(0.3)	–	(0.3)
Shares sold during the year		–	–	4.7	–	(4.7)	–	–	–
Retained earnings credit in respect of share option charges		–	–	–	–	20.5	20.5	–	20.5
Non-controlling interests arising on the part-disposal of subsidiaries		–	–	–	–	4.9	4.9	0.1	5.0
At 31 December 2022		**81.6**	**227.8**	**(4.1)**	**2.5**	**952.4**	**1,260.2**	**0.2**	**1,260.4**

The number of shares held in the Shares in trust reserve is given in Note 20 Share capital, earnings per share and dividends.

Miscellaneous reserves represent other non-distributable reserves.

The Notes and information on pages 192 to 254 form part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

	Note	As at 31 December 2022 £'Million	As at 31 December 2021 £'Million
Assets			
Goodwill	8	33.6	29.6
Deferred acquisition costs	8	337.3	379.6
Intangible assets			
– Purchased value of in-force business	8	11.2	14.4
– Computer software	8	33.3	27.0
Property and equipment	9	145.7	154.5
Deferred tax assets	7	13.9	20.6
Investment in associates		1.4	1.4
Reinsurance assets	14	66.4	82.4
Other receivables	12	2,982.8	2,923.0
Income tax assets		35.0	–
Investments			
– Investment property	11	1,294.5	1,568.5
– Equities	11	103,536.0	106,782.3
– Fixed income securities	11	27,552.7	29,305.9
– Investment in Collective Investment Schemes	11	5,735.4	5,513.2
– Derivative financial instruments	11	3,493.0	1,094.6
Cash and cash equivalents	11	6,432.8	7,832.9
Total assets		**151,705.0**	155,729.9
Liabilities			
Borrowings	16	163.8	433.0
Deferred tax liabilities	7	162.9	649.8
Insurance contract liabilities	14	483.5	572.3
Deferred income	8	530.4	562.6
Other provisions	15	46.0	44.1
Other payables	13	2,198.6	2,604.5
Investment contract benefits	11	106,964.7	110,349.8
Derivative financial instruments	11	3,266.3	1,019.5
Net asset value attributable to unit holders	11	36,628.4	38,369.0
Income tax liabilities		–	6.1
Total liabilities		**150,444.6**	154,610.7
Net assets		**1,260.4**	1,119.2
Shareholders' equity			
Share capital	20	81.6	81.1
Share premium		227.8	213.8
Shares in trust reserve		(4.1)	(8.5)
Miscellaneous reserves		2.5	2.5
Retained earnings		952.4	830.3
Equity attributable to owners of the Parent Company		**1,260.2**	1,119.2
Non-controlling interests		0.2	–
Total equity		**1,260.4**	1,119.2
		Pence	Pence
Net assets per share		**231.6**	207.1

The Consolidated Financial Statements on pages 188 to 254 were approved by the Board of Directors on 27 February 2023 and signed on its behalf by:

Andrew Croft, Chief Executive **Craig Gentle**, Chief Financial Officer

The Notes and information on pages 192 to 254 form part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2022 £'Million	Year ended 31 December 2021 £'Million
Cash flows from operating activities			
Cash (used in)/generated from operations	18	(975.1)	1,741.0
Interest received		61.8	19.2
Interest paid		(12.4)	(10.2)
Income taxes paid	7	(121.1)	(319.1)
Contingent consideration		(6.3)	(1.3)
Net cash (outflow)/inflow from operating activities		**(1,053.1)**	1,429.6
Cash flows from investing activities			
Payments for property and equipment	9	(4.0)	(3.4)
Payment of software development costs	8	(16.1)	(19.2)
Payments for acquisition of subsidiaries and other business combinations, net of cash acquired		(13.9)	(6.6)
Proceeds from sale of shares in subsidiaries and other business combinations, net of cash disposed		4.0	4.1
Proceeds from sale of financial assets held at amortised cost		262.5	–
Net cash inflow/(outflow) from investing activities		**232.5**	(25.1)
Cash flows from financing activities			
Proceeds from the issue of share capital and exercise of options		8.8	18.7
Consideration paid for own shares		(0.3)	–
Proceeds from borrowings	16	204.0	576.4
Repayment of borrowings	16	(475.3)	(486.1)
Principal elements of lease payments	10	(13.8)	(10.7)
Dividends paid to Company's shareholders	20	(303.6)	(329.9)
Dividends paid to non-controlling interests in subsidiaries		(0.3)	–
Net cash (outflow) from financing activities		**(580.5)**	(231.6)
Net (decrease)/increase in cash and cash equivalents		**(1,401.1)**	1,172.9
Cash and cash equivalents at 1 January	11	7,832.9	6,660.1
Effects of exchange rate changes on cash and cash equivalents		1.0	(0.1)
Cash and cash equivalents at 31 December	11	**6,432.8**	7,832.9

The Notes and information on pages 192 to 254 form part of these Consolidated Financial Statements.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards

1. Accounting policies

St. James's Place plc (the Company) is a public company limited by shares which is incorporated and registered in England and Wales, domiciled in the United Kingdom and whose shares are publicly traded.

i. Statement of compliance

The Group Financial Statements consolidate those of the Company and its subsidiaries (together referred to as the Group).

The Group Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

As at 31 December 2022, the following relevant amended standards, which the Group adopted as of 1 January 2022, have not had any material impact on the Group's Consolidated Financial Statements:

- Amendments to IFRS 3 Business Combinations – Reference to the Conceptual Framework; and
- Annual Improvements to IFRS Standards 2018-2020.

There were no new accounting standards adopted as of 1 January 2022.

ii. New and amended accounting standards not yet adopted

As at 31 December 2022, the following new and amended standards, which are relevant to the Group but have not been applied in the Financial Statements, were in issue but are not yet effective. All of the below had been adopted by the UK Endorsement Board as at 31 December 2022, except for Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current:

- Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current;
- Amendments to IAS 1 Presentation of Financial Statements – Disclosure of Accounting Policies;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates;
- Amendments to IAS 12 Income Taxes – Deferred Tax related to Asset and Liabilities arising from a Single Transaction; and
- IFRS 17 Insurance Contracts.

The adoption of the above standards and amendments is not expected to have a material impact on the Group's Consolidated Financial Statements other than requiring additional disclosure or alternative presentation. Further detail regarding IFRS 17 Insurance Contracts is given below.

IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 and is mandatory for annual reporting periods commencing on 1 January 2023. It incorporates revised principles for the recognition, measurement, presentation and disclosure of insurance contracts.

Under IFRS 17, groups of insurance contracts are recognised and measured as:

- the Fulfilment Cashflows, which comprise an estimate of future cash flows, adjusted to reflect the time value of money, the financial risks associated with the future cash flows and a risk adjustment for non-financial risk; and
- the Contractual Service Margin, comprising the unearned profit within a group of contracts that will be recognised as the Group provides insurance services in the future.

If a group of contracts is expected to be onerous (i.e. loss-making) over the remaining coverage period, a loss is recognised immediately.

The Group closed to new insurance business, as defined under IFRS 17, in 2011. At 31 December 2022, on an IFRS 4 Insurance Contracts basis, the Group had £68.6 million of non-unit-linked insurance contract liabilities, which are substantially reinsured, and £414.9 million of unit-linked insurance contract liabilities. As a result, the Group's exposure on this business is not material (£2.2 million, being the net of £68.6 million non-unit-linked insurance liabilities and £66.4 million reinsurance assets).

The Group has an established project group managing the implementation of IFRS 17, overseen by the Group Audit Committee. During 2022 the Group continued to refine its valuation approach and to develop the required models and reporting systems, with the associated governance processes due to be completed in 2023. Whilst these processes have yet to be completed, there is not expected to be a material impact on either equity or financial results on adopting IFRS 17.

The Group intends to adopt the following key accounting policies:

- the General Measurement Model will be applied to non-unit-linked insurance business and reassurance ceded, and the Variable Fee Approach to unit-linked insurance business measured under IFRS 17;
- the fair value approach will be applied to all insurance contracts on transition to IFRS 17, as the Group considers that application of a fully retrospective approach is impracticable (since our accounting and actuarial systems hold information on historic business at a higher level of aggregation than that required for the fully retrospective approach); and
- IFRS 17 requires an accounting policy decision as to whether to recognise all finance income or expense in profit or loss, or whether to disaggregate the income or expense that relates to changes in financial assumptions into other comprehensive income. All finance income and expense will be included in profit or loss.

Adoption of IFRS 17 is not expected to have a material impact on alternative performance measures used by the Group.

iii. Basis of preparation

The going concern basis has been adopted in preparing these Financial Statements.

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Chief Executive's report and the Chief Financial Officer's report. The financial performance and financial position of the Group are described in the financial review.

As shown in Section 3 of the financial review, the Group's capital position remains strong and well in excess of regulatory requirements. In addition, it has continued to operate within its external banking covenants. The S&P rating of SJPUK remains at A- (BBB at SJP PLC). Similarly, the Fitch rating remains at A+ for SJPUK (A at SJP PLC level). Further, the long-term nature of the business results in considerable positive cash flows arising from existing business.

The Board has considered the challenging macroeconomic and geopolitical conditions which prevailed during 2022, noting that the business continued to be successful in this environment. For example, 2022 marked the second-best year for gross inflows in the Group's history; a strong outcome that is testament to the enduring resilience of the business. This, along with the performance of our key outsource providers, monitored through our ongoing oversight, supports its view that the business will continue to remain operationally resilient.

As a result of its review, the Board believes that the Group will continue to operate, with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations, for a period of at least 12 months from the date of approval of the Group Financial Statements.

The Financial Statements are presented in pounds Sterling, rounded to the nearest one hundred thousand pounds. They are prepared on a historical cost basis, except for assets classified as investment property and financial assets and liabilities at fair value through profit and loss.

The preparation of the Financial Statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

Judgements made by management in the application of IFRSs that have material effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 2.

The Financial Statements are prepared in accordance with the Companies Act 2006 as applicable to companies reporting under IFRS and the accounting policies set out below have been applied consistently to all years presented in these Consolidated Financial Statements.

iv. Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial information incorporates the assets, liabilities and results of the Company and of its subsidiaries. Subsidiaries are those entities which the Group controls. Control exists if the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity (including unit trusts in which the Group holds more than 30% of the units). Further information on how control is assessed, including the judgement taken in consolidating SJP Partner Loans No.1 Limited, the Group's securitisation entity, is set out in Note 2.

Associates are all entities over which the Group has significant influence but not control and are accounted for at fair value through profit or loss. The Group uses the acquisition method of accounting to account for business combinations and expenses all acquisition costs as they are incurred. The financial information of subsidiaries are included in the Consolidated Financial Statements from the date that control commences until the date that control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the Group.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 in the Consolidated Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

1. Accounting policies continued

The treatment of transactions with non-controlling interests depends on whether, as a result of the transaction, the Group alters control of the subsidiary. Changes in the Parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions; any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Parent entity. Where the Group loses control of a subsidiary, at the date when control is lost the amount of any non-controlling interest in that former subsidiary is derecognised and any investment retained in the former subsidiary is remeasured to its fair value; the gain or loss that is recognised in profit or loss on the partial disposal of the subsidiary includes the gain or loss on the remeasurement of the retained interest.

Intra-Group balances, and any income and expenses or unrealised gains and losses arising from intra-Group transactions, are eliminated in preparing the Consolidated Financial Statements.

The St. James's Place Charitable Foundation is not consolidated within the financial information. This is because the Company does not control the Charitable Foundation in accordance with IFRS 10.

(b) Fee and commission income

Fee and commission income comprises:

(i) advice charges (post-RDR) paid by clients who receive advice alongside their investment in a St. James's Place product. Advice may be provided at initial investment, and on an ongoing basis;

(ii) third-party fee and commission income, due from third-party product providers in respect of products sold on their behalf;

(iii) wealth management fees paid by clients for the ongoing administration of their investment product;

(iv) investment management fees paid by clients for all aspects of investment management, including fees taken by the Group to pay third-party investment advisers;

(v) fund tax deductions, which are fees charged to clients to match the policyholder tax expense;

(vi) policyholder tax asymmetry, which is the difference between the deferred tax position and the offsetting client balances;

(vii) discretionary fund management (DFM) fees generated through the services provided by our DFM business; and

(viii) amortisation of DIR, the unwinding of income that has been deferred. This relates to initial product charges and dealing margins from unit trusts.

The provision of initial advice is a distinct performance obligation. As a result, initial advice charges are recognised in full on acceptance and inception of the associated policy by the relevant product provider, which may be a Group company or a third party. Ongoing advice charges are recognised as revenue on an ongoing basis, consistent with the nature of the performance obligation being discharged, rather than at a single point in time

Third-party fee and commission income is recognised in full on acceptance and inception of the associated policy by the relevant third-party product provider. The performance obligation is the initial advice provided to a client which leads to investment in a third-party product, hence it is appropriate that this revenue stream is recognised on the same basis as initial advice charges. Where the third-party product provider retains the right to clawback of commission on an indemnity basis, revenue on sale of these products is recognised to the extent that it is highly probable the revenue will not be clawed back. A provision is recognised for any amounts received which do not meet the 'highly probable' threshold.

Wealth management fees, investment management fees, fund tax deductions, policyholder tax asymmetry and discretionary fund management fees relate to services provided on an ongoing basis, and revenue is recognised on an ongoing basis to reflect the nature of the performance obligations being discharged.

When initial product charges and dealing margins do not relate to a distinct performance obligation satisfied at inception of a contract, the income is deferred and amortised over the anticipated period in which the services will be provided.

(c) Insurance and reinsurance premiums

Unit-linked insurance contract premiums are recognised as revenue when the liabilities arising from them are recognised. All other premiums are accounted for when due for payment.

(d) Insurance claims and reinsurance recoveries

Insurance contract death claims are accounted for on notification of death. Critical illness claims are accounted for when admitted. All other claims and surrenders are accounted for when payment is due. Reinsurance recoveries, in respect of insurance claims, are accounted for in the same period as the related claim.

(e) Investment return

Investment return comprises investment income and investment gains and losses. Investment income includes dividends, interest and rental income from investment properties under operating leases. Dividends are accrued on an ex-dividend basis, and rental income is recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Interest on assets classified as fair value through profit or loss are accounted for based on the actual coupon payments, whilst interest on financial assets measured at amortised cost are accounted for using the effective interest method.

(f) Expenses

(i) Payments to Partners

Payments to Partners comprise initial commission and initial advice fees (IAF) (paid for initial advice, at policy outset and within an initial period for regular contribution), renewal commission and renewal advice fees (payable on regular contributions) and fund fee commission or ongoing advice fees (OAF) (based on funds under management). Initial and renewal commission and advice fees are recognised in line with the associated premium income, but initial commission on insurance and investment contracts may be deferred, as set out in accounting policy (k). Fund fee commission and ongoing advice fees are recognised on an accruals basis.

(ii) Lease expenses

Lease expenses under IFRS 16 comprise depreciation of the right-of-use asset and interest expense on the lease liability. Further information on depreciation of the right-of-use asset is set out in accounting policy (m). Interest expense on the lease liability is calculated using the effective interest method. It is charged to expenses within the Statement of Comprehensive Income.

The Group recognises lease payments associated with short-term leases and leases of low-value assets on a straight-line basis over the lease term.

(g) Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax payable by the Group in respect of policyholders and shareholders. Income tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Tax liabilities are recognised when it is considered probable that there will be a future outflow of funds to a taxing authority, and are measured using a best-estimate approach.

(i) Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date and taking into account excepted timing of utilisation.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(iii) Policyholder and shareholder tax

The total income tax charge is a separate adjustment within the Statement of Comprehensive Income based on the movement in current and deferred income taxes in respect of income, gains and expenses. The total charge reflects tax incurred on behalf of policyholders as well as shareholders, and so it is useful to be able to identify these separately.

Shareholder tax is estimated by making an assessment of the effective rate of tax that is applicable to the shareholders on the profits attributable to shareholders. This is calculated by applying the appropriate effective corporate tax rates to the shareholder profits. The remainder of the tax charge represents tax on policyholders' investment returns.

(h) Dividends

Interim dividend distributions to the Company's shareholders are recognised in equity in the period in which they are paid. Final dividend distributions to the Company's shareholders are recognised in the period in which the dividends are declared: that is, when they are appropriately authorised and no longer at the discretion of the Company. The final dividend for the financial year is disclosed but shown as unpaid and awaiting approval by the Company's shareholders at the Annual General Meeting.

(i) Investment contract deposits and withdrawals

Investment contract payments in and out are not included in the Statement of Comprehensive Income but are reported as deposits to or deductions from investment contract benefits in the Statement of Financial Position. The movement in investment contract benefits within the Statement of Comprehensive Income principally represents the investment return credited to policyholders.

Explicit advice charges are payable by most clients who wish to receive advice with their investment in a St. James's Place retail investment product. St. James's Place facilitates the payment of these charges for the client, by arranging withdrawals from the client's policy, which are then recognised as income to the Group. A proportion of the charge is then paid to the St. James's Place adviser who provides the advice (see (b) Fee and commission income (i) and (f) Expenses (i)).

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

1. Accounting policies continued

(j) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired entity at the date of acquisition. Where the fair value of the Group's share of the identifiable net assets of the acquired entity is greater than the cost of acquisition, the excess is recognised immediately in the Statement of Comprehensive Income.

Goodwill is recognised as an asset at cost and is reviewed at least annually for impairment or when circumstances or events indicate there may be uncertainty over this value. If an impairment is identified, the carrying value of the goodwill is written down immediately through the Statement of Comprehensive Income and is not subsequently reversed. At the date of disposal of a subsidiary, the carrying value of attributable goodwill is included in the calculation of the profit or loss on disposal except where it has been written off directly to reserves in the past.

(k) Deferred acquisition costs

For insurance contracts, acquisition costs comprise both direct costs such as initial commission and the indirect costs of obtaining and processing new business. Acquisition costs which are incurred during a financial year, net of any impairment losses, are deferred and then amortised to expenses in the Statement of Comprehensive Income on a straight-line basis over the period during which the costs are expected to be recoverable, and in accordance with the incidence of future related margins.

For investment contracts, only directly attributable acquisition costs, which vary with and are related to securing new contracts and renewing existing contracts, are deferred, and only to the extent that they are recoverable out of future revenue. These deferred acquisition costs, which represent the contractual right to benefit from providing investment management services, net of any impairment losses, are amortised to expenses in the Statement of Comprehensive Income on a straight-line basis over the expected lifetime of the Group's investment contracts. All other costs are recognised as expenses when incurred.

The periods over which costs are expected to be recoverable are as follows:

Insurance contracts:	5 years
Investment contracts:	14 years.

(l) Intangible assets

(i) Purchased value of in-force business

The purchased value of in-force business in respect of insurance business represents the present value of profits that are expected to emerge from insurance business acquired on business combinations. It is calculated at the time of acquisition using best-estimate actuarial assumptions for interest, mortality, persistency and expenses, net of any impairment losses, and it is amortised on a straight-line basis as profits emerge over the anticipated lives of the related contracts in the portfolio.

An intangible asset is also recognised in respect of acquired investment management contracts, representing the fair value of contractual rights acquired under those contracts. The purchased value of in-force business is expressed as a gross figure in the Statement of Financial Position, with the associated tax included within deferred tax liabilities. It is assessed for impairment at each reporting date and any movement is charged to the Statement of Comprehensive Income.

The estimated useful economic life of acquired in-force business is 20 years.

(ii) Computer software and other specific software developments

Computer software is stated at cost less accumulated amortisation and any recognised impairment loss. The carrying value is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Computer software, including cloud customisation costs, is recognised as an intangible asset during development, with amortisation commencing when the software is operational. Amortisation is charged to the Statement of Comprehensive Income to expenses on a straight-line basis over four years, being the estimated useful life of the intangible asset, except for software development additions which are estimated to have a useful life of five years.

(m) Property and equipment

Property and equipment comprises both assets which are owned and those which are leased.

(i) Initial and subsequent measurement of owned assets

Owned items of property and equipment are stated at cost less accumulated depreciation and impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged to expenses within the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of the property and equipment, which are as follows:

Fixtures, fittings and office equipment:	5 to 15 years
Computer equipment:	3 years.

(ii) Initial and subsequent measurement of leased assets

A right-of-use asset is recognised within property and equipment for leased items which are not subject to the short-term or low-value lease exemptions set out in IFRS 16. This comprises the Group's leased property portfolio. The right-of-use asset recognised on the commencement date of the lease is the value of the lease liability (refer to accounting policy (z)), plus expected dilapidation costs, initial direct costs (that is, incremental costs that would not have been incurred if the lease had not been obtained, such as legal fees) and lease payments made before or at the commencement date of the lease. Following initial recognition, depreciation is charged to expenses within the Statement of Comprehensive Income on a straight-line basis over the lease term.

(iii) Impairment of owned and leased assets

The carrying value of owned and leased assets is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Any assets that may have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(n) Reinsurance assets

Reinsurance assets represent amounts recoverable from reinsurers in respect of non-unit-linked insurance contract liabilities, net of any future reinsurance premiums.

(o) Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Most shareholder other receivables are initially recognised at fair value and subsequently held at amortised cost less impairment losses, as the business model for these assets is to hold to collect contractual cash flows, which consist solely of payments of principal and interest. The exception to this is renewal income assets, which are classified as FVTPL and are initially, and subsequently, recognised at fair value. The value of any impairment recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. See accounting policy (ad) for information relating to the treatment of impaired amounts.

Other receivables include prepayments, which are recognised where services are paid for in advance of being received. The prepayment reduces, and an expense is recognised in the Statement of Comprehensive Income, as the service is received.

Commission and advice fees in respect of some insurance and investment business may be paid to Partners in advance of renewal premiums and accelerated by up to five years. The unearned element of this accelerated remuneration is recognised as advanced payments to Partners within other receivables. Should the contributions reduce or stop within the initial period, any unearned amount is recovered.

(i) Derecognition

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

(p) Investment property

Investment properties, which are all held within the unit-linked funds, are properties which are held to earn rental income and/or for capital appreciation. They are stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio every month.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Any gain or loss arising from a change in fair value is recognised in the Statement of Comprehensive Income within investment income. Rental return from investment property is accounted for as described in accounting policy (e).

(q) Equities, fixed income securities and investment in Collective Investment Schemes

These financial assets are initially and subsequently recognised at FVTPL, with all gains and losses recognised within investment income in the Statement of Comprehensive Income. The vast majority of these financial assets are quoted, and so the fair value is based on the value within the bid-ask spread that is most representative of fair value. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques such as recent arm's-length transactions, reference to similar listed investments, discounted cash flow models or option pricing models.

Subsequent measurement of these financial assets at FVTPL is required by IFRS 9 for debt instruments for which the objectives of the Group's business model are not met by either holding the instrument to collect contractual cash flows or selling the instruments, or where the contractual terms of the instrument do not give rise to cash flows which are solely payments of principal and interest. Where both the 'business model' and 'solely payments of principal and interest' tests are met, management has made an irrevocable decision to designate the debt instruments at FVTPL as doing so aligns the measurement of the financial assets with the measurement of their associated unit-linked liabilities.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

1. Accounting policies continued

Management has not made the irrevocable election to present changes in the fair value of equity instruments in other comprehensive income, and so all equity instruments are also designated at FVTPL.

The Group recognises purchases and sales of investments on trade date. The costs associated with investment transactions are included within expenses in the Statement of Comprehensive Income.

(r) Derivative financial instruments

The Group uses derivative financial instruments within some unit-linked funds, with each contract initially and subsequently recognised at fair value, based on observable market prices. All changes in value are recognised within investment income in the Statement of Comprehensive Income.

(s) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments.

Cash and cash equivalents held within unit-linked and unit trust funds are classified at FVTPL, as management has made an irrevocable decision to designate them as such in order to align the measurement of these financial assets with the measurement of their associated unit-linked liabilities. Therefore, these cash and cash equivalents are initially and subsequently recognised at FVTPL, with gains and losses recognised within investment return in the Statement of Comprehensive Income.

All other cash and cash equivalents are classified as amortised cost, as the business model for these assets is to hold to collect contractual cash flows, which consist solely of payments of principal and interest. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less impairment losses.

(t) Insurance contract liabilities

Insurance contract liability provisions are determined following an annual actuarial investigation of the long-term fund in accordance with regulatory requirements. The provisions are calculated on the basis of current information and using the gross premium valuation method. The Group's accounting policies for insurance contracts meet the minimum specified requirements for liability adequacy testing under IFRS 4, as they consider current estimates of all contractual cashflows, and of related cashflows such as claims handling costs.

Insurance contract liabilities can never be definitive as to either the timing or the amount of claims and are, therefore, subject to reassessment on a regular basis.

(u) Investment contract benefits

All of the Group's investment contracts are unit-linked. Unit-linked liabilities are measured at fair value by reference to the value of the underlying net asset value of the Group's unitised investment funds, on a bid valuation basis, at the reporting date. An allowance for deductions due to (or from) the Group in respect of policyholder tax on capital gains (and losses) in the life assurance funds is also reflected in the measurement of unit-linked liabilities. Investment contract benefits are recognised when units are first allocated to the policyholder; they are derecognised when units allocated to the policyholder have been cancelled.

The decision by the Group to designate its unit-linked liabilities at FVTPL reflects the fact that the matching investment portfolio, which underpins the unit-linked liabilities, is recognised at FVTPL.

(v) Deferred income

The initial margin on financial instruments (including dealing margins from unit trusts) is deferred and recognised on a straight-line basis over the expected lifetime of the financial instrument, which is between six and 14 years.

(w) Net asset value attributable to unit holders

The Group consolidates unit trusts in which it holds more than 30% of the units and exercises control. The third-party interests in these unit trusts are termed the net asset value attributable to unit holders and are presented in the Statement of Financial Position. They are classified at FVTPL, hence are initially and subsequently measured at fair value. The decision by the Group to designate the net asset value attributable to unit holders at FVTPL reflects the fact that the underlying investment portfolios are recognised at FVTPL.

Income attributable to the third-party interests is accounted for within investment return, offset by a corresponding change in investment contract benefits.

(x) Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

(y) Borrowings

Borrowings are measured initially at fair value, net of directly attributable transaction costs, and subsequently stated at amortised cost. The difference between the proceeds and the redemption value is recognised in the Statement of Comprehensive Income over the borrowing period on an effective interest rate basis. Borrowings are recognised on drawdown and derecognised on repayment.

(z) Other payables

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Other payables include lease liabilities calculated in accordance with IFRS 16. On the commencement date of the lease the lease liability is measured as the present value of the future lease payments to be made over the lease term. For the Group, future lease payments include those which are fixed and those which vary depending on an index or rate. The future lease payments are discounted at the Group's incremental borrowing rate at the commencement date of the lease, which varies depending on the lease term. The lease term includes the non-cancellable period for which the Group has the right to use the leased asset, plus periods covered by extension options where the option is reasonably certain to be taken. Conversely, the non-cancellable period is reduced if it is reasonably certain that a termination option will be taken.

The incremental borrowing rate is management's judgement as to the rate of interest that the Group would have to pay to borrow, over a similar term and with similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset. This has been determined with reference to the rate of interest of existing borrowings held by the Group and market rates adjusted to take into account the security and term associated with the lease.

The Group applied the practical expedient on transition to IFRS 16 on 1 January 2019 of applying a single discount rate to a portfolio of leases with reasonably similar characteristics by grouping leases by asset type and remaining lease term on the date of transition. Similarly, the Group periodically determines standard discount rates to apply for leases entered into since 1 January 2019 by asset type and lease term.

(i) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

(aa) Employee benefits

(i) Pension obligations

The Group operates a defined contribution personal pension plan for its employees. Contributions to this plan are recognised as an expense in the Statement of Comprehensive Income as incurred. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(ii) Share-based payments

The Group operates a number of share-based payment plans for employees, Partners and advisers. The fair value of share-based payment awards granted is recognised as an expense spread over the vesting period of the instrument, which accords with the period for which related services are provided, with a corresponding increase in equity in the case of equity-settled plans and the recognition of a liability for cash-settled plans.

The total amount to be expensed is determined by reference to the fair value of the awards, which are measured using standard option pricing models as the fair value of the services provided by employees, Partners and advisers cannot be reliably measured. For equity-settled plans, the fair value is determined at grant date and not subsequently remeasured.

For cash-settled plans, the fair value is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognised in the Statement of Comprehensive Income for the period.

At each reporting date, the Group revises its estimate of the number of awards that are expected to vest and it recognises the impact of the revision of original estimates, if any, in the Statement of Comprehensive Income, such that the amounts recognised for employee, Partner and adviser services are based on the number of awards that actually vest. The charge to the Statement of Comprehensive Income is not revised for any changes in market vesting conditions.

(ab) Share capital

Ordinary shares are classified as equity. Where any Group entity purchases the Company's equity share capital (shares held in trust), the consideration paid is deducted from equity attributable to shareholders, as disclosed in the Shares in trust reserve. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to shareholders, net of any directly attributable incremental transaction costs and the related income tax effects.

(ac) Product classification

The Group's products are classified for accounting purposes as either insurance contracts or investment contracts.

(i) Insurance contracts

Insurance contracts are contracts that transfer significant insurance risk. The Group's historic product range includes a variety of term assurance and whole-of-life protection contracts involving significant insurance risk transfer.

(ii) Investment contracts

Contracts that do not transfer significant insurance risk are treated as investment contracts. The majority of the business written by the Group is unit-linked investment business and is classified as investment contracts.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

1. Accounting policies continued

(ad) Impairment

(i) Non-financial assets

Assets that are subject to amortisation are reviewed for impairment when circumstances or events indicate there may be uncertainty over their value. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. Refer to accounting policy (j) for the Group's impairment policy for goodwill.

(ii) Financial assets

Financial assets held at amortised cost are impaired using an expected credit loss model. The model splits financial assets into performing, underperforming and non-performing categories based on changes in credit quality since initial recognition. At initial recognition financial assets are considered to be performing. They become underperforming where there has been a significant increase in credit risk since initial recognition, and non-performing when there is objective evidence of impairment. 12 months of expected credit losses are recognised within expenses in the Statement of Comprehensive Income and netted against the financial asset in the Statement of Financial Position for all performing financial assets, with lifetime expected credit losses recognised for underperforming and non-performing financial assets.

Expected credit losses are based on the historic levels of loss experienced for the relevant financial assets, with due consideration given to forward-looking information.

The most significant category of financial assets held at amortised cost for the Group are business loans to Partners, which are explained in more detail in Note 12. The significant increase in credit risk which triggers the move from performing to underperforming for these assets is when they are more than 30 days past due, in line with the presumption set out in IFRS 9 Financial Instruments, or when the loan facility has expired and is in the process of being renegotiated. Business loans to Partners are classified as non-performing when the loan is to a Partner who has left the St. James's Place Partnership, or when the loan is to a Partner whom management considers to be at significant risk of leaving the Partnership and where an orderly settlement of debt is considered to be in question. The definition of non-performing loans in this context is a critical accounting judgement, about which more information is set out in Note 2.

(ae) Foreign currency translation

The Group's presentation and the Company's functional currency is pounds Sterling. The Statement of Comprehensive Income and Statement of Cash Flows for foreign subsidiaries are translated into the Group's presentation currency using exchange rates prevailing at the date of the transaction. The Statement of Financial Position for foreign subsidiaries is translated at the year end exchange rate. Exchange rate differences arising from these translations are taken to the Statement of Comprehensive Income.

Foreign currency transactions are translated into Sterling using the exchange rate prevailing at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the reporting date and the gain or losses on translation are recognised in the Statement of Comprehensive Income.

Non-monetary assets and liabilities which are held at historical cost are translated using exchange rates prevailing at the date of the transaction; those held at fair value are translated using exchange rates ruling at the date on which the fair value was determined.

(af) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board.

(ag) Current and non-current disclosure

Assets which are expected to be recovered or settled no more than 12 months after the reporting date are disclosed as current within the Notes to the Financial Statements. Those expected to be recovered or settled more than 12 months after the reporting date are disclosed as non-current.

Liabilities which are expected or due to be settled no more than 12 months after the reporting date are disclosed as current within the Notes to the Financial Statements. Those liabilities which are expected or due to be settled more than 12 months after the reporting date are disclosed as non-current.

(ah) Alternative performance measures

Within the Financial Statements, a number of alternative performance measures (APMs) are disclosed. An APM is a measure of financial performance, financial position or cash flows which is not defined by the relevant financial reporting framework, which for the Group is International Financial Reporting Standards as adopted by the UK Endorsement Board. APMs are used to provide greater insight into the performance of the Group and the way it is managed by the Directors. A definition of each of the APMs is included in the glossary of alternative performance measures, which explains why it is used and, where applicable, explains how the measure can be reconciled to the IFRS Financial Statements.

2. Critical accounting estimates and judgements in applying accounting policies

Estimates

Critical accounting estimates are those which give rise to a significant risk of material adjustment to the balances recognised in the Financial Statements within the next 12 months. The Group's critical accounting estimates are:

- determining the value of insurance contract liabilities;
- determining the fair value of investment property; and
- determining the fair value of Level 3 fixed income securities and equities.

Estimates are also applied in calculating other assets of the Financial Statements, including determining the value of deferred tax assets, investment contract benefits, the operational readiness prepayment and other provisions.

Determining the value of insurance contract liabilities

The assumptions used in the calculation of insurance contract liabilities that have an effect on the Statement of Comprehensive Income of the Group are:

- the lapse assumption, which is set based on an investigation of experience during the year;
- the level of expenses, which for the year under review is based on actual expenses in 2022 and expected rates in 2023 and over the long term;
- the mortality and morbidity rates, which are based on the results of an investigation of experience during the year; and
- the assumed rate of investment return, which is based on current gilt yields.

Greater detail on the assumptions applied, and sensitivity analysis, is shown in Note 14.

Whilst the measurement of insurance contract liabilities is considered to be a critical accounting estimate for the Group, the vast majority of non-unit-linked insurance business written is reinsured. As a result, the impact of a change in estimate in determining the value of insurance contract liabilities would be mitigated to a significant degree by the impact of the change in estimate in determining the value of reinsurance assets.

Determining the fair value of investment property

In accordance with IAS 40, the Group initially recognises investment properties at cost, and subsequently remeasures its portfolio to fair value in the Statement of Financial Position. Fair value is determined at least monthly by professional external valuers. It is based on anticipated market values for the properties in accordance with the guidance issued by the Royal Institution of Chartered Surveyors (RICS), being the estimated amount that would be received from a sale of the assets in an orderly transaction between market participants.

The valuation of investment property is inherently subjective as it requires, among other factors, assumptions to be made regarding the ability of existing tenants to meet their rental obligations over the entire life of their leases, the estimation of the expected rental income into the future, the assessment of a property's potential to remain as an attractive technical configuration to existing and prospective tenants in a changing market and a judgement on the attractiveness of a building, its location and the surrounding environment. Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. In a valuation context, sustainability encompasses a wide range of physical, social, environmental and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility, legislation, management and fiscal considerations – and, additionally, current and historic land use. As such, investment properties are classified as Level 3 in the IFRS 13 fair value hierarchy because they are valued using techniques which are not based on observable inputs.

Further details of the valuation of investment properties, including sensitivity analysis, are set out in Note 17.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

2. Critical accounting estimates and judgements in applying accounting policies continued

Determining the fair value of Level 3 fixed income securities and equities

In accordance with IFRS 9, the Group elects to classify its portfolio of policyholder fixed income securities at fair value through profit and loss to match the accounting for policyholder liabilities. Its portfolio of equities is required to be held at fair value through profit and loss. As a result, all fixed income securities and equities are held at fair value, with the best evidence of the fair value at initial recognition typically being the transaction price i.e. the fair value of the consideration given or received.

During 2021 and 2022, a number of investments were made in private credit and private equity assets, which are recognised within fixed income securities and within equities, respectively, on the Consolidated Statement of Financial Position. The fair value of these assets is determined following a monthly valuation process which uses two different valuation models and includes verification by professional external valuers. The models use suitable market comparatives and an estimate of future cash flows expected to flow from the issuing entity.

The valuations are inherently subjective as they require a number of assumptions to be made, such as determining which entities provide suitable market comparatives and their relevant performance metrics (for example earnings before interest, tax, depreciation and amortisation), determining appropriate discount rates and cash flow forecasts to use in models, the weighting to apply to each valuation methodology, and the point in the range of valuations to select as the fair value. As the inputs to the valuation models are unobservable, the investments in private credit and private equity assets are classified as Level 3 in the IFRS 13 fair value hierarchy.

Following the invasion of Ukraine by Russia, sanctions and trading restrictions were placed on foreign investors. As a result, fair value pricing was applied to Russian assets that represents a significant markdown in the value of these assets.

Further detail about the valuation models, including sensitivity analysis, is set out in Note 17.

Judgements

The primary areas in which the Group has applied judgement are as follows:

Consolidation

Entities are consolidated within the Group Financial Statements if they are controlled by the Group. Control exists if the Group is exposed to, or has rights to, variable returns from its involvement with the entity and the Group has the ability to affect those returns through its power over the entity. Significant judgement can be involved in determining whether the Group controls an entity, such as in the case of the structured entity set up for the Group's securitisation transaction, SJP Partner Loans No.1 Limited, and for the Group's unit trusts.

A structured entity is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. As a result, factors such as whether a Group entity is able to direct the relevant activities of the entity and the extent to which the Group is exposed to variability of returns are considered. In the case of SJP Partner Loans No.1 Limited, it was determined that the Group does control the entity and hence it is consolidated. This is due to an entity in the Group holding the junior tranche of loan notes, hence being subject to variability of returns, and the same entity being able to direct the relevant activities of the structured entity through its role of servicer to the securitised portfolio.

Unit trusts are consolidated when the Group holds more than 30% of the units in that unit trust. This is the threshold at which the Group is considered to achieve control, having regard to factors such as:

- the scope of decision-making authority held by St. James's Place Unit Trust Group Limited, the unit trust manager;
- rights held by external parties to remove the unit trust manager; and
- the Group's exposure to variable returns through its holdings in the unit trusts and its ability to influence the unit trust manager's remuneration.

Determining non-performing business loans to Partners

Business loans to Partners are considered to be non-performing (Stage 3), in the context of the definition prescribed by IFRS 9, if they are in default. This is defined as a loan to either:

- a Partner who has left the St. James's Place Partnership; or
- a Partner whom management considers to be at significant risk of leaving the Partnership and where an orderly settlement of debt is considered to be in question.

Determining the derecognition of business loans to Partners

Business loans to Partners are derecognised, in the context of the definition prescribed by IFRS 9, when:

- the assets have been sold to a third party;
- there is an obligation to pay received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- the originator has transferred substantially all the risks and rewards of owning the assets.

See Note 12 for further information on the derecognition of business loans to Partners.

3. Segment reporting

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board, in order to allocate resources to each segment and assess its performance.

The Group's only reportable segment under IFRS 8 is a 'wealth management' business – which is a vertically-integrated business providing support to our clients through the provision of financial advice and assistance through our Partner network, and financial solutions including (but not limited to) wealth management products manufactured in the Group, such as insurance bonds, pensions, unit trust and ISA investments, and a DFM service.

Separate geographical segmental information is not presented since the Group does not segment its business geographically. Most of its customers are based in the United Kingdom, as is management of the assets. In particular, the operation based in Asia is not yet sufficiently material for separate consideration.

Segment revenue

Revenue received from fee and commission income is set out in Note 4, which details the different types of revenue received from our wealth management business.

Segment profit

Two separate measures of profit are monitored on a monthly basis by the Board. These are the post-tax Underlying cash result and the pre-tax European Embedded Value (EEV) profit.

Underlying cash result

The measure of cash profit monitored on a monthly basis by the Board is the post-tax Underlying cash result. This reflects emergence of cash available for paying a dividend during the year. Underlying cash is based on the IFRS result excluding the impact of intangibles, principally DAC, DIR, PVIF, goodwill, deferred tax, and strategic expenses. As the cost associated with equity-settled share-based payments is reflected in changes in shareholder equity, they are also not included in the Underlying cash result.

More detail is provided in Section 2.2 of the financial review.

The Cash result should not be confused with the IFRS Consolidated Statement of Cash Flows, which is prepared in accordance with IAS 7.

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Underlying cash result after tax	**410.1**	401.2
Equity-settled share-based payments	(20.5)	(20.4)
Deferred tax impacts	(30.5)	0.5
Restructuring	–	(9.7)
Impact in the year of DAC/DIR/PVIF	(9.3)	(28.0)
Impact of policyholder tax asymmetry (see Note 4)[1]	50.6	(52.9)
Other	5.0	(3.1)
IFRS profit after tax	**405.4**	287.6
Shareholder tax	96.4	66.2
Profit before tax attributable to shareholders' returns	**501.8**	353.8
Tax attributable to policyholder returns	(501.1)	488.6
IFRS profit before tax	**0.7**	842.4

1 Further information on policyholder tax asymmetry can also be found in Section 2.1 of the financial review.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

3. Segment reporting continued

EEV operating profit

EEV operating profit is monitored on a monthly basis by the Board. The components of the EEV operating profit are included in more detail in the financial review within the Annual Report and Accounts.

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
EEV operating profit before tax	1,589.7	1,545.4
Investment return variance	(1,314.0)	894.5
Economic assumption changes	235.1	4.2
EEV profit before tax	**510.8**	2,444.1
Adjustments to IFRS basis:		
Deduct: amortisation of purchased value of in-force business	(3.2)	(3.2)
Movement of balance sheet life value of in-force business (net of tax)	103.5	(824.5)
Movement of balance sheet unit trust and DFM value of in-force business (net of tax)	(94.9)	(337.3)
Corporation tax rate change	–	(412.7)
Tax on movement in value of in-force business	(14.4)	(512.6)
Profit before tax attributable to shareholders' returns	**501.8**	353.8
Tax attributable to policyholder returns	(501.1)	488.6
IFRS profit before tax	**0.7**	842.4

The movement in life, unit trust and DFM value of in-force business is the difference between the opening and closing discounted value of the profits that will emerge from the in-force book over time, after adjusting for DAC and DIR impacts which are already included under IFRS.

Segment assets

Funds under management (FUM)

FUM, as reported in Section 1 of the financial review, is the measure of segment assets which is monitored on a monthly basis by the Board.

	31 December 2022	31 December 2021
	£'Million	£'Million
Investment	33,290.0	35,950.0
Pension	73,860.0	74,830.0
UT/ISA and DFM	41,220.0	43,210.0
Total FUM	**148,370.0**	153,990.0
Exclude client and third-party holdings in non-consolidated unit trusts and DFM	(4,407.3)	(4,811.5)
Other	4,153.6	2,392.5
Gross assets held to cover unit liabilities	**148,116.3**	151,571.0
IFRS intangible assets	496.4	551.6
Shareholder gross assets	3,092.3	3,607.3
Total assets	**151,705.0**	155,729.9

Other represents liabilities included within the underlying unit trusts. The unit trust liabilities form a reconciling item between total FUM, which is reported net of these liabilities, and total assets, which exclude these liabilities.

More detail on IFRS intangible assets and shareholder gross assets is provided in Section 2.2 of the financial review.

4. Fee and commission income

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Advice charges (post-RDR)	987.6	946.7
Third-party fee and commission income	131.9	135.8
Wealth management fees	1,039.0	974.5
Investment management fees	60.8	63.4
Fund tax deductions	(501.1)	486.9
Policyholder tax asymmetry	50.6	(52.9)
Discretionary fund management fees	23.4	22.4
Fee and commission income before DIR amortisation	**1,792.2**	2,576.8
Amortisation of DIR	162.0	160.4
Total fee and commission income	**1,954.2**	2,737.2

Advice charges are received from clients for the provision of initial and ongoing advice in relation to a post-Retail Distribution Review (RDR) investment into a St. James's Place or third-party product.

Third-party fee and commission income is received from the product provider where an investment has been made into a third-party product.

Wealth management fees represent charges levied on manufactured business.

Investment management fees are received from clients for the provision of all aspects of investment management. Broadly, investment management fees match investment management expenses.

Fund tax (refunds)/deductions represent amounts credited to, or deducted from, the life insurance business to match policyholder tax credits or charges.

Life insurance tax incorporates a policyholder tax element, and the Financial Statements of a life insurance group need to reflect the liability to HMRC, with the corresponding deductions incorporated into policy charges ('Fund tax deductions' in the table above). The tax liability to HMRC is assessed using IAS 12 Income Taxes, which does not allow discounting, whereas the policy charges are designed to ensure fair outcomes between clients and so reflect a wide range of possible outcomes. This gives rise to different assessments of the current value of future cash flows and hence an asymmetry in the IFRS Consolidated Statement of Financial Position between the deferred tax position and the offsetting client balance. The net tax asymmetry balance reflects a temporary position, and in the absence of market volatility we expect it will unwind as future cash flows become less uncertain and are ultimately realised.

Market conditions will impact the level of asymmetry experienced in a year and may be significant where there is market volatility. Market falls experienced in 2022 have resulted in a significant positive movement, unwinding the negative impact seen in 2021.

Discretionary fund management fees are received from clients for the provision of DFM services.

Where an investment has been made in a St. James's Place product, the initial product charge and any dealing margin is deferred and recognised as a deferred income liability. This liability is extinguished, and income recognised, over the expected life of the investment. The income is the amortisation of DIR in the table above.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

5. Expenses

The following items are included within the expenses disclosed in the Statement of Comprehensive Income:

	Year ended 31 December 2022 £'Million	Year ended 31 December 2021 £'Million
Payments to Partners	1,011.8	988.0
Fees payable to the Company's auditors and its associates:		
For the audit of the Company and Consolidated Financial Statements	0.4	0.3
For other services:		
– Audit of the Company's subsidiaries (excluding unit trusts)	0.6	0.6
– Audit of the Company's unit trusts	0.7	0.6
– Audit-related assurance services	0.5	0.5
– Other assurance services	0.1	0.1
Total fees payable to the Company's auditors and its associates	**2.3**	2.1
Employee costs:		
Wages and salaries	194.9	186.5
Social security costs	22.3	26.8
Other pension costs	15.9	14.8
Cost of employee share awards and options	21.1	23.0
Restructuring costs	–	11.8
Total employee costs	**254.2**	262.9
Average monthly number of persons employed by the Group during the year	**2,669**	2,695

Included within fees payable to the Company's auditors and its associates for audit-related assurance services is £0.1 million (2021: £0.1 million) for non-audit services as defined by the Group's Policy on Auditor Independence, which is available on our website at: **www.sjp.co.uk.**

The above employee costs information includes Directors' remuneration. Full details of the Directors' remuneration, share options, pension entitlements and interests in shares are disclosed in the Directors' Remuneration Report, and further information is also provided below.

All pension costs related to defined contribution schemes and cash supplements in lieu of contributions to defined contribution pension schemes. At 31 December 2022, the number of Directors to whom retirement benefits are accruing, including those receiving a cash supplement in lieu of contributions to defined contribution pension schemes, is two (2021: three), with the total cost being £0.2 million (2021: £0.3 million). Retirement benefits are accruing in defined contribution pension schemes for one (2021: one) Director at the year-end.

The number of Directors who exercised options over shares in the Company during the year is nil (2021: three). The number of Directors in respect of whose qualifying services shares were receivable under long-term incentive schemes is three (2021: three), and the total amount receivable by the Directors under long-term incentive schemes is £2.5 million (2021: £1.2 million). The aggregate gains made by Directors on the exercise of share options and the receipt of deferred bonus scheme shares during the year was £1.7 million (2021: £3.6 million).

In 2021 the one-off cost of a restructuring exercise associated with an employee redundancy programme was recognised.

6. Investment return and movement in investment contract benefits

The majority of the business written by the Group is unit-linked investment business, and so investment contract benefits are measured by reference to the underlying net asset value of the Group's unitised investment funds. As a result, investment return on the unitised investment funds and the movement in investment contract benefits are linked.

Investment return

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Investment return on net assets held to cover unit liabilities		
Rental income	70.1	74.7
(Loss)/gain on revaluation of investment properties	(244.5)	181.4
Net investment return on financial instruments classified as fair value through profit and loss	(9,457.9)	11,400.2
	(9,632.3)	11,656.3
Attributable to unit-linked insurance contract liabilities	*(66.2)*	*52.8*
Attributable to unit-linked investment contract benefits	*(9,566.1)*	*11,603.5*
	(9,632.3)	11,656.3
Income attributable to third-party holdings in unit trusts	(4,168.7)	3,583.2
	(13,801.0)	15,239.5
Investment return on shareholder assets		
Net investment return on financial instruments classified as fair value through profit and loss	(2.9)	17.7
Interest income on financial instruments held at amortised cost	32.0	18.2
	29.1	35.9
Total investment return	**(13,771.9)**	15,275.4

Included in the net investment return on financial instruments classified as fair value through profit and loss, within investment return on net assets held to cover unit liabilities, is dividend income of £1,216.0 million (2021: £985.1 million).

Movement in investment contract benefits

	2022	2021
	£'Million	£'Million
Balance at 1 January	110,349.8	93,132.7
Deposits	12,194.6	12,438.1
Withdrawals	(5,645.1)	(5,607.5)
Movement in unit-linked investment contract benefits	(9,566.1)	11,603.5
Fees and other adjustments	(368.5)	(1,217.0)
Balance at 31 December	**106,964.7**	110,349.8
Current	5,546.3	5,585.4
Non-current	101,418.4	104,764.4
	106,964.7	110,349.8
Movement in unit liabilities		
Unit-linked investment contract benefits	(9,566.1)	11,603.5
Third-party unit trust holdings	(4,168.7)	3,583.2
Movement in investment contract benefits in the Consolidated Statement of Comprehensive Income	**(13,734.8)**	15,186.7

See accounting policy (ag) for further information on the current and non-current disclosure.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

7. Income and deferred taxes

Tax for the year

	Year ended 31 December 2022 £'Million	Year ended 31 December 2021 £'Million
Current tax		
UK corporation tax		
– Current year charge	66.0	294.1
– Adjustment in respect of prior year	3.5	(6.7)
Overseas taxes		
– Current year charge	10.2	6.1
– Adjustment in respect of prior year	–	0.1
	79.7	293.6
Deferred tax		
Unrealised capital (losses)/gains in unit-linked funds	(504.0)	266.7
Unrelieved expenses		
– Additional expenses recognised in the year	(9.9)	(10.8)
– Utilisation in the year	11.4	11.6
Capital losses		
– Revaluation in the year	4.0	(1.4)
– Utilisation in the year	25.2	9.2
– Adjustment in respect of prior year	(4.5)	4.0
DAC, DIR and PVIF	(8.5)	(8.9)
Share-based payments	3.3	(8.7)
Renewal income assets	(3.0)	0.7
Fixed asset timing differences	1.0	(2.2)
Other items	(1.5)	1.0
Overseas losses	0.1	(1.1)
Adjustment for change in tax rate	–	0.4
Adjustments in respect of prior periods	2.0	0.7
	(484.4)	261.2
Total tax (credit)/charge for the year	**(404.7)**	554.8
Attributable to:		
– policyholders	(501.1)	488.6
– shareholders	96.4	66.2
	(404.7)	554.8

The prior year adjustment of £3.5 million in current tax above represents a charge of £7.3 million in respect of policyholder tax (2021: £6.0 million credit) and a credit of £3.8 million in respect of shareholder tax (2021: £0.7 million credit). The prior year adjustment of £2.5 million in deferred tax above represents a credit of £nil in respect of policyholder tax and a credit of £2.5 million in respect of shareholder tax (2021: deferred tax relates entirely to shareholder tax)

In arriving at the profit before tax attributable to shareholders' return, it is necessary to estimate the distribution of the total tax charge between that payable in respect of policyholders and that payable by shareholders. Shareholder tax is estimated by making an assessment of the effective rate of tax that is applicable to the shareholders on the profits attributable to shareholders. This is calculated by applying the appropriate effective corporate tax rates to the shareholder profits. The remainder of the tax charge represents tax on policyholders' investment returns. This calculation method is consistent with the legislation relating to the calculation of tax on shareholder profits.

Reconciliation of tax charge to expected tax

	Year ended 31 December 2022 £'Million		Year ended 31 December 2021 £'Million	
Profit before tax	0.7		842.4	
Tax attributable to policyholders' returns	501.1		(488.6)	
Profit before tax attributable to shareholders' returns	**501.8**		353.8	
Shareholder tax charge at corporate tax rate of 19% (2021: 19%)	95.3	19.0%	67.2	19.0%
Adjustments:				
Lower rates of corporation tax in overseas subsidiaries	(1.3)	(0.3)%	(1.2)	(0.3%)
Expected shareholder tax	**94.0**	**18.7%**	66.0	18.6%
Effects of:				
Non-taxable income	(1.5)		(0.9)	
Revaluation of historic capital losses in the Group	4.0		(1.4)	
Adjustment for change in tax rates	–		0.4	
Adjustment in respect of prior year				
– Current tax	(3.8)		(0.7)	
– Deferred tax	(2.5)		4.7	
Differences in accounting and tax bases in relation to employee share schemes	2.5		(4.6)	
Impact of difference in tax rates between current and deferred tax	(3.0)		(2.4)	
Disallowable expenses	5.6		4.0	
Provision for future liabilities	0.5		0.3	
Tax losses not recognised	2.2		1.2	
Other	(1.6)		(0.4)	
	2.4	0.5%	0.2	0.1%
Shareholder tax charge	**96.4**	**19.2%**	66.2	18.7%
Policyholder tax (credit)/charge	**(501.1)**		488.6	
Total tax (credit)/charge for the year	**(404.7)**		554.8	

Tax calculated on profit before tax at 19% (2021: 19%) would amount to £0.1 million (2021: £160.1 million). The difference of £404.8 million (2021: £394.7 million) between this number and the total tax credit of £404.7 million (2021: £554.8 million charge) is made up of the reconciling items above which total a charge of £1.1 million (2021: £1.0 million credit) and the effect of the apportionment methodology on tax applicable to policyholder returns of £405.9 million (2021: £395.7 million).

Tax paid in the year

	Year ended 31 December 2022 £'Million	Year ended 31 December 2021 £'Million
Current tax charge for the year	79.7	293.6
Refunds due to be received/(Payments to be made) in future years in respect of current year	39.5	(3.6)
Payments made in current year in respect of prior years	1.6	27.3
Other	0.3	1.8
Tax paid	**121.1**	319.1
Tax paid can be analysed as:		
– Taxes paid in UK	110.1	306.0
– Taxes paid in overseas jurisdictions	3.9	4.7
– Withholding taxes suffered on investment income received	7.1	8.4
Total	**121.1**	319.1

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

7. Income and deferred taxes continued

Deferred tax balances

Deferred tax assets

	Deferred acquisition costs (DAC)	Deferred income (DIR)	Renewal income assets	Share-based payments	Fixed asset temporary differences	Other temporary differences	Total
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
At 1 January 2021	(19.4)	33.1	(12.3)	6.8	5.6	0.6	14.4
Credit/(charge) to the Statement of Comprehensive Income							
– Utilised and created in year	1.4	(1.5)	(0.8)	8.8	1.5	(0.5)	8.9
– Impact of tax rate change	(3.6)	6.2	(2.0)	0.6	0.7	(0.3)	1.6
Total (charge)/credit	(2.2)	4.7	(2.8)	9.4	2.2	(0.8)	10.5
Impact of acquisition	–	–	(4.3)	–	–	–	(4.3)
At 31 December 2021	**(21.6)**	**37.8**	**(19.4)**	**16.2**	**7.8**	**(0.2)**	**20.6**
Credit/(charge) to the Statement of Comprehensive Income							
– Utilised and created in year	1.2	(0.1)	3.1	(3.3)	(3.9)	1.2	(1.8)
Total credit/(charge)	1.2	(0.1)	3.1	(3.3)	(3.9)	1.2	(1.8)
Impact of acquisition	–	–	(4.4)	–	–	–	(4.4)
Reclassified to deferred tax liabilities	–	–	–	–	–	(0.5)	(0.5)
At 31 December 2022	**(20.4)**	**37.7**	**(20.7)**	**12.9**	**3.9**	**0.5**	**13.9**
Expected utilisation period							
As at 31 December 2021	14 years	14 years	20 years	3 years	6 years		
As at 31 December 2022	**14 years**	**14 years**	**20 years**	**3 years**	**6 years**		

Deferred tax liabilities

	Unrelieved expenses on life insurance business	Deferred acquisition costs (DAC)	Capital losses (available for future relief)	Unrealised capital gains on life insurance assets backing unit liabilities (BLAGAB)	Purchased value of in-force business (PVIF)	Other temporary differences	Total
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
At 1 January 2021	(39.8)	32.1	(35.5)	417.3	3.3	0.7	378.1
Charge/(credit) to the Statement of Comprehensive Income							
– Utilised and created in year	0.7	(8.4)	11.7	266.8	(0.6)	(0.5)	269.7
– Impact of tax rate change	–	4.3	(3.0)	–	0.7	–	2.0
Total charge/(credit)	0.7	(4.1)	8.7	266.8	0.1	(0.5)	271.7
At 31 December 2021	**(39.1)**	**28.0**	**(26.8)**	**684.1**	**3.4**	**0.2**	**649.8**
Charge/(credit) to the Statement of Comprehensive Income							
– Utilised and created in year	1.6	(7.8)	20.7	(504.0)	(0.6)	(0.3)	(490.4)
– Impact of tax rate change	–	–	4.0	–	–	–	4.0
Total charge/(credit)	1.6	(7.8)	24.7	(504.0)	(0.6)	(0.3)	(486.4)
Reclassified from deferred tax assets	–	–	–	–	–	(0.5)	(0.5)
At 31 December 2022	**(37.5)**	**20.2**	**(2.1)**	**180.1**	**2.8**	**(0.6)**	**162.9**
Expected utilisation period							
As at 31 December 2021	6 years	14 years	5 years	5 years	4 years		
As at 31 December 2022	**6 years**	**14 years**	**1 years**	**6 years**	**3 years**		

Appropriate investment income, gains or profits are expected to arise against which the tax assets can be utilised. Whilst the actual rates of utilisation will depend on business growth and external factors, particularly investment market conditions, they have been tested for sensitivity to experience and are resilient to a range of reasonably foreseeable scenarios.

At the reporting date there were unrecognised deferred tax assets of £15.0 million (2021: £14.0 million) in respect of £92.1 million (2021: £82.2 million) of losses in companies where appropriate profits are not considered probable in the forecast period. These losses primarily relate to our Asia-based businesses and can be carried forward indefinitely.

In the UK Budget of 3 March 2021, it was announced that the main rate of corporation tax will increase from 19% to 25% with effect from 1 April 2023. This change was substantively enacted on 24 May 2021 within the Finance Act 2021 and as a result the relevant deferred tax balances were remeasured in 2021.

In December 2022, the OECD published key documents on the implementation of the new Pillar Two model rules. This legislation will apply to St. James's Place as a large multinational with effect from 1 January 2024. We are reviewing the latest documents in detail to assess the likely impact.

8. Goodwill, intangible assets, deferred acquisition costs and deferred income

	Goodwill	Purchased value of in-force business	Computer software and other specific software developments	DAC	DIR
	£'Million	£'Million	£'Million	£'Million	£'Million
Cost					
At 1 January 2021	31.0	73.4	43.8	1,233.9	(1,569.2)
Additions	0.5	–	19.2	41.2	(143.1)
Disposals	(0.4)	–	–	(130.9)	113.2
Change in capitalisation policy[1]	–	–	(7.7)	–	–
At 31 December 2021	**31.1**	**73.4**	**55.3**	**1,144.2**	**(1,599.1)**
Additions	5.5	–	16.1	37.3	(129.8)
Disposals	–	–	(0.5)	(130.2)	93.9
At 31 December 2022	**36.6**	**73.4**	**70.9**	**1,051.3**	**(1,635.0)**
Accumulated amortisation and impairment					
At 1 January 2021	–	55.8	20.3	809.4	(989.3)
Charge for the year	1.5	3.2	10.6	86.1	(160.4)
Eliminated on disposal	–	–	–	(130.9)	113.2
Change in capitalisation policy[1]	–	–	(2.6)	–	–
At 31 December 2021	**1.5**	**59.0**	**28.3**	**764.6**	**(1,036.5)**
Charge for the year	1.5	3.2	9.3	79.6	(162.0)
Eliminated on disposal	–	–	–	(130.2)	93.9
At 31 December 2022	**3.0**	**62.2**	**37.6**	**714.0**	**(1,104.6)**
Carrying value					
At 1 January 2021	31.0	17.6	23.5	424.5	(579.9)
At 31 December 2021	29.6	14.4	27.0	379.6	(562.6)
At 31 December 2022	**33.6**	**11.2**	**33.3**	**337.3**	**(530.4)**
Current	–	3.2	9.7	72.2	(145.6)
Non-current	33.6	8.0	23.6	265.1	(384.8)
	33.6	**11.2**	**33.3**	**337.3**	**(530.4)**
Outstanding amortisation period					
At 31 December 2021	n/a	4 years	5 years	14 years	6 to 14 years
At 31 December 2022	**n/a**	**3 years**	**5 years**	**14 years**	**6 to 14 years**

1 The March 2021 IFRS Interpretations Committee update included an agenda decision on 'Configuration and Customisation Costs in a Cloud Computing Arrangement' which was ratified by the IASB in April 2021. As a result of the decision the carrying value of computer software assets has been reassessed, and the impact of the revised capitalisation policy has been charged to the Statement of Comprehensive Income

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

8. Goodwill, intangible assets, deferred acquisition costs and deferred income continued

Goodwill

The carrying value of goodwill split by acquisition is as follows:

	31 December 2022 £'Million	31 December 2021 £'Million
JEWM Ltd (see Note 24)	4.8	–
Lewington Wealth Management Ltd (formerly Jamie Lewington & Co Limited)	0.5	0.5
Policy Services companies	7.7	7.7
Rowan Dartington companies	1.8	1.8
SJP Asia companies	10.1	10.1
Technical Connection Limited	3.7	3.7
Thompson Private Clients Limited (see Note 24)	0.7	–
Willson Grange businesses	4.3	5.8
Total goodwill	**33.6**	29.6

Goodwill is reviewed at least annually for impairment, or when circumstances or events indicate there may be uncertainty over its value. The recoverable amount has been based on value-in-use calculations using pre-tax cash flows. Details of the assumptions made in these calculations are provided below:

Key assumptions based on experience:	Value of new business and expenses
Projection period:	Five years extrapolated into perpetuity/10 years
Pre-tax discount rate based on a risk-free rate plus a risk margin:	7.0% to 12.0% (2021: 3.4% to 9.2%)

It is considered that no reasonably possible levels of change in the key assumptions would result in impairment of the goodwill, with the exception of Wilson Grange businesses.

Purchased value of in-force business/DAC/computer software

Amortisation is charged to expenses in the Statement of Comprehensive Income. Amortisation profiles are reassessed annually.

DIR

Amortisation is credited within fee and commission income in the Statement of Comprehensive Income. Amortisation profiles are reassessed annually.

9. Property and equipment, including leased assets

	Fixtures, fittings and office equipment	Computer equipment	Leased assets: properties	Total
	£'Million	£'Million	£'Million	£'Million
Cost				
At 1 January 2021	72.4	5.5	164.0	241.9
Additions	2.2	1.2	1.5	4.9
Disposals	(18.5)	–	(6.9)	(25.4)
At 31 December 2021	**56.1**	**6.7**	**158.6**	**221.4**
Additions	2.0	2.0	9.8	13.8
Acquisition of subsidiary	–	–	0.2	0.2
Disposals	(1.9)	(0.1)	(0.6)	(2.6)
At 31 December 2022	**56.2**	**8.6**	**168.0**	**232.8**
Accumulated depreciation				
At 1 January 2021	33.9	3.3	30.3	67.5
Charge for the year	5.8	1.4	14.9	22.1
Eliminated on disposal	(15.8)	–	(6.9)	(22.7)
At 31 December 2021	**23.9**	**4.7**	**38.3**	**66.9**
Charge for the year	5.2	1.3	15.2	21.7
Acquisition of subsidiary	–	–	0.2	0.2
Eliminated on disposal	(1.5)	(0.1)	(0.1)	(1.7)
At 31 December 2022	**27.6**	**5.9**	**53.6**	**87.1**
Net book value				
At 1 January 2021	38.5	2.2	133.7	174.4
At 31 December 2021	32.2	2.0	120.3	154.5
At 31 December 2022	**28.6**	**2.7**	**114.4**	**145.7**
Depreciation period (estimated useful life)				
At 31 December 2021	5 to 15 years	3 years	1 to 21 years	
At 31 December 2022	**5 to 15 years**	**3 years**	**1 to 19 years**	

10. Leases

This note provides information on leases where the Group is a lessee. For information on leases where the Group is a lessor, refer to Note 11.

The Group's leasing activities and how these are accounted for

The Group leases a portfolio of office properties, equipment and vehicles. The exemptions available under IFRS 16 for low-value or short-term leases have been applied to all leased equipment and vehicles, and so the leased assets and lease liabilities on the Consolidated Statement of Financial Position, and the depreciation charge for leased assets and interest expense on lease liabilities in the Consolidated Statement of Comprehensive Income, relate to the Group's portfolio of office properties only.

Leases are negotiated on an individual basis and hence contain a variety of different terms and conditions. They contain covenants and restrictions but generally these are standard and to be expected in a modern, commercial lease created under open-market terms. Typical covenants include paying the annual rent, insurance premiums, service charge, rates and VAT and keeping the property in good repair and condition throughout the lease. Typical restrictions include permitting office use only and not transferring or assigning the lease to a third party without the lessor's consent. There are no residual value guarantees.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

10. Leases continued

The Group is exposed to variability in lease payments, as a number of leases include rent reviews during the lease term which are linked to an index or market rates. In accordance with IFRS 16, these variable lease payments are initially measured based on the index or rate at the commencement date of the lease. Estimates of future rent changes are not made; these changes are taken into account in the lease liabilities and leased assets only when the lease payments change and so the variability is resolved. There are no variable lease payments which are not linked to an index or market rates.

The Group has not entered into any sale and leaseback transactions.

Details regarding the accounting policies applied to leases are set out in Note 1: refer to policies (f)(ii) Lease expenses, (m) Property and equipment and (z) Other payables.

Amounts recognised in the Consolidated Statement of Financial Position

The following amounts are recognised in the Consolidated Statement of Financial Position.

	31 December 2022	31 December 2021
	£'Million	£'Million
Within the property and equipment balance – refer to Note 9		
Leased assets: properties	**114.4**	120.3
Within the other payables balance – refer to Note 13		
Lease liabilities: properties	**116.6**	124.1

A movement schedule for leased assets, setting out additions during the year and depreciation charged, is presented in Note 9. A movement schedule for lease liabilities is presented below.

Amounts recognised in the Consolidated Statement of Comprehensive Income

The following amounts relating to leases are recognised within expenses in the Consolidated Statement of Comprehensive Income.

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Depreciation charge for leased assets: properties	15.2	14.9
Interest expense on lease liabilities: properties	3.0	3.2
Lease expense relating to short-term leases	0.2	0.1
Lease expense relating to low-value assets	1.4	1.1
Total lease expense for the year	**19.8**	19.3
Total cash outflow for leases during the year	**16.8**	13.9

Reconciliation of lease liabilities: properties

The following movement schedule reconciles the opening and closing lease liabilities relating to properties in the Consolidated Statement of Financial Position.

	2022	2021
	£'Million	£'Million
Balance at 1 January	124.1	132.7
Additions	6.3	2.2
Disposals	–	(0.1)
Interest charged	3.0	3.2
Lease payments made	(16.8)	(13.9)
Balance at 31 December	**116.6**	124.1

The lease payments disclosed in the table above link to the principal lease payments set out in the Consolidated Statement of Cash Flows as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Interest payments	3.0	3.2
Principal lease payments	13.8	10.7
Lease payments made	**16.8**	13.9

11. Investments, investment property and cash and cash equivalents

Net assets held to cover unit liabilities

Included within the Statement of Financial Position are the following assets and liabilities making up the net assets held to cover unit liabilities. The assets held to cover unit liabilities are set out in adjustment 1 of the IFRS to Solvency II Net Assets Balance Sheet reconciliation in Section 2.2 of the financial review.

	31 December 2022	31 December 2021
	£'Million	£'Million
Assets		
Investment property	1,294.5	1,568.5
Equities	103,536.0	106,782.3
Fixed income securities	27,544.8	29,298.1
Investment in Collective Investment Schemes	4,463.7	3,907.9
Cash and cash equivalents	6,179.5	7,587.2
Other receivables	1,604.8	1,332.4
Derivative financial instruments	3,493.0	1,094.6
Total assets	**148,116.3**	151,571.0
Liabilities		
Other payables	842.0	1,344.9
Derivative financial instruments	3,266.3	1,019.5
Total liabilities	**4,108.3**	2,364.4
Net assets held to cover linked liabilities	**144,008.0**	149,206.6
Investment contract benefits	106,964.7	110,349.8
Net asset value attributable to unit holders	36,628.4	38,369.0
Unit-linked insurance contract liabilities	414.9	487.8
Net unit-linked liabilities	**144,008.0**	149,206.6

Net assets held to cover linked liabilities, and third-party holdings in unit trusts, are considered to have a maturity of up to one year since the corresponding unit liabilities are repayable and transferable on demand. See accounting policy (ag) for further information on current and non-current disclosure.

Investment property

	2022	2021
	£'Million	£'Million
Balance at 1 January	1,568.5	1,526.7
Capitalised expenditure on existing properties	23.6	19.2
Disposals	(53.1)	(158.8)
Changes in fair value	(244.5)	181.4
Balance at 31 December	**1,294.5**	1,568.5

The Group is the lessor for a portfolio of properties which meet the definition of investment property. The portfolio is held within unit-linked funds, leased out under operating leases, and is considered current. However, since investment properties are not traded in an organised public market they are relatively illiquid compared with many other asset classes. There are no restrictions on the realisability of the Group's individual properties, or on the remittance of income or disposal proceeds.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

11. Investments, investment property and cash and cash equivalents continued

The Group follows various strategies to minimise the risks associated with any rights the Group retains in the investment properties. These strategies include:

- actively reviewing and monitoring the condition of the properties and undertaking appropriate repairs, capital works projects and investments;
- engaging professional legal advisers in drafting prudent lease terms governing the use of the properties and engaging specialist asset managers to oversee adherence to these terms on an ongoing basis;
- actively reviewing and monitoring lessee financial covenant positions;
- maintaining appropriate and prudent insurance for the properties; and
- senior management regularly reviewing the investment property portfolio to oversee diversification and performance, and to maximise value and occupancy rates.

Investment property is valued at least monthly by external chartered surveyors in accordance with the guidance issued by the Royal Institution of Chartered Surveyors. The investment property valuation has been prepared using the 'market approach' valuation technique: that is, using prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets.

The historical cost of investment properties held at 31 December 2022 is £1,475.7 million (2021: £1,577.0 million). This represents the price paid for investment properties, prior to any subsequent revaluation.

The rental income and direct operating expenses recognised in the Consolidated Statement of Comprehensive Income in respect of investment properties are set out below. All expenses relate to property generating rental income.

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Rental income	70.1	74.7
Direct operating expenses	5.2	10.0

At the year-end contractual obligations to purchase, construct or develop investment property amounted to £3.0 million (2021: £4.3 million). The most significant contractual obligations at 31 December 2022 were for refurbishments of warehouse units in Leeds and Poyle totalling £2.4 million.

Contractual obligations to dispose of investment property amounted to £nil (2021: £1.4 million).

A maturity analysis of undiscounted contractual rental income to be received on an annual basis for the next five years, and the total to be received thereafter, is set out below.

	31 December 2022	31 December 2021
	£'Million	£'Million
Undiscounted contractual rental income to be received in:		
Year 1	70.1	66.9
Year 2	67.6	64.2
Year 3	59.1	59.8
Year 4	52.3	51.7
Year 5	46.5	42.8
Year 6 onwards	268.6	265.2
Total undiscounted contractual rental income to be received	**564.2**	550.6

Cash and cash equivalents

	31 December 2022	31 December 2021
	£'Million	£'Million
Cash and cash equivalents not held to cover unit liabilities	253.3	245.7
Balances held to cover unit liabilities	6,179.5	7,587.2
Total cash and cash equivalents	**6,432.8**	7,832.9

All cash and cash equivalents are considered current.

12. Other receivables

	31 December 2022	31 December 2021
	£'Million	£'Million
Receivables in relation to unit liabilities excluding policyholder interests	397.0	433.6
Other receivables in relation to insurance and unit trust business	81.4	71.7
Operational readiness prepayment	278.3	296.3
Advanced payments to Partners	83.8	71.0
Other prepayments and accrued income	84.3	84.3
Business loans to Partners	315.6	521.6
Renewal income assets	115.5	102.5
Miscellaneous	18.9	6.6
Total other receivables on the Solvency II Net Assets Balance Sheet	**1,374.8**	1,587.6
Policyholder interests in other receivables (see Note 11)	1,604.8	1,332.4
Other	3.2	3.0
Total other receivables	**2,982.8**	2,923.0
Current	2,363.0	2,106.1
Non-current	619.8	816.9
	2,982.8	2,923.0

All items within other receivables meet the definition of financial assets with the exception of prepayments and advanced payments to Partners. The fair value of those financial assets held at amortised cost is not materially different from amortised cost.

Receivables in relation to unit liabilities relate to outstanding market trade settlements (sales) in the life unit-linked funds and the consolidated unit trusts. Other receivables in relation to insurance and unit trust business primarily relate to outstanding policy-related settlement timings. Both of these categories of receivables are short-term.

The operational readiness prepayment relates to the Bluedoor administration platform which has been developed by our key outsourced back-office administration provider. Management has assessed the recoverability of this prepayment against the expected cost saving benefit of lower future tariff costs arising from the platform. It is believed that no reasonably possible change in the assumptions applied within this assessment, notably levels of future business, the anticipated future service tariffs and the discount rate, would have an impact on the carrying value of the asset.

Renewal income assets represent the present value of future cash flows associated with business combinations or books of business acquired by the Group.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

12. Other receivables continued

Business loans to Partners

	31 December 2022	31 December 2021
	£'Million	£'Million
Business loans to Partners directly funded by the Group	315.6	307.6
Securitised business loans to Partners	–	214.0
Total business loans to Partners	**315.6**	521.6

Business loans to Partners are interest-bearing (linked to Bank of England base rate plus a margin), repayable in line with the terms of the loan contract and secured against the future income streams of the respective Partner.

During the year, £262.5 million of business loans to Partners previously recognised in the Consolidated Statement of Financial Position were sold to a third-party. The sale occurred at book value and met the derecognition criteria of IFRS 9 as substantially all risks and rewards of ownership were transferred. The risks and rewards of ownership were assessed as transferred primarily due to the following:

- the loans were sold to a third-party Special Purpose Vehicle (SPV) which the Group does not manage or control;
- the third-party SPV has the ability to remove the Group as the servicing party;
- there is no exposure from the loans sold to the third-party SPV through clawback, or any residual credit risk; and
- the transaction was structured by identifying a portfolio of loans (totalling £276.3 million), selling 95% of the full individual loans within that portfolio (realising proceeds of £262.5 million) without recourse and retaining 5% of the full individual loans within the portfolio as required under the Securitisation regulation. The loans were assessed for derecognition on an individual basis and the retained 5% do not meet the derecognition criteria of IFRS 9.

As a result, these business loans to Partners are no longer recognised on the Consolidated Statement of Financial Position.

The Group has a continued involvement with the derecognised assets through the servicing of the transferred loan portfolio. A servicing fee is received in respect of this servicing which is immaterial to the Group. The servicing fee is included within fee and commission income on the face of the Consolidated Statement of Comprehensive Income. The sale included £222.8 million of securitised business loans to Partners, reducing the securitised loan balance to £nil (2021: £214.0 million). The senior tranche of securitisation loan notes that were secured upon those securitised business loans to Partners were repaid as part of the transaction. See Note 16 for further information.

Prior to the sale, legal ownership of the securitised business loans to Partners had been transferred to a structured entity, SJP Partner Loans No.1 Limited, which issued loan notes secured upon them. Note 16 provides information on these loan notes. The securitised business loans to Partners were ring-fenced from the other assets of the Group, which means that the cash flows associated with these business loans to Partners could only have been used to purchase new loans which go into the structure, or to repay the note holders, plus associated issuance fees and costs. Holders of the loan notes had no recourse to the Group's other assets. The securitised business loans to Partners were recognised on the Group Statement of Financial Position as the Group controls SJP Partner Loans No.1 Limited; refer to the Consolidation section within Note 2 for further information.

Reconciliation of the business loans to Partners opening and closing gross loan balances

	Stage 1 performing	Stage 2 under-performing	Stage 3 non-performing	Total
	£'Million	£'Million	£'Million	£'Million
Gross balance at 1 January 2022	500.5	21.0	4.1	525.6
Business loans to Partners classification changes:				
– Transfer to underperforming	(4.8)	4.8	–	–
– Transfer to non-performing	(0.5)	(0.9)	1.4	–
– Transfer to performing	5.2	(5.2)	–	–
Sale to a third party during the year	(262.5)	–	–	(262.5)
New lending activity during the year	216.6	2.1	0.4	219.1
Interest charged during the year	20.6	0.9	0.2	21.7
Repayment activity during the year	(178.0)	(5.0)	(1.5)	(184.5)
Gross balance at 31 December 2022	**297.1**	**17.7**	**4.6**	**319.4**

	Stage 1 performing	Stage 2 under-performing	Stage 3 non performing	Total
	£'Million	£'Million	£'Million	£'Million
Gross balance at 1 January 2021	450.8	22.3	7.6	480.7
Business loans to Partners classification changes:				
– Transfer to underperforming	(10.7)	10.8	(0.1)	–
– Transfer to non performing	(0.4)	(0.2)	0.6	–
– Transfer to performing	6.7	(6.7)	–	–
New lending activity during the year	265.8	6.6	0.4	272.8
Interest charged during the year	16.3	1.5	0.2	18.0
Repayment activity during the year	(228.0)	(13.3)	(4.6)	(245.9)
Gross balance at 31 December 2021	500.5	21.0	4.1	525.6

Business loans to Partners: provision

The expected loss impairment model for business loans to Partners is based on the levels of loss experienced in the portfolio, with due consideration given to forward-looking information. For those business loans to Partners sold to a third party, full credit risk has been transferred.

The provision held against business loans to Partners as at 31 December 2022 was £3.8 million (2021: £4.0 million). During the year, £0.3 million of the provision was released (2021: £nil), £0.2 million was utilised (2021: £0.5 million) and new provisions and adjustments to existing provisions increased the total by £0.3 million (2021: £0.5 million).

There is no provision held against any other receivables held at amortised cost.

Business loans to Partners as recognised on the Statement of Financial Position

	31 December 2022	31 December 2021
	£'Million	£'Million
Gross business loans to Partners	319.4	525.6
Provision	(3.8)	(4.0)
Net business loans to Partners	**315.6**	521.6

Renewal income assets

Movement in renewal income assets

	2022	2021
	£'Million	£'Million
Balance at 1 January	102.5	87.4
Additions	36.1	34.6
Disposals	(7.8)	(10.5)
Revaluation	(15.3)	(9.0)
Balance at 31 December	**115.5**	102.5

The key assumptions used for the assessment of the fair value of the renewal income are as follows:

	31 December 2022	31 December 2021
Lapse rate – SJP Partner renewal income[1]	5.0% to 15.0%	5.0% to 15.0%
Lapse rate – non-SJP renewal income[1]	15.0% to 25.0%	15.0% to 25.0%
Discount rate	12.0% to 13.7%	3.4% to 10.1%

1 Future income streams are projected making use of retention assumptions derived from the Group's experience of the business or, where insufficient data exists, from external industry experience. These assumptions are reviewed on an annual basis

These assumptions have been used for the analysis of each business combination classified within renewal income.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

13. Other payables

	31 December 2022 £'Million	31 December 2021 £'Million
Payables in relation to unit liabilities excluding policyholder interests	326.2	178.9
Other payables in relation to insurance and unit trust business	417.8	448.9
Accrual for ongoing advice fees	133.2	141.2
Other accruals	105.8	103.6
Contract payment	95.8	107.1
Lease liabilities: properties (see Note 10)	116.6	124.1
Other payables in relation to Partner payments	74.8	86.7
Miscellaneous	67.3	63.9
Total other payables on the Solvency II Net Assets Balance Sheet	**1,337.5**	1,254.4
Policyholder interests in other payables (see Note 11)	842.0	1,344.9
Other (see adjustment 2 on page 80)	19.1	5.2
Total other payables	**2,198.6**	2,604.5
Current	2,018.5	2,405.2
Non-current	180.1	199.3
	2,198.6	2,604.5

Payables in relation to unit liabilities relate to outstanding market trade settlements (purchases) in the life unit-linked funds and the consolidated unit trusts. Other payables in relation to insurance and unit trust business primarily relate to outstanding policy-related settlement timings. Both of these categories of payables are short-term.

The contract payment of £95.8 million (2021: £107.1 million) represents payments made by a third-party service provider to the Group as part of a service agreement, which are non-interest-bearing and repayable over the life of the service agreement. The contract payment received prior to 2020 is repayable on a straight-line basis over the original 12-year term, with repayments commencing on 1 January 2017. The contract payment received in 2020 is repayable on a straight-line basis over 13 years and 4 months, with repayments commencing on 1 September 2020.

The Lease liabilities: properties line item represents the present value of future cash flows associated with the Group's portfolio of property leases.

The fair value of financial instruments held at amortised cost within other payables is not materially different from amortised cost.

Policyholder interests in other payables are short-term in nature and can vary significantly from period to period due to prevailing market conditions and underlying trading activity.

14. Insurance contract liabilities and reinsurance assets

Risk

Insurance risk arises from inherent uncertainties as to the occurrence, amount and timing of insurance liabilities. The Group assumes insurance risk by issuing insurance contracts under which the Group agrees to compensate the client (or other beneficiary) if a specified future event (the insured event) occurs. The Group insures mortality and morbidity risks but has no longevity risk as we have never written any annuity business. The Group has a low appetite for insurance risk, only actively pursuing it where financially beneficial, or in support of strategic objectives.

Risk	Description	Management
Underwriting	Failure to price appropriately for a risk, or the impact of anti-selection.	The Group ceased writing new protection business in April 2011 and has fully reinsured the remaining UK insurance risk. Experience is monitored regularly and for most business the premium or deduction rates can be reviewed.
Epidemic/disaster	An unusually large number of claims arising from a single incident or event.	Protection is provided through reinsurance. The Group has fully reinsured the UK insurance risk.
Expense	Administration costs exceed expense allowance.	Administration is outsourced and a tariff of costs is agreed. The contract is monitored regularly to rationalise costs incurred. Internal overhead expenses are monitored and closely managed.
Retention	Unexpected movement in future profit due to more (or fewer) clients than anticipated withdrawing their funds.	Retention of insurance contracts is closely monitored and unexpected experience is investigated. Retention experience has continued in line with assumptions.

Insurance contract liabilities

	2022 £'Million	2021 £'Million
Balance at 1 January	572.3	562.6
Movement in unit-linked liabilities	(72.9)	21.7
Movement in non-unit-linked liabilities:		
– Existing business	(0.7)	(1.3)
– Assumption changes	(18.0)	(6.0)
– Experience variance	2.8	(4.7)
Total movement in liabilities	(15.9)	(12.0)
Balance at 31 December	**483.5**	572.3
Unit-linked	414.9	487.8
Non-unit-linked	68.6	84.5
	483.5	572.3
Current	106.7	124.0
Non-current	376.8	448.3
	483.5	572.3

See accounting policy (ag) for further information on the current and non-current disclosure.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

14. Insurance contract liabilities and reinsurance assets continued

Reinsurance assets

	2022 £'Million	2021 £'Million
Reconciliation of the movement in the net reinsurance balance		
Balance at 1 January	82.4	92.3
Reinsurance component of change in insurance liabilities	(16.0)	(9.9)
Balance at 31 December	**66.4**	82.4
Current	14.7	15.9
Non-current	51.7	66.5
	66.4	82.4

The overall impact of reinsurance on the profit for the year was a net expense of £24.7 million (2021: £16.2 million).

Assumptions used in the calculation of insurance liabilities and reinsurance assets

The principal assumptions used in the calculation of the liabilities are:

Assumption	Description
Interest rate	The valuation interest rate is calculated by reference to the long-term gilt yield at 31 December 2022. The specific rates used are between 2.8% and 3.6% depending on the tax regime (0.5% and 0.8% at 31 December 2021).
Mortality	Mortality is based on Group experience and is set at 72% of the TM/F92 tables with an additional loading for smokers. There has been no change since 2006.
Morbidity – Critical Illness	Morbidity is based on Group experience. There was no change during 2022. Sample annual rates per £ for a male non-smoker are:

Age	Rate – 2021 and 2022
25	0.076%
35	0.133%
45	0.319%

Morbidity – Permanent Health Insurance	Morbidity is based on Group experience. There was no change during 2022. Sample annual rates per £ income benefit for a male non-smoker are:

Age	Rate – 2021 and 2022
25	0.274%
35	0.723%
45	1.569%

Expenses	Contract liabilities are calculated allowing for the actual costs of administration of the business. The assumption has been amended to allow for changes to the underlying administration costs.

Product	Annual cost 2022	2021
Protection business	£37.10	£34.40

Persistency	Allowance is made for a prudent level of lapses within the calculation of the liabilities. There was no change during 2022. Sample annual lapse rates are.

2021 and 2022	Lapses Year 1	Year 5	Year 10
Protection business	7%	9%	8%

Sensitivity analysis

The table below sets out the sensitivity of the profit on insurance business and net assets to changes in key assumptions. The levels of sensitivity tested are consistent with those proposed in the EEV principles and reflect reasonably possible levels of change in the assumptions. The analysis reflects the change in the variable/assumption shown while all other variables/assumptions are left unchanged. In practice variables/assumptions may change at the same time, as some may be correlated (for example, an increase in interest rates may also result in an increase in expenses if the increase reflects higher inflation). It should also be noted that in some instances sensitivities are non-linear. The sensitivity percentage has been applied in proportion to the assumption: for example, application of a 10% sensitivity to a withdrawal assumption of 8% will increase it to 8.8%.

Sensitivity analysis	Change in assumption	**Change in profit/(loss) before tax 2022**	Change in profit/(loss) before tax 2021	**Change in net assets 2022**	Change in net assets 2021
	Percentage	£'Million	£'Million	£'Million	£'Million
Withdrawal rates	10%	0.7	0.9	0.6	0.9
Expense assumptions	10%	(0.1)	(0.2)	(0.1)	(0.2)
Mortality/morbidity	5%	0.0	0.0	0.0	0.0

A change in interest rates will have no material impact on insurance profit or net assets.

15. Other provisions and contingent liabilities

	Complaints provision	Lease provision	Clawback provision	Total provisions
	£'Million	£'Million	£'Million	£'Million
At 1 January 2021	20.4	10.4	3.5	34.3
Additional provisions	34.1	–	–	34.1
Utilised during the year	(15.6)	(0.1)	(0.3)	(16.0)
Release of provision	(8.0)	(0.3)	–	(8.3)
At 31 December 2021	**30.9**	**10.0**	**3.2**	**44.1**
Additional provisions	28.5	3.5	–	32.0
Utilised during the year	(14.0)	(0.1)	(0.2)	(14.3)
Release of provision	(15.7)	(0.1)	–	(15.8)
At 31 December 2022	**29.7**	**13.3**	**3.0**	**46.0**
Current	22.4	1.6	1.0	25.0
Non-current	7.3	11.7	2.0	21.0
	29.7	**13.3**	**3.0**	**46.0**

The provision for the cost of redress of complaints is based on estimates of the total number of complaints expected to be upheld, the estimated cost of redress and the expected timing of settlement. The lease provision is based on the square footage of leased properties and typical costs per square foot for restoring similar buildings to their original state. The clawback provision is based on estimates of the indemnity commission that may be repaid. It is considered that any reasonably possible level of changes in estimates would not have a material impact on the value of the best estimate of the provision.

In the course of its business, the Group could be subject to legal proceedings and/or regulatory activity. Should such an event arise, the Board would consider its best estimate of the amount required to settle the obligation and, where appropriate and material, establish a provision. While there can be no assurances that circumstances will not change, based upon information currently available to them the Directors do not believe there is any possible activity or event that could have a material adverse effect on the Group's financial position. For further information, see the list of principal risks and uncertainties in the risk and risk management section of the Strategic report.

During the normal course of business, the Group may from time to time provide guarantees to Partners, clients or other third parties. However, based upon the information currently available to them the Directors do not believe there are any guarantees which would have a material adverse effect on the Group's financial position, and so the fair value of any guarantees has been assessed as £nil (2021: £nil).

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

16. Borrowings and financial commitments

Borrowings

Borrowings are a liability arising from financing activities. The Group has two different types of borrowings:

- senior unsecured corporate borrowings which are used to manage working capital, bridge intra-group cash flows and fund investment in the business; and
- securitisation loan notes which are secured only on a legally segregated pool of the Group's business loans to Partners, and hence are non-recourse to the Group's other assets. Further information about business loans to Partners is provided in Note 12.

Senior unsecured corporate borrowings

	31 December 2022 £'Million	31 December 2021 £'Million
Corporate borrowings: bank loans	–	106.8
Corporate borrowings: loan notes	163.8	163.8
Senior unsecured corporate borrowings	**163.8**	270.6

The primary senior unsecured corporate borrowings are:

- a revolving credit facility, which was renewed during the year. The facility increased from £340 million to £345 million which is repayable at maturity in 2027 with a variable interest rate. At 31 December 2022 the undrawn credit available under this facility was £345 million (2021: £233 million);
- a Note Purchase Agreement for £64 million. The notes are repayable in instalments over ten years, ending in 2027, with variable interest rates; and
- a Note Purchase Agreement for £100 million. The notes are repayable in one amount in 2031, with variable interest rates.

The Group has a number of covenants within the terms of its senior unsecured corporate borrowing facilities. These covenants are monitored on a regular basis and reported to lenders on a six-monthly basis. During the course of the year all covenants were complied with.

As at 31 December 2022 and 31 December 2021 the Group had sufficient headroom available under its covenants to fully draw the remaining commitment under its senior unsecured corporate borrowing facilities.

Total borrowings

	31 December 2022 £'Million	31 December 2021 £'Million
Senior unsecured corporate borrowings	163.8	270.6
Senior tranche of non-recourse securitisation loan notes	–	162.4
Total borrowings	**163.8**	433.0
Current	12.8	–
Non-current	151.0	433.0
	163.8	433.0

During the year the senior tranche of securitisation loan notes were repaid as a result of the sale of a portfolio of Partner business loans, including all of the securitised business loans, to a third party. Prior to the sale, the senior tranche of securitisation loan notes were AAA-rated and repayable over the expected life of the securitisation (estimated to be five years) with a variable interest rate. They were held by third-party investors and secured on a legally segregated portfolio of business loans to Partners, and on the other net assets of the securitisation entity SJP Partner Loans No.1 Limited. Holders of the securitisation loan notes had no recourse to the assets held by any other entity within the Group. For further information on business loans to Partners, including the sale of securitised business loans to Partners during the year, refer to Note 12.

In addition to the senior tranche of securitisation loan notes, a junior tranche has been issued to another entity within the Group. The junior notes were eliminated on consolidation in the preparation of the Group Financial Statements and so do not form part of Group borrowings.

	31 December 2022	31 December 2021
	£'Million	£'Million
Junior tranche of non-recourse securitisation loan notes	2.1	61.2
Senior tranche of non-recourse securitisation loan notes	–	162.4
Total non-recourse securitisation loan notes	**2.1**	223.6
Backed by		
Securitised business loans to Partners (see Note 12)	–	214.0
Other net assets of SJP Partner Loans No.1 Limited	2.1	9.6
Total net assets held by SJP Partner Loans No.1 Limited	**2.1**	223.6

Movement in borrowings

Borrowings are liabilities arising from financing activities. The cash and non-cash movements in borrowings over the year are set out below, with the cash movements also set out in the Consolidated Statement of Cash Flows.

	Senior unsecured corporate borrowings	Senior tranche of securitisation loan notes	Total borrowings	Senior unsecured corporate borrowings	Senior tranche of securitisation loan notes	Total borrowings
	2022	2022	2022	2021	2021	2021
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Balance at 1 January	270.6	162.4	433.0	226.5	115.3	341.8
Additional borrowing during the year	145.0	59.0	204.0	487.0	89.4	576.4
Repayment of borrowings during the year	(252.0)	(223.3)	(475.3)	(443.4)	(42.7)	(486.1)
Costs on additional borrowings during the year	(1.6)	–	(1.6)	(0.1)	(0.1)	(0.2)
Unwind of borrowing costs (non-cash movement)	0.6	0.5	1.1	0.6	0.5	1.1
Reclassification of prepaid loan facility expense to prepayments	1.2	1.4	2.6	–	–	–
Balance at 31 December	**163.8**	–	**163.8**	270.6	162.4	433.0

The fair value of the outstanding borrowings is not materially different from amortised cost. Interest expense on borrowings is recognised within expenses in the Consolidated Statement of Comprehensive Income.

Financial commitments

Guarantees

The Group guarantees loans provided by third parties to Partners. In the event of default on any individual Partner loan, the Group guarantees to repay the full amount of the loan, with the exception of Metro Bank. For this third party the Group guarantees to cover losses up to 50% of the value to the total loans drawn. These loans are secured against the future income streams of the Partner. The value of the loans guaranteed is as follows:

	Loans drawn		Facility	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	£'Million	£'Million	£'Million	£'Million
Bank of Scotland	28.7	51.9	70.0	70.0
Investec	28.8	33.1	50.0	50.0
Metro Bank	27.3	37.0	40.0	61.0
NatWest	37.9	28.8	75.0	50.0
Santander	167.7	119.9	179.0	169.9
Total loans	**290.4**	270.7	**414.0**	400.9

The fair value of these guarantees has been assessed as £nil (2021: £nil).

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

17. Financial risk

Risk management objectives and risk policies

The Group's financial risk can usefully be considered by looking at two categories of assets:

- assets backing unit liabilities (see Note 11); and
- shareholder assets.

In general, the policyholder bears the financial risk arising on assets backing the unitised business, and risk arising on shareholder assets is minimised through investment in liquid assets with a strong credit rating.

Exposure to the following risks for the two categories of assets is analysed separately in the following sections, in line with the requirements of IFRS 7:

- credit risk;
- liquidity risk;
- market risk; and
- currency risk.

Credit risk is the risk of loss due to a debtor's non-payment of a loan or other line of credit. Credit risk also arises from holdings of cash and cash equivalents, deposits and formal loans with banks and financial institutions. The Group has adopted a risk-averse approach to such risk and has a stated policy of not actively pursuing or accepting credit risk except when necessary to support other objectives.

Risk	Description	Management
Shareholders' assets	Loss of assets or reduction in value.	Shareholder funds are predominantly invested in AAA-rated unitised money market funds, which are classified as investments in Collective Investment Schemes (CIS), and deposits with approved banks, but may be invested in sovereign fixed interest securities such as UK gilts where regulatory constraints on other assets apply. Maximum counterparty limits are set for each company within the Group and aggregate limits are also set at a Group level.
Reinsurance	Failure of counterparty, or counterparty unable to meet liabilities.	Credit ratings of potential reinsurers must meet or exceed AA-. Consideration is also given to size, risk concentrations/exposures and ownership in the selection of reinsurers. The Group also seeks to diversify its reinsurance credit risk through the use of a spread of reinsurers.
Business loans to Partners	Inability of Partners to repay loans or advances from the Group.	Loans and advances are managed in line with the Group's secured lending policy. Loans are secured on the future renewal income stream expected from a Partner's portfolio and loan advances vary in relation to the projected future income of the relevant Partner. Outstanding balances are regularly reviewed and assessed on a conservative basis. Support is provided to help Partners manage their businesses appropriately. Expected credit losses are recognised as provisions against the loans.

Liquidity risk is the risk that the Group, although solvent, either does not have available sufficient financial resources to enable it to meet its obligations as they fall due, or can secure such resources only at excessive cost. The Group is averse to liquidity risk and seeks to minimise this risk by not actively pursuing it except where necessary to support other objectives.

Risk	Description	Management
Cash or expense requirement	A significant cash or expense requirement needs to be met at short notice.	The majority of free assets are invested in cash or cash equivalents and the cash position and forecast are monitored on a monthly basis. The Group also maintains a margin of free assets in excess of the minimum required solvency capital within its regulated entities. Further, the Group has established committed borrowing facilities (see Note 16) intended to further mitigate liquidity risk

Market risk is the impact a fall in the value of equity or other asset markets may have on the business. The Group adopts a risk-averse approach to market risk, with a stated solvency policy of not actively pursuing or accepting market risk except where necessary to support other objectives. However, the Group accepts the risk that a fall in equity or other asset markets will reduce the level of annual management charge income derived from policyholder assets and the consequent risk of lower future profits.

The table below summarises the main market risks that the business is exposed to and the methods by which the Group seeks to mitigate them.

Risk	Description	Management
Client liabilities	As a result of a reduction in equity values, the Group may be unable to meet client liabilities.	This risk is substantially mitigated by the Group's strategic focus on unitised business, by not providing guarantees to clients on policy values and by the matching of assets and liabilities.
Retention	Loss of future profit on investment contracts due to more clients than anticipated withdrawing their funds, particularly as a result of poor investment performance.	Retention of investment contracts is closely monitored and unexpected experience variances are investigated. Retention has remained consistently strong throughout 2022 despite the volatile market conditions experienced.
New business	Poor performance in the financial markets in absolute terms, and relative to inflation, leads to existing and future clients rejecting investment in longer-term assets.	The benefit to clients of longer-term equity investment as part of a diversified portfolio of assets is fundamental to our philosophy. Advice becomes even more important when market values fall, and greater attention is required to support and give confidence to existing and future clients in such circumstances. In addition, as controls against poor performance the Group monitors asset allocations across portfolios to ensure they are working as expected to meet long-term goals, and monitors funds against their objectives to ensure an appropriate level of investment risk. Where necessary, fund managers are changed.

The Group is not subject to any significant direct currency risk, since all material shareholder financial assets and financial liabilities are denominated in Sterling. However, since future profits are dependent on charges based on FUM, changes in FUM as a result of currency movements will impact future profits.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

17. Financial risk continued

Shareholder assets

Categories of financial assets and financial liabilities

The categories and carrying values of the shareholder financial assets and financial liabilities held in the Group's Statement of Financial Position are summarised in the table below. The impact of climate change does not have a material impact on the fair values of the assets summarised below.

31 December 2022	Financial assets at fair value through profit and loss £'Million	Financial liabilities at fair value through profit and loss £'Million	Financial assets measured at amortised cost £'Million	Financial liabilities measured at amortised cost £'Million	Total £'Million
Financial assets					
Fixed income securities	7.9	–	–	–	7.9
Investment in Collective Investment Schemes	1,271.7	–	–	–	1,271.7
Other receivables[2]					
– Business loans to Partners	–	–	315.6	–	315.6
– Renewal income assets	115.5	–	–	–	115.5
– Other	–	–	500.5	–	500.5
Total other receivables	*115.5*	–	*816.1*	–	*931.6*
Cash and cash equivalents	–	–	253.3	–	253.3
Total financial assets	**1,395.1**	–	**1,069.4**	–	**2,464.5**
Financial liabilities					
Borrowings	–	–	–	163.8	163.8
Other payables					
– Lease liabilities: properties	–	–	–	116.6	116.6
– Contingent consideration	–	8.3	–	–	8.3
– Other	–	–	–	1,231.7	1,231.7
Total other payables	–	*8.3*	–	*1,348.3*	*1,356.6*
Total financial liabilities	**–**	**8.3**	–	**1,512.1**	**1,520.4**

31 December 2021	Financial assets at fair value through profit and loss £'Million	Financial liabilities at fair value through profit and loss £'Million	Financial assets measured at amortised cost £'Million	Financial liabilities measured at amortised cost £'Million	Total £'Million
Financial assets					
Fixed income securities	7.8	–	–	–	7.8
Investment in Collective Investment Schemes[1]	1,605.3	–	–	–	1,605.3
Other receivables[2]					
– Business loans to Partners	–	–	521.6	–	521.6
– Renewal income assets	102.5	–	–	–	102.5
– Other	–	–	514.8	–	514.8
Total other receivables	*102.5*	–	*1,036.4*	–	*1,138.9*
Cash and cash equivalents	–	–	245.7	–	245.7
Total financial assets	1,715.6	–	1,282.1	–	2,997.7
Financial liabilities					
Borrowings	–	–	–	433.0	433.0
Other payables					
– Lease liabilities: properties	–	–	–	124.1	124.1
– Contingent consideration	–	8.3	–	–	8.3
– Other	–	–	–	1,127.2	1,127.2
Total other payables	–	*8.3*	–	*1,251.3*	*1,259.6*
Total financial liabilities	–	8.3	–	1,684.3	1,692.6

1 All assets included as shareholder investment in Collective Investment Schemes are holdings of high-quality, highly liquid money market funds, containing assets which are cash and cash equivalents

2 Other receivables exclude prepayments and advanced payments to Partners, which are not considered financial assets

Income, expense, gains and losses arising from financial assets and financial liabilities

The income, expense, gains and losses arising from shareholder financial assets and financial liabilities are summarised in the table below:

Year ended 31 December 2022	Financial assets at fair value through profit and loss £'Million	Financial assets measured at amortised cost £'Million	Financial liabilities measured at amortised cost £'Million	Total £'Million
Financial assets				
Fixed income securities	(0.7)	–	–	(0.7)
Investment in Collective Investment Schemes	14.9	–	–	14.9
Other receivables				
– Business loans to Partners	–	20.6	–	20.6
– Renewal income assets	(15.2)	–	–	(15.2)
Total other receivables	*(15.2)*	*20.6*	–	*5.4*
Cash and cash equivalents	–	2.6	–	2.6
Total financial assets	**(1.0)**	**23.2**	–	**22.2**
Financial liabilities				
Borrowings	–	–	(9.4)	(9.4)
Other payables				
– Lease liabilities: properties	–	–	(3.0)	(3.0)
Total other payables	–	–	(3.0)	(3.0)
Total financial liabilities	–	–	**(12.4)**	**(12.4)**

Year ended 31 December 2021	Financial assets at fair value through profit and loss £'Million	Financial assets measured at amortised cost £'Million	Financial liabilities measured at amortised cost £'Million	Total £'Million
Financial assets				
Fixed income securities	0.5	–	–	0.5
Investment in Collective Investment Schemes	0.2	–	–	0.2
Other receivables				
– Business loans to Partners	–	14.3	–	14.3
– Renewal income assets	(9.0)	–	–	(9.0)
Total other receivables	*(9.0)*	*14.3*	–	*5.3*
Cash and cash equivalents	–	–	–	–
Total financial assets	(8.3)	14.3	–	6.0
Financial liabilities				
Borrowings	–	–	(7.0)	(7.0)
Other payables				
– Lease liabilities: properties	–	–	(3.2)	(3.2)
Total other payables	–	–	*(3.2)*	*(3.2)*
Total financial liabilities	–	–	(10.2)	(10.2)

Losses on renewal income assets have been recognised within the investment return line in the Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

17. Financial risk continued

Fair value estimation

Financial assets and liabilities which are held at fair value in the Financial Statements are required to have disclosed their fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's shareholder assets and liabilities measured at fair value.

31 December 2022	Level 1 £'Million	Level 2 £'Million	Level 3 £'Million	Total balance £'Million
Financial assets				
Fixed income securities	7.9	–	–	7.9
Investment in Collective Investment Schemes[1]	1,271.7	–	–	1,271.7
Renewal income assets	–	–	115.5	115.5
Total financial assets	**1,279.6**	–	**115.5**	**1,395.1**
Financial liabilities				
Contingent consideration	–	–	8.3	8.3
Total financial liabilities	**–**	–	**8.3**	**8.3**

31 December 2021	Level 1 £'Million	Level 2 £'Million	Level 3 £'Million	Total balance £'Million
Financial assets				
Fixed income securities	7.8	–	–	7.8
Investment in Collective Investment Schemes[1]	1,605.3	–	–	1,605.3
Renewal income assets	–	–	102.5	102.5
Total financial assets	1,613.1	–	102.5	1,715.6
Financial liabilities				
Contingent consideration	–	–	8.3	8.3
Total financial liabilities	–	–	8.3	8.3

1 All assets included as shareholder investment in Collective Investment Schemes are holdings of high-quality, highly liquid unitised money market funds, containing assets which are cash and cash equivalents.

The fair value of financial instruments traded in active markets is based on quoted bid prices at the reporting date. These instruments are included in Level 1. Level 2 financial assets and liabilities are valued using observable prices for identical current arm's-length transactions.

The renewal income assets are Level 3 and are valued using a discounted cash flow technique and the assumptions outlined in Note 12. The effect of applying reasonably possible alternative assumptions of a movement of 100bps on the discount rate and a 10% movement in the lapse rate would result in an unfavourable change in valuation of £8.2 million (2021: £8.9 million) and a favourable change in valuation of £10.4 million (2021: £9.9 million), respectively.

The contingent consideration liability is classified as Level 3 and is valued based on the terms set out in the various sale and purchase agreements. Given the nature of the valuation basis the effect of applying reasonably possible alternative assumptions would result in an unfavourable change of £nil (2021: £nil) and favourable change of £8.3 million (2021: £8.3 million).

There were no transfers between Level 1 and Level 2 during the year, nor into or out of Level 3.

The following tables present the changes in Level 3 financial assets and liabilities at fair value through the profit and loss:

Financial assets

Renewal income assets	2022 £'Million	2021 £'Million
Balance at 1 January	102.5	87.4
Additions during the year	36.1	34.6
Disposals during the year	(7.8)	(10.5)
Unrealised losses recognised in the Statement of Comprehensive Income	(15.3)	(9.0)
Balance at 31 December	**115.5**	102.5

Unrealised losses on renewal income assets are recognised within investment return in the Consolidated Statement of Comprehensive Income.

Financial liabilities

Contingent consideration	2022 £'Million	2021 £'Million
Balance at 1 January	8.3	–
Additions during the year	6.3	8.3
Payments made during the year	(6.3)	–
Balance at 31 December	**8.3**	8.3

Credit risk

The following table sets out the maximum credit risk exposure and ratings of shareholder financial and other assets which are susceptible to credit risk:

31 December 2022	AAA £'Million	AA £'Million	A £'Million	BB £'Million	Unrated £'Million	Total £'Million
Fixed income securities	–	7.9	–	–	–	7.9
Investment in Collective Investment Schemes[1]	1,271.7	–	–	–	–	1,271.7
Reinsurance assets	–	66.4	–	–	–	66.4
Other receivables	–	5.6	–	–	926.0	931.6
Cash and cash equivalents	–	53.8	197.4	2.1	–	253.3
Total	**1,271.7**	**133.7**	**197.4**	**2.1**	**926.0**	**2,530.9**

31 December 2021	AAA £'Million	AA £'Million	A £'Million	BB £'Million	Unrated £'Million	Total £'Million
Fixed income securities	–	7.8	–	–	–	7.8
Investment in Collective Investment Schemes[1]	1,605.3	–	–	–	–	1,605.3
Reinsurance assets	–	82.4	–	–	–	82.4
Other receivables	–	9.9	–	–	1,129.0	1,138.9
Cash and cash equivalents	–	47.8	196.0	1.9	–	245.7
Total	1,605.3	147.9	196.0	1.9	1,129.0	3,080.1

1 Investment of shareholder assets in Collective Investment Schemes refers to investment in unitised money market funds, containing assets which are cash and cash equivalents

Other receivables includes £315.6 million (2021: £521.6 million) of business loans to Partners, which are interest-bearing (linked to Bank of England base rate plus a margin), repayable in line with the terms of the loan contract and secured against the future renewal income streams of the respective Partner.

Impairment of these loans is determined using the expected loss model set out in IFRS 9. Expected credit losses are based on the historic levels of loss experienced on business loans to Partners, with due consideration given to forward-looking information. A range of factors, including the nature or type of the loan and the security held, are taken into account in calculating the provision.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

17. Financial risk continued

The loan balance is presented net of a £3.8 million provision (2021: £4.0 million); see Note 12. The movement in the impairment provision will reflect utilisation of the existing provision during the year, but the overall cost of business loans to Partners (including new provisions) recognised within administration expenses in the Statement of Comprehensive Income during the year was a charge of £1.7 million (2021: £3.9 million).

Contractual maturity and liquidity analysis

The following table sets out the contractual maturity analysis of the Group's financial assets and financial liabilities. All financial liabilities are undiscounted:

31 December 2022	Up to 1 year £'Million	1 to 5 years £'Million	Over 5 years £'Million	Total £'Million
Financial assets				
Fixed income securities	7.9	–	–	7.9
Investment in Collective Investment Schemes	1,271.7	–	–	1,271.7
Other receivables				
– Business loans to Partners	63.5	186.1	66.0	315.6
– Renewal income	14.0	28.3	73.2	115.5
– Other	500.5	–	–	500.5
Total other receivables	*578.0*	*214.4*	*139.2*	*931.6*
Cash and cash equivalents	253.3	–	–	253.3
Total financial assets	**2,110.9**	**214.4**	**139.2**	**2,464.5**
Financial liabilities				
Borrowings	12.8	51.0	100.0	163.8
Other payables				
– Lease liabilities: properties	17.7	56.8	59.2	133.7
– Contingent consideration	6.4	1.9	–	8.3
– Other	1,158.5	58.0	37.0	1,253.5
Total other payables	*1,182.6*	*116.7*	*96.2*	*1,395.5*
Total financial liabilities	**1,195.4**	**167.7**	**196.2**	**1,559.3**

31 December 2021	Up to 1 year £'Million	1 to 5 years £'Million	Over 5 years £'Million	Total £'Million
Financial assets				
Fixed income securities	7.8	–	–	7.8
Investment in Collective Investment Schemes	1,605.3	–	–	1,605.3
Other receivables				
– Business loans to Partners	117.4	301.6	102.6	521.6
– Renewal income	18.2	43.6	40.7	102.5
– Other	514.8	–	–	514.8
Total other receivables	*650.4*	*345.2*	*143.3*	*1,138.9*
Cash and cash equivalents	245.7	–	–	245.7
Total financial assets	2,509.2	345.2	143.3	2,997.7
Financial liabilities				
Borrowings	–	320.2	112.8	433.0
Other payables				
– Lease liabilities: properties	17.2	59.1	70.9	147.2
– Contingent consideration	6.4	1.9	–	8.3
– Other[2]	1,034.6	58.0	51.5	1,144.1
Total other payables	*1,058.2*	*119.0*	*122.4*	*1,299.6*
Total financial liabilities	1,058.2	439.2	235.2	1,732.6

1 Lease liabilities: properties has been restated to reflect the undiscounted cashflows. The restatement increased 1 to 5 years by £4.9 million and Over 5 years by £18.2 million.

2 Other has been restated to reflect the undiscounted cashflows. The restatement decreased 1 to 5 years by £0.4 million and increased Over 5 years by £17.3 million.

Sensitivity analysis to market risks

Financial assets and liabilities held outside unitised funds primarily consist of fixed interest securities, units in money market funds, cash and cash equivalents, and other accounting assets and liabilities. The fixed interest securities are short-term and are held as an alternative to cash. Similarly, cash held in unitised money market funds and at bank is valued at par and is unaffected by movement in interest rates. Other assets and liabilities are similarly unaffected by market movements.

As a result of these combined factors, the Group's financial assets and liabilities held outside unitised funds are not materially subject to market risk, and movements at the reporting date in interest rates and equity values have an immaterial impact on the Group's profit after tax and equity. Future profits from annual management charges may be affected by movements in interest rates and equity values.

Unit liabilities and associated assets

Categories of financial assets and financial liabilities

Assets held to cover unit liabilities are summarised in Note 11, and all are held at fair value through profit or loss. Equities, investments in unit trusts which sit within investment in Collective Investment Schemes, and derivative financial assets are required to be held at fair value through profit or loss by IFRS 9, as they are equity instruments or derivatives. All other assets held to cover unit liabilities are elected to be held at fair value through profit or loss to match the fair value through profit or loss classification which is required for unit liabilities. They are designated as such upon initial recognition.

Income, expense, gains and losses arising from financial assets, investment properties and financial liabilities

The income, expense, gains and losses arising from financial assets, investment properties and financial liabilities are summarised in the table below:

	31 December 2022 £'Million	31 December 2021 £'Million
Financial assets and investment properties		
Investment properties	(226.6)	246.1
Other assets backing unit liabilities	(9,458.0)	11,400.2
Total financial assets and investment properties	**(9,684.6)**	11,646.3
Financial liabilities[1]		
Unit liabilities	9,930.1	(10,384.0)
Total financial liabilities	**9,930.1**	(10,384.0)

1 None of the change in the fair value of financial liabilities at fair value through profit or loss is attributable to changes in their credit risk.

Losses have been recognised within the investment return line in the Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

17. Financial risk continued

Fair value estimation

Financial assets and liabilities which are held at fair value in the Financial Statements are required to have disclosed their fair value measurements, split by level in the fair value measurement hierarchy. The following table presents the Group's unit liabilities and associated assets measured at fair value:

31 December 2022	Level 1 £'Million	Level 2 £'Million	Level 3 £'Million	Total balance £'Million
Financial assets and investment properties				
Investment property	–	–	1,294.5	1,294.5
Equities	101,944.0	–	1,592.0	103,536.0
Fixed income securities	7,322.0	19,856.4	366.4	27,544.8
Investment in Collective Investment Schemes	4,459.8	–	3.9	4,463.7
Derivative financial instruments	–	3,493.0	–	3,493.0
Cash and cash equivalents	6,179.5	–	–	6,179.5
Total financial assets and investment properties	**119,905.3**	**23,349.4**	**3,256.8**	**146,511.5**
Financial liabilities				
Investment contract benefits	–	106,964.7	–	106,964.7
Derivative financial instruments	–	3,266.3	–	3,266.3
Net asset value attributable to unit holders	36,628.4	–	–	36,628.4
Total financial liabilities	**36,628.4**	**110,231.0**	**–**	**146,859.4**

31 December 2021	Level 1 £'Million	Level 2 £'Million	Level 3 £'Million	Total balance £'Million
Financial assets and investment properties				
Investment property	–	–	1,568.5	1,568.5
Equities	105,735.2	–	1,047.1	106,782.3
Fixed income securities	7,712.1	21,277.9	308.1	29,298.1
Investment in Collective Investment Schemes	3,904.0	–	3.9	3,907.9
Derivative financial instruments	–	1,094.6	–	1,094.6
Cash and cash equivalents	7,587.2	–	–	7,587.2
Total financial assets and investment properties	124,938.5	22,372.5	2,927.6	150,238.6
Financial liabilities				
Investment contract benefits	–	110,349.8	–	110,349.8
Derivative financial instruments	–	1,019.5	–	1,019.5
Net asset value attributable to unit holders	38,369.0	–	–	38,369.0
Total financial liabilities	38,369.0	111,369.3	–	149,738.3

In respect of the derivative financial liabilities, £103.1 million of collateral had been posted as at 31 December 2022 (2021: £192.7 million), comprising cash and treasury bills, in accordance with the terms and conditions of the derivative contracts.

The fair value of financial instruments traded in active markets is based on quoted bid prices at the reporting date. These instruments are included in Level 1.

The Group closely monitors the valuation of assets in markets that have become less liquid. Determining whether a market is active requires the exercise of judgement and is determined based upon the facts and circumstances of the market for the instrument being measured. Where it is determined that there is no active market, fair value is established using a valuation technique. The techniques applied incorporate relevant information available and reflect appropriate adjustments for credit and liquidity risks. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. The relative weightings given to differing sources of information and the determination of non-observable inputs to valuation models can require the exercise of significant judgement.

If all significant inputs required to fair-value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Note that all of the resulting fair value estimates are included in Level 2, except for certain equities, fixed income securities, investments in Collective Investment Schemes and investment properties as detailed below.

Specific valuation techniques used to value Level 2 financial assets and liabilities include the use of observable prices for identical current arm's-length transactions, specifically:

- the fair value of fixed income securities are determined by inputs including interest rates and market observable yield curves of similar instruments in the market;
- the fair value of unit-linked liabilities is assessed by reference to the value of the underlying net asset value of the Group's unitised investment funds, determined on a bid value basis, at the reporting date; and
- the Group's derivative financial instruments are valued using valuation techniques commonly used by market participants. These consist of discounted cash flow and option pricing models, which typically incorporate observable market data, principally interest rates, basis spreads, foreign exchange rates, equity prices and counterparty credit.

Specific valuation techniques used to value Level 3 financial assets and liabilities include:

- the use of unobservable inputs, such as expected rental values and equivalent yields; and
- other techniques, such as discounted cash flow and historic lapse rates, which are used to determine fair value for the remaining financial instruments.

There were no transfers between Level 1 and Level 2 during the year.

Transfers into and out of Level 3 portfolios

The Group's policy is to recognise transfers into and out of levels as of the end of each reporting period except for material transfers which are recognised as of the date of the event or change in circumstances that caused the transfer. Transfers out of Level 3 portfolios arise when inputs that could have a significant impact on the instrument's valuation become market-observable; conversely, transfers into the portfolios arise when consistent sources of data cease to be available.

Transfers in of certain investments in Collective Investment Schemes occur when asset valuations can no longer be obtained from an observable market price; e.g. where they have become illiquid, in liquidation, suspended etc. The converse is true if an observable market price becomes available.

During the period, £4.8 million of Russian equities (2021: £nil) transferred from Level 1 to Level 3 as the valuation has been calculated using a markdown on the quoted price, with the markdown being a significant unobservable input.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

17. Financial risk continued

The following table presents the changes in Level 3 financial assets and liabilities at fair value through the profit and loss:

2022	Investment property £'Million	Fixed income securities £'Million	Equities £'Million	Collective Investment Schemes £'Million
Balance at 1 January 2022	1,568.5	308.1	1,047.1	3.9
Transfer into Level 3	0.0	6.0	4.8	0.7
Additions during the year	23.6	57.8	425.8	–
Disposed during the year	(53.1)	(29.7)	(77.1)	(0.8)
(Losses)/gains recognised in the income statement	(244.5)	24.2	191.4	0.1
Balance at 31 December 2022	**1,294.5**	**366.4**	**1,592.0**	**3.9**
Realised (losses)/gains	(192.7)	9.1	11.9	–
Unrealised (losses)/gains	(51.8)	15.1	179.5	0.1
(Losses)/gains recognised in the income statement	**(244.5)**	**24.2**	**191.4**	0.1

2021	Investment property £'Million	Fixed income securities £'Million	Equities £'Million	Collective Investment Schemes £'Million
Balance at 1 January 2021	1,526.7	309.4	465.8	1.8
Transfer into Level 3	–	–	–	2.3
Additions during the year	19.2	135.0	568.2	–
Disposed during the year	(158.8)	(132.5)	(142.8)	(0.2)
Gains/(losses) recognised in the income statement	181.4	(3.8)	155.9	–
Balance at 31 December 2021	1,568.5	308.1	1,047.1	3.9
Realised gains[1]	139.9	6.9	124.8	–
Unrealised gains/(losses)[1]	41.5	(10.7)	31.1	–
Gains/(losses) recognised in the income statement	181.4	(3.8)	155.9	–

1 Realised gains and unrealised gains/(losses) have been re-presented to correct the classification of the categories

Unrealised and realised gains/(losses) for all Level 3 assets are recognised within investment return in the Statement of Comprehensive Income.

Level 3 valuations

Investment property

At 31 December 2022 the Group held £1,294.5 million (2021: £1,568.5 million) of investment property, all of which is classified as Level 3 in the fair value hierarchy. It is initially measured at cost including related acquisition costs and subsequently valued at least monthly by professional external valuers at the properties' respective fair values at each reporting date. The fair values derived are based on anticipated market values for the properties in accordance with guidance issued by the Royal Institution of Chartered Surveyors, being the estimated amount that would be received from a sale of the assets in an orderly transaction between market participants. The valuation of investment property is inherently subjective as it requires, among other factors, assumptions to be made regarding the ability of existing tenants to meet their rental obligations over the entire life of their leases, the estimation of the expected rental income into the future; the assessment of a property's potential to remain as an attractive technical configuration to existing and prospective tenants in a changing market and a judgement on the attractiveness of a building, its location and the surrounding environment.

31 December 2022	Investment property classification			
	Office	Industrial	Retail and leisure	All
Gross ERV (per sq ft)[1]				
Range	£14.00 to £107.50	£5.00 to £22.50	£2.50 to £88.94	£2.50 to £107.50
Weighted average	£46.18	£12.71	£13.54	£17.20
True equivalent yield				
Range	4.3% to 9.7%	5.2% to 6.3%	6.0% to 10.5%	4.3% to 10.5%
Weighted average	5.9%	5.5%	7.2%	6.2%

31 December 2021	Investment property classification			
	Office	Industrial	Retail and leisure	All
Gross ERV (per sq ft)[1]				
Range	£15.00 to £95.06	£4.75 to £19.00	£2.50 to £99.98	£2.50 to £99.98
Weighted average	£42.19	£11.10	£13.18	£16.58
True equivalent yield				
Range	4.2% to 11.5%	3.1% to 5.2%	5.1% to 20.3%	3.1% to 20.3%
Weighted average	5.4%	3.7%	6.7%	5.1%

1 Equivalent rental value (per square foot).

Fixed income securities and equities

At 31 December 2022 the Group held £366.4 million (2021: £308.1 million) in private credit investments, and £1,587.3 million (2021: £1,047.1 million) in private market investments through the St. James's Place Diversified Assets (FAIF) Unit Trust. These are recognised within fixed income securities and equities, respectively, in the Consolidated Statement of Financial Position. They are measured at fair value, with the best evidence of the fair value at initial recognition being the transaction price i.e. the fair value of the consideration given or received. Following initial recognition a monthly valuation process occurs which includes verification by suitably qualified professional external valuers, who are members of various industry bodies including the British Private Equity and Venture Capital Association.

The fair values of the private credit investments are principally determined using two valuation methods:

1. the shadow rating method, which assigns a shadow credit rating to the debt-issuing entity and determines an expected yield with reference to observable yields for comparable companies with a public credit rating in the loan market; and
2. the weighted average cost of capital (WACC) method, which determines the debt-issuing entity's WACC with reference to observable market comparatives.

The expected yield and WACC are used as the discount rates to calculate the present value of the expected future cash flows under the shadow rating and WACC methods respectively, which is taken to be the fair value.

The fair values of the private market investments are principally determined using two valuation methods.

1. a market approach with reference to suitable market comparatives; and
2. an income approach using discounted cash flow analysis which assesses the fair value of each asset based on its expected future cash flows.

The output of each method for both the private credit and private market investments is a range of values, from which the mid-point is selected to be the fair value in the majority of cases. The mid-point would not be selected if further information is known about an investment which cannot be factored into the valuation method used. A weighting is assigned to the values determined following each method to determine the final valuation.

The valuations are inherently subjective as they require a number of assumptions to be made, such as determining which entities provide suitable market comparatives and their relevant performance metrics (for example earnings before interest, tax, depreciation and amortisation), determining appropriate discount rates and cash flow forecasts to use in models, the weighting to apply to each valuation methodology, and the point in the range of valuations to select as the fair value.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

17. Financial risk continued

Sensitivity of Level 3 valuations

Investment in Collective Investment Schemes

The valuation of certain investments in Collective Investment Schemes are based on the latest observable price available. Whilst such valuations are sensitive to estimates, it is believed that changing the price applied to a reasonably possible alternative would not change the fair value significantly.

Investment property

As set out on the previous page, investment property is initially measured at cost including related acquisition costs and subsequently valued at least monthly by professional external valuers at the properties' respective fair values at each reporting date. The following table sets out the effect of applying reasonably possible alternative assumptions, being a 10% movement in estimated rental value and a 50 bps movement in relative yield, to the valuation of the investment properties. Any change in the value of investment property is matched by an associated movement in the policyholder liability, and therefore would not impact on the shareholder net assets.

			Effect of reasonable possible alternative assumptions	
		Carrying value	Favourable changes	Unfavourable changes
	Investment property significant unobservable inputs	£'Million	£'Million	£'Million
31 December 2022	**Expected rental value/relative yield**	**1,294.5**	**1.410.8**	**1,186.6**
31 December 2021	Expected rental value/relative yield	1,568.5	1,921.0	1,292.3

Fixed income securities and equities

As set out on the previous page and above, the fair values of the Level 3 fixed income securities and equities are selected from the valuation range determined through the monthly valuation process. The following table sets out the effect of valuing each of the assets at the high and low point of the range. As for investment property, any change in the value of these fixed income securities or equities is matched by an associated movement in the policyholder liability, and therefore would not impact on the shareholder net assets.

			Effect of reasonable possible alternative assumptions	
		Carrying value	Favourable changes	Unfavourable changes
		£'Million	£'Million	£'Million
31 December 2022	**Fixed income securities**	**366.4**	**374.2**	**358.3**
	Equities	**1,587.3**	**1,783.5**	**1,380.3**
31 December 2021	Fixed income securities	308.1	311.5	304.5
	Equities	1,047.1	1,193.4	943.4

Credit risk

Credit risk relating to unit liabilities is borne by the unit holders.

Contractual maturity and liquidity analysis

Unit liabilities (and the associated assets) are deemed to have a maturity of up to one year since they are repayable and transferable on demand. In practice the contractual maturities of the assets may be longer than one year, but tne majority of assets held within the unit-linked and unit trust funds are highly liquid and the Group also actively monitors fund liquidity.

Sensitivity analysis to market risks

The majority of the Group's business is unitised and the direct associated market risk is therefore borne by unit holders. For completeness, we note that there is an indirect risk associated with market performance as future shareholder income is dependent upon markets; however, the direct risk has been mitigated through the Group's approach to matching assets and liabilities.

18. Cash generated from operations

	Note	Year ended 31 December 2022 £'Million	Year ended 31 December 2021 £'Million
Cash flows from operating activities			
Profit before tax for the year		**0.7**	842.4
Adjustments for:			
Amortisation of purchased value of in-force business	8	3.2	3.2
Amortisation of computer software	8	9.3	10.6
Change in capitalisation policy	8	–	5.1
Depreciation	9	21.7	22.1
Impairment of goodwill	8	1.5	1.5
Loss on disposal of computer software	8	0.5	–
Loss on disposal of property and equipment, including leased assets	9	0.9	2.7
Share-based payment charge	21	20.5	22.9
Interest income		(61.8)	(19.2)
Interest expense		12.4	10.2
Increase in provisions	15	1.9	9.8
Exchange rate (gains)/losses		(0.7)	0.1
		9.4	69.0
Changes in operating assets and liabilities			
Decrease in deferred acquisition costs	8	42.3	44.9
Decrease/(increase) in investment property		274.0	(41.8)
Decrease/(increase) in other investments		2,378.9	(24,358.4)
Increase in investment in associates		–	(1.4)
Decrease in reinsurance assets		16.0	9.9
Increase in other receivables		(298.8)	(326.9)
(Decrease)/increase in insurance contract liabilities		(88.8)	9.7
(Decrease)/increase in financial liabilities (excluding borrowings)		(1,138.3)	17,486.7
Decrease in deferred income	8	(32.2)	(17.3)
(Decrease)/increase in other payables		(397.7)	574.3
(Decrease)/increase in net assets attributable to unit holders		(1,740.6)	7,449.9
		(985.2)	829.6
Cash (used in)/generated from operations		**(975.1)**	1,741.0

19. Capital management and allocation

The Group's capital management policy, set by the Board, is to maintain a strong capital base in order to:

- protect clients' interests;
- meet regulatory requirements;
- protect creditors' interests; and
- create shareholder value through support for business development.

The policy requires that each subsidiary manages its own capital, in particular to maintain regulatory solvency, in the context of a Group capital plan. Any capital in excess of planned requirements is returned to the Group's Parent Company, St. James's Place plc, normally by way of dividends. The Group capital position is monitored by the Audit Committee on behalf of the St. James's Place plc Board.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

19. Capital management and allocation continued

Regulatory capital

The Group's capital management policy is, for each subsidiary, to hold the higher of:

- the capital required by any relevant supervisory body, uplifted by a specified margin to absorb changes; or
- the capital required based on the Company's internal assessment.

For our insurance companies, we hold capital based on our own internal assessment, recognising the regulatory requirement. For other regulated companies we generally hold capital based on the regulatory requirement uplifted by a specified margin.

The following entities are subject to regulatory supervision and have to maintain a minimum level of regulatory capital:

Entity	Regulatory body and jurisdiction
Capstone Financial (HK) Limited	Securities and Futures Commission (Hong Kong): Member of the Hong Kong Confederation of Insurance Brokers
Perennial Financial Management Limited	FCA: Personal Investment Firm
Policy Services Limited	FCA: Personal Investment Firm
Rowan Dartington & Co Limited	FCA: Investment Firm
St. James's Place (Hong Kong) Limited	Securities and Futures Commission (Hong Kong): Member of the Hong Kong Confederation of Insurance Brokers
St. James's Place International (Hong Kong) Limited	Insurance Authority (Hong Kong)
St. James's Place International plc	Central Bank of Ireland: Life insurance business
St. James's Place Investment Administration Limited	FCA: Investment Firm
St. James's Place Partnership Services Limited	FCA: Consumer Credit Firm
St. James's Place (Singapore) Private Limited	Monetary Authority of Singapore: Member of the Association of Financial Advisers
St. James's Place UK plc	PRA and FCA: Long-term insurance business
St. James's Place Unit Trust Group Limited	FCA: UCITS Management Company
St. James's Place Wealth Management plc	FCA: Personal Investment Firm

In addition, the St. James's Place Group is regulated as an insurance group under Solvency II, with the PRA as the lead regulator. More information about the capital position of the Group under Solvency II regulations is set out in the separate Solvency and Financial Condition Report document. The overall capital position for the Group at 31 December 2022, assessed on the standard formula basis, is presented in the following table:

	31 December 2022	31 December 2021
	£'Million	£'Million
IFRS total assets	151,705.0	155,729.9
Less Solvency II valuation adjustments and unit-linked liabilities	(150,325.1)	(154,484.6)
Solvency II net assets	**1,379.9**	1,245.3
Solvency II VIF	5,580.4	5,640.1
Risk margin	(1,516.4)	(1,622.9)
Own funds (A)	**5,443.9**	5,262.5
Standard formula SCR (B)	**(3,522.5)**	3,939.1
Solvency II free assets (A-B)	**1,921.4**	1,323.4
Solvency II ratio (A/B)	**155%**	134%

	31 December 2022	31 December 2021
	£'Million	£'Million
Solvency II net assets	1,379.9	1,245.3
Less: management solvency buffer (MSB)	(532.7)	(518.0)
Excess of free assets over MSB	**847.2**	727.3

An overall internal capital assessment is required for insurance groups. This is known as an ORSA (Own Risk and Solvency Assessment) and is described in more detail in the ORSA section within the risk and risk management report.

The regulatory capital requirements of companies within the Group, and the associated solvency of the Group, are assessed and monitored by the Finance Oversight Group, a committee of the Executive Board, with oversight by the Audit Committee on behalf of the Group Board. Ultimate responsibility for individual companies' regulatory capital lies with the relevant subsidiary boards.

For the year ended 31 December 2022, we reviewed the level of our MSB and maintained the MSB for the Life businesses at £355.0 million (31 December 2021: £355.0 million). There has been no other material change in the level of capital requirements of individual companies during the year, nor in the Group's management of capital. All regulated entities exceeded the minimum solvency requirements at the reporting date and during the year. See Section 3 of the financial review for further information.

IFRS capital composition

The principal forms of capital are included in the following balances on the Consolidated Statement of Financial Position:

	31 December 2022	31 December 2021
	£'Million	£'Million
Share capital	81.6	81.1
Share premium	227.8	213.8
Shares in trust reserve	(4.1)	(8.5)
Miscellaneous reserves	2.5	2.5
Retained earnings	952.4	830.3
Shareholders' equity	**1,260.2**	1,119.2
Non-controlling interests	0.2	–
Total equity	**1,260.4**	1,119.2

The above assets do not all qualify as regulatory capital. The required minimum regulatory capital, and analysis of the assets that qualify as regulatory capital, is outlined in section 3 of the financial review, which demonstrates that the Group has met its internal capital objectives. The Group and its individually regulated operations have complied with all externally and internally imposed capital requirements throughout the year.

20. Share capital, earnings per share and dividends

Share capital

	Number of ordinary shares	Called-up share capital
		£'Million
At 1 January 2021	537,343,466	80.6
– Issue of shares	850,985	0.1
– Exercise of options	2,336,078	0.4
At 31 December 2021	**540,530,529**	**81.1**
– Issue of shares	459,028	0.1
– Exercise of options	3,246,200	0.4
At 31 December 2022	**544,235,757**	**81.6**

Ordinary shares have a par value of 15 pence per share (2021: 15 pence per share) and are fully paid.

Included in the issued share capital are 2,207,186 (2021: 1,685,250) shares held in the Shares in trust reserve with a nominal value of £0.3 million (2021: £0.3 million). The shares are held by the SJP Employee Share Trust and the St. James's Place 2010 SIP Trust to satisfy certain share-based payment schemes. The Trustees of the SJP Employee Share Trust retain the right to dividends on the shares held by the Trust but have chosen to waive their entitlement to the dividends on 815,737 shares at 31 December 2022 and 285,033 shares at 31 December 2021. No dividends were waived on shares held in the St. James's Place 2010 SIP Trust in 2022 or 2021.

Share capital increases are included within the 'exercise of options' line of the table above where they relate to the Group's share-based payment schemes. Other share capital increases are included within the 'issue of shares' line.

The number of shares reserved for issue under options and contracts for sale of shares, including terms and conditions, is included within Note 21.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

20. Share capital, earnings per share and dividends continued

Earnings per share

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Earnings		
Profit after tax attributable to equity shareholders (for both basic and diluted EPS)	405.0	286.7
	Million	Million
Weighted average number of shares		
Weighted average number of ordinary shares in issue (for basic EPS)	542.7	537.7
Adjustments for outstanding share options	5.1	8.5
Weighted average number of ordinary shares (for diluted EPS)	**547.8**	546.2
	Pence	Pence
Earnings per share (EPS)		
Basic earnings per share	74.6	53.3
Diluted earnings per share	73.9	52.5

Dividends

The following dividends have been paid by the Group:

	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2021
	Pence per share	Pence per share	£'Million	£'Million
Withheld 2019 dividend	–	11.22	–	60.3
Final dividend in respect of 2020	–	38.49	–	207.2
Interim dividend in respect of 2021	–	11.55	–	62.4
Final dividend in respect of 2021	40.41	–	218.9	–
Interim dividend in respect of 2022	15.59	–	84.7	–
Total dividends	**56.00**	61.26	**303.6**	329.9

In respect of 2022 the Directors have recommended a 2022 final dividend of 37.19 pence per share. This amounts to £202.4 million and will, subject to shareholder approval at the Annual General Meeting, be paid on 31 May 2023 to those shareholders on the register as at 5 May 2022.

21. Share-based payments

During the year ended 31 December 2022, the Group operated a number of different equity-settled and cash-settled share-based payment arrangements, which are aggregated as follows:

Share option schemes

- Save As You Earn (SAYE) Plan – this is an equity-settled scheme that is available to all employees where individuals may contribute up to £300 per month over the three-year vesting period to purchase shares at a price not less than 80% of the market price at the date of the invitation to participate. A total of 420,798 (2021: 413,468) SAYE options were granted on 25 March 2022 (2021: 25 March 2021 and 24 September 2021). There are no other vesting conditions.
- Partner Performance Share Plan – this is an equity-settled plan under which Partners are entitled to purchase shares in the future at nominal value (15 pence). The number of shares the Partners are entitled to purchase will depend on their personal business volumes in a specified 12-month period and validation over the following three years. The first award under the scheme was made on 29 July 2016, when 3,456,281 shares were granted. No further awards were granted in either 2021 or 2022 in relation to the original grants made in 2016.
- Partner and Adviser Chartered Plan – this is an equity-settled scheme that was launched during 2015 as part of the Partner Performance Share Plan, whereby Partners and advisers are entitled to purchase shares in the future at nominal value (15 pence). The number of shares the Partners are entitled to purchase will depend upon achieving specific professional qualifications and a threshold new business level in a specified 12-month period and validation over the following three years. The first award under the scheme was made on 29 July 2016, when 2,019,000 shares were granted. No grants were made in 2022 (2021: nil).
- Associate Partner Plan – this is an equity-settled scheme that was launched during 2017 whereby Partners and advisers are entitled to purchase a set number of shares in the future at the market price at the date of the invitation if they meet the required business volumes over the following three years. No grants were made in 2022 (2021: nil).

Share awards

- Share Incentive Plan (SIP) – this is an equity-settled scheme, available to all employees, where individuals may invest up to an annual limit of £1,800 of pre-tax salary in St. James's Place plc shares, to which the Group will add a further 10%. The vesting period is three years; however, if the shares are held for five years they may be sold free of income tax or capital gains tax. There are no other vesting conditions. A total of 6,653 (2021: 4,472) shares were granted under the SIP on 25 March 2022 (2021: 25 March 2021).
- Executive Deferred Bonus Schemes – under these plans the deferred element of the annual bonus is used to purchase shares at market value in the Company. The shares are held in trust over the three-year vesting period and may be subject to further non-market-based performance conditions. The plans are predominantly equity-settled. A total of 532,147 (2021: nil) shares were granted under the Deferred Bonus Schemes on 25 March 2022 (2021: 25 March 2021).
- Executive Performance Share Plan – the Remuneration Committee of the Group Board may make awards of performance shares to the Executive Directors and other senior managers. Two thirds of shares awarded to Directors are subject to an earnings growth condition of the Group and one third of shares awarded to Directors are subject to a comparative total shareholder return condition, both measured over a three-year vesting period. Further information regarding the vesting conditions of the earnings-growth-dependent and total-shareholder-return-dependent portions of the award is given in the Directors' Remuneration Report. Awards made to senior managers are typically only subject to the earnings growth condition of the Group. This is predominantly an equity-settled scheme. A total of 1,120,077 (2021: 1,277,152) shares were granted under the Executive Performance Share Plan across one grant made on 25 March 2022 (2021: three grants made on 25 March 2021, 29 April 2021 and 24 September 2021).
- Restricted Share Plan – under this plan employees are awarded performance-related shares with the vesting condition being linked to Group funds under management. The plan is predominantly equity-settled. A total of 162,643 (2021: 45,853) awards were granted under the Restricted Share Plan on 25 March 2022 (2021: 24 September 2021).

Share options and awards outstanding under the various share-based payment schemes set out above at 31 December 2022 amount to 12.6 million shares (2021: 13.8 million). Of these, 2.9 million (2021: 3.9 million) are under option to Partners and advisers of the St. James's Place Partnership, 8.5 million (2021: 8.5 million) are under option to Executive Directors and senior management (including 0.9 million (2021: 1.1 million) under option to Directors as disclosed in the Directors' Remuneration Report) and 1.2 million (2021: 1.4 million) are under option through the SAYE and SIP schemes. These are exercisable on a range of future dates.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

21. Share-based payments continued

Financial assumptions underlying the calculation of fair value

The fair value expense has been based on the fair value of the instruments granted, as calculated using appropriate derivative pricing models. The table below shows the weighted average assumptions and models used to calculate the grant-date fair value of each award:

	SAYE Plan[3]	Share Incentive Plan	Executive Deferred Bonus	Executive Performance Share Plan[3,4,5]	Restricted Share Plan
Valuation model	Black-Scholes	Black-Scholes	Black-Scholes	Monte Carlo	Monte-Carlo
Awards in 2022					
Fair value (pence)	404.8	1,447.0	1,447.0	911.6/1,447.0	1,300.9
Share price (pence)	1,447.0	1,447.0	1,447.0	1,447.0	1,447.0
Exercise price (pence)	1,111.0	–	–	–	–
Expected volatility (% pa)[1]	33	N/A	N/A	33	33
Expected dividends (% pa)[2]	3.6	–	–	3.6	3.6
Risk-free interest rate (% pa)	1.43	N/A	N/A	N/A	N/A
Expected life (years)	3.5	3	3	3	3
Volatility of competitors (% pa)	N/A	N/A	N/A	23-80	N/A
Correlation with competitors (%)	N/A	N/A	N/A	20	N/A
Awards in 2021					
Fair value (pence)	372.8			879.3/1,272.5	
	396.1	1,272.5	N/A	1,221.3/1,578.0[3,5]	1,439.1
Share price (pence)	1,272.5			1,272.5	
	1,578.0	1,272.5	N/A	1,578.0	1,578.0
Exercise price (pence)	940.0				
	1,281.0	–	–	–	–
Expected volatility (% pa)[1]	31			31	
	32	N/A	N/A	32	32
Expected dividends (% pa)[2]	2.4			2.4	
	3.1	–	–	3.1	3.1
Risk-free interest rate (% pa)	0.11	N/A	N/A	N/A	N/A
Expected life (years)	3.5	3	N/A	3	3
Volatility of competitors (% pa)	N/A	N/A	N/A	22-67	N/A
				22-68	
Correlation with competitors (%)	N/A	N/A	N/A	20	N/A

1 Expected volatility is based on an analysis of the Company's historic share price volatility over a period which is commensurate with the expected term of the options or the awards

2 For schemes where dividends are payable on the shares during the vesting period, the dividend yield assumption in the Black-Scholes option pricing model is set at zero.

3 Two SAYE awards were made during 2021, on 25 March and 24 September, and three Executive Performance Share Plan awards were made during 2021, on 25 March, 29 April and 24 September, the assumptions for which are shown in the table above as the first and second figures (with the same assumptions for 25 March and 29 April Executive Performance Share Plan awards), respectively. There was a single award in 2022.

4 The awards made under the Executive Performance Share Plan are dependent upon earnings growth in the Company (two thirds of the award) and a total shareholder return of a comparator group of companies (one-third of the award). This results in having two fair values for each of the awards made in the table above: the first being in relation to the comparator total shareholder return, which is a market-based performance condition and so valued using a Monte Carlo simulation; and the second relating to the Company's earnings growth, which is a non-market-based performance condition and so valued using the Black-Scholes model.

5 The awards made under the Executive Performance Share Plan for members of the Executive Board Committee are subject to a two-year *holding period once the award has vested. This results in discounted fair values for the Executive Board Committee population of 820.4/1,447.0* (2021: 794.0/1,272.5) pence per share, to reflect the reduced marketability of the awards.

Share option schemes

	Year ended 31 December 2022	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2021
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
SAYE Plan				
Outstanding at start of year	1,405,475	£8.18	1,400,927	£7.38
Granted	420,798	£11.11	413,468	£10.89
Forfeited	(157,596)	£9.90	(156,205)	£8.19
Exercised	(528,946)	£7.46	(252,715)	£8.85
Outstanding at end of year	**1,139,731**	**£9.76**	1,405,475	£8.18
Exercisable at end of year	**2,233**	**£8.06**	19,158	£9.06
Partner Performance Share Plan				
Outstanding at start of year	440,702	£0.15	896,052	£0.15
Granted	–	–	–	–
Forfeited	–	–	(7,948)	£0.15
Exercised	(440,702)	£0.15	(447,402)	£0.15
Outstanding at end of year	–	**£0.15**	440,702	£0.15
Exercisable at end of year	–	**£0.15**	440,702	£0.15
Partner and Adviser Chartered Plan				
Outstanding at start of year	176,378	£0.15	314,944	£0.15
Granted	–	–	–	–
Forfeited	(2,000)	£0.15	(500)	£0.15
Exercised	(174,378)	£0.15	(138,066)	£0.15
Outstanding at end of year	–	**£0.15**	176,378	£0.15
Exercisable at end of year	–	**£0.15**	176,378	£0.15
Associate Partner Plan				
Outstanding at start of year	3,274,033	£10.91	5,206,250	£10.95
Granted	–	–	–	–
Forfeited	(33,750)	£10.91	(539,525)	£11.34
Exercised	(331,100)	£10.85	(1,392,692)	£10.93
Outstanding at end of year	**2,909,183**	**£10.91**	3,274,033	£10.91
Exercisable at end of year	**2,909,183**	**£10.91**	3,274,033	£10.91

The average share price during the year was 1,248.7 pence (2021: 1,437.5 pence).

The SAYE Plan options outstanding at 31 December 2022 had exercise prices of 771 pence (7,627 options), 813 pence (422,714 options), 940 pence (239,439 options), 1,281 pence (90,999 options) and 1,111 pence (378,952 options) and a weighted average remaining contractual life of 1.3 years.

The options outstanding under the Partner Performance Share Plan and the Partner and Adviser Chartered Plan at 31 December 2022 were all exercisable with an exercise price of 15 pence, hence their weighted average remaining contractual life was nil.

The options outstanding under the Associate Partner Plan at 31 December 2022 had an exercise price of 1,083 pence (2,460,958 options) and 1,135 pence (448,225 options) and a weighted average remaining contractual life of nil years.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

21. Share-based payments continued

Share awards

All share awards under the below schemes have exercise prices of nil.

	Year ended 31 December 2022 Number of shares	Year ended 31 December 2021 Number of shares
Share Incentive Plan		
Outstanding at start of year	38,039	46,963
Granted	6,653	4,472
Forfeited	–	–
Exercised	(5,443)	(13,396)
Outstanding at end of year	**39,249**	38,039
Exercisable at end of year	**11,937**	11,061
Executive Deferred Bonus Scheme		
Outstanding at start of year	1,026,985	1,801,549
Granted	532,147	–
Forfeited	(12,724)	(10,869)
Exercised	(561,137)	(763,695)
Outstanding at end of year	**985,271**	1,026,985
Exercisable at end of year	**646**	–
Executive Performance Share Plan		
Outstanding at start of year	7,424,110	7,964,846
Granted	1,120,077	1,277,152
Forfeited	(441,929)	(1,402,339)
Exercised	(729,088)	(415,549)
Outstanding at end of year	**7,373,170**	7,424,110
Exercisable at end of year	**1,840,660**	227,687
Restricted Share Plan		
Outstanding at start of year	45,853	–
Granted	162,643	45,853
Forfeited	(11,205)	–
Exercised	–	–
Outstanding at end of year	**197,291**	45,853
Exercisable at end of year	–	–

Early exercise assumptions

An allowance has been made for the impact of early exercise once options have vested in the SAYE Plan, where all option holders are assumed to exercise half-way through the six-month exercise window.

Allowance for performance conditions

The Executive Performance Share Plan includes a market-based performance condition based on the Company's total shareholder return relative to an index of comparator companies. The impact of this performance condition has been modelled using Monte Carlo simulation techniques, which involve running many thousands of simulations of future share price movements for both the Company and the comparator index. For the purpose of these simulations it is assumed that the share price of the Company and the comparator index are 20% (2021: 20%) correlated and that the comparator index has volatilities ranging between 23% p.a. and 80% p.a. (2021: 22% p.a. and 68% p.a.).

The performance condition is based on the Company's performance relative to the comparator index over a three-year period commencing on 1 January each year. The fair-value calculations for the awards that were made in 2022 therefore include an allowance for the actual performance of the Company's share price relative to the index over the period between 1 January 2022 and the various award dates.

Charge to the Consolidated Statement of Comprehensive Income

The table below sets out the charge to the Consolidated Statement of Comprehensive Income in respect of the share-based payment awards:

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Equity-settled share-based payment expense	20.5	20.4
Cash-settled share-based payment expense	0.5	2.5
Total share-based payment expense	**21.0**	22.9

Liabilities recognised in the Statement of Financial Position

The liabilities recognised in the Statement of Financial Position in respect of the cash-settled share-based payment awards, and National Insurance obligations arising from share-based payment awards, are as follows. These liabilities are included within other payables on the face of the Statement of Financial Position. None of the liability in respect of cash-settled share-based payment awards at 31 December 2022 or 31 December 2021 is in respect of vested cash-settled share-based payments.

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Liability for cash-settled share-based payments	2.5	2.9
Liability for employer National Insurance contributions on cash-settled and equity-settled share-based payments	7.8	9.2

22. Interests in unconsolidated entities

Unconsolidated structured entities

The Group operates investment vehicles, such as unit trusts. Clients are able to invest in these directly, but also indirectly through products offered by SJPUK and SJPI. As a result, the Group's insurance companies can be significant investors in the unit trusts. Note 2 sets out the judgements inherent in determining when the Group controls, and therefore consolidates, the relevant investment vehicles.

The majority of the risk from a change in the value of the Group's investment in unconsolidated unit trusts is matched by a change in unit holder liabilities. The maximum exposure to loss, prior to considering unit holder liabilities, is equal to the carrying value of the investment. This is recognised within investments in Collective Investment Schemes.

The following unit trust is not consolidated within the Group Financial Statements; however, the Group does act as the fund manager of this unit trust.

	Percentage of ownership interest				Net asset value as at 31 December	
	2022	2021	Nature of relationship	Measurement method	2022	2021
	%	%			£'Million	£'Million
St. James's Place Property Unit Trust	0.98	0.36	Manager of unit trust	Fair value through profit or loss	1,021.4	1,174.9

As at 31 December 2022 the value of the Group's interests in St. James's Place Property Unit Trust was £10.0 million (2021: £4.2 million).

The 31 December 2021 ownership interest has been restated from 0.00% to 0.36% to reflect an interest held which had been omitted from the disclosure.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

23. Interests in other entities

Principal subsidiaries	
Investment Holding Companies	St. James's Place Wealth Management Group Limited[1]
	St. James's Place DFM Holdings Limited[1]
Life Assurance	St. James's Place UK plc
	St. James's Place International plc (incorporated in Ireland)[2]
Unit Trust Management	St. James's Place Unit Trust Group Limited
Unit Trust Administration and ISA Management	St. James's Place Investment Administration Limited
Distribution	St. James's Place Wealth Management plc
Management Services	St. James's Place Management Services Limited[3]
Treasury Company	St. James's Place Partnership Services Limited
Adviser Acquisitions	St. James's Place Acquisition Services Limited
Asia Distribution	St. James's Place International Distribution Limited
Discretionary Fund Management	Rowan Dartington & Co. Limited

1 Directly held by St. James's Place plc.

2 The Company also operates a branch in Singapore.

3 The Company also operates a branch in the Republic of Ireland.

Ongoing solvency requirements within the life assurance, unit trust and financial services companies of the Group restrict their ability to distribute all their distributable reserves.

Included below is a full list of the entities within the St. James's Place plc Group at 31 December 2022:

Entity	Company number	Registered office	Country of incorporation	Principal activity	Audit exemption
Baxter Holding Company Limited	09805128	*	England and Wales	Financial Advice	Yes
Baxter & Lindley Financial Services Limited	02307706	*	England and Wales	Financial Advice	Yes
Cabot Portfolio Nominees Limited	03636010	Temple Point, Redcliffe Way, Bristol BS1 6NL	England and Wales	Nominee Company	Yes
Capstone Financial (HK) Limited	1256431	8F Kailey Tower, 16 Stanley Street, Central, Hong Kong	Hong Kong	Financial Advice	No
CGA Financial & Investment Services Limited	02666180	*	England and Wales	Financial Advice	Yes
Dartington Portfolio Nominees Limited	01489542	Temple Point, Redcliffe Way, Bristol23. BS1 6NL	England and Wales	Nominee Company	Yes
Future Proof Limited	07608319	*	England and Wales	Financial Advice	Yes
JEWM Ltd (formerly Janine Edwards Wealth Management Limited)	09229694	*	England and Wales	Financial Advice	Yes
Lewington Wealth Management Limited	04290504	*	England and Wales	Financial Advice	Yes
Linden House Financial Services Limited	02990295	*	England and Wales	Financial Advice	Yes
M.H.S. (Holdings) Limited	00559995	*	England and Wales	Non-trading	Yes
Perennial Financial Management Limited	04609753	*	England and Wales	Financial Advice	Yes

Entity	Company number	Registered office	Country of incorporation	Principal activity	Audit exemption
Policy Services Limited	SC230167	Oracle Campus, Blackness Road, Linlithgow, West Lothian EH49 7BF, United Kingdom	Scotland	Financial Advice	No
Reflect Financial Limited	04373946	*	England and Wales	Financial Advice	Yes
Richard Barnes Wealth Management Ltd	06320112	*	England and Wales	Financial Advice	Yes
Rowan Dartington & Co. Limited	02752304	*	England and Wales	Stockbroker and Investment Manager	No
Rowan Dartington Holdings Limited	07470226	*	England and Wales	Holding Company	Yes
SJP Legacy Holdings Ltd	SC492906	Oracle Campus, Blackness Road, Linlithgow, West Lothian EH49 7BF, United Kingdom	Scotland	Holding Company	Yes
SJP Partner Loans No. 1 Limited	11390901	10th Floor, 5 Churchill Place, London E14 5HU, United Kingdom	England and Wales	Securitisation	No
St. James's Place (Hong Kong) Limited	275275	1st Floor, Henley Building, 5 Queen's Road Central, Hong Kong	Hong Kong	Overseas Distribution	No
St. James's Place (PCP) Limited	02706684	*	England and Wales	Transaction and Servicing of SJP Income Streams	Yes
St. James's Place (Shanghai) Limited	310000400640051 (HUANGPU)	Unit 101-102, Building 9, Yuejie Shankangli, No. 358, Kangding Road, Jing'an District, Shanghai, China	China	Overseas Distribution	No
St. James's Place (Singapore) Private Limited	200406398R	1 Raffles Place, #15-61 One Raffles Place, Singapore 048616	Singapore	Financial Advice	No
St. James's Place Acquisition Services Limited	07730835	*	England and Wales	Adviser Acquisitions	Yes
St. James's Place Corporate Secretary Limited	09131866	*	England and Wales	Corporate Secretary	Yes
St James's Place DFM Holdings Limited	09687687	*	England and Wales	Holding Company	Yes
St James's Place International (Hong Kong) Limited	2207694	1st Floor, Henley Building, 5 Queen's Road Central, Hong Kong	Hong Kong	Life Assurance	No
St. James's Place International Distribution Limited	08798683	*	England and Wales	Holding Company	Yes
St. James's Place International plc	185345	Fleming Court, Flemings Place, Dublin 4, Ireland	Ireland	Life Assurance	Nc
St. James's Place Investment Administration Limited	08764231	*	England and Wales	Unit Trust Administration and ISA Manager	No
St. James's Place Management Services Limited	02661044	*	England and Wales	Management Services	No
St. James's Place Nominees Limited	08764214	*	England and Wales	Nominee Company	Yes
St. James's Place Partnership Services Limited	08201211	*	England and Wales	Treasury Company	No

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

23. Interests in other entities continued

Entity	Company number	Registered office	Country of incorporation	Principal activity	Audit exemption
St. James's Place UK plc	02628062	*	England and Wales	Life Assurance	No
St. James's Place Unit Trust Group Limited	00947644	*	England and Wales	Unit Trust Management	No
St. James's Place Wealth Management (Shanghai) Limited	1511517	1st Floor, Henley Building, 5 Queen's Road Central, Hong Kong	Hong Kong	Overseas Distribution	No
St. James's Place Wealth Management Group Limited	02627518	*	England and Wales	Holding Company	No
St. James's Place Wealth Management International Pte. Ltd	201323453N	1 Raffles Place, #15-61 One Raffles Place, Singapore 048616	Singapore	Holding Company	No
St. James's Place Wealth Management plc	04113955	*	England and Wales	UK Distribution	No
Stafford House Investments Limited	03866935	*	England and Wales	Financial Advice	Yes
Technical Connection Limited	03178474	*	England and Wales	Tax and Advisory Services	Yes
Thompson Private Clients Limited	11258200	*	England and Wales	Financial Advice	Yes
Tivoli Private Clients Limited	14320641	*	England and Wales	Non-trading	Yes
Tring Financial Management Limited	05487108	*	England and Wales	Policy Administration	Yes
Virtue Money Limited	SC346827	Oracle Campus, Blackness Road, Linlithgow, West Lothian EH49 7BF, United Kingdom	Scotland	Holding Company	Yes

* Indicates that the registered office is St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire, GL7 1FP.

The Group acquired JEWM Ltd (09229694), formerly Janine Edwards Wealth Management Limited, on 18 May 2022 and Thompson Private Clients Limited (11258200) on 17 June 2022.

The Group incorporated Tivoli Private Clients Limited (14320641) on 26 August 2022.

Where indicated in the table, subsidiaries of St. James's Place plc have taken advantage, or are expected to take advantage, of the exemption from statutory audit granted by section 479A of the Companies Act 2006. In accordance with section 479C, St. James's Place plc has guaranteed all the outstanding liabilities as at 31 December 2022 of these companies.

All Group companies have an accounting reference date of 31 December. Unless otherwise stated, the tax residency of each subsidiary is the same as the country of incorporation.

100% of the equity share capital is held for the subsidiaries listed in the table above, with the exception of:

- SJP Partner Loans No. 1 Limited (11390901), where 100% of the equity share capital is held by a third-party entity outside of the Group. Note that all assets and liabilities of SJP Partner Loans No.1 Limited are restricted and ring-fenced from the other assets and liabilities of the Group; and
- Lewington Wealth Management Limited (04290504) where 25% of the equity share capital is held by a third-party entity outside of the Group.

Following an assessment of control in accordance with IFRS 10 it was determined that SJP Partner Loans No. 1 Limited and Lewington Wealth Management are controlled by the Group and thus consolidated.

In addition, the Group Financial Statements consolidate the following unit trusts, all of which are registered in England and Wales. The registered address of the unit trust manager, St. James's Place Unit Trust Group Limited, is St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire GL7 1FP, United Kingdom.

St. James's Place Adventurous Growth Unit Trust
St. James's Place Adventurous International Growth Unit Trust
St. James's Place Asia Pacific Unit Trust
St. James's Place Balance InRetirement Unit Trust
St. James's Place Balanced Growth Unit Trust
St. James's Place Balanced International Growth Unit Trust
St. James's Place Balanced Managed Unit Trust
St. James's Place Conservative Growth Unit Trust
St. James's Place Conservative International Growth Unit Trust
St. James's Place Continental European Unit Trust
St. James's Place Corporate Bond Unit Trust
St. James's Place Diversified Assets (FAIF) Unit Trust
St. James's Place Diversified Bond Unit Trust
St. James's Place Emerging Markets Equity Unit Trust
St. James's Place Gilts Unit Trust
St. James's Place Global Absolute Return Unit Trust
St. James's Place Global Emerging Markets Unit Trust
St. James's Place Global Equity Unit Trust
St. James's Place Global Growth Unit Trust
St. James's Place Global High Yield Bond Unit Trust
St. James's Place Global Quality Unit Trust
St. James's Place Global Smaller Companies Unit Trust
St. James's Place Global Unit Trust
St. James's Place Global Value Unit Trust
St. James's Place Greater European Progressive Unit Trust
St. James's Place Growth InRetirement Unit Trust
St. James's Place Index Linked Gilts Unit Trust
St. James's Place International Equity Unit Trust
St. James's Place Investment Grade Corporate Bond Unit Trust
St. James's Place Japan Unit Trust
St. James's Place Managed Growth Unit Trust
St. James's Place Money Market Unit Trust
St. James's Place North American Unit Trust
St. James's Place Polaris 1 Unit Trust
St. James's Place Polaris 2 Unit Trust
St. James's Place Polaris 3 Unit Trust
St. James's Place Polaris 4 Unit Trust
St. James's Place Prudence InRetirement Unit Trust
St. James's Place Strategic Income Unit Trust
St. James's Place Strategic Managed Unit Trust
St. James's Place Sustainable & Responsible Equity Unit Trust
St. James's Place UK Equity Income Unit Trust
St. James's Place UK Unit Trust
St. James's Place Worldwide Income Unit Trust

Individually immaterial associates

The Group also has interests in individually immaterial associates that are accounted for using the equity method.

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Aggregate carrying value of individually immaterial associates	1.4	1.4
Aggregate amounts of the Group's share of total comprehensive income	–	–

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

24. Business combinations

During the year the Group acquired the following subsidiaries in line with the Group's strategic objective of growing and supporting the Partnership:

Business acquired	Principal activity	% shareholding	Date of acquisition
JEWM Ltd (formerly Janine Edwards Wealth Management Limited)	Provision of financial services	60%	18 May 2022
Thompson Private Clients Limited	Provision of financial services	100%	17 June 2022

Thompson Private Clients Limited owns 40% of the share capital of JEWM Ltd. From 17 June 2022, following its acquisition, the Group now holds 100% of the share capital of JEWM Ltd.

Acquisition-related costs of £0.1 million have been charged to administration expenses in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2022.

JEWM Ltd

The acquisition contributed £nil to fee and commission income and a £3.4 million profit before income tax for the period between the acquisition date and 31 December 2022. Had the acquisition been consolidated from 1 January 2022, the acquisition would have contributed £nil to fee and commission income and £5.5 million profit before income tax.

The net assets, fair value adjustments and consideration for this acquisition are summarised below (all values shown as at their acquisition date):

	Book value	Fair value adjustment	Total
	£'Million	£'Million	£'Million
Financial assets	4.3	14.0	18.3
Cash and cash equivalents	2.0	–	2.0
Financial liabilities	(1.0)	(3.8)	(4.8)
Total net assets acquired	**5.3**	**10.2**	**15.5**
Consideration			
Cash consideration on completion			11.4
Shares issued on completion[1]			5.7
Deferred contingent consideration			3.2
Total consideration			**20.3**
Goodwill			**4.8**

1 Shares issued refer to St. James's Place plc ordinary shares

Goodwill comprises the future value generated from new business opportunities.

It is expected that the deferred contingent consideration will be paid in full on 1 December 2023 with no changes to the amount initially recognised.

Thompson Private Clients Limited

The acquisition contributed £nil to fee and commission income and a £nil profit before income tax for the period between the acquisition date and 31 December 2022. Had the acquisition been consolidated from 1 January 2022, the acquisition would have contributed £nil to fee and commission income and £0.3 million profit before income tax.

The net assets, fair value adjustments and consideration for this acquisition are summarised below (all values shown as at their acquisition date):

	Book value	Fair value adjustment	Total
	£'Million	£'Million	£'Million
Financial assets	3.4	0.6	4.0
Cash and cash equivalents	–	–	–
Financial liabilities	(2.6)	(0.9)	(3.5)
Total net assets acquired	**0.8**	**(0.3)**	**0.5**
Consideration			
Cash consideration on completion			0.5
Deferred contingent consideration			0.7
Total consideration			**1.2**
Goodwill			**0.7**

It is expected that the deferred contingent consideration will be paid in full on 16 December 2023 with no changes to the amount initially recognised.

25. Related-party transactions

Transactions with St. James's Place unit trusts

In respect of the non-consolidated St. James's Place managed unit trusts that are held as investments in the St. James's Place life and pension funds, there were losses recognised of £0.7 million (2021: £11.0 million) and the total value of transactions with those non-consolidated unit trusts was £6.5 million (2021: £14.1 million). Net management fees receivable from these unit trusts amounted to £nil (2021: £1.8 million). The value of the investment into the non-consolidated unit trusts at 31 December 2022 was £10.0 million (2021: £4.2 million).

Transactions with associates and non-wholly owned subsidiaries

Outstanding at the year-end was a business loan of £1.2 million (2021: £0.9 million) to an associate of the Group. During the year £0.3 million (2021: £nil) was advanced and £nil (2021: £nil) was repaid. Business loans to associates are interest-bearing (linked to the Bank of England base rate plus a margin) and repayable in line with the terms of the loan contract. Interest of £nil was received during 2022 (2021: £nil).

In addition, commission, advice fees and other payments of £4.3 million were paid, under normal commercial terms, to non-wholly owned Group companies. The outstanding amount receivable at 31 December 2022 was £0.1 million. As at 31 December 2021 there were no entities for which disclosure was required.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

25. Related-party transactions continued

Transactions with key management personnel

Key management personnel have been defined as the Board of Directors and members of the Executive Board. The remuneration paid to the Board of Directors of St. James's Place plc is set out in the Directors' Remuneration Report, in addition to the disclosure below.

The Directors' Remuneration Report also sets out transactions with the Directors under the Group's share-based payment schemes, together with details of the Directors' interests in the share capital of the Company.

Compensation of key management personnel is as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Short-term employee benefits	6.3	6.1
Post-employment benefits	0.5	0.5
Share-based payment	6.5	5.7
Total	**13.3**	12.3

The total value of Group FUM held by related parties of the Group as at 31 December 2022 was £41.1 million (2021: £35.3 million). The total value of St. James's Place plc dividends paid to related parties of the Group during the year was £0.8 million (2021: £0.9 million).

Total consideration of £20.3 million (2021: £nil) was agreed under normal commercial terms to key management personnel and their connected parties for the acquisition of JEWM Ltd (formerly Janine Edwards Wealth Management Limited). As at 31 December 2022 there was deferred contingent consideration outstanding of £3.2 million (2021: £nil).

Commission, advice fees and other payments of £3.2 million (2021: £6.2 million) were paid, under normal commercial terms, to St. James's Place advisers who were related parties by virtue of being connected persons with key management personnel. The outstanding amount payable at 31 December 2022 was £0.1 million (2021: £0.8 million).

Outstanding at the year-end were Partner loans of £nil (2021: £3.3 million) due from St. James's Place advisers who were related parties by virtue of being connected persons with key management personnel. The Group either advanced, or guaranteed, these loans. During the year £0.5 million (2021: £nil) was advanced and £3.0 million (2021: £0.8 million) was repaid by advisers who were related parties. The remaining balance was derecognised as a related party due to changes in key management personnel during the year.

Business loans to Partners are interest-bearing (linked to the Bank of England base rate plus a margin), repayable in line with the terms of the loan contract and secured against the future renewal income streams of the respective Partner. Interest of £0.1 million was received during 2022 (2021: £0.1 million).

At the start of the year, related parties of key management personnel held nil (2021: 28,517) shares and options under various St. James's Place plc share option schemes. During the year nil (2021: nil) shares and options were granted, nil (2021: nil) options lapsed and nil (2021: 28,517) options were exercised.

Parent Company Financial Statements under Financial Reporting Standard 101

Parent Company Statement of Financial Position 256
Parent Company Statement of Changes in Equity 257
Notes to the Parent Company Financial Statements 258

Parent Company Statement of Financial Position

Registered number: 03183415

	Note	As at 31 December 2022 £'Million	As at 31 December 2021 £'Million
Investment in subsidiaries	2	1,378.8	1,212.8
Current assets			
Amounts owed by Group undertakings	6	283.9	281.1
Cash and cash equivalents		0.1	0.1
Current liabilities			
Corporation tax liabilities		(1.7)	(2.2)
Other payables		(0.1)	(0.1)
Net current assets		**282.2**	278.9
Net assets		**1,661.0**	1,491.7
Equity			
Share capital	3	81.6	81.1
Share premium		227.8	213.8
Share option reserve		274.1	253.6
Miscellaneous reserves		0.1	0.1
Retained earnings		1,077.4	943.1
Total shareholders' funds		**1,661.0**	1,491.7

In publishing the Parent Company Financial Statements, the Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual income statement and related notes that form part of these Parent Company Financial Statements. The Company is not required to present a Statement of Comprehensive Income. The Company's profit after tax for the financial year was £437.9 million (2021: £318.3 million) which can be seen in the Statement of Changes in Equity.

The Parent Company Financial Statements were approved by the Board of Directors on 27 February 2023 and signed on its behalf by:

Andrew Croft, Chief Executive **Craig Gentle**, Chief Financial Officer

The Notes and information on pages 258 to 261 form part of these Parent Company Financial Statements.

Parent Company Statement of Changes in Equity

	Note	Share *capital* £'Million	Share *premium* £'Million	Share option *reserve* £'Million	Miscellaneous *reserves* £'Million	Retained *earnings* £'Million	Total shareholders' *funds* £'Million
At 1 January 2021		80.6	185.3	233.2	0.1	954.7	1453.9
Profit and total comprehensive income for the year		–	–	–	–	318.3	318.3
Dividends	5	–	–	–	–	(329.9)	(329.9)
Issue of share capital		0.1	10.2	–	–	–	10.3
Exercise of options	3	0.4	18.3	–	–	–	18.7
Cost of share options expensed in subsidiaries		–	–	20.4	–	–	20.4
At 31 December 2021		**81.1**	**213.8**	**253.6**	**0.1**	**943.1**	**1,491.7**
Profit and total comprehensive income for the year		–	–	–	–	437.9	437.9
Dividends	5	–	–	–	–	(303.6)	(303.6)
Issue of share capital		0.1	5.6	–	–	–	5.7
Exercise of options	3	0.4	8.4	–	–	–	8.8
Cost of share options expensed in subsidiaries		–	–	20.5	–	–	20.5
At 31 December 2022		**81.6**	**227.8**	**274.1**	**0.1**	**1,077.4**	**1,661.0**

The Notes and information on pages 258 to 261 form part of these Parent Company Financial Statements.

Notes to the Parent Company Financial Statements

1. Accounting policies

Basis of preparation

St. James's Place plc (the Company) is a public company limited by shares which is incorporated and registered in England and Wales, domiciled in the United Kingdom and whose shares are publicly traded. The Company offers a range of insurance, investment and other wealth management services through its subsidiaries, which are incorporated in the UK, Ireland and Asia.

The Financial Statements have been prepared under the historical cost convention, on a going concern basis and in accordance with Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework and the Companies Act 2006 as applicable to companies using FRS 101.

The preparation of these Financial Statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. No significant accounting judgements have been made.

Adoption of new and amended accounting standards

There were no new or amended accounting standards adopted as of 1 January 2022.

FRS 101 – Reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- *the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information* in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related-party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the Consolidated Financial Statements of the group in which the entity is consolidated.

Going concern

The Company is a non-trading investment holding company which has positive net assets. Going concern has been evaluated by the Directors of the Company. As part of this the Directors have reviewed and take comfort from the Group's assessment of going concern as set out in Note 1 to the Consolidated Financial Statements. The Board believes the Company will continue to be in business, with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations for a period of at least 12 months from the date of approval of the Company Financial Statements. As a result, the Company continues to adopt the going concern basis in preparing these Financial Statements.

Significant accounting policies

The following principal accounting policies have been applied consistently to all the years presented.

(a) Investment return

Investment return comprises dividends from subsidiaries. Interim dividends are accounted for when received. Final dividends are accounted for when the dividend has been declared and approved by the subsidiary.

(b) Taxation

Taxation is based on profits and income for the year as determined in accordance with the relevant tax legislation, together with adjustments to provisions for prior years.

(c) Investment in subsidiaries

Investments in subsidiaries are carried at cost stated after any impairment losses, plus the cost of equity-settled share awards granted by the Company of its own shares.

(d) Receivables

Receivables are initially recognised at fair value and subsequently held at amortised cost less impairment losses.

Financial assets held at amortised cost are impaired using an expected credit loss model. Expected credit losses are based on the historic levels of loss experienced for the relevant financial assets, with due consideration given to forward-looking information.

The most significant category of financial assets held at amortised cost for the Company is amounts owed by Group undertakings. The significant increase in credit risk which triggers the move from performing to underperforming for these assets is when they are more than 30 days past due, in line with the presumption set out in IFRS 9 Financial Instruments.

(e) Amounts owed by Group undertakings

Amounts owed by Group undertakings initially are recognised at fair value and subsequently held at amortised cost, as the business model for these assets is hold to collect contractual cash flows, which consist solely of payments of principal and interest.

2. Investment in subsidiaries

	Cost	Share awards	Impairment provision	Net book value
	£'Million	£'Million	£'Million	£'Million
At 1 January 2021	353.0	233.2	(181.8)	404.4
Share awards granted	–	20.4	–	20.4
Share capital injection	8.0	–	–	8.0
Capital contribution	780.0	–	–	780.0
At 31 December 2021	**1,141.0**	**253.6**	**(181.8)**	**1,212.8**
Share awards granted	–	20.5	–	20.5
Share capital injection	9.0	–	–	9.0
Capital contribution	136.5	–	–	136.5
At 31 December 2022	**1,286.5**	**274.1**	**(181.8)**	**1,378.8**

The investment in subsidiaries' net book value is broken down as follows:

	31 December 2022	31 December 2021
	£'Million	£'Million
St. James's Place Wealth Management Group Limited	1,004.1	867.6
St. James's Place DFM Holdings Limited	100.6	91.6
Directly held investments	**1,104.7**	959.2
St. James's Place Management Services Limited	205.9	186.7
St. James's Place Wealth Management plc	62.1	62.2
Rowan Dartington & Co. Limited	5.0	4.3
St. James's Place International plc	0.8	0.2
Stafford House Investments Limited	0.2	0.2
Technical Connection Limited	0.1	–
Investments held due to share awards granted	**274.1**	253.6
Total	**1,378.8**	1,212.8

During the year the Company made a capital contribution of £136.5 million (2021: £780.0 million) to St. James's Place Wealth Management Group Limited.

The carrying value is reviewed at least annually for impairment, or when circumstances or events indicate there may be uncertainty over its value. The investments are supported by the value in use of the subsidiaries. The key assumptions used are the value of in-force business together with a discount rate of 7.0% (2021: 3.4%). It is considered that any reasonably possible levels of change in the key assumptions would not result in an impairment.

Notes to the Parent Company Financial Statements continued

3. Share capital

	Number of ordinary shares	Called-up share capital £'Million
At 1 January 2021	537,343,466	80.6
– Issue of shares	850,985	0.1
– Exercise of options	2,336,078	0.4
At 31 December 2021	**540,530,529**	**81.1**
– Issue of shares	459,028	0.1
– Exercise of options	3,246,200	0.4
At 31 December 2022	**544,235,757**	**81.6**

Ordinary shares have a par value of 15 pence per share (2021: 15 pence per share) and are fully paid. The Company received consideration of £8.8 million (2021: £18.7 million) for the shares issued during the year, including those issued to satisfy the exercise of options.

4. Auditors' remuneration

The total audit fee in respect of the Group is set out in Note 5 to the Consolidated Financial Statements. The audit fee charged to the Company for the year ended 31 December 2022 is £30,487 (2021: £25,512), which is borne by another entity within the Group.

5. Dividends

The following dividends have been paid by the Company:

	Year ended 31 December 2022	Year ended 31 December 2021	Year ended 31 December 2022	Year ended 31 December 2021
	Pence per share	Pence per share	£'Million	£'Million
Withheld 2019 dividend	–	11.22	–	60.3
Final dividend in respect of 2020	–	38.49	–	207.2
Interim dividend in respect of 2021	–	11.55	–	62.4
Final dividend in respect of 2021	40.41	–	218.9	–
Interim dividend in respect of 2022	15.59	–	84.7	–
Total dividends	**56.00**	61.26	**303.6**	329.9

In respect of 2022 the Directors have recommended a 2022 final dividend of 37.19 pence per share. This amounts to £202.4 million and will, subject to shareholder approval at the Annual General Meeting, be paid on 31 May 2023 to those shareholders on the register as at 5 May 2023.

6. Related-party transactions and balances

At the year-end the following related party balances existed, in addition to the investments in subsidiaries which are set out in Note 2 above.

	31 December 2022 £'Million	31 December 2021 £'Million
Amounts owed by Group undertakings		
St. James's Place Partnership Services Limited	283.9	281.1
Total	**283.9**	281.1

The amounts owed by Group undertakings are loans granted by the Company which are unsecured and repayable on demand. The loans incur interest at an agreed rate above the Bank of England's base rate, as stated in the loan agreements.

Amounts owed by Group undertakings continue to be classified as performing; see accounting policy (d).

During the year, the Company received £431.0 million (2021: £309.0 million) of dividends from subsidiary undertakings. The total value of St. James's Place FUM held by related parties of the Company as at 31 December 2022 was £41.1 million (2021: £35.4 million). The total value of dividends paid to related parties of the Company during the year was £0.8 million (2021: £0.9 million).

The following wholly-owned subsidiaries of St. James's Place plc have taken advantage of the exemption from statutory audit granted by section 479A of the Companies Act 2006. In accordance with section 479C, St. James's Place plc has therefore guaranteed all the outstanding liabilities as at 31 December 2022 of:

Baxter & Lindley Financial Services Limited	02307706
Baxter Holding Company Limited	09805128
Cabot Portfolio Nominees Limited	03636010
CGA Financial & Investment Services Limited	02666180
Dartington Portfolio Nominees Limited	01489542
Future Proof Limited	07608319
JEWM Ltd	09229694
Lewington Wealth Management Limited	04290504
Linden House Financial Services Limited	02990295
M.H.S. (Holdings) Limited	00559995
Perennial Financial Management Limited	04609753
Reflect Financial Limited	04373946
Richard Barnes Wealth Management Limited	06320112
Rowan Dartington Holdings Limited	07470226
SJP Legacy Holdings Ltd	SC492906
St. James's Place (PCP) Limited	02706684
St. James's Place Acquisition Services Limited	07730835
St. James's Place Corporate Secretary Limited	09131866
St. James's Place DFM Holdings Limited	09687687
St. James's Place International Distribution Limited	08798683
St. James's Place Nominees Limited	08764214
Stafford House Investments Limited	03866935
Technical Connection Limited	03178474
Thompson Private Clients Limited	11258200
Tring Financial Management Limited	05487108
Virtue Money Limited	SC346827

7. Directors' emoluments

The Directors' responsibilities relate primarily to the trading companies of the Group and accordingly their costs are charged to those companies and none are met by the Parent Company. Disclosure of the Directors' emoluments is made within the Directors' Remuneration Report.

8. Company information

In the opinion of the Directors there is not considered to be any ultimate controlling party. Copies of the Consolidated Financial Statements of St. James's Place plc may be obtained from the Company Secretary, St. James's Place plc, St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire GL7 1FP, United Kingdom.

Supplementary Information: Consolidated Financial Statements on a Cash result basis (unaudited)

Consolidated Statement of Comprehensive Income on a Cash result basis (unaudited) 263
Consolidated Statement of Changes in Equity on a Cash result basis (unaudited) 264
Consolidated Statement of Financial Position on a Cash result basis (unaudited) 265
Notes to the Consolidated Financial Statements on a Cash result basis (unaudited) 266

Consolidated Statement of Comprehensive Income on a Cash result basis (unaudited)

	Note	Year ended 31 December 2022 £'Million	Year ended 31 December 2021 £'Million
Fee and commission income		1,854.2	2,771.4
Investment return	6	29.1	35.9
Net income		**1,883.3**	2,807.3
Expenses		(1,898.9)	(1,858.1)
(Loss)/Profit before tax		**(15.6)**	949.2
Tax attributable to policyholders' returns		501.1	(488.6)
Tax attributable to shareholders' returns		(75.4)	(73.2)
Total Cash result for the year		**410.1**	387.4

		Pence	Pence
Cash result basic earnings per share	III	**75.6**	72.0
Cash result diluted earnings per share	III	**74.9**	70.9

The Note references above cross-refer to the Notes to the Consolidated Financial Statements under IFRS, except where denoted in Roman numerals.

Consolidated Statement of Changes in Equity on a Cash result basis (unaudited)

		Equity attributable to owners of the Parent Company							
	Note	Share capital £'Million	Share premium £'Million	Shares in trust reserve £'Million	Misc. reserves £'Million	Retained earnings £'Million	Total £'Million	Non-controlling interests £'Million	Total equity £'Million
At 1 January 2021		80.6	185.3	(14.8)	2.5	965.9	1,219.5	(0.9)	1,218.6
Cash result for the year		–	–	–	–	386.5	386.5	0.9	387.4
Dividends	20	–	–	–	–	(329.9)	(329.9)	–	(329.9)
Issue of share capital		0.1	10.2	–	–	–	10.3	–	10.3
Exercise of options	20	0.4	18.3	–	–	–	18.7	–	18.7
Shares sold during the year		–	–	6.3	–	(6.3)	–	–	–
Change in deferred tax		–	–	–	–	0.5	0.5	–	0.5
Impact of policyholder tax asymmetry		–	–	–	–	(52.9)	(52.9)	–	(52.9)
Change in goodwill, intangibles and other non-cash movements		–	–	–	–	(7.4)	(7.4)	–	(7.4)
At 31 December 2021		**81.1**	**213.8**	**(8.5)**	**2.5**	**956.4**	**1,245.3**	**–**	**1,245.3**
Cash result for the year		–	–	–	–	409.7	409.7	0.4	410.1
Dividends	20	–	–	–	–	(303.6)	(303.6)	(0.3)	(303.9)
Issue of share capital		0.1	5.6	–	–	–	5.7	–	5.7
Exercise of options	20	0.4	8.4	–	–	–	8.8	–	8.8
Consideration paid for own shares		–	–	(0.3)	–	–	(0.3)	–	(0.3)
Shares sold during the year		–	–	4.7	–	(4.7)	–	–	–
Non-controlling interests arising on the part-disposal of subsidiaries		–	–	–	–	4.9	4.9	0.1	5.0
Change in deferred tax		–	–	–	–	(30.5)	(30.5)	–	(30.5)
Impact of policyholder tax asymmetry		–	–	–	–	50.6	50.6	–	50.6
Change in goodwill, intangibles and other non-cash movements		–	–	–	–	(10.9)	(10.9)	–	(10.9)
At 31 December 2022		**81.6**	**227.8**	**(4.1)**	**2.5**	**1,071.9**	**1,379.7**	**0.2**	**1,379.9**

The Note references above cross-refer to the Notes to the Consolidated Financial Statements under IFRS.

Consolidated Statement of Financial Position on a Cash result basis (unaudited)

	Note	31 December 2022 £'Million	31 December 2021 £'Million
Assets			
Property and equipment	9	145.7	154.5
Deferred tax assets		2.5	5.0
Investment in associates		1.4	1.4
Other receivables		1,374.8	1,587.6
Income tax assets		35.0	–
Fixed income securities	17	7.9	7.8
Investment in Collective Investment Schemes	17	1,271.7	1,605.3
Cash and cash equivalents	17	253.3	245.7
Total assets		**3,092.3**	3,607.3
Liabilities			
Borrowings	16	163.8	433.0
Deferred tax liabilities		165.1	624.4
Other provisions	15	46.0	44.1
Other payables		1,337.5	1,254.4
Income tax liabilities		–	6.1
Total liabilities		**1,712.4**	2,362.0
Net assets		**1,379.9**	1,245.3
Shareholders' equity			
Share capital	20	81.6	81.1
Share premium		227.8	213.8
Shares in trust reserve		(4.1)	(8.5)
Miscellaneous reserves		2.5	2.5
Retained earnings		1,071.9	956.4
Shareholders' equity		**1,379.7**	1,245.3
Non-controlling interests		0.2	–
Total shareholders' equity on a Cash result basis		**1,379.9**	1,245.3

	Pence	Pence
Net assets per share	**253.6**	230.4

The Note references above cross-refer to the Notes to the Consolidated Financial Statements under IFRS.

Notes to the Consolidated Financial Statements on a Cash result basis (unaudited)

I. Basis of preparation

The Consolidated Financial Statements on a Cash result basis have been prepared by adjusting the Financial Statements prepared in accordance with International Financial Reporting Standards adopted by the UK for items which do not reflect the cash emerging from the business. The adjustments are as follows:

1. Unit liabilities and net assets held to cover unit liabilities, as set out in Note 11 to the Consolidated Financial Statements, are policyholder balances which are removed in the Statement of Financial Position on a Cash result basis. No adjustment for payments in or out is required in the Statement of Comprehensive Income as this business is subject to deposit accounting, which means that policyholder deposits and withdrawals are recognised in the Statement of Financial Position under IFRS, with only marginal cash flows attributable to shareholders recognised in the Statement of Comprehensive Income. However, adjustment is required for the investment return and the movement in investment contract liabilities, which are offsetting and are both zero-ised.
2. Deferred acquisition costs, the purchased value of in-force business and deferred income assets and liabilities are removed from the Statement of Financial Position on a Cash result basis, and the amortisation of these balances is removed from the Statement of Comprehensive Income on a Cash result basis. The assets, liabilities and amortisation are set out in Note 8 to the Consolidated Financial Statements.
3. Share-based payment expense is removed from the Statement of Comprehensive Income on a Cash result basis, and the equity and liability balances for equity-settled and cash-settled share-based payment schemes respectively are removed from the Statement of Financial Position on a Cash result basis. Share-based payment balances are set out in Note 21 to the Consolidated Financial Statements.
4. Non-unit-linked insurance contract liabilities and reinsurance assets, as set out in Note 14 to the Consolidated Financial Statements, are removed from the Statement of Financial Position on a Cash result basis. The movement in these balances is removed from the Statement of Comprehensive Income on a Cash result basis.
5. Goodwill, computer software intangible assets and some other assets and liabilities which are inadmissible under the Solvency II regime are removed from the Statement of Financial Position on a Cash result basis; however, the movements in these figures are included in the Statement of Comprehensive Income on a Cash result basis.
6. Deferred tax assets and liabilities are adjusted in the Statement of Financial Position on a Cash result basis to reflect the adjustments noted above and other discounting differences between tax charges and IFRS accounting. However, the impact of movements in deferred tax assets and liabilities are not included in the Statement of Comprehensive Income on a Cash result basis.

II. Reconciliation of the IFRS Balance Sheet to the Cash Balance Sheet

The Solvency II Net Assets (or Cash) Balance Sheet is based on the IFRS Consolidated Statement of Financial Position, with adjustments made to accounting assets and liabilities to reflect the Solvency II regulations and the provision for insurance liabilities set to be equal to the associated unit liabilities.

The reconciliation of the IFRS Consolidated Statement of Financial Position and Solvency II Net Assets Balance Sheet as at 31 December 2022 is set out in Section 2.2 of the financial review. The reconciliation as at 31 December 2021 is set out below.

31 December 2021	IFRS Balance Sheet £'Million	Adjustment 1 £'Million	Adjustment 2 £'Million	Solvency II Net Assets Balance Sheet £'Million
Assets				
Goodwill	29.6	–	(29.6)	–
Deferred acquisition costs	379.6	–	(379.6)	–
Purchased value of in-force business	14.4	–	(14.4)	–
Computer software	27.0	–	(27.0)	–
Property and equipment	154.5	–	–	154.5
Deferred tax assets	20.6	–	(15.6)	5.0
Investment in associates	1.4	–	–	1.4
Reinsurance assets	82.4	–	(82.4)	–
Other receivables	2,923.0	(1,332.4)	(3.0)	1,587.6
Investment property	1,568.5	(1,568.5)	–	–
Equities	106,782.3	(106,782.3)	–	–
Fixed income securities	29,305.9	(29,298.1)	–	7.8
Investment in Collective Investment Schemes	5,513.2	(3,907.9)	–	1,605.3
Derivative financial instruments	1,094.6	(1,094.6)	–	–
Cash and cash equivalents	7,832.9	(7,587.2)	–	245.7
Total assets	155,729.9	(151,571.0)	(551.6)	3,607.3
Liabilities				
Borrowings	433.0	–	–	433.0
Deferred tax liabilities	649.8	–	(25.4)	624.4
Insurance contract liabilities	572.3	(487.8)	(84.5)	–
Deferred income	562.6	–	(562.6)	–
Other provisions	44.1	–	–	44.1
Other payables	2,604.5	(1,344.9)	(5.2)	1,254.4
Investment contract benefits	110,349.8	(110,349.8)	–	–
Derivative financial instruments	1,019.5	(1,019.5)	–	–
Net asset value attributable to unit holders	38,369.0	(38,369.0)	–	–
Income tax liabilities	6.1	–	–	6.1
Total liabilities	154,610.7	(151,571.0)	(677.7)	2,362.0
Net assets	1,119.2	–	126.1	1,245.3

Adjustment 1 nets out the policyholder interest in unit-linked assets and liabilities.

Adjustment 2 comprises adjustments to the IFRS Statement of Financial Position in line with Solvency II requirements, including removal of DAC, DIR, PVIF and their associated deferred tax balances, as well as goodwill and other intangibles.

Notes to the Consolidated Financial Statements on a Cash result basis (unaudited) continued

III. Cash result earnings per share

	Year ended 31 December 2022	Year ended 31 December 2021
	£'Million	£'Million
Cash result earnings		
Cash result (for both basic and diluted EPS)	410.1	387.4
	Million	Million
Weighted average number of shares		
Weighted average number of ordinary shares in issue (for basic EPS)	542.7	537.7
Adjustments for outstanding share options	5.1	8.5
Weighted average number of ordinary shares (for diluted EPS)	**547.8**	546.2
	Pence	Pence
Cash result earnings per share (EPS)		
Cash result basic earnings per share	75.6	72.0
Cash result diluted earnings per share	74.9	70.9

Other Information

Shareholder information 270
How to contact us and advisers 271
Glossary of alternative performance measures 272
Glossary of terms 275

04

Shareholder information

We listen and respond

The St. James's Place business has a broad range of stakeholders, and our duties to them are reflected in our strategy which has a fundamental and clear focus on each stakeholder, including our employees, the Partnership, our clients, shareholders, third-party suppliers, regulators and wider society. This section provides information of particular interest to shareholders, such as the financial calendar, information about our locations and how stakeholders can contact us, and two glossaries which provide further information on our alternative performance measures and an explanation of key terms to assist stakeholders in understanding the Annual Report and Accounts.

Analysis of shareholder holdings

Analysis by number of shares	Holders	Percentage	Shares held	Percentage
1–999	2,059	45.53%	731,928	0.13%
1,000–9,999	1,646	36.40%	4,969,926	0.91%
10,000–99,999	492	10.88%	16,792,207	3.09%
100,000 and above	325	7.19%	521,741,696	95.87%
	4,522	**100.00%**	**544,235,757**	**100.00%**

2023 financial calendar

Announcement of first-quarter new business	27 April 2023
Ex-dividend date for 2022 final dividend	4 May 2023
Record date for 2022 final dividend	5 May 2023
Annual General Meeting	18 May 2023
Payment date for 2022 final dividend	31 May 2023
Announcement of Interim Results and second-quarter new business	27 July 2023
Ex-dividend date for 2023 interim dividend	24 August 2023
Record date for 2023 interim dividend	25 August 2023
Payment date for 2023 interim dividend	22 September 2023
Announcement of third-quarter new business	19 October 2023

The above dates are subject to change and further information on the 2023 financial calendar can be found on the Company's website, at **www.sjp.co.uk/shareholders/financial-calendar**.

Dividend Reinvestment Plan

If you would prefer to receive new shares instead of cash dividends, please complete a Dividend Reinvestment Plan (DRIP) form, which is available from our Registrars, Computershare Investor Services PLC. Their contact details are overleaf.

Dividend mandate

Shareholders can arrange to have their dividends paid directly into their bank or building society account by completing a bank mandate form. The advantages to using this service are: the payment is more secure than sending a cheque through the post; it avoids the inconvenience of paying in a cheque; and it reduces the risk of lost, stolen or out-of-date cheques. A mandate form can be obtained from Computershare or you will find one on the reverse of your last dividend confirmation.

Share dealing

A telephone share dealing service has been established with the Registrars, Computershare Investor Services PLC, which provides shareholders with a simple way of buying or selling St. James's Place plc shares on the London Stock Exchange. If you are interested in this service, telephone +44 (0370) 702 0197.

An internet share dealing service is also available. Further information about share dealing services can be obtained by logging on to: **www-uk.computershare.com/Investor/#ShareDealingInfo**.

Electronic communications

If you would like to have access to shareholder communications such as the Annual Report and the Notice of General Meeting through the internet rather than receiving them by post, please register at **www.investorcentre.co.uk/ecomms**.

How to contact us and advisers

How to contact us

Registered office
St. James's Place House
1 Tetbury Road
Cirencester
Gloucestershire
GL7 1FP
Tel: 01285 640302
www.sjp.co.uk

Chair
Paul Manduca
Email: chair@sjp.co.uk

Chief Executive
Andrew Croft
Email: andrew.croft@sjp.co.uk

Chief Financial Officer
Craig Gentle
Email: craig.gentle@sjp.co.uk

Company Secretary
Jonathan Dale
Email: jonathan.dale@sjp.co.uk

Customer service
Jared Whitehouse
Tel: 01285 717006
Email: jared.whitehouse@sjp.co.uk

Analyst enquiries
Hugh Taylor
Tel: 020 7514 1963
Email: hugh.taylor@sjp.co.uk

Media enquiries
Jamie Dunkley
Tel: 020 7514 1963
Email. jamie.dunkley@sjp.co.uk

Brunswick Group
Eilis Murphy/Charles Pretzlik
Tel: 020 7404 5959
Email: sjp@brunswickgroup.com

Advisers

Registrar and transfer office
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
Email: webqueries@computershare.co.uk
Tel: 0370 702 0197
www.investorcentre.co.uk/contactus

Independent auditors
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
2 Glass Wharf
Bristol
BS2 0FR

Brokers
JPMorgan Cazenove Limited
25 Bank Street
London
E14 5JP

Bank of America Securities Incorporated
2 King Edward Street
London
EC1A 1HQ

Glossary of alternative performance measures

Within the Annual Report and Accounts various alternative performance measures (APMs) are disclosed.

An APM is a measure of financial performance, financial position or cash flows which is not defined by the relevant financial reporting framework, which for the Group is International Financial Reporting Standards as adopted by the UK (adopted IFRSs). APMs are used to provide greater insight into the performance of the Group and the way it is managed by the Directors. The table below defines each APM, explains why it is used and, if applicable, details where the APM has been reconciled to IFRS:

Financial-position-related APMs

APM	Definition	Why is this measure used?	Reconciliation to the Financial Statements
Solvency II net assets	Based on IFRS Net Assets, but with the following adjustments: 1. Reflection of the recognition requirements of the Solvency II regulations for assets and liabilities. In particular this removes deferred acquisition costs (DAC), deferred income (DIR), purchased value of in-force (PVIF) and their associated deferred tax balances, other intangibles and some other small items which are treated as inadmissible from a regulatory perspective; and 2. Adjustment to remove the matching client assets and the liabilities as these do not represent shareholder assets No adjustment is made to deferred tax, except for that arising on DAC, DIR and PVIF, as this is treated as an allowable asset in the Solvency II regulation.	Our ability to satisfy our liabilities to clients, and consequently our solvency, is central to our business. By removing the liabilities which are fully matched by assets, this presentation allows the reader to focus on the business operation. It also provides a simpler comparison with other wealth management companies.	Refer to page 80
Total embedded value	A discounted cash flow valuation methodology, assessing the long-term economic value of the business. Our embedded value is determined in line with the EEV principles originally set out by the Chief Financial Officers (CFO) Forum in 2004, and amended for subsequent changes to the principles, including those published in April 2016, following the implementation of Solvency II.	Life business and wealth management business differ from most other businesses, in that the expected shareholder income from the sale of a product emerges over a long period in the future. We therefore supplement the IFRS and Cash results by providing additional disclosure on an embedded value basis, which brings into account the net present value of expected future cash flows, as we believe that a measure of the total economic value of the Group is useful to investors.	Not applicable.
EEV net asset value (NAV) per share	EEV net asset value per share is calculated as the EEV net assets divided by the year-end number of ordinary shares.	Total embedded value provides a measure of total economic value of the Group, and assessing the EEV NAV per share allows analysis of the overall value of the Group by share.	Not applicable.
IFRS NAV per share	IFRS net asset value per share is calculated as the IFRS net assets divided by the year-end number of ordinary shares.	Total IFRS net assets provides a measure of value of the Group, and assessing the IFRS NAV per share allows analysis of the overall value of the Group by share.	Not applicable.

Financial-performance-related APMs

APM	Definition	Why is this measure used?	Reconciliation to the Financial Statements
Cash result, and Underlying cash result	The Cash result is defined as the movement between the opening and closing Solvency II net assets adjusted as follows: 1. The movement in deferred tax is removed to reflect just the cash realisation from the deferred tax position, 2. The movements in goodwill and other intangibles are excluded; and 3. Other changes in equity, such as dividends paid in the year and equity-settled share option costs, are excluded. The Underlying cash result reflects the regular emergence of cash from the business, excluding any items of a one-off nature and temporary timing differences. The Cash result reflects all other cash items, including items of a one-off nature and temporary timing differences. Neither the Cash result nor the Underlying cash result should be confused with the IFRS Consolidated Statement of Cash Flows which is prepared in accordance with IAS 7.	IFRS income statement methodology recognises non-cash items such as deferred tax and equity-settled share options. By contrast, dividends can only be paid to shareholders from appropriately fungible assets. The Board therefore uses the Cash results to monitor the level of cash generated by the business. While the Cash result gives an absolute measure of the cash generated in the year, the Underlying cash result is particularly useful for monitoring the expected long-term rate of cash emergence, which supports dividends and sustainable dividend growth.	Refer to section 2.1 and 2.2 of the financial review and also see Note 3 to the Consolidated Financial Statements.
Underlying cash basic and diluted earnings per share (EPS)	These EPS measures are calculated as Underlying cash divided by the number of shares used in the calculation of IFRS basic and diluted EPS.	As Underlying cash is the best reflection of the cash generated by the business, Underlying cash EPS measures allow analysis of the shareholder cash generated by the business by share.	Not applicable.
EEV profit	Derived as the movement in the total EEV during the year.	Both the IFRS and Cash results reflect only the cash flows in the year. However our business is long-term, and activity in the year can generate business with a long-term value. We therefore believe it is helpful to understand the full economic impact of activity in the year, which is the aim of the EEV methodology.	See Note 3 to the Consolidated Financial Statements
EEV operating profit	A discounted cash flow valuation methodology, assessing the long-term economic value of the business Our embedded value is determined in line with the EEV principles originally set out by the Chief Financial Officers (CFO) Forum in 2004, and amended for subsequent changes to the principles, including those published in April 2016, following the implementation of Solvency II. The EEV operating profit reflects the total EEV result with an adjustment to strip out the impact of stock market and other economic effects during the year Within EEV operating profit is new business contribution, which is the change in embedded value arising from writing new business during the year.	Both the IFRS and Cash results reflect only the cash flows in the year. However, our business is long-term, and activity in the year can generate business with a long-term value. We therefore believe it is helpful to understand the full economic impact of activity in the year, which is the aim of the EEV methodology. Within the EEV, many of the future cash flows derive from fund charges, which change with movements in stock markets. Since the impact of these changes is typically unrelated to the performance of the business, we believe that the EEV operating profit (reflecting the EEV profit, adjusted to reflect only the expected investment performance and no change in economic basis) provides the most useful measure of embedded value performance in the year.	See Note 3 to the Consolidated Financial Statements.
EEV operating profit basic and diluted earnings per share (EPS)	These EPS measures are calculated as EEV operating profit after tax divided by the number of shares used in the calculation of IFRS basic and diluted EPS	As EEV operating profit is the best reflection of the EEV generated by the business, EEV operating profit EPS measures allow analysis of the long-term value generated by the business by share	Not applicable.

Glossary of alternative performance measures continued

Financial-performance-related APMs continued

APM	Definition	Why is this measure used?	Reconciliation to the Financial Statements
Policyholder and shareholder tax	Shareholder tax is estimated by making an assessment of the effective rate of tax that is applicable to the shareholders on the profits attributable to the shareholders. This is calculated by applying the appropriate effective corporate tax rates to the shareholder profits. The remainder of the tax charge represents tax on policyholders' investment returns. This calculation method is consistent with UK legislation relating to the calculation of the tax on shareholders' profits.	The UK tax regime facilitates the collection of tax from life insurance policyholders by making an equivalent charge within the corporate tax of the Company. The total tax charge for the insurance companies therefore comprises both this element and an element more closely related to normal corporation tax. Life insurance business impacted by this tax typically includes policy charges which align with the tax liability, to mitigate the impact on the corporate entity. As a result, when policyholder tax increases, the charges also increase. Since these offsetting items can be large, and typically do not perform in line with the business, it is beneficial to be able to identify the two elements separately We therefore refer to that part of the overall tax charge which is deemed attributable to policyholders, as policyholder tax, and the rest as shareholder tax.	Disclosed as separate line items in the Statement of Comprehensive Income.
Profit before shareholder tax	A profit measure which reflects the IFRS result adjusted for policyholder tax, but before deduction of shareholder tax. Within the Consolidated Statement of Comprehensive Income the full title of this measure is 'Profit before tax attributable to shareholders' returns'.	The IFRS methodology requires that the tax recognised in the Financial Statements should include the tax incurred on behalf of policyholders in our UK life assurance company. Since the policyholder tax charge is unrelated to the performance of the business, we believe it is also useful to separately identify the profit before shareholder tax, which reflects the IFRS profit before tax, adjusted only for tax paid on behalf of policyholders.	Disclosed as a separate line item in the Statement of Comprehensive Income.
Underlying profit	A profit measure which reflects the IFRS result adjusted to remove the DAC, DIR and PVIF adjustments.	The IFRS methodology promotes recognition of profits in line with the provision of services and so, for long-term business, some of the initial cash flows are spread over the life of the contract through the use of intangible assets and liabilities (DAC and DIR). Due to the Retail Distribution Review (RDR) regulation change in 2013, there was a step-change in the progression of these items in our accounts, which resulted in significant accounting presentation changes despite the fundamentals of our vertically-integrated business remaining unchanged. We therefore believe it is useful to consider the IFRS result having removed the impact of movements in these intangibles, as it better reflects the underlying performance of the business	Refer to Section 2.1 of the financial review
Controllable expenses	The total of expenses which reflects establishment, development, and our Academy.	We are focused on managing long-term growth in controllable expenses.	Full detail of the breakdown of expenses is provided in Section 2.2 of the financial review

Glossary of terms

Adviser or financial adviser
An individual who is authorised by an appropriate regulatory authority to provide financial advice. In the UK our advisers are authorised by the FCA.

Administration platform, also Bluedoor
A client-centric administration system, which has been developed in conjunction with our third-party outsourced administration provider, SS&C Technologies, Inc. (SS&C). The system is owned by SS&C.

Chief Operating Decision-Maker (CODM)
The Executive Committee of the Board (Executive Board), which is responsible for allocating resources and assessing the performance of the operating segments.

Client numbers
The number of individuals who have received advice from a St. James's Place Partner and own a St. James's Place wrapper.

Client retention
Client retention is assessed by calculating the proportion of clients at 1 January in the year who remain as a client throughout the year and are still a client on 31 December of the same year.

Company
The Company refers to St. James's Place plc, which is also referred to as 'St. James's Place' and 'SJP' throughout the Annual Report and Accounts.

Controllable expenses
The total of expenses which reflects establishment, development, and our Academy.

Deferred acquisition costs (DAC)
An intangible asset required to be established through the application of IFRS to our long-term business. The value of the asset is equal to the amount of all costs which accrue in line with new business volumes. The asset is amortised over the expected lifetime of the business.

Deferred income (DIR)
Deferred income, which arises from the requirement in IFRS that initial charges on long-term financial instruments should only be recognised over the lifetime of the business. The initial amount of the balance is equal to the charge taken.

Discretionary Fund Management (DFM)
A generic term for a form of investment management in which buy and sell decisions are made (or assisted) by a portfolio manager for a client's account. Within St. James's Place, the services provided by Rowan Dartington (including investment management, advisory stockbroking and wealth planning) are collectively referred to as Discretionary Fund Management, distinguishing them from the services provided by our Partners and from our Investment Management Approach (IMA).

European Embedded Value (EEV)
EEV reflects the fact that the expected shareholder income from the sale of wealth management products emerges over a long period of time by bringing into account the net present value of the expected future cash flows. EEV is calculated in accordance with the EEV principles originally issued in May 2004 by the Chief Financial Officers Forum (CFO Forum), supplemented in both October 2005 and, following the introduction of Solvency II, in April 2016.

Executive Board (ExBo)
The Executive Board comprises the Executive Directors of the Board and other members of senior management. It is via the Executive Board that operational matters are delegated to management. The Executive Board is responsible for communicating and implementing the Group's business plan objectives, ensuring that the necessary resources are in place in order to achieve those objectives, and managing the day-to-day operational activities of the Group.

Financial Conduct Authority (FCA)
The FCA is a company limited by guarantee and is independent of the Bank of England. It is a UK government regulator and is responsible for the conduct of business regulation of all firms (including those firms subject to prudential regulation by the Prudential Regulation Authority (PRA)) and the prudential regulation of all firms not regulated by the PRA. The FCA has three statutory objectives: securing an appropriate degree of protection for consumers, protecting and enhancing the integrity of the UK financial system, and promoting effective competition in the interests of consumers.

Financial Services Compensation Scheme (FSCS)
The FSCS is the UK's statutory compensation scheme for customers of authorised financial services firms. This means that the FSCS can pay compensation if a firm is unable, or is likely to be unable, to pay claims against it. The FSCS is an independent body, set up under the Financial Services and Markets Act 2000, and funded by a levy on 'authorised financial services firms'. The scheme covers deposits, insurance policies, insurance brokering, investments, mortgages and mortgage arrangement.

Glossary of terms continued

Funds under management (FUM)

Represents all assets actively managed or administered by or on behalf of the Group, including all life insurance and unit trust assets, but not assets managed by third parties where we have only introduced or advised on the business. Assets managed by Rowan Dartington count as FUM from the date of acquisition.

Gestation FUM

This represents FUM on which no annual product management charges are taken. Most of our investment and pension business enters a six-year gestation period following initial investment. FUM which is not gestation FUM is known as mature FUM, which is defined later in this section.

Gross inflows

Total new funds under management accepted in the period.

Group

The Group refers to the Company together with its subsidiaries as listed in Note 23 to the Consolidated Financial Statements.

International Financial Reporting Standards (IFRS)

These are accounting regulations issued by the International Accounting Standards Board (IASB) designed to ensure comparable preparation and disclosure of statements of financial position. The Group Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the UK (adopted IFRSs).

Investment business

This refers to onshore and offshore investment bond business written by the life insurance entities in the Group.

Investment Management Approach (IMA)

The IMA is how St. James's Place manages clients' investments. It is managed by the St. James's Place Investment Committee, which in turn is supported by respected independent investment research consultancies, including Redington and Rocaton. The Investment Committee is responsible for identifying fund managers for our funds, selecting from fund management firms all around the world. It is also responsible for monitoring the performance of our fund managers, and, if circumstances should change and it should become necessary, for changing the fund manager as well.

Mature FUM

This represents FUM on which annual product management charges are taken. ISA and unit trust business flows into mature FUM from initial investment, but most of our investment and pension business only becomes mature FUM after the six-year gestation period, during which time it is known as gestation FUM.

Maturities

Those sums paid out where a plan has reached the intended, pre-selected, maturity event (e.g. retirement).

Net inflows

Net inflows are gross inflows less the amount of FUM withdrawn by clients during the same period. The net inflows are the growth in FUM not attributable to investment performance.

Paraplanner

Staff member in a Partner practice who supports the advisers in that practice.

Policyholder and shareholder tax

The UK tax regime facilitates the collection of tax from life insurance policyholders by making an equivalent charge within the corporate tax of the Company. This part of the *overall tax charge, which is attributable to policyholders, is* called policyholder tax. The rest of the Company's tax liability is attributable to shareholders, so is known as shareholder tax.

Prudential Regulation Authority (PRA)

The PRA is a part of the Bank of England and is responsible for the prudential regulation of deposit-taking institutions, insurers and major investment firms. The PRA has two statutory objectives: to promote the safety and soundness of these firms and, specifically for insurers, to contribute to the securing of an appropriate degree of protection for policyholders.

Purchased value of in-force (PVIF)

An intangible asset established on takeover or acquisition, reflecting the present value of the expected emergence of profits from a portfolio of long-term business. The asset is amortised in line with the emergence of profits.

Registered Individual

An individual who is registered by the FCA, particularly an individual who is registered to provide financial advice. See also Adviser and St. James's Place Partner.

Regular income withdrawals

Those amounts, pre-selected by clients, which are paid out by way of periodic income.

Responsible investment (RI)

Principles and practices that consider broader sustainability themes and specific environmental, social and corporate governance factors within the investment process.

Retirement Account (RA)

A St. James's Place pension product which incorporates both pre-retirement pension saving and post-retirement benefit receipts in the same investment product.

Rowan Dartington (RD)

A wealth management business providing investment management, advisory stockbroking and wealth planning services acquired by St. James's Place in 2016.

Solvency II

Insurance regulations designed to harmonise EU insurance regulation which became effective on 1 January 2016. The key concerns of the regulation are to ensure robust risk management in insurance companies and to use that understanding of risk to help determine the right amount of capital for UK and European insurance companies to hold to ensure their ongoing viability in all but the most severe stressed scenarios. Following the UK's withdrawal from the EU these regulations have been adopted by the UK.

SS&C Technologies, Inc. (SS&C)

A provider of investor and policyholder, administration and technology services. SS&C is our third-party outsourced provider, responsible for the administration of our UK life insurance company SJPUK, our Irish life insurance company SJPI, our unit trust manager SJPUTG, and our investment administration company SJPIA.

St. James's Place Charitable Foundation

The independent grant-making charity established at the same time as the Company in 1992. More information about the Charitable Foundation can be found on its website **www.sjpfoundation.co.uk**.

St. James's Place International plc (SJPI)

A life insurance entity in the Group which is incorporated in the Republic of Ireland.

St. James's Place Investment Administration Limited (SJPIA)

An entity in the Group which is responsible for unit trust administration and ISA management, which is incorporated in England and Wales.

St. James's Place Partner

A member of the St. James's Place Partnership. Specifically, the individual or business that is registered, on the relevant regulatory register, as an Appointed Representative of St. James's Place Wealth Management plc, St. James's Place (Hong Kong) Limited, St. James's Place Wealth Management (Shanghai) Limited or St James's Place (Singapore) Private Limited.

St. James's Place Partnership

The collective name for all of our advisers, who are Appointed Representatives of St. James's Place.

St. James's Place UK plc (SJPUK)

A life insurance entity in the Group which is incorporated in England and Wales.

St. James's Place Unit Trust Group Limited (SJPUTG)

An entity in the Group which is responsible for unit trust management, and which is incorporated in England and Wales.

St. James's Place Wealth Management plc (SJPWM)

The UK distribution entity within the Group, which is responsible for the St. James's Place Partnership and the advice it provides to clients. It is incorporated in England and Wales.

State Street

A global financial services holding company offering custodian services, investment management services, and investment research and trading services. State Street is responsible for the custody of the majority of the St. James's Place assets, and also provides other investment management services.

Surrenders and part-surrenders

Those amounts of money which clients have chosen to withdraw from their plan, which were not pre-selected regular income withdrawals or maturities.

Vertically integrated

When we describe St. James's Place as being vertically integrated, we are referring to the fact that its distribution capability (the Partnership) and the manufacturers of its investment products are both part of the Group.

St. James's Place plc
St. James's Place House
1 Tetbury Road
Cirencester
Gloucestershire
GL7 1FP
T: 01285 640302

sjp.co.uk