Providing trusted *financial advice*

Annual Report and Accounts 2023

Protecting what matters

Good advice means making better decisions, allowing you to choose the right path and achieve your goals. Trusted financial advice at St. James's Place helps nearly one million clients experience greater peace of mind and security. Creating a financial future they believe in.

How we do business

Our purpose
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

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

We will get there by working together

Being a responsible business

Our culture drives our business

- **#1 Doing the right thing**
- **#2 Being the best version of ourselves**
- **#3 Investing in long-term relationships**

Find out more about our culture and being a responsible business on pages 22 and 24

Our Responsible Business Framework

2023 highlights

Financial highlights

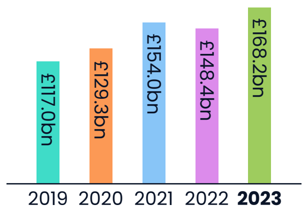
£15.4bn
Gross inflows
Down 9% from 17.0 billion in 2022

£392.4m
Underlying cash result[1]
Down 4% from £410.1 million in 2022

£5.1bn
Net inflows
Down 48% from £9.8 billion in 2022

£(9.9)m
IFRS loss after tax
Down from £407.2 million profit in 2022

£168.2bn
Funds under management
Up 13% from £148.4 billion at 31 December 2022



23.83p
Dividend per share
Down 55% from 52.78 pence in 2022

£1,041.0m
European embedded value (EEV) operating profit[1] **excluding exceptional items**
Down 35% from £1,589.7 million in 2022

Non-financial highlights

+3%
2023 growth in advisers
2022: 3%
Page 18

MSCI ESG RATINGS AAA
CCC | B | BB | BBB | A | AA | AAA

87%
2023 percentage of employees who feel proud to work at St. James's Place
2022: 87%
Page 40

SUSTAINALYTICS RATED
ESG risk rating: Low

10,000
Children reached through financial education
2022: 5,800
Page 27

FTSE4Good
Overall percentile rank: 88%

Why invest in SJP

Helping you to create your future, your way.

Established market leader
We are the UK's leading provider of advice-led wealth management with the associated economies of scale, operating in a structural growth market.

Strong track record
We have a strong track record of driving growth in funds under management, delivered through a proven and sustainable advice-led business model.

Investing in the business
We continue to invest in the Partnership, our pioneering SJP Academy, our client value proposition, and in technology. This drives competitive advantage, underpins growth and enables efficient operations as we scale.

Revised fee model
We are revising our client fee model to meet expectations for simplicity and comparability, drive competitive advantage, and deliver strong long-term earnings growth.

Financially robust
We are financially robust and operate with a simple cash generative financial business model.

1 The Underlying cash result and EEV operating profit are alternative performance measures (APMs). The glossary of alternative performance measures on pages 276 to 278 defines these APMs and explains why they are useful. The Underlying cash result is reconciled to International Financial Reporting Standards (IFRS) on page 191.
2 MSCI did not perform a rating assessment during 2023, so the rating above relates to our 2022 assessment.

Strategic Report

01

Chair's report

Leading through change

Overview

2023 was a challenging year. High rates of inflation and interest rates have characterised both 2022 and 2023, as have global conflict and political instability. Against this background, clients have understandably used their savings and investments to support themselves and their families. However, the resilience evident in the underlying performance of the business, with funds under management reaching record levels in 2023, continues to give us confidence in the strength of our business model. More disappointing has been our share price performance, which reacted to the actions we have taken to modernise our fee structure. We believe these actions on our fees leave us well positioned for growth and aligned with the FCA's Consumer Duty. The system changes we need to make to accommodate a different fee structure will inevitably come at a cost.

We have also experienced a marked increase in clients registering complaints relating to whether they have received ongoing servicing historically. Given this, an initial assessment of client servicing records has been undertaken and the findings from this indicate the need for us to take action to refund clients where ongoing service has not been evidenced. The action we have taken has led to us increasing our provisions for refunds which has impacted our 2023 results. While this is disappointing, we know for the future that our investment in 2021 in our Salesforce customer relationship management system will enable us to monitor service levels to ensure our clients receive the advice and support they expect. The actions we have taken have involved close engagement with our key regulators and, as strong advocates for regulated advice, we remain determined to work with all policymakers and other stakeholders to help drive better financial resilience across society.

We cannot be complacent of our market leading position and we will evolve to continue to meet the needs of our clients. Expectations of clients are rightfully high and where we risk falling short of those expectations we must act.

The Board and governance

Our continued growth and success over time have owed much to the strength of our Partnership structure and our management's ability to ensure continuity during periods of transition. Culture plays an important part in an organisation's success and was a key consideration in the appointment of Mark FitzPatrick as Chief Executive Officer. Succession planning is an ongoing process and the Board and Group Nomination and Governance Committee have spent considerable time in the last couple of years ensuring that success criteria balanced the importance of continuity with the value that diversity and a fresh perspective could provide.

The robust process identified Mark FitzPatrick as the outstanding candidate and Mark joined the Board on 1 October 2023, succeeding Andrew Croft as Chief Executive Officer on 1 December 2023. Andrew has been with St. James's Place since 1993, serving as its Chief Financial Officer and then Chief Executive Officer since 2018, and on behalf of the Board I would like to thank Andrew for his unwavering commitment to the business. He will be greatly missed by everyone at SJP, and we wish him our very best in his retirement.

As we announced on 9 November 2023, Dominic Burke also stepped down as a Director on 31 January 2024. Dominic contributed much in his short time with us and I wish him all the best in his future ventures. As part of our ongoing succession planning, plans to recruit further Non-executive Directors were already underway and we hope to appoint a new Senior Independent Director in the near future.

Further detail on the work of the Group Nomination and Governance Committee can be found in its report later in this Annual Report and Accounts.

Whilst 2022 and 2023 have presented tough environments for clients, savers and investors in general, the value of advice has never seemed more important.

Paul Manduca, Chair

The Board's priorities and our strategy

In recent years I have outlined the Board's key areas of focus alongside our strategy to 2025: the Partnership, investment performance, administration and digital. These are all key contributors to good client outcomes and the Board continues to monitor our progress in these areas. Our work on strategy beyond 2025 is also well underway.

While our financial results have been significantly impacted by the increase in the provisions relating to ongoing servicing evidence, the underlying performance of the business remains strong. The Board recognises the importance of returns to shareholders and is confident that sufficient capital and liquidity has been set aside to deal with this legacy matter. In light of this, the Board believes it prudent to recommend a final dividend for 2023 of 8.00 pence per share. Combined with the interim dividend of 15.83 pence per share we declared at the half year, this brings our full-year dividend to 23.83 pence per share.

The Board has also made the decision to revise guidance for future shareholder distributions, believing that this approach strikes an appropriate balance of ensuring the business retains sufficient capacity for investment alongside the importance of returns to shareholders.

Chair's report

Our culture and responsibilities

Culture is a critical enabler for any organisation and what we understand by the term culture continues to change over time. We have committed to being a responsible business, and what it means to be a responsible business is not solely about the actions we take but also about how we respond to threats to our culture and how we foster inclusive behaviour.

Responsibility is also not measured just through our own expectations, but through the eyes of our stakeholders. Our corporate governance report on pages 90 to 105 sets out how the Board has listened to our stakeholders and taken account of their views in our decision-making. The Board also recognises that there is a compelling commercial case for being a responsible business and the progress we have made in 2023 is detailed in the Our Responsible Business section of this Annual Report and Accounts on pages 24 to 49. Further information on how our commitment to being a responsible business feeds through to the remuneration of Executives, can be found on page 139 of the report of the Group Remuneration Committee.

Concluding remarks

I would like to express my thanks to my Board colleagues and management for their support and hard work during a challenging year, and commend employees and in particular our Partner businesses for the strong underlying performance achieved in a challenging year. I have provided a high-level overview of some of the key areas of the Board's activity in 2023, and would encourage you to read the corporate governance report which covers this in more detail. Whilst 2022 and 2023 have presented tough environments for clients, savers and investors in general, the value of advice has never seemed more important. This is reflected in the FCA's recent statement of its aims for forthcoming consumer policy initiatives which highlighted that it wants consumers of all wealth levels to be able to make good investment decisions and invest with confidence, understanding the risks and the protection involved. The Board is confident that SJP can contribute to helping the FCA meet its aims. I look forward to welcoming shareholders to this year's Annual General Meeting, which will be held on 15 May 2024.

Paul Manduca, Chair

27 February 2024

Stakeholder engagement

Engaging with our stakeholders

Building long-term relationships with our stakeholders

We regularly engage with all of our stakeholders, listening to what is important to them and building the long-term relationships that enable us to respond to their evolving needs and help them move forward with confidence.

St. James's Place's stakeholders

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.
Advisers	We give you the freedom to build and grow your financial advice business, your way, with the confidence of a large, financially strong company behind you.
Employees	We give you the opportunity to create the career you want and the confidence to chart your own career path.
Society	We are committed to being a responsible business. To us, this means considering responsible and sustainable decision-making in everything we do.
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.

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. Further information on how the Directors fulfil this duty is set out in the section 172(1) statement.

Section 172(1) statement is on page 90

Clients

What they care about

- Clients place great value on trusted face-to-face advice, seeking guidance and reassurance where they lack the time, inclination or confidence to manage their financial affairs.

How do we help our clients move forward with confidence?

- Whether it be day-to-day finances or long-term financial planning, our advisers are on hand to support clients. From initial fact-find meetings through to regular reviews, each engagement provides an opportunity for our advisers to better understand clients and ensure the advice provided is best for them.
- 2023 proved a challenging period for many UK savers and investors, who had to contend with high and persistent inflation, rising borrowing costs, stock market volatility and continued macroeconomic and geopolitical uncertainty. Our advisers have supported clients through these times, keeping them on track for the long-term futures that they have planned for themselves and their families.

How do we engage with our clients?

- We want to support our clients to achieve great outcomes and we're always looking for ways to improve the client experience. Our 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. Using this feedback, we're able to ensure SJP remains the best place to build financial futures.
- The introduction of Consumer Duty has set higher standards of consumer care and protection. As part of our Consumer Duty programme of work we partnered with the Wisdom Council to carry out testing on some of our client-facing literature, ensuring it was clear, relevant, and supported strong client understanding.

958,000
Number of clients
2022: 917,000

Stakeholder engagement

Advisers

What they care about

- Our advisers rely on us to provide the support that they need, in order to focus on delivering high-quality, trusted advice to clients.

How do we help our advisers move forward with confidence?

- Our advisers help clients create the futures they want for themselves, so we enable our advisers to deliver sound financial planning advice and build great businesses.
- We attract not only experienced advisers, but also train our own through our Academy programme, helping them to grow, succeed and stay safe by providing a range of services including marketing support, business checking, technical support, technology and training. By providing an efficient structure, we enable advisers to spend more time doing what they do best: helping clients grow and protect their wealth over time.
- We do this because we've always believed the best financial advice and the best client outcomes start with supporting the best financial advisers.

How do 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.
- We support our advisers with the tools and knowledge required to meet their regulatory and Consumer Duty requirements.

4,834
Advisers
2022: 4,693

Employees

What they care about

- Our employees look for the opportunity to create the careers that they want, and the confidence to chart their own career path.

How do 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.
- Our SJP House learning app provides functionality for an intuitive, innovative learning experience, so that employees can complete highly flexible, self-directed learning to drive their own development.
- 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 that we're an inclusive community where all people 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 that they're part of a business with a real positive impact.

How do 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, with feedback and ideas circulated to the Board. This complements the activity of our Workforce Engagement Panel and our active presence on social media, as we embrace digital communication platforms.

94%
Retention rate for core UK employees
2022: 87%

Society

What they care about

- Society expects us to meet our ambition to be a responsible business, with responsible and sustainable decision-making in everything we do.

How do we help society move forward with confidence?

- 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. We do this through our Responsible Business Framework, with a focus on enhancing financial wellbeing, leading the conversation on investing responsibly, giving back to support local communities, and taking action on climate change.
- Through our Responsible Business Framework, we have an opportunity to help address the social, environmental and economic challenges faced by all in society. First and foremost, this means delivering great financial advice to our 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.

How do we engage with society?

- To make sure that 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 is measured against clear goals and key performance indicators (KPIs). These help us to focus and flex our efforts in being a responsible business.
- We also engage with industry bodies, regulators and the UK government to help shape our wider support for society.

£9.5m
Raised by the SJP community
2022: £10.5 million

Shareholders

What they care about

- Shareholders look to us to create long-term shareholder value, with a sustainable and responsible business model.

How do we help our shareholders move forward with confidence?

- We're the largest advice-led wealth manager in the UK, with the necessary economies of scale to deliver great client outcomes while also providing returns to shareholders. We see a fantastic market opportunity ahead with the demand for financial advice continuing to grow, driven by a large savings gap in the UK, the persistent complexity of the country's savings, tax and pensions regimes, and the challenge of managing intergenerational wealth transfers.
- We've set out ambitious plans to grow our business in the years ahead, building on our long-term track record of net inflows and increasing funds under management. We're confident that this will result in significant value creation for shareholders 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 a leadership position on matters most important to us.

How do we engage with our shareholders?

- We seek 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.

£168.2bn
Funds under management
2022: £148.4 billion

Our business model

How we deliver value

We are the UK's leading provider of advice-led wealth management, with an integrated client offering that provides financial advice, platform administration and investment management as part of a single service.

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

958,000
Clients

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

4,834
Advisers

St. James's Place
We support clients and the Partnership, ensuring they can create financial wellbeing.

£168.2 billion
Funds under management

Responsible business
We are committed to being a 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.

Client assets

Financial advice

Assets invested

Assets managed

Annual management fee based on client funds under management

Advice | Platform & administration | Investments

Clients
Strong demand for advice to help clients plan and protect their financial future.

Clients are attracted to an end-to-end connected proposition focused on great long-term client outcomes.

79%
of clients would recommend St. James's Place
2022: 81%

Find out more on page 42

The Partnership
We provide advice through the Partnership, the collective name for our advisers who are appointed representatives of St. James's Place.

Partners and advisers are attracted by superior support to build a great business over the long term.

+3%
2023 growth in adviser numbers
2022: +3%

Find out more on page 18

St. James's Place
Investments are managed through our unique investment management approach, aiming for long-term sustainable growth in funds under management.

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

+13%
2023 growth in funds under management
2022: -4%

Find out more on page 55

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

Financial wellbeing | Investing responsibly | Climate change | Community impact

Find out more on page 24

44%
Reduction in weighted average carbon intensity of our investments since 2019
2022: 33%

Find out more on page 28

Market overview

Demand for advice is increasing

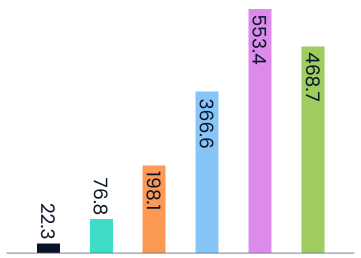
The UK wealth market

Rising affluent wealth

Retail wealth in the UK is large and growing. We estimate that retail liquid assets alone account for some £4.0 trillion as at the end of 2023 (source: GlobalData). Our target market includes mass affluent individuals with around £50,000 to £5 million of investable assets, who are estimated to control around 67% of UK investable wealth, including £2.7 trillion of retail liquid assets (source: GlobalData). We know that the market opportunity is even greater when we look beyond liquid assets and also consider personal pension assets and insurance-wrapped savings.

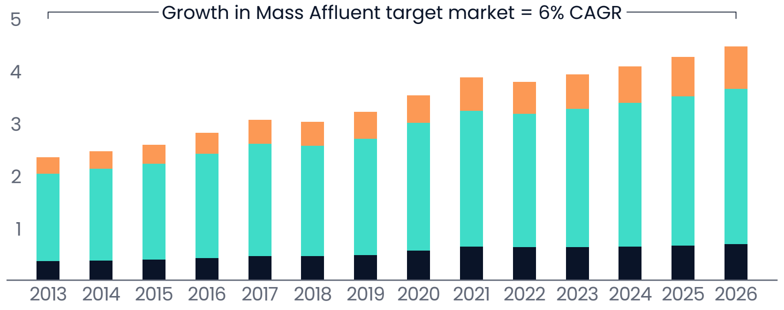
Average household wealth is typically accumulated throughout working lives, reaching a peak when the head of household is aged between 55 and state pension age(SPA) (source: Office for National Statistics), before gradually decumulating throughout retirement. There is a strong demand for financial advice during the accumulation phase to maximise growth and ensure clients have a clear plan to meet their goals, and also during the decumulation phase as clients look to manage the impact of longevity on personal finances and optimise the intergenerational wealth transfer to come.

Total wealth by age band
£'000



(Source: Office for National Statistics)

Retail liquid assets
£'trillion



(Source: GlobalData)

Increasing demand for financial advice

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.

Financial advice creates real value and helps individuals to feel confident in their financial futures, as demonstrated by research from the International Longevity Centre.[1]

We estimate that there are approximately 13.5 million individuals in the mass affluent market in the UK, including a large number who are currently non-advised but are open to receiving financial advice.

As a result, the demand for personal face-to-face advice is increasing, as people lacking the time, inclination or confidence to manage their financial affairs seek help from a trusted adviser.

Despite this, there aren't enough advisers in the UK to meet this demand and 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 4,834 advisers at the end of 2023. 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, despite the relative appeal of cash deposit rates in the current market.

1 'What's it Worth – Revisiting the Value of 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.

We are advocates of the need for individuals and families to become more financially resilient and confident of their futures, but we know that holistic financial planning advice, delivered by professional advisers, will not be accessible to all. We're therefore supportive of initiatives, such as the growth of robo-advice offerings or a review of the Advice Guidance Boundary that may support more people to make better decisions around their basic finances.

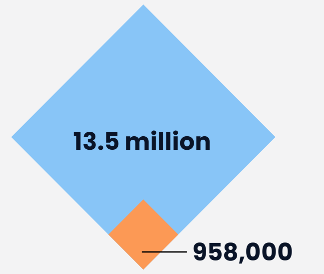
However, despite the ongoing market evolution, we have not seen the competitive landscape for our holistic face-to-face financial planning service change materially: many of the newer advice offerings that have emerged in recent times aim to support individuals with more straightforward requirements 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. We estimate that there were 13.5 million such individuals at the end of 2023, 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 £2.7 trillion to over £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
2023

Our clients compared to individuals in our target market
2023



Market trends

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

Growing advice gap

The demand for financial advice continues to grow, driven by increasing affluent wealth and the persistent complexity of the UK savings, tax and pensions regimes. Together with a shortfall of qualified financial advisers in the UK, this contributes to a widening advice gap and an associated market opportunity.

Shifting regulatory landscape

The introduction of the FCA's Consumer Duty regulation in 2023 set clearer and higher standards of consumer protection across financial services, requiring firms to put clients at the heart of their business, with a focus on value for money and client outcomes. The interpretation of Consumer Duty across the industry will continue to evolve as the new regulation is embedded.

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 the companies they interact with to use data to deliver unique, personalised services.

Responsible investment

Clients want to see their investments act as a force for good, and for wealth managers to be responsible businesses. At the end of 2023, retail funds under management in environmental, social and governance (ESG) funds accounted for £98 billion or 7% of the industry (source: Investment Association), with this expected to increase in the future as ESG-related investment approaches move further into the mainstream.

Chief Executive Officer's report

Setting up for success

I am delighted to be leading St. James's Place, the largest advice-led wealth manager in the UK, and a business that has a critical role to play in helping secure the futures of our clients and their families.

During my initial weeks and months at the Company, I've met a lot of people from across the St. James's Place community and I've listened carefully, with every conversation bringing new insight. I've been really struck by the importance of what we do for clients and how passionately the whole community cares: supporting clients with trusted financial advice that provides peace of mind and the confidence to benefit from investing over the long term.

This focus has helped us to build a fantastic position within our marketplace over the past three decades, where we now look after £168.2 billion of funds under management for our clients. We've achieved a lot already, but I believe we can still do better for all our stakeholders.

Operating and financial performance

The economic environment in 2023 was undoubtedly challenging. It is at precisely these times that financial advice can really help clients, acting as a steady hand to keep them on track to meet their long-term financial goals. High inflation and high interest rates have put pressure on UK consumers, with rising mortgage rates contributing to rising living costs more generally. This impacted some individuals' capacity and confidence to invest. Meanwhile, those with capacity to invest may have been attracted to elevated short-term savings rates over long-term investing.

Against this backdrop, we have attracted £15.4 billion of new client investments and client retention rates have remained high at 95.3%, contributing to net inflows of £5.1 billion; these figures highlight the sheer scale of SJP today and the fundamental resilience of our business model in challenging market conditions. This new business performance, together with strong investment returns, has seen funds under management close the year at a record £168.2 billion, up 13% compared to the beginning of the year.

We have delivered an Underlying cash result of £392.4 million (2022: £410.1 million), which is 4% lower year on year. This result reflects growth in average funds under management during the year and tight cost control in line with guidance, but this robust underlying financial performance was largely offset by an increased UK corporation tax rate.

Our Cash result for the year of £68.7 million (2022: £410.1 million) has been significantly impacted by an assessment we undertook into the evidencing and delivery of historic ongoing servicing and the provision we have now established for any client refunds required. The underlying performance of our business means I'm confident we will emerge from these short-term historic challenges as an even stronger business.

Delivering change

While our business continues to perform well against a difficult backdrop, it's important that we address our challenges and develop our client offering so that we remain in good shape for the future.

Managing ongoing servicing complaints

We saw a marked increase in the number of clients registering complaints linked to the evidencing and delivery of ongoing servicing in the past. We've taken this very seriously and where gaps in record-keeping mean that there is a lack of evidence of the delivery of ongoing servicing, we've refunded these charges to clients. With the number of complaints accelerating in late 2023, we engaged extensively with the FCA on this matter and the resulting assessment of historic client servicing records. This assessment indicates that we have an improved body of evidence for the delivery of ongoing servicing since we invested in Salesforce in 2021, but that evidence is less complete before then. Based on assumptions derived from this assessment, we have established a provision of £426 million for refunds, impacting our financial results in 2023. We recognise that this is a disappointing outcome for everyone.

We know that our clients really value what we offer them, and we take comfort from outstanding client retention and advocacy, but we must be able to evidence the delivery of ongoing servicing that clients trust and value. Through leveraging the investment we've made in our Salesforce CRM system and our Consumer Duty work, in 2023 we switched off ongoing servicing charges for 2% of clients where there was a lack of evidence that ongoing servicing was provided in this period. Our central CRM capability gives us confidence in our ability to minimise the risks that clients will be charged for services they do not receive.

Introducing simple and comparable charging

Our charging structures have often been interpreted by commentators as being complex and this has brought some challenge for our business. In 2023 we made some significant decisions around our charges, including the announcement in October that we are implementing our programme to simplify our charging structures, which will be completed in the second half of 2025. The changes enhance the value that clients receive and introduce improved comparability that will help market perceptions of our services.

Our current charging structures have also limited the comparability of our investment performance over time, impacting our brand and reputation. Our simplified charging structure will make it much easier to compare investment performance across the industry on a like-for-like basis, enabling us to tell a more accurate story of how we are delivering for clients.

I've been really struck by the importance of what we do for clients and how passionately the whole community cares: supporting clients with trusted financial advice that provides peace of mind and the confidence to benefit from investing over the long term.

Mark FitzPatrick, Chief Executive Officer

This move to unbundle our charges, which we announced in October, has been designed to ensure sustainability for the long-term. This gives us confidence that we can grow the business without the need for further changes to our charges that would impact the guidance we communicated to shareholders last October. The changes we are making will be good for clients, appropriate for our marketplace and built for a Consumer Duty world. By extension, they will be good for our long-term business health by giving us the opportunity to consider new propositions and real agility in how we grow the business.

Evolving our investment proposition

We've got an investment proposition that works well for clients, and it's important that we continue to develop our offer so that we meet client needs as they change over time. In late 2022 we launched our Polaris range of portfolios, supporting clients looking to grow their long-term finances, and I am pleased to report that this range has got off to a very strong start with all four portfolios outperforming their IA and ARC benchmarks since launch. Polaris has also proved incredibly popular with clients, attracting more than £25bn in investments already. We are exploring further developments in our investment approach, including the role of passives in providing greater choice for clients.

Developing our investment proposition is just one example of how we're making changes that ensure we continue to support our clients and the communities in which we operate. Beyond these actions, as the market leader in financial advice we have the opportunity, and indeed responsibility, to promote our business, our brand, and our broader industry. We will build a stronger voice, supported by a new national marketing and media campaign that will launch this spring.

Building for the future

The structural market opportunity for financial advice is clear. The savings gap in the UK is already considerable and it continues to grow because planning for retirement is complicated, as is thinking about investing, managing risk, and considering protection. This is where personal and trusted financial advice can make a real difference.

We're well positioned to seize this market opportunity: we have the largest group of financial advisers in the UK, and we continue to grow it through our market-leading Academy programmes and by recruiting talented financial advisers who are attracted to us because they know we can help them thrive. We accomplish this through scale that gives us real advantage, from helping us curate a distinct investment proposition that works for clients, partnering with leading global businesses to underpin our technology and administrative capabilities, and better supporting the 2,666 businesses that comprise the SJP Partnership. We have a strong and enviable track record of driving growth through an unbroken history of net inflows in every year over three decades.

Chief Executive Officer's report

Our marketplace will evolve as client expectations and preferences change over time, so it's important that we keep looking forward to consider how we are best placed to capture both existing and emerging opportunities over time, and drive sustained growth in the business.

I've therefore commenced a business review, supported by a leading external consultancy, so that we build on everything we've achieved and the changes we're already making. Putting aside the matter of our charges, which has already been dealt with, the review is comprehensive in its scope, with the aim of ensuring we plot a sustained path for growth as market trends evolve, focus on cost and efficiency to drive operating leverage, and manage our resources effectively and efficiently so that we drive improving returns.

This work is underway and we plan to update the market on the outcome of the review at the time of our half-year results.

Summary and outlook

The underlying performance of our business has been robust in what has been a very difficult external environment, highlighting the strength of our advice-led model in attracting and retaining client investments, as well as the resilience of our financial model. 2023 was also a year in which we faced into some important historic challenges. We are working hard to put these challenges behind us so that we can move forward with confidence as we plot our path to 2030.

In the near-term, we expect the industry outlook to remain challenging in 2024 given the pressures consumers continue to face. The near-term environment notwithstanding, the longer-term structural opportunity for the financial advice industry is hugely attractive. With scale advantage, a strong Partnership of fantastic advisers, and an investment approach that delivers for clients, we are very well placed to capture this opportunity and perform for all our stakeholders.

Mark FitzPatrick, Chief Executive Officer

27 February 2024

£15.4bn

Gross inflows in 2023

2022: £17.0 billion

Delivering against SJP's six business priorities

Our business priorities

- Building community Page 18
- Being easier to do business with Page 19
- Delivering value to advisers and clients through our investment proposition Page 20
- Building and protecting our brand and reputation Page 21
- Our culture and being a responsible business Page 22
- Continued financial strength Page 23

Consumer Duty and stakeholder implications

The FCA's Consumer Duty (the Duty) came into force on 31 July 2023. It is a major development in the regulatory regime for retail financial services in the UK and, as such, it is naturally a key focus for our business. We have engaged our entire SJP community in understanding the Duty as it has implications not only for our clients, but for all our stakeholders.

Consumer Duty represents what the regulator terms a 'paradigm shift' in its expectation of firms: moving them away from simply good intentions and towards evidencing that the processes and frameworks firms have in place are effective at delivering good client outcomes.

What is Consumer Duty?

The Duty sets clearer and higher standards of consumer protection across financial services.

Firms are required to put clients at the heart of their business, and to offer products and services that are fit for purpose, represent fair value, and are focused on the actual outcomes that clients experience.

This is achieved through an overarching consumer principle and three cross-cutting rules that aim to deliver four key consumer outcomes.

Consumer Principle

A firm must act to deliver good outcomes for retail customers

Cross-cutting Rules

Firms must:
- Act in good faith
- Avoid causing foreseeable harm
- Enable and support retail customers to pursue their financial objectives

Four Outcomes

1. Products and services
2. Price and value
3. Consumer understanding
4. Consumer support

Implementing Consumer Duty

As a business that has always sought to achieve good client outcomes through a holistic end-to-end client proposition, we started in a good place. Nonetheless, we've undertaken a very significant programme of work to review a huge range of elements across our business, including our systems, controls, policies and procedures, and training frameworks.

We have three core commitments that underpin good client outcomes at SJP:

- We deliver fair value
- We support each client to make effective, timely and informed decisions throughout their journey with us
- We help clients to achieve their financial objectives.

Having considered the principles and processes that we already had in place ahead of Consumer Duty coming into force, we have made a number of changes in how we and our advisers operate in order to ensure that we continue to deliver and evidence good client outcomes.

The most significant change following our Consumer Duty review was the introduction in August 2023 of an annual product charge cap to client bond and pension investments that have reached their tenth anniversary or beyond. This cap further increased the competitiveness of our bonds and pensions through the product lifecycle, enhancing value to clients who have invested for the long term and enabling them to share in the economies of scale of our business today.

Beyond Consumer Duty

We treated the work required under Consumer Duty as an opportunity to continue to evaluate our business and enhance long-term value for clients, the Partnership, shareholders, and all other stakeholders.

We have always been confident that SJP offers its clients real value that helps individuals and families achieve financial wellbeing. However, clients are increasingly seeking simple comparability, and so to reflect this evolution, we announced during 2023 that we are simplifying our charging structure from the second half of 2025, while ensuring that it remains competitive and sustainable for the future.

Find out more on page 97

These changes are consistent with the principles of Consumer Duty, as they offer improved simplicity, and comparability and enhance value for clients.

Implementing our strategy

141
Net new advisers welcomed in 2023
2022: 137

Building community

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

What we achieved in 2023

- We welcomed a net 141 new advisers into the Partnership, increasing the total number to 4,834.
- We opened a new office in Dubai, building a presence in attractive markets in the Middle East.
- We launched the SJP House app to employees, transforming the way we support learning and development.

Our focus in 2024

- We'll strengthen relationships across the Partnership, building confidence about the future and the robustness of SJP's proposition, and enhancing sentiment.
- We'll continue to ensure SJP is a great place to work and build a career, enabling us to attract high-quality talent.

Relevant links

Responsible business

- Financial wellbeing
- Community impact
- Inclusion and diversity
- Responsible relationships

Executive remuneration

- Net manpower growth
- Attainment of competent adviser status
- Partner sentiment
- Partner feedback from engagement events
- Employee engagement

Principal risks and uncertainties

- Partner proposition
- People

Responsible business page 24
Risks and uncertainties page 79
Executive remuneration page 134

Our approach

We want to promote and maintain a vibrant community of Partners and employees with a shared purpose that connects each and every one of us. We know that our people are our greatest asset and they drive the success of the business for all stakeholders.

Launching the SJP House app for employees

SJP House is our next-generation learning app, with functionality that provides an intuitive, innovative learning experience, so employees can complete highly flexible, self-directed learning anytime, anywhere.

SJP House has been designed from inception to maximise learning opportunities and to incorporate our proven evidence-based approach to online learning. It ensures that SJP continues to provide our community with the flexible tools needed to succeed and to supercharge and accelerate their professional growth.

Growing the Partnership means we can help more 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, as well as welcoming new advisers through our Academy, which provides the professional training and experience necessary for individuals to become financial advisers. With an acknowledged shortfall of qualified financial advisers in the UK, training our own through the Academy gives SJP a real advantage.

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, whether through greater work flexibility, career development, training, mentoring, reward, or via many other areas.

Our performance

We're pleased that adviser retention has remained very strong at 92%, and to have welcomed a net 141 new advisers to the Partnership in 2023 through both recruiting experienced advisers and by 337 advisers delivered through our Academy programme. We also built upon our established presence in the Asian markets by opening a new office in Dubai.

We're also listening to our employees to understand how we can build a better business for them. During 2023, we launched SJP House, our next-generation learning app, providing a suite of learning and development content and materials directly to employees.

Being easier to do business with

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

What we achieved in 2023

- We enhanced Salesforce functionality and embedded it across our corporate functions.
- We launched additional functionality within our next-generation client app.
- We focused on increasing the speed of administration, and further reduced our administration error rate.

Our focus in 2024

- We'll continue to develop digital capabilities (e.g. Salesforce/client app) and effectively roll them out to enable improved performance and experience for our clients and the Partnership.
- We'll maintain quality client servicing, driving continuous improvement and delivering the right client outcomes.

Relevant links

Responsible business

- Financial wellbeing
- Client satisfaction and retention
- Data privacy
- Responsible procurement

Executive remuneration

- Administration performance
- Administration error rate
- Salesforce integration and satisfaction levels
- Enhancement of digital client proposition
- Client adoption of digital tools
- Data governance and quality

Principal risks and uncertainties

- Partner proposition
- Third parties

Responsible business page 24
Risks and uncertainties page 79
Executive remuneration page 134

Our approach

We adopt a 'right first time' mentality where the speed and accuracy of delivery matters to clients and Partners. This will be enabled by technology, process and data, so we're investing in Salesforce to enhance the experience and efficiency of Partners and employees, to provide the right information to the right people at the right time.

As we've become a bigger business, we've inevitably become a more complex one, and so 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 anymore, decommissioning systems we've outgrown or which have become obsolete, and setting high standards for the providers we work with.

We've already automated hundreds of tasks and we're looking for opportunities to take this further. With our administration platform Bluedoor and Salesforce as the backbone of our technology ecosystem, we can continue to decommission legacy systems and improve how we do things.

Our performance

We continue to develop tools around our Salesforce systems, providing additional capabilities for the benefit of our advisers and the broader SJP community. One example of this is the launch of Advice Assistant, a tool that utilises Salesforce and other data to simplify and automate elements of the advice process for new ISA business, freeing time for advisers and their support staff.

Simplifying our charging structure

We announced in October 2023 that we would be simplifying our charging structure and disaggregating our charges into their component parts. This will support clients by making it easier to compare charges for advice, investment management and other services, on a component-by-component basis.

We have commenced a broad and complex programme to deliver these changes, investing £150 million over the next two years to develop the systems and processes that will allow our new charging structure to be implemented in the second half of 2025.

Implementing our strategy

Over £25bn
Accumulated in our Polaris fund-of-funds range

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.

What we achieved in 2023

- We continued evolving our investment proposition to support great client outcomes.
- Polaris, our recently launched fund-of-funds range, performed strongly and attracted over £25 billion of client investments.
- We have strengthened our Investment team through new hires, including a new Chief Investment Officer, Investment Research Director and Head of Economic Research.

Our focus in 2024

- We'll drive improvement in our investment performance and proposition to support clients in achieving their financial goals.
- We'll enhance our investment operational and risk control environment.

Relevant links

Responsible business

- Investing responsibly
- Climate change
- Client satisfaction and retention

Executive remuneration

- Client sentiment
- Value Assessment Ratings
- Delivery of fund and portfolio changes
- Carbon footprint of investment proposition

Principal risks and uncertainties

- Client proposition

Responsible business page 24
Risks and uncertainties page 79
Executive remuneration page 134

Our approach

We deliver a distinctive investment and financial wellbeing proposition that ensures clients meet their financial goals and recognises our responsibility to leave a lasting and positive impact on the world we live in.

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.

Our long-term client outcomes

A key aim of our investment management approach is to deliver long-term investment performance for clients.

We offer a wide range of funds from which clients can select, with the support of their Partner, to best meet their individual needs and risk appetite.

While performance for clients will depend upon their individual choice of funds, we have aimed to simplify this by recommending portfolios across a range of different risk profiles.

These portfolios have typically been in operation for over ten years and have each demonstrated a strong track record, with cumulative investment performance ahead of peer indices since inception, resulting in strong client outcomes:

Portfolio	Launch	Portfolio[1]	Peer Indices[1]
Managed Funds	2011	6.1%	4.9%
Adventurous	2011	7.0%	5.8%
Balanced	2011	4.5%	3.8%
Conservative	2011	3.1%	2.6%
Strategic Growth	2017	4.7%	3.3%

1 Annualised performance net of all costs, including those associated with financial advice, from inception to 31 December 2023. Peer indices are based upon the most appropriate ARC benchmark index.

Our recently launched Polaris fund-of-funds range complements these portfolios with automatic fund rebalancing between funds within a selected risk profile. The range has already accumulated over £25 billion of funds under management and while it is too early to assess long-term investment performance, we'll be carefully monitoring to ensure that they meet our expectations.

Meanwhile, we have continued to make changes to our fund managers where we felt that this would support improved client outcomes in the future.

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.

What we achieved in 2023

- We implemented a Group-wide plan for compliance with the Consumer Duty regulation.
- We fully embedded our refreshed brand identity, while continuing to focus on our reputation.

Our focus in 2024

- We'll plan and roll out announced changes to our charging structure, supporting our drive for strong client outcomes.
- We'll improve our reputation across key stakeholders, through a nationwide advertising campaign.

Relevant links

Responsible business

- Financial wellbeing
- Climate change
- Inclusion and diversity
- Policy influence
- Client satisfaction and retention

Executive remuneration

- Client sentiment
- Maintain reputation
- Client servicing
- Cyber security
- Media sentiment
- Client complaints
- Regulator relationship
- Internal audit, risk and regulation

Principal risks and uncertainties

- Conduct
- Regulatory
- Security and resilience
- Strategy, competition and brand
- Third parties

Responsible business page 24
Risks and uncertainties pages 79
Executive remuneration page 134

Implementing Consumer Duty

The FCA's new Consumer Duty regulation came into effect at the end of July 2023, setting higher and clearer standards of consumer protection across financial services and requiring firms to act to deliver good outcomes for customers.

We have engaged proactively with this important regulatory initiative. While we consistently aim to achieve good outcomes for clients, Consumer Duty has given us the opportunity to strengthen this commitment even further.

We've looked at every part of our business through the lens of clients – the people who trust us to help create the future they want for themselves and for their families – and we've examined how we provide evidence that the processes and frameworks we have in place deliver good client outcomes.

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 aim to create a clear, compelling and robust brand positioning, to enable SJP to become the most recognised and 'go-to' financial advice business in the UK.

We will build our reputation as a strong and responsible business that is trusted, considered and recommended – so when people think of financial advice, they think SJP.

Our performance

During the year, we focused on implementing the FCA's new Consumer Duty regulation, and also embedded the refreshed brand into business as usual.

Our current charging structure has delivered strong client outcomes, but includes aspects that are difficult to compare across the marketplace. We've announced plans to update our charging structure from mid-2025, with these changes improving comparability and supporting our brand and reputation, broadening SJP's appeal over time.

Implementing our strategy

Our culture and being a responsible business

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

What we achieved in 2023
- We educated the SJP community on our responsible business strategy, narrative and goals.
- Our community raised £9.5 million for the St. James's Place Charitable Foundation, with Company matching.
- We made further progress towards our Inclusion and Diversity goals.
- We accelerated work on our climate transition plan and made progress on reducing our environmental impact.

Our focus in 2024
- We'll enhance our culture across the business, driving an inclusive and empowered environment for all colleagues and the Partnership, and maintaining a development-focused approach that supports the delivery of our strategy and quality client service.

Relevant links

Responsible business
- Financial wellbeing
- Investing responsibly
- Climate change
- Community impact

Executive remuneration
- Embed culture vision
- Carbon-positive commitments
- Financial resilience and education
- Community impact
- Inclusion and Diversity

Principal risks and uncertainties
- Client proposition
- People
- Regulatory
- Strategy, competition and brand
- Third parties

Responsible business page 24
Risks and uncertainties page 79
Executive remuneration page 134

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.

Our performance

Throughout the year, we have focused on embedding our Responsible Business Framework and educating the SJP community on our strategy, narrative and goals, and their role in helping us achieve them.

We have a significant role to play in the financial wellbeing of society, whether through providing sound financial advice or through our programmes to support financial education, which have reached 10,000 children in 2023. We've also generated community impact through ongoing Partner and employee engagement, raising a total of £9.5 million for a range of community programmes.

We have set an ambitious target to achieve net zero carbon emissions in our investments by 2050. We've already made good progress, with a reduction of more than 40% compared to 2019, but we're not stopping there and aim to make further progress in the years ahead. Recognising the need for urgent climate action we've intensified work on our Climate Transition Plan and taken action to reduce our environmental impact in support of becoming carbon neutral in our operations by 2025.

St. James's Place Charitable Foundation

The SJP Charitable Foundation, having been established by the founders of St. James's Place in 1992, is one of the core ways we give back to communities. Since 1992, the SJP community has helped raise more than £130 million, including £9.5 million in 2023 to support a programme of grants to small and medium-sized charities.

£168.2bn
Funds under management
2022: £148.4bn

Continued financial strength

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

What we achieved in 2023
- We attracted £15.4 billion of new client investments.
- We retained in excess of 95% of existing client funds under management (FUM).
- We contained growth in controllable expenses to 8%.
- We increased FUM to £168.2 billion and delivered a robust Underlying cash result, despite significant economic and geopolitical uncertainty.
- Maintained financial strength despite recognising significant Ongoing Service Evidence provision.

Our focus in 2024
- We'll manage controllable expenses effectively through the year, demonstrating our continued focus on cost discipline.
- We'll undertake a business review to set clear direction and goals out to 2030, begin implementation and articulate this to stakeholders.

Relevant links

Responsible business
- Financial wellbeing
- Risk management

Executive remuneration
- Partner lending
- Risk appetite of capital

Principal risks and uncertainties
- Financial

Responsible business page 24
Risks and uncertainties page 79
Executive remuneration page 134

Our approach

We have a straightforward financial business model. Clients seeking financial advice are attracted by our end-to-end integrated proposition, focused on great long-term client outcomes. They trust us with their investments and then stay with us, growing our 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 that we have a resilient capital position capable of meeting our liabilities even in adverse market conditions.

Our performance

We have increased FUM to £168.2 billion by attracting £15.4 billion of new client investments, while retaining over 95% of existing investments, together with a positive contribution from investment markets.

We have an ambition to reach £200 billion of FUM by the end of 2025 and, while it will not be easy, we believe that these growth ambitions are achievable given the market opportunity, the quality of our proposition and the strength of our Partnership.

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%, balancing disciplined expense management with the need to invest in the business for the future. While this has been difficult in the short-term due to high inflation, we anticipate returning to this target in 2024.

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

Gestation: visible growth in future income

Our key profit driver is annual product management charges arising on FUM. However, these are currently waived during the first six years for investment bond and pension products. Business within this six-year period is known as 'gestation FUM' and does not generate annual product management charges. Gestation FUM of £47.6 billion will gradually mature and begin to generate annual product management charges over the next six years, with a high degree of visibility.

Our responsible business

Responsible and sustainable decision-making

◆

Our aim is to integrate and embed the philosophy of responsible business in everything we do.

Maria Spooner, Divisional Director, Responsible Business

◆

At SJP, we're committed to taking responsibility for our actions and strive to have a positive impact on our people, our communities, and our planet.

Being a responsible business is core to delivering on our promise of helping our clients create the futures they want. From our work with local communities to minimising our environmental impact, we aim to make choices that promote a world that can meet the needs of everyone both now, and in the future. In this section of the Annual Report and Accounts we discuss our approach and the impact we're making.

Our approach

At SJP, we recognise that we have both the responsibility and the opportunity to use our voice as a force for good, and we know we can drive positive change by considering the long-term impact of our actions.

This requires us to look beyond ourselves and understand the wider impact of our choices on our people, our communities, and our planet. It means engaging with others and collaborating on solutions to the shared challenges faced by society today supported by a deep understanding of the topics most material to us, the right processes to achieve success, and metrics that provide transparency on our progress.

We know that we might not always get it right and we can't do it all, but we are committed to the journey and to making real progress. This commitment is brought to light by the decision we have made to undertake a thorough review of historic client servicing records and refund clients if the delivery of ongoing service cannot be formally and robustly evidenced. We recognise that this may result in a disappointing outcome for shareholders in the short term but are convinced that it is the right thing to do for our clients and for our long term success.

We want to make it easy for all our stakeholders to understand the work we're doing and we align our approach to the UN SDGs on pages 272 to 273 and SASB standards on pages 274 to 275.

A focus on engagement

In 2023, we continued to bring our responsible business journey to life for all our stakeholders. We created a brochure for clients to share our goals, the actions we're taking and communicate our progress to date.

We also highlighted how they can support us to make a positive difference – from switching to paperless communication to considering where their money is invested.

We developed a responsible business workshop for employees, covering the drivers of global change, the need for action and the role they can play in helping us tackle social, economic and environmental challenges.

We also launched a new 'Responsible Business of the Year' award, to recognise the Partner Practices within our Partnership of advisers that are considering the wider impacts of their actions. Everyone at SJP has a role to play in helping us to act responsibly, and it was fantastic to see so many advisers from across our community sharing their own journey with us.

Our journey to date

2021 – We formalised our work on responsible business, identifying the topics most material to us and developed our Responsible Business Framework (hereafter our Framework) to give structure to our approach.

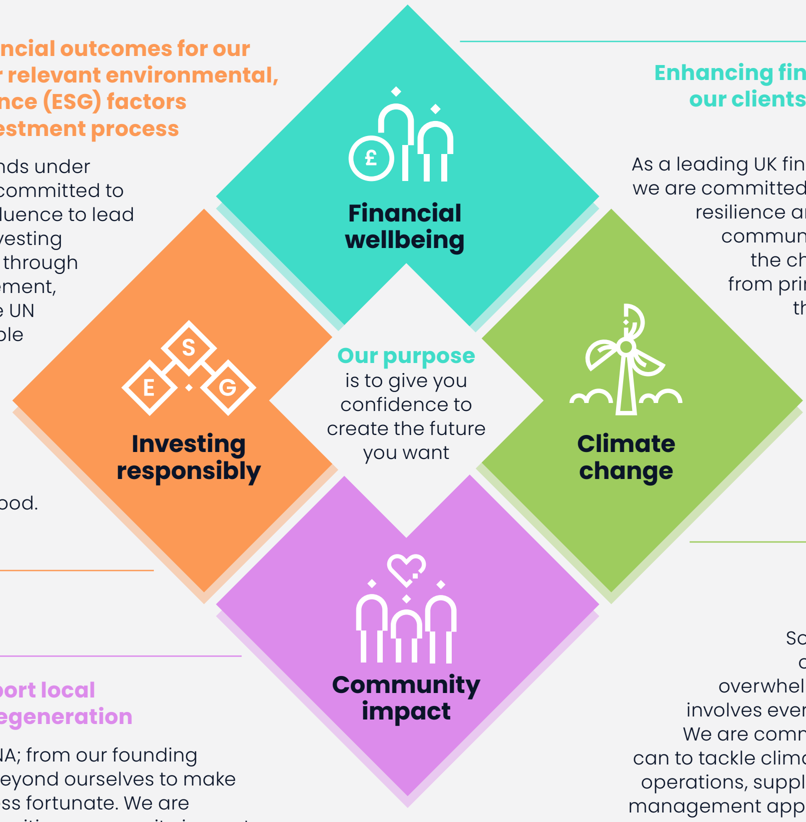
2022 – We set initial goals and metrics for each of the topics within our Framework. Alongside this we mobilised our new Responsible Business Advisory Group to lead and report on our progress.

2023 – We built on our initial metrics to develop a suite of key performance indicators to help evidence progress towards our goals. The Responsible Business Advisory Group continued to drive our progress forward, supported by our Inclusion and Diversity (I&D), Climate Change and Financial Wellbeing working groups.

St. James's Place Responsible Business Framework

We know we can't tackle everything. Our Responsible Business Framework helps us focus on the areas where we can have the greatest impact.

Our most material topics



To deliver good financial outcomes for our clients, we consider relevant environmental, social and governance (ESG) factors throughout our investment process

With £168.2 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 28

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 26

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, and building social capital within communities; and to connecting the dots between the charities we support and the social initiatives we run, by offering place-based and skills-based outreach.

Page 38

Taking action on climate change

Some of the issues facing our world today can feel overwhelming, and 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 reduce our impact.

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Our 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

Pages 40 to 45

Governance

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

Pages 46 to 48

Our responsible business

Financial wellbeing

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

Our goals

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

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

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

Our performance highlights

1,155
Chartered Planners
2022: 1,081

10,008
Young people reached through financial education
2022: 5,825

Our advisers and employees delivered 239 face-to-face financial education sessions (2022: 150). Including our direct delivery workshops plus those provided through our partnership with charities, we've reached 10,008 children in 2023.

Our focus for 2024

Continue to improve the financial literacy of our clients.

Conclude our financial education Centres of Excellence programme with Young Enterprise, supporting 21 schools to achieve their accreditation.

We're working hard to improve people's financial lives. We want to create a world where finance is easy to understand, and where everyone feels in control of their finances, confident in their plan, and excited for the future.

We do this through face-to-face financial advice, delivered by qualified, expert advisers who make up our Partnership. Our advisers work together with clients to create a detailed financial plan to achieve their goals, helping them to make confident and informed choices about the future.

We recognise that people are unique and need help in different ways and at different times. We always put our clients' needs at the heart of every conversation and seek to understand their individual circumstances, including how much knowledge they have about money and what financial wellbeing means to them.

However, it doesn't just stop at our clients. We are passionate about supporting the financial wellbeing of our wider communities too. In 2023, this included the support we give to our employees, the financial education we deliver in schools, and the charities we work with to support those most vulnerable in society.

Working with our clients in 2023

- As cost-of-living challenges persisted, we continued to build our 'resilience in a changing world' podcast to help individuals feel more confident when navigating challenging financial periods.
- Our popular 'vulnerability' podcast series also grew, focused on building the financial literacy of clients in vulnerable circumstances.
- We amended and strengthened our accessibility offering, ensuring everyone is able to access clear information to make their own informed choices.

"Financial literacy is a crucial part of wellbeing and it is my mission to provide financial education to 10,000 children by 2023."

Katie Ridland, SJP Senior Partner

LGBTQ+ proposition

Research shows that LGBTQ+ people face a host of unique challenges and considerations when it comes to their finances – from the higher costs of starting a family to a disproportionate risk of mental health problems, which can impact earning potential and decision-making around finances. In 2023 we evolved our proposition and created collateral for our advisers to use to help address the unique financial planning needs of the LGBTQ+ community.

Supporting our advisers

- We hosted our annual Chartered Symposium, offering an array of technical and skills-based workshops.
- Our Finance MBA, MSc and PhD programmes remain market-leading.
- To support adviser development, we launched pioneering virtual reality training on cognitive impairment in vulnerable clients alongside monthly online vulnerability masterclasses.

Reaching further

- Representatives from SJP have been appointed to the Personal Finance Society Board, influencing industry focus to support the financial wellbeing of wider society.
- Two members of the SJP community won awards at the Personal Finance Society Awards.
- Our work with the Finance in Society Research Institute continued, with growing engagement and collaboration across the sector.

Our financial education programme

In 2023, we reached a total of 10,008 young people through our financial education programmes, delivered by our advisers and employees to schools and community groups. We helped 6,487 young people through face-to-face and virtual workshops led by employee and adviser volunteers and 3,521 by providing resources and funding to schools and charities, with a specific focus on areas of deprivation. 81% of the young people who responded to our feedback survey feel more confident managing their money day-to-day after attending one of our workshops. Our workshop materials have been through an extensive accreditation process with the charity Young Money, part of Young Enterprise, in association with the Money and Pensions Service, to maintain their financial education 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, the Centre for Financial Capability, Help for Heroes and Forces MoneyPlan.

Centres of Excellence

In 2022, we committed to sponsoring 21 UK schools to become accredited 'Centres of Excellence' for financial education in collaboration with Young Enterprise.
In 2023, we onboarded five schools to the programme, with a total of 12 SJP-funded schools now signed up. These schools are committed to ensuring their students leave school with the knowledge, skills and confidence to make informed and independent financial decisions. We were delighted to celebrate the first SJP-funded school achieving accreditation in November 2023, with a proportion of learners clearly becoming much more aware of the value of money and the importance of saving.

In 2023, our funding also supported Young Enterprise in:

- A review of their financial education lesson plans and sponsoring to make them available for free to schools within areas of multiple deprivation (Index of Multiple Deprivation ranking 1-4). Over 180 schools have downloaded the materials to date.
- Updating and improving their advisory service, to provide practical advice and activities for schools and other education establishments on how to implement financial education in their setting.
- Commissioning a piece of independent research into what financial education support and training special educational needs and disabilities setting teachers need.

RedSTART

In 2023, we supported RedSTART with their 'Change the Game' programme. The programme is a longitudinal study into the impact of financial education as part of the national curriculum. The five-year study will compare two groups of primary school students; one which receives financial education alongside the curriculum and one which doesn't. We anticipate the outcome of this study will provide clear evidence on the value of financial education at a young age and support the case to have it embedded within the primary school curriculum.

As well as providing corporate funding toward the programme, 41 SJP volunteers facilitated 18 financial education workshops reaching 607 students.

Financial education for employees

We updated our financial education toolkit for employees, helping them to understand and manage their finances no matter their background. It includes: financial resilience podcasts; SJP Partner videos on financial literacy; unique workshops designed for different life stages; SJP employee pension and benefit support. We also ran a series of monthly financial knowledge building campaigns. For example, following an employee survey on pensions, we ran an awareness campaign to address gaps in knowledge and signpost support.

Our responsible business

Investing responsibly

To deliver good financial outcomes for our clients, we consider relevant environmental, social, governance (ESG) factors throughout our investment process.

Our goals

Net zero in investments by 2050.

Embed responsible investing within our investment processes and use our influence to maximise impact.

Have a complete responsible investment proposition and supporting education programme for advisers and clients.

Our performance highlights

43.8%

Reduction tCO_2 in our investments

2022: 32.8%

Since our base year of 2019, the weighted average carbon intensity of our listed equity and fixed income funds has reduced by 43.8%. This excludes real estate funds and Rowan Dartington assets.

Our focus for 2024

We will set our next interim target, for 2030, and continue to work hard with our external fund managers to make progress in the years ahead.

With nearly a million clients, we know the importance of clarity, simplicity and effective communication across everything we do. Our commitment and approach to responsible investing disclosures follows the same ethos. Throughout 2023 we have developed our in-house reporting capability and understanding of what this means to our clients.

We've created the new role of Sustainable Investment Writer to help deliver responsible and sustainable communications that are clear, fair and represent both our engagement activity and consideration of ESG risk and opportunity when our fund managers are making investment decisions.

We have undertaken an extensive programme of training with employees and Partners to improve awareness of our responsible investing principles and to avoid the risk of inadvertent greenwashing. This has provided clients with additional clarity on the benefits, and limits, of our approach to responsible Investment.

"Validation of our process by once again becoming a signatory to the UK Stewardship Code certainly demonstrates our engagement capability. Our reduction in carbon emissions since 2019 evidences the difference we can make when we proactively monitor and manage this risk."

Sam Turner, Head of Responsible Investment & Proposition Strategy

ESG risks and opportunities

All our core funds align with our responsible investment approach:

- **High minimum standards:** Our fund managers must be signed up to the United-Nations-supported Principles for Responsible Investment (UN PRI) and can't invest in companies on our exclusions list.
- **Fund research and monitoring:** We monitor our fund managers through our annual responsible investment manager assessment. Our Investment Committee has oversight of our fund managers' ESG approach.
- **Analysis:** We access company ESG data for extra oversight and to challenge our managers' processes. Our engagement partner, Robeco, provides in-depth company research which it uses to engage with companies on our behalf.

In 2023 we continued to enhance our monitoring of fund managers, delving deeper into their culture, stewardship, decision-making processes, resource allocation and alignment to relevant ESG factors.

Engagement

Engagement is how we encourage others to improve their business practices through addressing ESG risks and opportunities. There are four ways we do this:

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

While we don't prescribe how fund managers should meet our baseline standards, we do require them to engage with companies on ESG issues. We monitor their engagement activity through an annual assessment, which requires them to provide evidence to demonstrate their stewardship approach.

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, labour practices in a post-COVID world, and responsible executive remuneration. Throughout 2023, we continued our quarterly client reporting on Robeco's activity, published on our website. The latest report can be found at **www.sjp.co.uk/products-and-services/investment/responsible-investing**.

4. Collaborating with industry

The UK regulator and government are driving standards to encourage better sustainability practices and disclosure across financial services. In 2023 we worked with industry bodies and participated in forums to influence regulatory direction, highlighting the needs and expectations of our clients.

Find out more about our engagement approach in the Stewardship and Engagement Report 2022 available on our website at **www.sjp.co.uk/products-and-services/investment/responsible-investing**. Published in the second quarter of 2023, the report once again earned us the right to become a signatory to the Financial Reporting Council's UK Stewardship Code.

"Representing nearly a million clients carries real responsibility and privilege. Providing clients with meaningful investment solutions, to which they can align their responsible and sustainable values, will be pivotal for us."

Petra Deavall, SJP Responsible Investment Consultant

Climate change

We recognise the importance of leaving a lasting and positive impact on the world we live in and are committed to supporting the transition to a lower-carbon economy.

Our goals

During 2023 we continued to make progress on our environmental approach. See our Group TCFD report for in-depth detail on our approach and progress www.sjp.co.uk/TCFD_group_report_2023.

Climate positive[1] in our operations by 2025

Net zero[2] in our supply chain by 2035

Net zero in our Partnership by 2035

Net zero in our investments by 2050

Our performance highlights

89%

Company fleet vehicles are electric or hybrid

2022: 83%

We have been working throughout 2023 to encourage new company cars choices to be electric and hybrid but from 2024 all new company cars will be either electric or hybrid.

Our focus for 2024

We are accelerating work on updating our Climate Transition Plan, evidencing how we are going to achieve our targets.

We will continue to engage with the landlords of our rented estate, advocating for the use of 100% renewable electricity and having zero waste go to landfill.

2023 was the warmest year on record. We experienced extreme weather events around the world, from wildfires and droughts to extreme rainfall and heatwaves, presenting yet more evidence of the devastating impacts of our changing climate.

Research shows that progress toward 1.5°C aligned targets isn't happening at the pace and scale necessary, and that urgent action is needed to protect the world's most vulnerable ecosystems and communities.

We recognise the need to accelerate climate action and the role that businesses and individuals can play in driving positive change. That's why during 2023 we intensified work on our Climate Transition Plan, building on our net zero commitments, to help us better understand the role we can play in providing a just, fair and inclusive transition to a more sustainable economy.

As supporters of transparency we know that clear and effective reporting helps build trust and accountability for mitigating climate change. We support the increased regulatory focus from the PRA and the FCA on disclosing climate-related risks and opportunities and will move to follow the IFRS Sustainability Disclosure Standards. We welcome the issuance of these new standards which begin to bring together the fragmented landscape of voluntary and regulatory sustainability related disclosures and provide a global baseline for the capital markets.

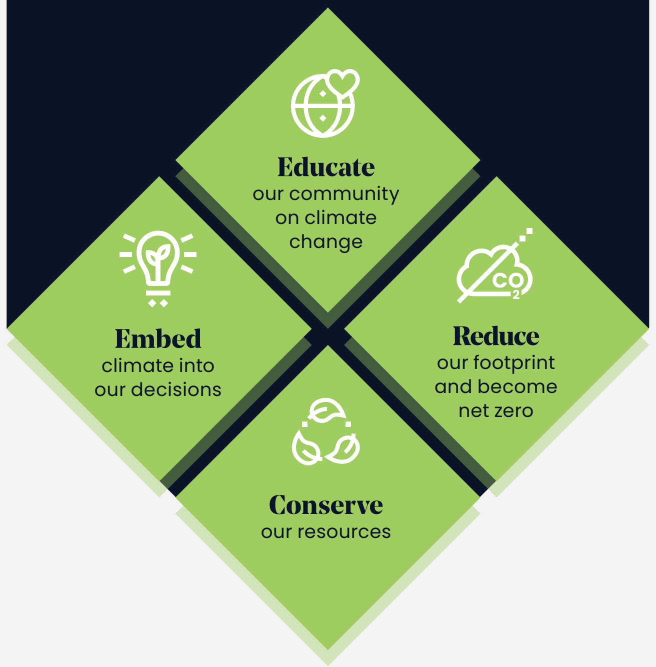
> ***"By fostering a culture of responsibility, businesses like ours can create a meaningful and lasting impact, contributing positively to society and leaving a legacy for generations."***
>
> **Tony Sareen**, SJP Partner, TDS Financial Ltd

1 For us this involves not only offsetting carbon emissions, but also taking additional steps to mitigate or sequester more greenhouse gasses than are produced through our actions.

2 The amount of greenhouse gases produced by our activities will be fully negated by a combination of emissions reduction and removal.

Our approach to tackling climate change

Following the agreement of our net zero targets in 2021, our approach to reaching our goals is centred around four key concepts:



Our climate governance

Accountability for managing climate-related risks and opportunities is owned by the Board, which sets the strategic direction of our approach on climate, and with ultimate responsibility resting with our Chief Executive Officer. The Board delegates some of this authority to individuals and groups at an executive and senior level. This includes the Responsible Business Advisory Group, the Environment and Climate Change Working Group, Group Risk Committee and Group Audit Committee, more details on our climate governance can be found on page 46. Subsidiary boards hold the responsibility for corporate governance for their respective companies, whilst the overall approach to environmental governance is determined at a Group level in line with our Group climate strategy.

Throughout 2023, responsible individuals and groups have benefited from training and individual engagement sessions with both internal and external climate specialists to support their operational evaluation, risk assessment and strategic planning on climate-related matters. Regular updates are provided to the Board and environmental targets are included in the business plan, on which the Board receives a detailed update twice a year.

The Board also considers climate as part of its articulation of the Group risk appetite statement. This is where the Board carefully sets out its appetite for risk against the Group's strategic objectives, which included 'Our culture and being a responsible business'.

Our climate risk management

Our climate-related risks and opportunities are identified at a Group level, as our subsidiaries' strategy and operations are aligned to that of the Group there is significant overlap. Where there are any climate-related differences these are highlighted in the Group TCFD report.

We proactively manage both the climate-related risks and opportunities faced by the business itself, and the indirect risks and opportunities to clients' investment choices. To inform our decision-making we facilitate cross-functional workshops to explore potential climate-related risks and opportunities which could be directly or indirectly material to the business. These include both physical risks, e.g. increased frequency of extreme weather events, and transitional risks, e.g. regulatory, market and reputational change.

These climate-related risks and opportunities are assessed and reviewed through multiple lenses at least annually by key stakeholders and subject matter experts. This assessment is aligned to the Group's Risk impact matrix, calibrated to ensure we remain aligned to our established Group Risk management framework, more information on this on page 75.

In addition, sessions were held with the Group Executive Committee, Group Risk Committee and a number of subsidiary boards to consider our evolving and emerging risk landscape. These sessions inform our decision-making, action planning and risk oversight processes, which feed into our strategy and financial planning.

We consider climate-related risk to be a cross-cutting risk. This means we evaluate its impact through multiple risk profiles, including operational, market, liquidity, regulatory and legal. This provides a holistic understanding of cause and effect, and informs the development of our strategy including appropriate mitigation and monitoring.

Full details of our risk management approach are available in the Risk and Risk Management section of this Annual Report and Accounts, and climate-related risks and opportunities in our TCFD report on pages 30 to 42.

Our responsible business

Our material climate-related risks and opportunities

We have identified and assessed potential climate-related risks and opportunities across the entire Group's operating model, assessing the likely timescales in which they could occur and the impact they may have. Our time periods reflect the strategic five-year cycles that align with our financial sensitivity analysis approach as well as considering best practice across our sector.

Significance
Our assessment of the impact of climate-related risks and opportunities is aligned to our Group Risk Management Framework.

- Highly significant
- Significant
- Limited significance
- Minimal significance

Timescale
When we believe the risk/opportunity is most likely to materialise.

- S Short term 0-5 years
- M Medium term 6-9 years
- L Long term 10+ years

Description, significance and timescale	Impact on the business	Mitigation
Transition risk		
Market – client sentiment S M The risk of potential clients choosing not to invest with SJP and/or existing clients divesting because our proposition (including products, services and investment solutions) does not meet their expectations.	Client sentiment around the suitability of our proposition in meeting their preferences on climate could impact the inflow of new business and retention of existing business. A drop in client sentiment could also lead to reputational damage for SJP.	We recognise that our ESG approach may not meet the needs of everyone, but for those clients that require a stronger focus on ESG we have a number of options including our specialist Sustainable and Responsible Equity Fund which invests in companies at the forefront of transitioning to a sustainable economy. We also ensure our fund managers meet specific minimum requirements, with climate change being a material factor we expect them to consider.
Market – investment risk S M The risk of losses on financial investments caused by adverse price movements, e.g. climate-related events could adversely affect investment values through climate-driven market falls or stagnation of growth.	We expect that markets are likely to become increasingly volatile and asset classes that we are currently invested in may lose value, and we therefore need to carefully consider climate impacts and how we manage our funds through our investment approach. Lower valuations would impact client outcomes and the Group's profitability, which is directly related to the value of funds under management.	Investment risks are an inherent risk of our business, and are fundamental considerations in our approach to investment management. Our investment approach draws upon a diversified, global pool of investment opportunities. This aims to reduce concentration risks, meaning our clients are less likely to suffer a significant financial loss via sudden market changes. Furthermore, our fund managers consider climate scenario modelling as part of their investment decision-making; more detail on this can be found on page 28 of our Group TCFD report.
Regulation and legal S The risk of loss due to developments in worldwide climate policy, legislation and regulation. SJP and the fund managers we work with could be exposed to enhanced disclosure, governance and risk management obligations, which could potentially alter our proposition offerings.	Keeping up with the rapidly evolving landscape of regulatory and legal requirements requires resource, especially as SJP operates across multiple jurisdictions with requirements that do not yet fully align (UK, Europe, Middle East and Asia). We don't expect this to simplify or stop evolving in the short to medium term.	In order to keep pace with regulatory change our business is continually reviewing resourcing requirements, skills and capabilities to fulfil various regulatory requirements. SJP collaborates across our entities to ensure we are efficient and compliant in our approach.
Reputational damage S The risk of negative publicity leading to the loss of existing or potential clients. This could be associated with perceived greenwashing or failure to positively contribute to tackling the challenges of climate change.	This could lead to a drop in our share price and less favourable client sentiment.	We proactively minimise the risk of reputational damage associated with climate change through: • Expressing our commitment to help shape a better world by using our influence. • Working with our material third parties to ensure their approach to ESG aligns to ours. • Providing clear data on the performance of all funds, via the Annual of Value, and on their emissions in our TCFD product report.
Physical risk		
Acute L The risk of higher frequency or severity of weather-related events such as winter storms, surge floods, hail storms and wildfires.	This could affect our operations by damaging our premises and/or the critical national infrastructure on which we rely, and/or affect our material suppliers and outsourcers. Due to the nature of our business and the resilience built into our operations there is likely to be minimal impact as we are not tied to one specific geographic location and can work flexibly.	We actively assess the risk posed by the increasing severity of weather events through risk assessments, and by evaluating the potential impact of extreme weather events on our operational capabilities and resilience. This analysis helps us to assess and enhance existing business continuity procedures as needed, to ensure we are aware of and prepared for these types of events. For example, analysing risks and potential impacts created through outsourced activities and ensuring suitable mitigationsmitigations are in place.
Chronic L The risk of loss due to longer-term shifts in weather patterns, for example sustained higher temperatures causing sea-level to rise, hot or cold waves, and droughts.	Due to its extreme nature, if this risk were to materialise it would have an impact on everything around us. As a business we are generally resilient to direct physical risks of climate change but recognise that these effects could have broad societal and market impacts which may have a significant impact on clients and the Group in the longer term.	Our approach to mitigating this risk includes: being a member of NZAOA and transitioning our investment portfolio to net zero by 2050, ongoing independent data monitoring, our active select, monitor, change mechanism within our investment management approach and flexible allocations of our strategic assets. These factors help us to respond to changing economic conditions relating to assets, geographies and emerging chronic climate risks.
Opportunity		
Client offering S M L The opportunity arising from innovating and developing new sustainable investment solutions for our clients, and demonstrating our commitment to managing climate impact across our clients' financial journey.	A core pillar of our purpose as a business is to meet our clients' needs both now and for their future. This is a key opportunity which, if not seized, will impact on our success today, tomorrow and in the future; and could be key to our long term success.	Our bespoke advice and tailored investment management approach enable us to reflect our clients' wishes and long-term goals in their individual solutions. For many clients, as well as achieving their broader financial goal, an important desire is to ensure that their investments support a transition to a sustainable economy to help minimise further damage from climate change for future generations. This will look different for each client. As such, we address this as part of the 'plan, design, review' process, through which our advisers are able to guide clients towards appropriately aligned investment solutions.
SJP realises the reputational benefits of being a responsible business S M The opportunity arising from innovating, developing and embedding a responsible business culture and mindset across the business.	Realising this opportunity could impact SJP through client retention and a potential growth of market share, driven by our reputation as an authentically responsible business. Increased trust, with all our stakeholders acknowledging that SJP's approach, knowledge and actions make it an attractive place to invest, work and partner with.	We only realise the benefits of being a responsible business if we can demonstrate our values, and those of our clients, consistently and authentically. This includes ensuring any adjustments of our plans are communicated in a clear and timely manner to ensure this opportunity can continue to be realised.

Overall, SJP's exposure to climate-related risks and opportunities is predominantly through our investment universe. At a high level our core investment business model selects and monitors third-party fund managers to manage our clients' investments, rather than directly investing ourselves. The majority of our investments are held in listed and publicly available financial assets, meaning there is flexibility to trade or change our asset allocation appropriately, manage our climate risk exposure and take advantage of associated opportunities. However, we believe responsible investing includes making decisions that support a smooth and just transition, and as such we consider the broader social, economic and market impacts of divestment carefully. We principally take an 'engagement first' approach to influence positive action. This approach to stewardship promotes market resilience as well as economy-wide and enduring change. We believe change through stewardship and using our influence within invested companies is a more effective way to support a just transition and mitigates unintended climate related consequences, including the risks and effects of climate change. To read about our stewardship approach, targeted engagements or our divestment policy please see more here: **www.sjp.co.uk/stewardship_and_engagement_report_2022**.

Our responsible business

For our scenario analysis we look specifically at our investment universe, as it represents a core part of our business model. The central scenario analysis is based around three climate scenarios constructed by the Network for Greening the Financial System (NGFS), an institution recognised for its research on climate pathways. Orderly, Disorderly and Hot House World are the three specific NGFS scenarios we use; they are widely accepted as industry-standard pathways and provide a broad range of future projections highlighting the impact of physical and transitional risk. It is important to remember however that the scenarios do not (and are not intended to) predict the future, but rather give us some idea of how the future might look based on certain assumptions. Please find more details on our scenario analysis on pages 264 to 271.

Our climate change metrics and targets

The NGFS scenarios highlight how an orderly transition to net zero by 2050 assumes low physical climate risk and limits irreversible damage to our ecosystem. We recognise we alone can't tackle the complexity and scale of an orderly transition; rather it needs governments, business and individuals to collectively reach this outcome. Therefore, we believe it to be in the best interest of SJP, our clients and wider society to advocate for an orderly net zero transition. Achieving an overarching reduction in our emissions is a key part of mitigating climate change as a systemic risk facing SJP and society. in 2023 the estimated total Group footprint was 13.6 million tCO_2e, see the following pages for our emissions-related metrics.

Building upon these, and as our approach is maturing, we are developing targets to both manage climate-related transition and physical risks and realise climate-related opportunities. This will enable us to quantify our progress against these targets, which we look forward to reporting on.

Achieved On track Further work required

	Metrics	Our targets	Progress	2023 % of overall emissions	Commentary
Our operations The direct impact we have as a business on the environment	We measure Scope 1, 2 (market-based) and 3 emissions in line with Greenhouse Gas Protocol and SECR requirements as part of our Annual Report and Accounts.	Reduce our Scope 1 and 2 emissions by 50% by 2020 (base year 2016)		0.08%	We assess our progress against our operations, supply chain and Partnership metrics annually. To help improve monitoring of progress in our operations, for our sole-occupied offices we have developed utility analytical software. This has helped us identify inefficient systems and implement remediations, particularly focusing on heating and cooling system optimisations. This has resulted in savings in our energy and gas consumption of 5% and 7% respectively in 2023, a reduction on the gains we made in the prior year of 27% and 39% respectively. More detail on our metrics in the following pages.
		Reduce our Scope 1 emissions by a further 50% by 2025 (base year 2018)			
		Eliminate our Scope 2 (market-based) emissions by 2025			
		Reduce our Scope 3 emissions by 50% by 2025 (base year 2018)			
Our investments The indirect impact we have on the environment as a result of our portfolio offerings	This includes a point in time capture of the Scope 1 and 2 emissions. The scope of the data represented is limited to our equity and debt for listed companies. It does not include real estate or Rowan Dartington data. See pages 47 to 49 of our Group TCFD report for more detail.	Reduce the carbon intensity of our portfolios by 25% by 2025 (base year 2019)[1]		99.55%	Our Investment team regularly use our investment risk system, BlackRock Aladdin, as part of their monitoring workstreams and advocate an active engagement process with our fund managers. We are delighted that we have continued to significantly exceed our 2025 target well ahead of schedule, with the carbon emissions intensity of SJP's overall investment universe at end of 2023 reducing by 43.8% from our baseline, compared to 32.8% at end of 2022. We will set a new interim target, for 2030, in the coming year.
		Transition our investment portfolios to net zero greenhouse gas emissions by 2050[1] An interim target for 2030 will be set by the end of 2024.			
Our supply chain The indirect impact we have on the environment as a result of our supply chain	We currently use a spend-based method to account for our supply chain in line with Category 1 guidance.	Our supply chain will be net zero by 2035. An interim target for 2030 will be set by the end of 2024.		0.25%	We have identified an initial ten suppliers for focused engagement to support the development and progress of their climate-ambitions and actions, and to begin gathering their data to enhance our spend-based emissions calculations.
Our Partnership The indirect impact we have on the environment as a result of our Partnership of financial advisers	We currently report on an estimate of the Partnership's Scope 1 and 2 emissions, in line with the Greenhouse Gas Protocol.	We'll support our Partners to become net zero by 2035. We are aiming to set an interim target for 2030 by the end of 2025.		0.11%	To more accurately calculate the Partnership carbon footprint we began development of a bespoke carbon calculator. This will enable each Partner practice to accurately calculate its emissions and develop individual goals.

1 Equity and debt for listed corporates and real estate. This is approximately 88% of our overall AUM.

2 This Scope 3 target specifically focusses on Category 6 (business travel), Category 3 (fuel and energy related activities not included in scope 1 or 2 i.e. e.g. transmission and distribution 'T&D' losses and well to tank 'WTT') and, Category 5 (waste generated in operations) emissions.

We collect and report our environmental data on a one-quarter lag, so this year's reporting includes data from 1 October 2022 to 30 September 2023. 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'. To calculate our emissions we have used the 2023 UK Government GHG Conversion Factors for Company Reporting, provided by the Department of Energy Security & Net Zero (DESNZ) and the Department of Environment, Food & Rural Affairs (DEFRA). The emissions were calculated by our external sustainability partner, EcoAct.

1. Targets

We are committed to doing our part to cap global warming at 1.5°C by 2050 and in 2019 we 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

We acknowledge more needs to be done to achieve our targets and have accelerated work on our Climate Transition Plan to help us develop a detailed realistic and achievable plan.

ID	Scope	Actual emissions in year (tonnes CO_2e)	% of target achieved	Comment
Abs1	1	572	63%	Reductions across our estate continued, aided by our Carbon Conservation Measures (CCM) tracking tool and utility analytical software.
Abs2	2 (Market-based)	689	-313%	We continued to purchase 100% renewable electricity for our managed estate. Up to 2020 we purchased additional REGOs[1] to offset our other UK electricity use. This did not happen in subsequent years. This escalates our work with the landlords of our rented estate, encouraging switching to green electricity tariffs.
Abs3	3	7,431	57%	We saw an increase in business travel, bringing us back in line with pre-pandemic figures. We are renewing our efforts to reduce employee travel related emissions.

1 Renewable Energy Guarantees of Origin certificates.

Our responsible business

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 2023. We have followed an operational control approach to report our emissions. The coverage of our Scope 1 and 2 emissions disclosed is 100% for 2023. Any estimates included in our totals are derived from actual data which have been extrapolated to cover the full reporting period. Please note 2022 Scope 2 market based emissions and Scope 3 Life and Pension Property Fund have been restated this year. Categories 1, 2, 4, 7, and 8 to 14 have been assessed and agreed to be not material to our business.

				2018		2022		**2023**	
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	–	649	–	572	–
2	Location-based	Electricity emissions using geographical location	tCO_2e	1,836	168	1,335	198	1,384	113
	Market-based	Electricity emissions using purchased electricity factor	tCO_2e	–	168	967	198	578	111
1 & 2	Location-based	Total emissions	tCO_2e	2,671	168	1,984	198	1,956	113
	Market-based			835	168	1,616	198	1,150	111
		Direct and indirect energy consumption	kWh	10,451,833	263,607	10,367,808	301,819	9,726,267	224,976
1 & 2	Location-based	Normalised emissions to MWh	tCO_2e/MWh	0.2556	0.6373	0.1914	0.6550	0.2011	0.5041
	Market-based			0.0799	0.6373	0.1559	0.6550	0.1182	0.4955
3	Categories 3, 5 & 6	Business travel, waste, hotel stays, WTT, transmission and distribution	tCO_2e		10,380		3,828		7,431
3	Category 15	Life and Pension Property Fund	tCO_2e		6,476		3,464		2,816
Total (Market-based)			tCO_2e		17,859		9,106		**11,508**

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	1.23	0.96	Our Scope 1 normalised emissions have reduced, helping to evidence the energy efficiency measures we have implemented across our sole occupied estate.
2 (Market-based)	3.44	2.12	For Scope 2 we have improved the quality of our data by increasing our landlord engagement. We can't guarantee that our normalised emissions for this are less as we don't have all the necessary REGO evidence for 2022. We plan to use 2023 as a baseline for going forward and will continue to advocate for the use of renewable electricity in our rented estate.
3	17.26	19.32	Unfortunately, our Scope 3 intensity has increased due to a rise in business travel (aligning with pre-pandemic levels).

Our approach to offsetting

We know that purchasing carbon credits alone is not a long-term sustainable strategy for tackling climate change. However, alongside working hard to reduce our emissions across our business, we consider it appropriate to supplement our efforts with a considered approach to carbon offsetting. To be carbon neutral in 2023, and balance out our operational emissions, we intend to offset 3,037 tCO_2e. For more details please see page 17 of our Group TCFD report.

Our Task Force on Climate-related Financial Disclosures (TCFD) Report

We are reporting against the TCFD framework for the fourth time this year. Given its size and scale, our comprehensive 2023 TCFD Report with all 11 TCFD disclosures can be found separately here: **www.sjp.co.uk/TCFD_group_report_2023**. To aid readers of the Annual Report and Accounts, we provide a summary of the key Group disclosures from the report below.

Summary of the Task Force on Climate-related Financial Disclosures.

We are fully consistent with the TCFD recommendations and recommended disclosures. We have also considered the TCFD's All Sector Guidance and consider SJP to be fully consistent with these.

Theme	Description	TCFD recommended disclosure	2023	Our disclosure in our 2023 TCFD report	Pages in the 2023 TCFD report
Governance Further information found in this Annual Report on pages 31 and 46	Disclose the organisation's governance around climate-related risks and opportunities.	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 including references to training, KPIs and linked remuneration. We outline our accountable leaders and provide more context on our subsidiaries.	10 to 16, 18 to 19 and 31
		b) Describe management's role in assessing and managing climate-related risks and opportunities.	◆		
Strategy Further information found in this Annual Report on pages 30 to 33 and 264 to 271	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.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	◆	We have considered and outlined our short-, medium- and long-term climate-related risks and opportunities. Using this assessment, alongside our scenario analysis, we have considered their significance and impact on us as a business, and have incorporated the outputs into strategic planning.	7, 16 to 27 and 44 to 49
		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 Further information found in this Annual Report on pages 31 to 33	Disclose how the organisation identifies, assesses and manages climate-related risks.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	◆	We have outlined the key climate-related risk processes we follow to identify, assess and manage our climate-related risks and opportunities, along with an overview of how we integrate this into our risk management process.	30 to 42
		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 Further information found in this Annual Report on pages 34 to 36	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	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 operational metrics, our scope 1, 2 and 3 greenhouse gas emissions, our progress against targets and the impact of our investment proposition on our exposure to carbon-intensive companies.	7, 12, 32 and 44 to 49
		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.

Our responsible business

Community impact

Since our very beginning we have embraced a culture of doing the right thing and striving to have a positive impact on the world around us.

Our goals

Generate community impact through Partner and employee engagement.

Invest in local communities.

Improve the financial literacy of young people.

Our performance highlights

11.2m
Number of people supported through Charitable Foundation
Since 1992

£9.5m
Total amount SJP community raised in 2023
2022: £10.5m

Our focus for 2024

We will be working closely with charities to provide support such as financial education and hands-on practical help, as well as continuing to offer funding for key work and projects.

Thank you

The Charitable Foundation is grateful for the continued and generous support of the SJP community both in the UK and Asia, and that of the SJP 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.

1 Source ACF Giving Trends Report 2022.

89%
Percentage of Group employees involved in supporting our communities and good causes
2022: 90%

Giving back to our communities has been a priority for us since day one

We want to create lasting value in the places we live and work, acting to make a difference to those less fortunate. We do this financially through the SJP Charitable Foundation, by volunteering our time and skills in the local community, and through the delivery of our financial education programmes with young people.

SJP Charitable Foundation

In 1992, the St. James's Place Charitable Foundation was set up as a way for our employees and the Partnership to give back and make a positive difference in their local communities. Over 31 years on, with the generous support of the SJP community, we have raised £130 million. The funds raised provide support to small and medium-sized charities across the UK and overseas through a range of grant-giving programmes. Funding over 4,000 charities and supporting 11.2 million people to date, we are now one of the largest corporate foundations in the UK.[1]

The Foundation is committed to creating long-term transformative change and takes a strategic approach to grant-giving to support this. The Foundation's grant-making is focused across five key areas: children and young people who are disadvantaged or have a disability, hospices, cancer, mental health support, and the veteran community.

66%
Foundation beneficiaries report a substantive or transformational impact on their life
2022: 64%

Grants support sustainable organisational change for grantees, giving them the confidence to grow and support the development and delivery of services, which have a lasting impact on the people directly benefiting. For example, funding may go towards the salary of a youth worker to support disadvantaged young people to develop more positive pathways for the future or provide specialist equipment for a young person who has disabilities, helping them to feel more included. Alongside this, place-based grants support communities close to the SJP offices, with funding allocation determined by our Location Foundation Committees, which are made up of passionate SJP employees and advisers.

Creating added value

We also look to deepen our impact by providing additional value to our partner charities through the SJP community. This can take the form of skills sharing and volunteering or reallocation of resources – for example from the Apprenticeship Levy. The charities tell us that it's this extra support that really makes the difference – helping them to build capacity, increase organisational resilience, and expand their services.

Envision is focused on empowering young people who are underrepresented in the world of work. We have partnered with Envision, via both multi-year grants and volunteer support providing mentoring. The feedback from the young people has been extremely positive with 92% feeling that they had developed their own essential skills and 96% feeling they had made a positive difference.

Dallaglio Rugbyworks supports young people who are experiencing school exclusion. A multi-year grant from the Foundation has helped to extend their programme in an area of high deprivation.

"St. James's Place is one of our longest standing partners; we have worked together over a number of years in different ways. The generosity of the Charitable Foundation and SJP community goes way above and beyond our expectations, truly helping us to plan and shape our future."

Zenna Hopson, Dallaglio Rugbyworks CEO

928
The total number of employees who volunteered in work time
2022: 778

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 volunteering with charities supported by the Foundation, many in the SJP community also give their skills and expertise to support initiatives in their local community. In 2023 our employees gave over 9,900 hours of in-work time to support the Foundation and other causes, such as litter picking, mentoring, delivering financial education, acting as a Trustee for a charity, volunteering for the emergency services, renovating community spaces and more.

Our community members don't just give during work hours. We also encourage and recognise those employees who volunteer in their own time by matching their dedication with £300 grants awarded to the local organisations they supported. SJP issued 57 of these grants to our employees' causes in 2023.

We also know that volunteering has a much broader impact than direct support for beneficiaries. In our annual community impact survey, of the 765 employee volunteers who responded 86% reported that volunteering improved at least one aspect of wellbeing and 89% developed a skill that helped either their personal or professional lives.

Responding to humanitarian crises

Sadly, the past year has seen an unprecedented number of humanitarian crises unfold around the world. The Foundation is committed to responding quickly, working with leading humanitarian aid groups such as the Disasters Emergency Committee and Red Cross to provide essential support. For example, through the support of the SJP community over £200,000 was donated to crises in Turkey and Morocco in 2023. Many individuals also gave their time, with continued volunteering supporting those affected by the ongoing conflict in Ukraine.

Our responsible business

Our people

The following section reports against our material people themes.

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 2023.

Employee engagement

Understanding employee sentiment is vital for a healthy and progressive culture. We know that in order to be successful and grow, employees need to feel included, that they belong, and that they are able to thrive at SJP.

Our culture survey in May 2023 gave us a significant insight into our current culture and demonstrated positive results for overall engagement and efforts to create inclusive environments, along with identifying some opportunities to work more collaboratively across divisions. Key findings were:

- I feel proud to work for this company – 87%
- SJP creates an inclusive culture where everyone is treated with fairness and respect – 77%
- My line manager promotes an inclusive environment at work – 93%.

To understand more about these survey results and how we can improve them further, we worked with an independent organisation to deep dive into our culture data. We assessed the employee life cycle against the FCA's four drivers of culture: leadership, people policies, governance and purpose. The report gave us greater insight into our strengths as an organisation, as well as highlighting some opportunities for greater focus. This prompted a review of our Culture Wheel (an articulation of our cultural aspirations through clearly defined values and behaviours) to provide greater clarity on the role each and every one of us plays in driving and delivering good outcomes for clients.

We continue to focus on the effectiveness of our Workforce Engagement Panel and, during 2023, we streamlined the number of members so that we can ensure conversation is meaningful, action-focused and at the right level – discussing the issues and opportunities that feel most relevant to our employees.

Our annual employee Impact Awards recognise individuals and teams who demonstrate the SJP values and behaviours in a way that goes above and beyond their day job. Outside this annual recognition opportunity, colleagues can also nominate peers for Impact recognition awards aligned to our values and behaviours throughout the year. During 2023 the following awards/nominations were made:

- 1,118 financial impact awards
- 8,524 non-financial recognition awards
- 310 Impact Award nominations.

With the introduction of a Head of Culture and Engagement role, we are committed to ongoing and deliberate focus in culture and employee engagement. We know that cultures are not created by chance and we are focused on providing a clear strategy and direction of travel, balanced by meaningful and tactical interventions to ensure we continue to make progress and fully understand opportunities for growth and improvement.

Employee wellbeing

Employee wellbeing remains a key focus for ensuring responsible and successful relationships. 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, BUPA Blue Health virtual GP services and a biennial health check for all employees (regardless of whether they are a BUPA member or not). Employees have access to resources through a wellbeing app which offers mental health consultations, access to a digital GP, nutritional consultations and a second medical opinion service. In 2023, we also provided nutritional courses to support menopause and physical & mental wellbeing. When needed, we assess what adjustments can be made 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.

Our focus in 2024 is to develop a proactive, more comprehensive wellbeing strategy where employees feel supported and valued, and in which information available and approach taken are consistent throughout the Company.

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 and ethnicity pay bias. We report on our Ethnicity Pay Gap alongside our Gender Pay Gap Report.

In 2023 we conducted an extensive review of our incentive arrangements to ensure they are fully aligned to supporting good client outcomes. We assessed all bonus and share schemes to identify areas for improvement to ensure our rewards reinforce a culture focused on the client. As a result of the review, which will be conducted annually, we have strengthened the link between behaviours and bonus outcomes.

87%
of employees feel proud to work at SJP
2022: 87%

Learning and development

Our learning experiences for 2023 continued to empower our Partnership and employees with the tools and knowledge essential for success. Our comprehensive learning curriculum guides, workshops and bespoke leadership blueprint equipped our teams with the skills needed to navigate technological advancements, market shifts and industry trends. In 2023, our development of blended learning experiences was recognised with five industry awards, and we saw an increase in our Learning and Development team's Net Promoter Score to 74.4% (2022: 65.52%) against an industry average of 47%.

Tech and innovation

Our bespoke learning experience platform, SJP House, launched in 2023 and has 93% regular user engagement, highlighting our learner-led culture.

Virtual reality (VR) roleplay experience continues to play an important part in our offering. We've expanded our resources, developing content on identifying and supporting vulnerable clients that incorporates 360° films and AI-led roleplays. We have launched VR hubs in office locations to provide more access to immersive experiences, and we will continue to organise Company and Partner events where VR can be experienced. Our focus for 2024 will be to continue embedding VR in our learning curriculum as well as exploring augmented reality learning opportunities.

SJP Academy

The most comprehensive financial adviser training programme in UK financial services

Our Academy programme went from strength to strength in 2023. We continued to learn from each new cohort, all of whom benefited from structured digital content, face-to-face training and extensive coaching. The Academy programme has been enhanced through greater integration with our Growth & Development function, giving recruits a further two years of dedicated, specialised coaching. 2023 also saw the Academy win Money Marketing's inaugural 'Best Adviser Academy' award, recognising the dedication, expertise and skills of our team and the achievements of our programme participants.

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Our responsible business

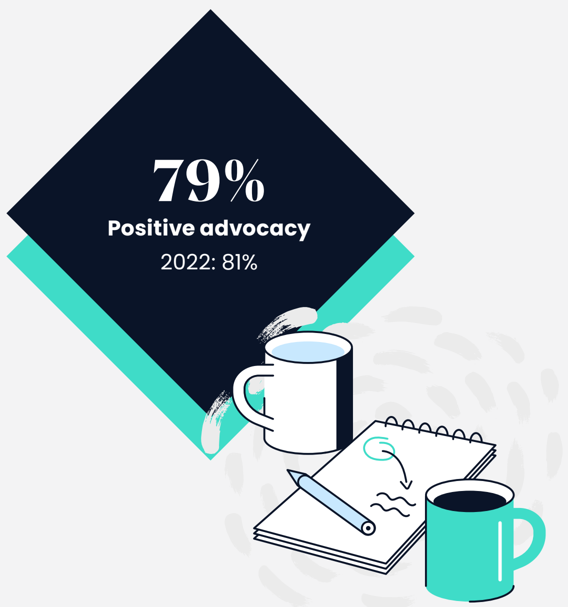
Client satisfaction and retention

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

We engage with clients throughout the year via our 'SJP Client Community', 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.

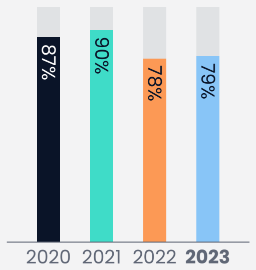
Retaining satisfied clients not only feeds into financial results, but is also directly related to our long-term sustainability as a business. In early 2023 we conducted a survey with our client population (57,531 clients responded). The feedback indicated good client sentiment with 79% clients strongly advocating for us, nearly half already recommending SJP, 66% believing we offer excellent or good value for money and 81% being very satisfied or satisfied with their overall experience with us.

However, we believe that macroeconomic uncertainty and investment market performance impacted client sentiment contributing to a 6% drop in overall satisfaction. In addition to wider macroeconomic challenges, 2023 saw an increase in the number of clients registering complaints about whether they have received ongoing servicing. We have taken this very seriously and have undertaken an assessment of historic client servicing records. Where gaps in record keeping mean that there is a lack of evidence of the delivery of ongoing service, we are in the process of refunding these fees for clients. We know the delivery of ongoing services is vital to maintaining our clients' strong trust and advocacy.

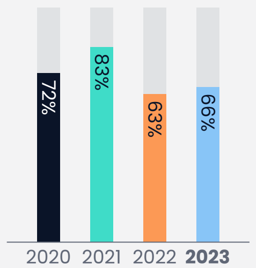


Trend

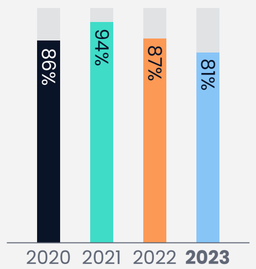
Advocacy



Value for money

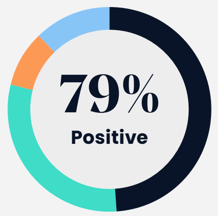


Overall satisfaction



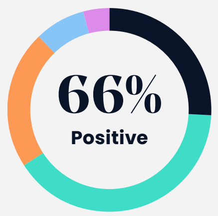
2023 detail

Advocacy



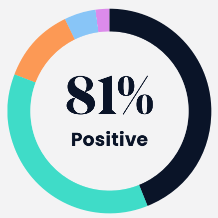
- **49%** Yes, I'd be willing to, and have done so already
- **30%** Yes, I'd be willing to, but haven't previously
- **9%** No, I wouldn't feel comfortable doing so, and haven't previously
- **12%** No, I wouldn't feel comfortable doing so, but have done so previously

Value for money



- **26%** Excellent
- **40%**
- **22%**
- **8%**
- **4%** Very poor

Overall satisfaction



- **44%** Strongly agree
- **37%**
- **12%**
- **5%**
- **2%** Strongly disagree

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 tracked regularly through our Responsible Business Advisory Group, with support from our I&D Working Group and Community Networks. We report regularly on I&D to our Board, Group Executive Committee (GEC), and Group Nomination and Governance Committee, and the accountability of our GEC is evidenced through its objectives which include measures around equality and diversity.

Public commitments

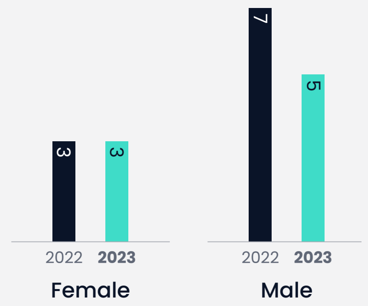
SJP became a signatory to the Women in Finance Charter in 2018, committing to increase representation of women in senior roles to 30% by September 2023. When we signed the charter, only 18.6% of our senior roles were held by women. We are pleased to have made steady progress since then, and in September 2023 we achieved our commitment with 30.4% female representation in senior roles, an 11.8% increase since we first started reporting. This increase reflects the action we've taken to build and support our internal female talent pipeline and to increase applications from female candidates.

Female representation in senior roles reached 34.4% in our employee base and 37.5% on the Board as at 31 December 2023.

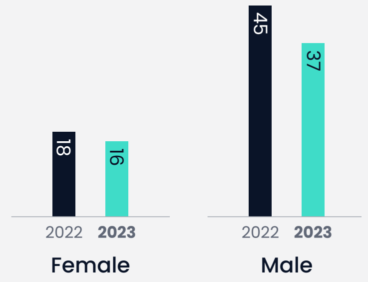
Our minority ethnic representation is 8.2%, based on 75.3% of our core employee base who voluntarily provided ethnicity data, a 1.9% increase from 2022. Whilst we are tracking slightly below our goal of 10%, we are encouraged by the progress we have made and know that every increase, however small, is an important step in the right direction.

Our focus remains on sustaining and accelerating this progress and we will be setting new long-term goals in 2024 to reinforce this.

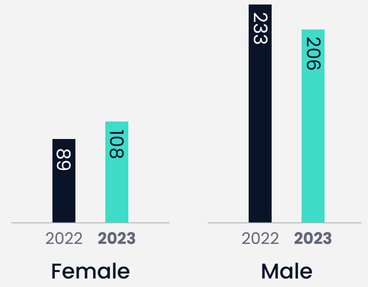
Board Directors



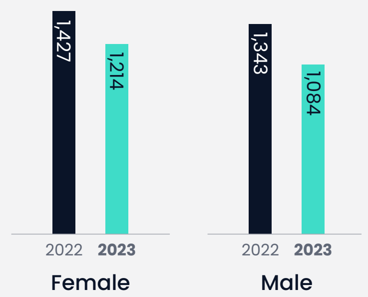
Group Executive Committee, Company Secretary and their direct reports



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 Group Executive Committee, 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.

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Attracting diverse talent

We know that we need to better represent the society and the clients we seek to serve, and have been working to increase representation of diverse talent at SJP. We're also focused on how we can make a career in the financial services more attractive and accessible to all, helping to strengthen the external pipeline of talent in our sector. In 2023 we hired 19 school leaver apprentices, developing talent in the communities where our offices are based.

We continue to use gender-coding software for our job adverts and aim for gender-balanced shortlists and interview panels. We capture diversity data in our recruitment process, so we can better track the diversity of our newest employees, advisers and Partners. We've introduced a hybrid working policy to provide greater flexibility for part-time work, job-sharing, remote working, and flexibility on hours. In 2023, we also implemented a new visa sponsorship policy to widen the size and diversity of our potential talent pools.

We have continued to focus on disability and accessibility, including the implementation of a workplace adjustments policy. We worked with Patchwork Hub to deliver disability awareness training to our recruitment team. In our Academy, we partnered with Kaleidoscope to conduct an end-to-end review of our application and onboarding process, assess our Academy curriculum content, and deliver disability awareness training to our Partnership Recruitment Managers. We were delighted to be re-accredited as Disability Confident Leaders this year in recognition of this work.

Retaining diverse talent

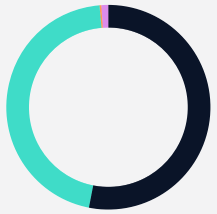
We continued to listen to the experiences of our community through our Workforce Engagement Panel as well as providing employees access to an anonymous feedback platform all year round. We also hosted a focus group on inclusion and belonging – giving both employees and advisers a safe space to speak up and challenge.

We collaborated with our Community Networks to drive engagement and understanding, including the celebration of I&D events throughout the year such as

- Pride;
- International Women's Day;
- International Men's Day; and
- Black History Month.

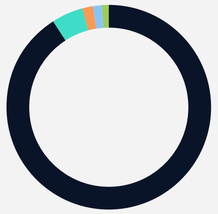
These events are intended to raise awareness of key issues and provide the opportunity for open discussion and learning in a safe environment. Representatives from each of the networks also sit on our I&D Working Group, helping to evolve our approach to I&D and drive action against our goals.

Gender



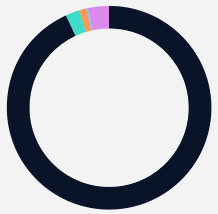
- Female **53.2%**
- Male **45.6%**
- Non-binary **0.2%**
- Other **0.0%**
- Prefer not to say (PNS) **1.0%**

Ethnicity



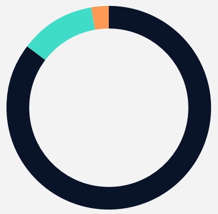
- White **90.8%**
- Asian **5.1%**
- Mixed **1.7%**
- Black **1.2%**
- Other **0.1%**
- PNS **1.0%**

Sexual orientation



- Heterosexual **93.0%**
- Bisexual **2.2%**
- Gay/lesbian **1.3%**
- Other **0.3%**
- PNS **3.1%**

Disability



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

> *"Signing up to the Women in Finance Charter in 2018 was one of the first public actions we took to improve diversity at SJP. I'm delighted that we have achieved what we set out to do, but I am also clear that there is still work to be done. Attracting, developing and retaining diverse talent is a key part of our future sustainable success."*
>
> **Liz Kelly**, Chief Corporate Affairs and People Officer

Race and ethnicity

Executive management[1]	All other employees
91.7% White 2022: 92.2%	**90.6%** White 2022: 92.7%
6.7% Asian, Black, Mixed, Other 2022: 6.1%	**8.4%** Asian, Black, Mixed, Other 2022: 6.3%
1.6% Prefer not to say 2022: 1.7%	**1.0%** Prefer not to say 2022: 1.0%

Developing diverse talent

We continued to develop our internal talent pipeline. Building on our success with internal mentoring available to all SJP employees, we also completed our sixth year with the 30% Club, offering 30 mentors and matching 30 female mentees with mentors outside of the company from a cross-section of industries and sectors. 2023 was the second year of our in-house mentoring programme for talented women in the pipeline for senior roles. The programme facilitates mentoring by senior leaders, as well as access to masterclasses and roundtables with the Group Executive Committee.

Beyond SJP, we engaged in programmes to accelerate the drive for greater diversity in our sector, such as sponsoring three female students through the EY Foundation Sustainable Futures Programme. We also supported the Aleto Foundation mentoring programme for a third year, with senior leaders from across our business providing mentorship to aspiring young talent from disadvantaged backgrounds.

Training

In 2023, we continued to roll out our I&D toolkit, which is based on four core principles: being representative, being accessible, being inclusive and avoiding bias.

We also launched our 'Inclusivity Boxset' – a collection of digital training materials to help our entire community to embrace diversity and work more inclusively. The boxset includes content on running inclusive meetings, navigating difficult conversations, demonstrating inclusive leadership and understanding micro behaviours. This was accompanied by mini boxsets on neurodiversity and LGBTQ+ inclusion, which were created in collaboration with our SJPride and Disability Networks.

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.

A focus on data and reporting

In 2021, we launched our employee diversity data survey, which created a better picture of our community and helped identify where we might be missing diverse perspectives. Since then, over 75.3% of employees have shared their data with us, with the insights being used to direct the support we give and initiatives we run.

Crucially, the collection of this data enabled us to voluntarily publish our first Ethnicity Pay Gap Report in April 2023. Although only representative of the 70.4% employees that shared their ethnicity data, the report provided us with an initial benchmark and enabled us to identify any gaps and work to close them. We know that providing greater pay transparency is crucial and helps build trust with all our stakeholders.

Policy influence

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

In 2023, we proactively engaged policy makers and regulators on several of our material topics including:

- the advice/guidance boundary and pensions
- the labelling framework for sustainable investing
- inclusion and diversity in the financial services sector
- reallocating dormant assets to financial education in the national curriculum
- the role of audit committees in environmental, social and governance (ESG) reporting
- finance for positive sustainable change.

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.

Our responsible business

Governance

The following section reports against our material governance themes. We have specific governance forums at Board, executive and management level which oversee and manage responsible business-related risks and opportunities for the wider Group as displayed below for 2023. The authority for ESG is delegated to executives, with the Board holding ultimate accountability for the Group's position and strategy regarding ESG.

SJP plc Board

The Board sets the strategic direction in relation to our responsible business approach. This covers our entire Framework with key focus on our pillars: financial wellbeing, investing responsibly, climate change and community impact.

Group Audit Committee

The Group Audit Committee reviews key regulatory reports including the Task Force on Climate-Related Financial Disclosures report.

Group Nomination and Governance Committee

The Group Nomination and Governance Committee reviews biannual updates on our responsible business strategy with an I&D focus.

Group Remuneration Committee

The Group Remuneration Committee reviews key regulatory reports including our Pay Gap reports.

Group Risk Committee

The Group Risk Committee supports review of responsible business risks including our climate-related risks.

Group Executive Committee (GEC)

Chief Executive Officer

The CEO is supported by the GEC, who facilitates the execution of responsible-business-related activity. Ultimate accountability for our climate approach sits with the CEO.

Chief Risk Officer

The CRO is supported by his Risk Oversight Group, which provides oversight of the effectiveness of the Group's risk management framework, including climate-related risks and opportunities.

Investment Executive Committee

The Investment Executive Committee is responsible for executing responsible investment principles, supporting clients to invest responsibly and driving positive outcomes for our clients.

Responsible Business (RB) Advisory Group

The RB Advisory Group is responsible for driving forward our responsible business ambitions, including climate change. The group covered climate change topics at four meetings in 2023.

Environment and Climate Change Working Group

The Environment and Climate Change Working Group helped develop the goals and KPIs of our climate change pillar and met three times in 2023 to support evolving our approach.

Inclusion and Diversity Working Group

The Inclusion and Diversity Working Group helped develop the Inclusion and Diversity goals and KPIs, and supported evolving the I&D approach throughout 2023.

Financial Wellbeing Working Group

The Financial Wellbeing Working Group helped develop SJP's financial wellbeing goals and KPIs and supported evolving the approach throughout 2023.

Corporate governance

Data privacy

We know how important it is to demonstrate responsibility as data custodians to protect the privacy of all those we interact with. This 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 therefore 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 2023, we continued to build our central data capability, led by the Chief Data Officer, which included the implementation of best-in-class data intelligence, quality and governance tools and the appointment of a team of data experts. We continue to focus on our aim of giving clients, Partners and employees access to information they can trust, which we will achieve through a simplified data architecture, reusable data analytics products, and data management processes that focus on data governance, data quality and data intelligence. Our data policy can be found here: **www.sjp.co.uk/site-services/privacy-policy**.

Risk management

We continually enhance our risk culture, which supports our vision and purpose. Robust risk management, underpinned by a strong risk culture, is a key foundation of our success as a responsible business. An active approach to risk management across the organisation ensures we make informed decisions, balancing the opportunities that risk-taking brings within our risk appetite, in a complex and rapidly changing external environment.

The risk environment faced by the Group continues to evolve, 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 the 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 74 to 84.

Responsible procurement

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 and outsourcers. 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.

In 2023, we reviewed our responsible business questions for supplier due diligence through a stronger ESG lens. We reviewed and updated our minimum requirements for all suppliers to ensure they meet our ESG standards.

We have been a member of the Living Wage Foundation since 2014, and assess, where applicable, how our third parties remunerate their workforce. In some cases, we have ensured our commercial agreements reflect this requirement and we 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, and Trade (DBT) and demonstrates our commitment to good payment practices between ourselves and our suppliers.

Our responsible business

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. We are committed to respecting and supporting the protection of internationally proclaimed human rights, including those contained within the International Bill of Human Rights. SJP applies the UN Guiding Principles on Business and Human Rights in our approach.

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 seek to secure evidence of good practice in relation to human rights.

All employees have access to a copy of our code of ethics and equal opportunities policies, which make it clear that we oppose all forms of unfair discrimination or victimisation. We periodically review our code of ethics and plan to update it in 2024. 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.

Recognising the role that everyone in our organisation plays in preventing human rights abuses and modern slavery, in 2023 we developed training to increase awareness and to educate and empower our employees to play their part.

We respect the dignity of the individual and support the right of employees to freedom of association, join trade unions and engage in collective bargaining in accordance with local law.

Anti-bribery and corruption

We have a zero-tolerance approach to bribery and corruption and aim to protect the SJP Group, our clients, shareholders, employees and associated companies from any involvement. Our Board has responsibility for oversight of the Group's financial crime prevention policy, which includes anti-bribery and corruption, and reviews this annually. We also have a whistleblowing policy which all employees are made aware of. Our employees and advisers are provided with annual training on money laundering and biennial training regarding other financial crimes including fraud, bribery and corruption, through mandatory online training programmes. In 2023, none of our employees were dismissed or disciplined due to non-compliance with our financial crime prevention policy nor was SJP issued any associated fines or penalties relating to corruption. Our policy statement regarding anti-bribery and corruption, 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 and Accounts 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 and Accounts, 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	Relevant policies, documents, or reports that set out our approach	Section(s) and page(s)
Anti-corruption and anti-bribery	• Group Financial Crime Prevention Policy • SJP Anti Bribery and Corruption policy • Confidentiality Policy	Our responsible business (page 48)
Business model		Our business model (pages 10 and 11)
Climate-related financial disclosures		Governance structure (pages 31 and 46), Systems and processes (pages 31 to 33), Integration with wider risk management (page 31), Material risks and opportunities and time periods (pages 32 and 33), Impact of material risks and opportunities (pages 32 and 33), Resilience assessment (pages 34, 264 to 271), Targets (pages 34 to 35), Measuring progress (pages 34 to 37)
Employees	• Whistleblowing Policy • Inclusion and Diversity Policy • Health and Safety Policy • Equal Opportunities Policy • Employee Handbook • Employee Reward Policy • Flexible Working Policy	Stakeholder engagement (page 8), Building community (page 18), Our responsible business (pages 40 to 45), Risk and risk management (page 80), Section 172 statement (pages 90 to 96), Board composition, succession and evaluation (pages 104 and 105), Report of the Group Risk Committee (page 122), Report of the Group Nomination and Governance Committee (pages 125 to 128), Directors' report (page 160)
Environmental matters	• Outsourcer and supplier management policy • TCFD Report 2023	Our responsible business framework (page 25), Climate change section (page 30 to 37), Risk and risk management (pages 78)
Non-financial key performance indicators		Our business model (page 11), Our responsible business (pages 26, 28, 30, 34 to 36, 38, 41 to 43 and 45)
Principal risks	• Risk Management Framework • Group risk appetite statement	Risk and risk management (pages 74 to 84)
Respect for human rights	• Whistleblowing policy • Modern Slavery Statement • Grievance Procedure Policy • Equal Opportunities Policy	Our responsible business (page 48)
Social matters	• Group Financial Crime Prevention Policy • Community Engagement and Volunteering Policy • GDPR and Data Protection Policy	Our responsible business (pages 24 to 49), Corporate governance report (pages 92 to 97), Report of the Group Nomination and Governance Committee (pages 127 to 128)

Chief Financial Officer's report

Robust underlying financial results

We are pleased to report a year of robust underlying financial results, despite a continued challenging operating environment.

Our underlying business has performed well, delivering growth in average funds under management (FUM) and therefore fee income. Paired with continued discipline in managing controllable costs in line with guidance, this has enabled us to deliver a pre-tax Underlying cash result that is broadly in line with the prior year, albeit 4% lower on a post-tax basis due to the impact of a higher corporation tax rate in 2023.

In the context of an external environment that has been challenging for our industry, this outcome for 2023 highlights that our underlying business performance is robust, putting us in a good position for a bright future despite the near-term challenges we face.

Our reported financial results for 2023 have been significantly impacted by the Ongoing Service Evidence provision that we have established following the appointment of a skilled person and an assessment undertaken into the evidencing and delivery of historic ongoing servicing. The anticipated cost of refunding ongoing servicing charges, together with the interest, and the administrative costs associated with completing the work, is reflected in our Financial Statements through an Ongoing Service Evidence provision of £426.0 million, which is £323.7 million net of tax within the Cash result.

Our financial results are presented in more detail on pages 54 to 73 of the Financial Review, but this report provides a summary of financial performance on a statutory International Financial Reporting Standard (IFRS) basis, as well as our chosen alternative performance measures (APMs). We also summarise the progression of our FUM and provide shareholders with an overview of our balance sheet.

Funds under management

Client capacity and confidence to commit to long-term investment continues to be impacted by the economic environment and the short-term alternative arising from elevated cash deposit rates.

While this has presented a challenging backdrop, our new business performance has remained robust, with our advisers attracting £15.4 billion (2022: £17.0 billion) of new client investments, and client retention rates remaining strong at 95.3% (2022: 96.5%). As a consequence, we continue to generate significant levels of net inflows, once again demonstrating the resilience and strength of our advice-led business model.

The combined impact of ongoing net inflows and strong investment performance during the year has resulted in FUM increasing by 13% to a record £168.2 billion (2022: £148.4 billion). Growth in FUM, and indeed an accelerating balance of gestation FUM maturing in the coming years, provides our business with good visibility over future growth in income and the creation of sustainable value for shareholders over time.

Financial results

IFRS

As is often the case, **IFRS profit before tax** of £439.6 million (2022: £2.8 million) and **IFRS loss before shareholder tax** of £4.5 million (2022: £503.9 million profit) are each heavily distorted by the inclusion of policyholder tax and the associated charges, with further detail included in the Financial Review on page 57.

Excluding the short-term impact of items related to policyholder tax, **IFRS profit before shareholder tax** is subject to similar drivers as those described for the Cash result below.

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 **Underlying Cash result** of £392.4 million for 2023 (2022: £410.1 million) is 4% lower than the prior year. Excluding the impact of an increased rate of corporation tax, the Underlying cash result is broadly unchanged, representing a robust result in a challenging market environment. The **Cash result** of £68.7 million for 2023 (2022: £410.1 million) has been significantly impacted by the Ongoing Service Evidence provision that we have established. More detail is set out below and in the financial review on pages 59 to 67.

During the year, the **Net income from funds under management** was £599.2 million (2022: £607.7 million), comprising an increase of 4% on a pre-tax basis, together with the impact of a higher rate of corporation tax. This outcome reflects an increase in average mature FUM, including a contribution of over £40 million from gestation balances that matured during the period.

For the first half of 2023, our margin range for net income was 0.59% to 0.61%, reducing by 0.04% from August 2023 to a range from 0.55% to 0.57%, reflecting the introduction of a charge cap applicable to bond and pension investments with a duration longer than ten years. Looking forward, 2024 will see the corporation tax rate of 25% being applicable for the whole year, with the effect being to further reduce our margin range by 0.01%, resulting in a range from 0.54% to 0.56%.

£168.2bn
Funds under management
2022: £148.4 billion

"The combined impact of ongoing net inflows and strong investment performance has resulted in funds under management increasing by 13% to a record £168.2 billion, providing a strong positive indicator of future growth in profits."

Craig Gentle, Chief Financial Officer

This margin range is applicable to average mature FUM, excluding discretionary fund management (DFM) and Asia FUM, in line with prior guidance. It is this mature FUM that 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.

Under our current charging structure, new life and pensions business does not contribute annual product management charges for the first six years after the business is written. This means that the Group has six years' worth of FUM in the gestation period that does not materially contribute to the Cash result. At 31 December 2023, the balance of gestation FUM stood at £47.6 billion (2022: £45.5 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 in 2024 and new charging structure in 2025) contribute in excess of a further £270 million to annual net income from FUM 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 2023 largely reflects the decrease in gross flows over the year, 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.

Controllable expenses are a key metric for the business and despite the persistence of high inflation we contained the annual growth of controllable expenses in 2023 to 2% on a post-tax basis (2022: 5%), in line with the guidance we set out early in the year. We are currently budgeting to contain growth in controllable expenses for 2024 to 3% post-tax, or 5% pre-tax.

Growth in income, coupled with this management of controllable expenses, has enabled us to deliver a resilient underlying financial performance despite significant short-term challenges.

In addition to these key components of the Cash result, we have seen an increase in **Shareholder interest**, which represents the interest earned on shareholder working capital and business loans to Partners. We have also seen a short-term reduction in the **FSCS levy** as a result of a prior year surplus that had built up within the FSCS scheme. Partially offsetting these effects is a reduced benefit from **Tax relief from capital losses** as we utilised our remaining historic balances, with the result being that this line will no longer feature in the Cash result going forward.

Reported as a **Miscellaneous** cost, we have seen a significant increase in client complaints over the last 12 months as a result of the activity of claims management firms.

Chief Financial Officer's report

European Embedded Value

We supplement our IFRS and Cash results with additional disclosure on a European Embedded Value (EEV) basis, providing a measure of the total value that might be expected to arise over the lifetime of the existing business, though without making any allowance for new business that may be written in the future.

The EEV result has been significantly impacted by the changes to our charging structure that we announced during the year. As a result of these changes, the contribution to EEV operating profit from new business written in the year has reduced. It has also been necessary to remeasure the future cash flows expected to arise from our existing business, with the impact reflected in an exceptional item of £2,506.6 million.

The **EEV operating profit before exceptional items** for the year is £1,041.0 million (2022: £1,589.7 million), reflecting a lower contribution from new business, which is impacted by reduced inflows and the effects of changes to our charging structure, as well as the significant benefit of persistency assumption changes in 2022.

The **EEV operating loss after exceptional items** for the year is £1,891.6 million (2022: £1,589.7 million profit), reflecting the exceptional items of £2,932.6 million arising from changes to our charging structure during the year, as well as the impact of the Ongoing Service Evidence provision that we have established.

The **EEV loss before tax** for the year of £1,387.4 million (2022: £510.8 million profit) has benefited from a positive investment return variance of £501.7 million (2022: negative £1,314.0 million). The positive return reflects increased market values across our FUM that exceeded our long-term assumptions, and this compares to a significant negative impact from market returns in 2022.

The **EEV net asset value per share** was £14.11 at 31 December 2023 (2022: £16.66).

Charge Structure

During the year we made some important changes related to our charges, ensuring both compliance with an evolving regulatory environment, and the creation of a sustainable charging platform that will see the business thrive over the long-term.

In July, we announced the introduction of a fee cap on long term bond and pension investments which came into effect in August 2023. Later in the year, we announced the conclusion of a comprehensive review of our client charging structure, resulting in simplifying charging from the middle of 2025 that will improve comparability across the marketplace and enable a clearer articulation of the value that we provide to clients across all elements of our proposition.

The effect of these changes will be to reduce the net income margin range by 0.11% to a range between 0.43% and 0.45%, though this will be applicable to all FUM once the existing gestation FUM has matured, with no further concept of gestation. There will also no longer be a material contribution from margin arising on new business.

These changes will impact the shape of our financial results over time and will require investment in systems and processes in order to deliver. However, they will result in long-term simplicity and comparability, which can only strengthen our proposition, our brand and our reputation. They also give us confidence that we can grow the business without the need for further changes to our charges that would impact the guidance set out above.

Financial position

Our prudent approach to managing our balance sheet has ensured that we have more than sufficient funding capacity to cover the financial implications of setting up the Ongoing Service Evidence provision. We are confident that the provision we have set up is sufficient. We have, however, arranged access to an additional £250 million of credit which we do not anticipate utilising, but which provides for additional funding certainty.

Solvency and capital

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. Given the simplicity of our business model, our preferred approach to considering solvency remains to hold assets to match client unit-linked liabilities and allow for a management solvency buffer (MSB).

At 31 December 2023 we held surplus assets over the MSB of £603.5 million (2022: £847.2 million), reducing as a result of the Ongoing Service Evidence provision that we have established.

We also ensure that our approach meets the requirements of the Solvency II regime. Our UK life company, the largest Solvency II entity in the Group, has increased its target capital from 110% to 130% of the standard formula, reflecting the change in its financial model as a result of the charging structure changes we have announced. This has been discussed with its regulator, the PRA.

At 31 December 2023, the solvency ratio for our life companies after payment of a year-end intra-Group dividend was 162% (2022: 130%), reflecting the impact of the change in charging structures, and the Solvency II reform changes to the risk margin.

Dividends

While our financial results have been significantly impacted by the Ongoing Service Evidence provision, the Board recognises the importance of returns to shareholders and is confident that sufficient capital and liquidity is available to deal with this legacy matter. In light of this, the Board therefore proposes a final dividend of 8.00 pence per share (2022: 37.19 pence per share) to make a total dividend of 23.83 pence per share for the full year (2022: 52.78 pence per share).

A combination of the provision we have established and an expected decrease in the level of profit growth in the next few years as we transition to our new charging structure, reduces our ability to invest for long term growth in our business over the next few years. Accordingly, the Board has decided to revise our approach to shareholder distributions. Going forward, the Board expects that total annual distributions will be set at 50% of the full year Underlying cash result. For the next three years this will comprise 18.00 pence per share in annual dividends declared with the balance distributed through share repurchases.

Once our new charging structure is fully embedded, we anticipate that the business will be on an improving earnings trajectory during 2027 and beyond. The Board expects that distributing 50% of the Underlying cash result will continue to strike the right balance between investment for growth and returns to shareholders, while seeing shareholder distributions increase over time. The upward trajectory in profits should then provide the Board with options to grow the dividend element within the total return.

Craig Gentle, Chief Financial Officer

27 February 2024

Summary financial information

	Page reference	Year ended 31 December 2023	Year ended 31 December 2022[1]
FUM-based metrics			
Gross inflows (£'Billion)	55	**15.4**	17.0
Net inflows (£'Billion)	55	**5.1**	9.8
Total FUM (£'Billion)	55	**168.2**	148.4
Total FUM in gestation (£'Billion)	56	**47.6**	45.5
IFRS-based metrics			
IFRS (loss)/profit after tax (£'Million)	58	**(9.9)**	407.2
IFRS (loss)/profit before shareholder tax (£'Million)	58	**(4.5)**	503.9
Underlying (loss)/profit before shareholder tax (£'Million)	58	**(8.0)**	516.9
IFRS basic earnings per share (EPS) (Pence)		**(1.8)**	75.0
IFRS diluted EPS (Pence)		**(1.8)**	74.3
IFRS net asset value per share (Pence)		**179.3**	233.7
Dividend per share (Pence)		**23.83**	52.78
Cash result-based metrics			
Controllable expenses (£'Million)	61	**283.3**	277.9
Underlying cash result (£'Million)	60	**392.4**	410.1
Cash result (£'Million)	59	**68.7**	410.1
Underlying cash result basic EPS (Pence)		**71.7**	75.6
Underlying cash result diluted EPS (Pence)		**70.5**	74.9
EEV-based metrics			
EEV operating (loss)/profit before tax (£'Million)	68	**(1,891.6)**	1,589.7
EEV operating (loss)/profit after tax basic EPS (Pence)		**(260.6)**	218.8
EEV operating (loss)/profit after tax diluted EPS (Pence)		**(256.5)**	216.8
EEV net asset value per share (£)		**14.11**	16.66
Solvency-based metrics			
Solvency II net assets (£'Million)	72	**1,133.0**	1,379.9
Management solvency buffer (£'Million)	72	**529.5**	532.7
Solvency II free assets (£'Million)	72	**1,572.1**	1,921.4
Solvency ratio (Percentage)	73	**191%**	155%

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

A complete glossary of APMs is set out on pages 276 to 278.

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

Strategic Report

Governance

Financial Statements

Other Information

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 55 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 55 and 56

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 57 to 67

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 68 and 71

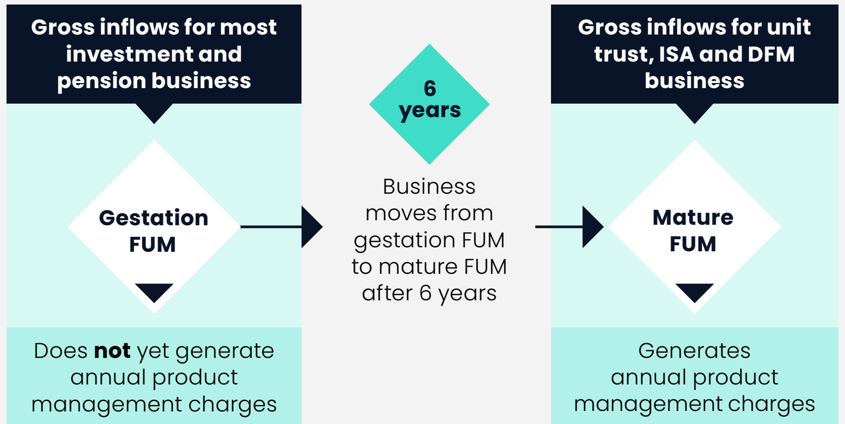
Our financial business model

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 193.

Gross inflows into FUM



The primary source of the Group's profit is the income we receive from annual product management charges on FUM. However, under our current charging structure, 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. This means that the Group has six years' worth of FUM in the 'gestation' period that is not generating annual product management charges, but will 'mature' over a six-year period and begin to contribute annual product management charges.

We will be simplifying our charging structure from the middle of 2025 and new business will no longer enter a gestation period, but in the meantime, gestation FUM represents a significant store of shareholder value.

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 59 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.

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 2023 and 2022. Investment return is presented net of all charges.

	2023				2022
	Investment	Pension	UT/ISA and DFM	Total	Total
	£'Billion	£'Billion	£'Billion	£'Billion	£'Billion
Opening FUM	33.29	73.86	41.22	148.37	153.99
Gross inflows	2.09	9.77	3.53	15.39	17.03
Net investment return	2.89	8.23	3.59	14.71	(15.40)
Regular income withdrawals and maturities	(0.36)	(2.41)	–	(2.77)	(2.01)
Surrenders and part-surrenders	(1.92)	(2.13)	(3.45)	(7.50)	(5.24)
Closing FUM	35.99	87.32	44.89	168.20	148.37
Net inflows	(0.19)	5.23	0.08	5.12	9.78
Implied surrender rate as a percentage of average FUM	5.5%	2.6%	8.0%	4.7%	3.5%

Included in the table above is:

- Rowan Dartington Group FUM of £3.43 billion at 31 December 2023 (31 December 2022: £3.29 billion), gross inflows of £0.36 billion for the year (2022: £0.44 billion) and outflows of £0.18 billion (2022: £0.14 billion); and
- SJP Asia FUM of £1.72 billion at 31 December 2023 (31 December 2022: £1.52 billion), gross inflows of £0.21 billion for the year (2022: £0.28 billion) and outflows of £0.15 billion (2022: £0.10 billion).

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

	FUM as at 1 January	Net inflows	Investment return	FUM as at 31 December
Year	£'Billion	£'Billion	£'Billion	£'Billion
2023	148.4	5.1	14.7	168.2
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

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

	31 December 2023		31 December 2022	
	£'Billion	Percentage of total	£'Billion	Percentage of total
North American equities	57.4	34%	49.1	33%
Fixed income securities	27.1	16%	23.1	16%
European equities	23.6	14%	19.3	13%
Asia and Pacific equities	20.5	12%	17.8	12%
UK equities	16.0	10%	16.0	11%
Alternative investments	10.5	6%	12.4	8%
Cash	7.2	4%	5.7	4%
Other	4.1	3%	2.8	2%
Property	1.8	1%	2.2	1%
Total	**168.2**	**100%**	148.4	100%

Financial review

1.2 Gestation

As explained in our financial business model on page 54, due to our current product structure, 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 2023, after initial charges, moved into gestation FUM (2022: 54%).

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 £'Billion	Gestation FUM that will contribute to the Cash result in the future £'Billion	Total FUM £'Billion
31 December 2023	120.6	47.6	168.2
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

During the year, we announced the outcome of an internal review which will see us simplify our charging structure from the second half of 2025, following a period of investment in the required systems and processes. Under the revised charging structure, new business will no longer enter a period of gestation and the existing gestation business at the point of implementation will gradually mature, after which there will be no further concept of gestation FUM. In the meantime, gestation FUM continues to be a material store of shareholder value that will make a significant contribution to the Cash result in the future.

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 £47.6 billion at 31 December 2023 may start to contribute to the Cash result over the next six years and beyond, allowing for the changes to our charging structure in 2025 and the applicable rate of corporation tax in each year. 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 maturity profile £'Billion	Gestation FUM future contribution to the Cash result £'Million
2024	7.0	58.0
2025	14.3	100.0
2026	21.9	124.9
2027	30.4	173.5
2028	39.4	224.8
2029 onwards	47.6	271.7

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 £167.8 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 2023.

To address this, we developed alternative performance measures (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 APMs is set out on pages 276 to 278, 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)

On 1 January 2023, the Group adopted IFRS 17 Insurance Contracts, with comparatives restated from 1 January 2022. The adoption of IFRS 17 resulted in an increased IFRS profit after tax of £1.8 million for the year ended 31 December 2022. For further explanation, refer to Note 1a on page 185.

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 2023 we deducted £444.1 million from clients due to investment market gains which flowed through our IFRS profit before tax as income, whereas 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. 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 2023 it was £439.6 million, compared to £2.8 million for the year ended 31 December 2022.

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.

Financial review

2.1 International Financial Reporting Standards (IFRS) continued

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.

	Year ended 31 December 2023 £'Million	Year ended 31 December 2022[1] £'Million
IFRS profit before tax	**439.6**	2.8
Policyholder tax	(444.1)	501.1
IFRS (loss)/profit before shareholder tax	**(4.5)**	503.9
Shareholder tax	(5.4)	(96.7)
IFRS (loss)/profit after tax	**(9.9)**	407.2

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

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 decreases 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 gains combined with higher interest rates in the year to 31 December 2023 have resulted in a negative policyholder tax asymmetry impact of £44.4 million, whereas market falls in the year to 31 December 2022 resulted in a positive movement of £50.6 million. This leads to a £95.0 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 further.

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 10 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 upfront 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 2023 £'Million	Year ended 31 December 2022[1] £'Million
IFRS (loss)/profit before shareholder tax	**(4.5)**	503.9
Remove the impact of movements in DAC/DIR/PVIF	(3.5)	13.0
Underlying (loss)/profit before shareholder tax	**(8.0)**	516.9

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

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 11, which are presented before both policyholder and shareholder tax.

	Year ended 31 December 2023 £'Million	Year ended 31 December 2022[1] £'Million
Amortisation of DAC	(72.2)	(79.6)
DAC on new business for the year	39.9	37.3
Net impact of DAC	**(32.3)**	(42.3)
Amortisation of DIR	149.3	166.2
DIR on new business for the year	(110.3)	(133.7)
Net impact of DIR	**39.0**	32.5
Amortisation of PVIF	**(3.2)**	(3.2)
Movement in year	**3.5**	(13.0)

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

Net impact of DAC

The scale of the £32.3 million negative overall impact of DAC on the IFRS result (2022: negative £42.3 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 few 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 2023 is lower than it was in 2022. Income released from the deferred income liability has reduced as balances arising from the reassessment of investment contract liabilities in 2016 were fully amortised by the end of 2022. Together, these effects mean that DIR has had a positive £39.0 million impact on the IFRS result in 2023 (2022: £32.5 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 APMs. 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 2023		Year ended 31 December 2022[1]	
	Before shareholder tax £'Million	After tax £'Million	Before shareholder tax £'Million	After tax £'Million
Underlying (loss)/profit	**(8.0)**	**(13.0)**	516.9	416.5
Equity-settled share-based payments	5.4	5.4	20.5	20.5
Impact of deferred tax	–	24.9	–	30.5
Impact of policyholder tax asymmetry	44.4	44.4	(50.6)	(50.6)
Other	15.2	7.0	(1.3)	(6.8)
Cash result	**57.0**	**68.7**	485.5	410.1

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

Equity-settled share-based payments have reduced compared to 2022, reflecting a lower average share price, partially offset by an increase in the number of shares and share options granted during the year.

The **impact of deferred tax** is the recognition in the Cash result of the benefit from realising tax relief on various items including capital losses, share options, capital allowances and deferred expenses. These have already been recognised under IFRS, and hence Underlying profit, through the establishment of deferred tax assets. Two notable points in the year, are the need for life companies to spread acquisition expenses equally across 7 years is removed with immediate allowance for tax relief instead, and that recognition has been allowed for the deferred tax relief arising from the establishment of the exceptional Ongoing Service Evidence provision. More information can be found in Note 10.

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. For further explanation, refer to page 58.

Other represents a number of other small items, including the removal of other intangibles and 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 2023			Year ended 31 December 2022
		In-force	New business	Total	Total
	Note	£'Million	£'Million	£'Million	£'Million
Net annual management fee	1	942.6	58.2	1,000.8	1,020.6
Reduction in fees in gestation period	1	(401.6)	–	(401.6)	(412.9)
Net income from FUM	1	**541.0**	**58.2**	**599.2**	607.7
Margin arising from new business	2	–	104.5	104.5	122.4
Controllable expenses	3	(20.6)	(262.7)	(283.3)	(277.9)
Asia – net investment	4	–	(19.4)	(19.4)	(11.3)
DFM – net investment	4	–	(6.4)	(6.4)	(10.9)
Regulatory fees and FSCS levy	5	(2.3)	(20.8)	(23.1)	(40.0)
Shareholder interest	6	61.8	–	61.8	15.9
Tax relief from capital losses	7	2.1	–	2.1	20.7
Charge structure implementation costs	8	–	(7.2)	(7.2)	–
Miscellaneous	9	(35.8)	–	(35.8)	(16.5)
Underlying cash result		**546.2**	**(153.8)**	**392.4**	410.1
Ongoing Service Evidence provision	10	(323.7)	–	(323.7)	–
Cash result		**222.5**	**(153.8)**	**68.7**	410.1

The Cash result comprises the emergence of cash from in-force business of £222.5 million (2022: £544.3 million) and an investment in new business of £153.8 million (2022: £134.2 million)

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, advice fees paid to Partners, investment management fees paid to external fund managers and the policy servicing tariff paid to our third-party administration provider. Each product has standard fees, but they vary between products. Overall post-tax margin on FUM reflects business mix but also the different tax treatments, particularly life insurance tax on onshore investment business.

As noted on page 54, 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 2023, our net income from FUM is consistent with the weighted average of our margin range throughout the year. The margin range for the first half of the year was year 0.59% to 0.61%, reducing by 0.04% from August 2023 to a range from 0.55% to 0.57%, reflecting the introduction of a charge cap applicable to client bonds and pension investments with a duration longer than ten years.

There will be another, more modest impact in 2024 when the tax rate will be 25% for the full year, with the effect of this being to further reduce our margin range by 0.01%, resulting in a range from 0.54% to 0.56%. Following the simplification of our charging structure from the middle of 2025, the range will reduce by a further 0.11%, resulting in a range from 0.43% to 0.45%, though this will be applicable to all FUM once the existing gestation FUM has matured.

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 2023	Year ended 31 December 2022
	£'Million	£'Million
Establishment expenses	206.2	198.9
Development expenses	65.3	67.4
Academy	11.8	11.6
Controllable expenses	**283.3**	277.9

Controllable expenses are those expenses which do not vary with business volumes, including establishment expenses, development expenses and the costs associated with running our Academy. Growth in controlled expenses has been contained to 8% on a pre-tax basis, with the increase driven by the high inflation environment. This is equivalent to a 2% increase on a post-tax basis as presented in the Cash result, reflecting an increase in the rate of corporation tax.

We anticipate returning to our target of 5% annual growth in pre-tax controllable expenses in 2024, balancing disciplined expense management with the need to invest in the business for the future.

Establishment expenses in 2023 increased by 4% on a net-of-tax basis to £206.2 million (2022: £198.9 million), as inflation driven increases were partially offset by an increased level of tax relief. These costs predominantly relate to people, property and technology and hence are relatively fixed in nature.

Development expenses were £65.3 million (2022: £67.4 million). Our investment in technology, alongside our commitment to making it easier to do business, is the driver behind our development expenditure. We continue to improve our technology infrastructure and data quality, and to invest in Salesforce.

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.

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 63 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. The increased investment in Asia includes the cost of restructuring during the year, as well as the cost of setting up a new office in Dubai. While both Asia and Rowan Dartington have been impacted by the challenging market conditions in 2023, they remain well positioned for the years ahead.

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 2023 £'Million	Year ended 31 December 2022 £'Million
FSCS levy	10.0	27.3
Regulatory fees	13.1	12.7
Regulatory fees and FSCS levy	**23.1**	40.0

Our position as a market-leading provider of advice means we make a substantial contribution to supporting the FSCS, thereby providing protection for clients of other businesses in the sector that fail. The FSCS levy has fallen substantially in 2023, reflecting the short-term utilisation of scheme surpluses that had built up in prior years. The levy is anticipated to increase again in 2024.

6. Shareholder interest

This is the income accruing on 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 was previously 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 £2.1 million tax value (2022: £20.7 million) reflects the utilisation in full of the remaining stock of capital losses. Due to the exhaustion of the balance, this will not feature in the Cash result in the future.

8. Charge structure implementation costs

We announced in October 2023 that we would be simplifying our charging structure and disaggregating our charges into their component parts, supporting clients by making it easier to compare charges for advice, investment management and other services, on a component-by-component basis.

We have commenced a broad and complex programme to accommodate these changes, investing £140-160 million over a two-year period to develop our systems and processes to support the new charging structure to be implemented in the second half of 2025.

9. Miscellaneous

This category represents the net cash flow of the business not covered in any of the other categories. Miscellaneous has increased in 2023, reflecting an increase in remediation costs as a result of elevated complaints experience.

10. Ongoing Service Evidence provision

The Ongoing Service Evidence provision has been established following the appointment of a skilled person and an assessment undertaken into the evidencing and delivery of historic ongoing servicing. The anticipated cost of refunding ongoing servicing charges, together with the interest, and the administrative costs associated with completing the work, is reflected in our Financial Statements through an Ongoing Service Evidence provision of £426.0 million, which is £323.7 million net of tax (and a deferred tax balance) within the Cash result.

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, 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 2023			Year ended 31 December 2022		
	Before tax £'Million	Tax rate Percentage	After tax £'Million	Before tax £'Million	Tax rate Percentage	After tax £'Million
Controllable expenses						
Establishment expenses	269.6	23.5%	206.2	245.5	19.0%	198.9
Development expenses	85.4	23.5%	65.3	83.2	19.0%	67.4
Academy	15.4	23.5%	11.8	14.3	19.0%	11.6
Total controllable expenses	**370.4**		**283.3**	343.0		277.9
Other costs presented separately on the face of the Cash result						
Regulatory fees and FSCS levy	30.2	23.5%	23.1	49.4	19.0%	40.0
Charge structure implementation costs	9.4	23.5%	7.2	–	–	–
Total expenses presented separately on the face of the Cash result	**410.0**		**313.6**	392.4		317.9

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

	Year ended 31 December 2023 £'Million	Year ended 31 December 2022[1,2] £'Million
Total expenses presented separately on the face of the Cash result before tax	**410.0**	392.4
Expenses which vary with business volumes		
Other performance costs	147.4	160.4
Payments to Partners	1,013.2	1,011.8
Investment expenses	96.9	85.7
Third-party administration	151.8	135.0
Other	513.3	44.5
Expenses relating to investment in specific areas of the business		
Asia expenses	26.5	20.9
DFM expenses	33.3	35.7
Total expenses included in the Cash result	**2,392.4**	1,886.4
Reconciling items to IFRS expenses		
Amortisation of DAC and PVIF, net of additions	35.5	45.5
Equity-settled share-based payment expenses	5.4	20.5
Insurance contract expenses presented elsewhere	2.4	(4.5)
Other	(2.4)	1.3
Total IFRS Group expenses before tax	**2,433.3**	1,949.2

1 Restated to reflect the adoption of IFRS 17. See Note 1a.
2 Restated to reclassify other finance income. See Note 1a.

Expenses which vary with business volumes

Other performance costs 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 includes the provision that we have established following a review into the evidencing of historic ongoing servicing, as well as the operating costs of acquired financial adviser businesses, donations to the St. James's Place Charitable Foundation and complaint costs. They are recognised across various lines in the Cash result.

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. The increased investment in Asia includes the cost of restructuring during the year.

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

Reconciling items to IFRS expenses

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.

Expenses associated with insurance contract expenses are included in the Cash result but are shown within the Insurance service expense rather than the expenses line under IFRS 17.

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 2023.

31 December 2023	Note	IFRS Balance Sheet £'Million	Adjustment 1 £'Million	Adjustment 2 £'Million	Solvency II Net Assets Balance Sheet £'Million	Solvency II Net Assets Balance Sheet: 2022[1] £'Million
Assets						
Goodwill		33.6	–	(33.6)	–	–
Deferred acquisition costs		304.4	–	(304.4)	–	–
Purchased value of in-force business		8.0	–	(8.0)	–	–
Computer software		28.0	–	(28.0)	–	–
Property and equipment	1	153.1	–	–	153.1	145.7
Deferred tax assets[1]	2	36.5	–	(16.1)	20.4	2.5
Investment in associates		10.2	–	–	10.2	1.4
Reinsurance assets[1]		13.0	–	(6.3)	6.7	5.6
Other receivables[1]	3	2,997.4	(846.9)	(3.2)	2,147.3	1,369.2
Income tax assets	7	–	–	–	–	35.0
Investment property		1,110.3	(1,110.3)	–	–	–
Equities		116,761.5	(116,761.5)	–	–	–
Fixed income securities	4	27,244.7	(27,236.5)	–	8.2	7.9
Investment in Collective Investment Schemes	4	13,967.5	(12,513.1)	–	1,454.4	1,271.7
Derivative financial instruments		3,420.6	(3,420.6)	–	–	–
Cash and cash equivalents	4	6,204.3	(5,918.9)	–	285.4	253.3
Total assets		**172,293.1**	**(167,807.8)**	**(399.6)**	**4,085.7**	3,092.3
Liabilities						
Borrowings	5	251.4	–	–	251.4	163.8
Deferred tax liabilities	2	411.7	–	2.8	414.5	165.1
Insurance contract liabilities[1]		496.0	(435.2)	(42.6)	18.2	17.9
Deferred income		491.5	–	(491.5)	–	–
Other provisions	6	500.1	–	–	500.1	46.0
Other payables[1]	1, 3	2,388.1	(613.3)	(17.8)	1,757.0	1,319.6
Investment contract benefits		123,149.8	(123,149.8)	–	–	–
Derivative financial instruments		3,073.0	(3,073.0)	–	–	–
Net asset value attributable to unit holders		40,536.5	(40,536.5)	–	–	–
Income tax liabilities	7	11.5	–	–	11.5	–
Total liabilities		**171,309.6**	**(167,807.8)**	**(549.1)**	**2,952.7**	1,712.4
Net assets		**983.5**	**–**	**149.5**	**1,133.0**	1,379.9

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

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 14 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

The property and equipment balance includes the right to use leased assets of £118.5 million (2022: £114.4 million), together with fixtures, fittings and office equipment of £32.1 million (2022: £28.6 million) and computer equipment of £2.5 million (2022: £2.7 million).

The right to use leased assets has increased year on year as a result of taking on a lease for the new London Paddington office, partially offset as the leased assets are depreciated. Lease liabilities of £120.5 million are recognised within the other payables line (2022: £116.6 million).

Note 12 Property and equipment, including leased assets, Note 13 Leases and Note 16 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 10 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 15 Other receivables and Note 16 Other payables within the IFRS Financial Statements.

Other receivables on the Solvency II Net Assets Balance Sheet have increased from £1,369.2 million at 31 December 2022 to £2,147.3 million at 31 December 2023, principally reflecting an increase in short-term outstanding market trade settlements in the unit-linked funds and consolidated unit trusts.

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 £283.5 million at 31 December 2023 (31 December 2022: £278.3 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 2023 is 10 years.

A project to migrate our offshore business onto Bluedoor is in progress, with £29.9 million added to the total operational readiness prepayment asset during 2023 that will begin to amortise from 2024.

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

	2023 £'Million	2022 £'Million
Cost		
At 1 January	420.2	413.5
Additions during the year	29.9	6.7
At 31 December	**450.1**	420.2
Accumulated amortisation		
At 1 January	(141.9)	(117.2)
Amortisation during the year	(24.7)	(24.7)
At 31 December	**(166.6)**	(141.9)
Net book value	**283.5**	278.3

The amortisation expense is recognised within third-party administration expenses in the IFRS result, and within the net annual management fee line of the Cash result. It is more than offset by the lower tariff charges on Bluedoor compared to the previous system, which grew as the business grew, 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 5 bps 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 2023	31 December 2022
Aggregate LTV across the total Partner lending book	29%	32%
Proportion of the book where LTV is over 75%	5%	10%
Net exposure to loans where LTV is over 100% (£'Million)	6.7	7.1

If FUM were to decrease by 10%, the net exposure to loans where LTV is over 100% at 31 December 2023 would increase to £7.7 million (31 December 2022: increase to £8.3 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. Following the sale, in the second half of 2022, of a portfolio of securitised business loans to Partners, the balance was negligible at 31 December 2022. Since then, we have continued to make use of the securitisation vehicle to support the advance of further loans to Partners.

	31 December 2023	31 December 2022
	£'Million	£'Million
Total business loans to Partners	**408.0**	315.6
Split by funding type:		
Business loans to Partners directly funded by the Group	340.8	315.6
Securitised business loans to Partners	67.2	–

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 2023	31 December 2022
	£'Million	£'Million
Fixed interest securities	8.2	7.9
Investment in Collective Investment Schemes (AAA-rated money market funds)	1,454.4	1,271.7
Cash and cash equivalents	285.4	253.3
Total liquid assets	**1,748.0**	1,532.9

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 FUM that is contributing to the Cash result 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.

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 above. For accounting purposes we are obliged to disclose on our Consolidated Statement of Financial Position the value of loan notes relating to the securitisation. 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, is very different from the Group's senior unsecured corporate borrowings, which are used to manage working capital and fund investment in the business.

Further information is provided in Note 19 Borrowings and financial commitments within the IFRS Financial Statements.

	31 December 2023	31 December 2022
	£'Million	£'Million
Corporate borrowings: bank loans	50.0	–
Corporate borrowings: loan notes	151.1	163.8
Senior unsecured corporate borrowings	**201.1**	163.8
Senior tranche of non-recourse securitisation loan notes	50.3	–
Total borrowings	**251.4**	163.8

During the year our revolving credit facility, one of our primary senior unsecured corporate borrowings facilities, was renewed. The credit available under this facility is £345 million, which is repayable at maturity in 2028.

6. Other provisions

Further information on other provisions, including how the balance has moved year on year, is set out in Note 18 Other provisions and contingent liabilities within the IFRS Financial Statements.

Provisions have increased from £46.0 million at 31 December 2022 to £500.1 million at 31 December 2023, driven by a £426.0 million Ongoing Service Evidence provision that we have established following a review into the evidencing and delivery of historic ongoing servicing.

7. Income tax liabilities

The Group has an income tax liability of £11.5 million at 31 December 2023 compared to an asset of £35.0 million at 31 December 2022. This is due to a current tax charge of £225.3 million, tax paid in the year of £179.4 million and other impacts of £0.6 million including those related to the acquisition of Group entities. Further detail is provided in Note 10 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 2023	Year ended 31 December 2022
	£'Million	£'Million
Opening Solvency II net assets	1,379.9	1,245.3
Dividend paid	(289.9)	(303.9)
Issue of share capital and exercise of options	6.8	14.5
Consideration paid for own shares	(0.5)	(0.3)
Change in deferred tax	(24.9)	(30.5)
Impact of policyholder tax asymmetry	(44.4)	50.6
Reassurance recapture add-back	39.8	–
Change in goodwill, intangibles and other non-cash movements	(2.5)	(10.9)
Non-controlling interests arising on the part-disposal of subsidiaries	–	5.0
Cash result	68.7	410.1
Closing Solvency II net assets	**1,133.0**	1,379.9

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 (loss)/profit before tax of the combined business.

	Note	Year ended 31 December 2023 £'Million	Year ended 31 December 2022 £'Million
Funds management business	1	1,234.3	1,725.8
Distribution business	2	(68.3)	(58.8)
Other	3	(125.0)	(77.3)
EEV operating profit before exceptional items		**1,041.0**	1,589.7
Exceptional item: Charge structure	4	(2,506.6)	–
Exceptional item: Ongoing Service Evidence provision	4	(426.0)	–
EEV operating (loss)/profit after exceptional items		**(1,891.6)**	1,589.7
Investment return variance	5	501.7	(1,314.0)
Economic assumption changes	6	2.5	235.1
EEV (loss)/profit before tax		**(1,387.4)**	510.8
Tax		340.3	(139.4)
EEV (loss)/profit after tax		**(1,047.1)**	371.4

A reconciliation between EEV operating (loss)/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 reduced to £1,234.3 million (2022: £1,725.8 million) and a full analysis of the result is shown below.

	Year ended 31 December 2023 £'Million	Year ended 31 December 2022 £'Million
New business contribution	695.4	977.2
Profit from existing business		
– unwind of the discount rate	506.0	440.7
– experience variance	(11.3)	89.0
– operating assumption change	13.9	210.1
Investment income	30.3	8.8
Funds management EEV operating profit	**1,234.3**	1,725.8

The **new business contribution** for the year at £695.4 million (2022: £977.2 million) was 29% lower than the prior year, reflecting the reduction in new business volumes, together with the impact of changes to our charging structure described opposite.

The **unwind of the discount rate** for the year was higher at £506.0 million (2022: £440.7 million), reflecting the increase in the opening risk discount rate to 7.0% (2022: 4.2%), offset by a lower value of in-force business after allowing for the changes to our charging structure described opposite.

The **experience variance** during the year was £(11.3) million (2022: £89.0 million). The change relative to 2022 principally reflects the lower persistency experience in the year.

The **impact of operating assumption changes** in the year was £13.9 million (2022: positive £210.1 million), reflecting a small change to the persistency assumptions for our offshore bond business. The impact in the prior year reflects a small improvement to the persistency assumptions for unit trust and ISA business.

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 distribution capabilities in Asia. The reported loss has benefited from a reduction in the FSCS levy expense for our distribution business to £10.6 million (2022: £23.8 million), offsetting a reduction in the gross margin reflecting lower new business volumes.

3. Other

Other represents a number of miscellaneous items including development expenditure, the costs of running our Academy and implementing our new charging structure, as well as the cost of redress associated with client complaints. The increase reflects elevated complaints experience seen during the year.

4. Exceptional items

The exceptional charge reflects the impact on the opening position of changes to our charge structure announced during the year as well as the impact of a provision that we have established following a review into the evidencing of historic ongoing servicing. The changes announced to our charge structure include:

- the change, announced in July 2023, to improve value for long-term clients by capping annual product management charges at 0.85% for bond and pension investments with a duration longer than ten years;
- the change, announced in October 2023, to simplify our charging structure from the middle of 2025.

5. 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 11.2% after charges, compared to the assumed investment return of 4.8%. This resulted in an investment return variance of £501.7 million (2022: negative £1,314.0 million).

6. Economic assumption changes

The positive variance of £2.5 million arising in the year (2022: positive £235.1 million) reflects broadly neutral economic assumption changes overall, compared to the significant increase in real yields seen 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 2023	Year ended 31 December 2022
Investment		
New business contribution (£'Million)	96.6	148.2
Gross inflows (£'Billion)	2.09	2.31
Margin (%)	4.6	6.4
Pension		
New business contribution (£'Million)	469.2	495.3
Gross inflows (£'Billion)	9.77	9.90
Margin (%)	4.8	5.0
Unit trust and DFM		
New business contribution (£'Million)	129.6	333.7
Gross inflows (£'Billion)	3.53	4.82
Margin (%)	3.7	6.9
Total business		
New business contribution (£'Million)	695.4	977.2
Gross inflows (£'Billion)	15.39	17.03
Margin (%)	4.5	5.7
Post-tax margin (%)	3.4	4.3

The overall margin for the year was 4.5% (2022: 5.7%), reflecting the impact of the impact of exceptional changes to our charge structure.

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 2023	Year ended 31 December 2022
Risk-free rate	3.7%	3.9%
Inflation rate	3.5%	3.6%
Risk discount rate	6.8%	7.0%
Future investment returns:		
– Gilts	3.7%	3.9%
– Equities	6.7%	6.9%
– Unit-linked funds	6.0%	6.2%

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 2023		**695.4**	**524.7**	**7,739.1**
100bp reduction in risk-free rates, with corresponding change in fixed interest asset values	1	(10.8)	(8.2)	(63.6)
10% increase in withdrawal rates	2	(44.9)	(33.8)	(364.1)
10% reduction in market value of equity assets	3	–	–	(745.3)
10% increase in expenses	4	(10.0)	(7.6)	(72.1)
100bps increase in assumed inflation	5	(12.2)	(9.2)	(68.4)

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	94.0	70.6	619.6

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 2023	31 December 2022
	£'Million	£'Million
Value of in-force business	6,606.1	7,684.8
Solvency II net assets	1,133.0	1,379.9
Total embedded value	**7,739.1**	9,064.7

	31 December 2023	31 December 2022
	£	£
Net asset value per share	**14.11**	16.66

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 £250 million to our embedded value at 31 December 2023 (31 December 2022: £340 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 2023 we reviewed the level of our MSB for the Life businesses, and chose to maintain it at £355.0 million (31 December 2022: £355.0 million). The Group's overall Solvency II net assets position, MSB, and management solvency ratios are as follows.

31 December 2023	Life[1] £'Million	Other regulated £'Million	Other[1,2] £'Million	Total £'Million	31 December 2022 total £'Million
Solvency II net assets before exceptional item	446.9	354.7	655.1	1,456.7	1,379.9
MSB	355.0	174.5	–	529.5	532.7
Management solvency ratio before exceptional item	**126%**	**203%**			
Exceptional item: Ongoing Service Evidence provision	–	(323.7)	–	(323.7)	–
Capitalisation after the end of the reporting period	–	323.7	(323.7)	–	–
Solvency II net assets	**446.9**	**354.7**	**331.4**	**1,133.0**	1,379.9

1 After payment of year-end intra-Group dividend.
2 Before payment of the Group final dividend.

Our regulated wealth management business has been impacted by an exceptional item, being the recognition of an Ongoing Service Evidence provision. On 27 February 2024, the Group completed a capital injection into the regulated wealth management business, of which £323.7 million was used to meet the cost of the Ongoing Service Evidence provision. The liquidity necessary to support this capital injection was provided by a £260.0 million intra-Group dividend, together with a £190.0 million intra-Group loan, both from St. James's Place UK plc, our main life company.

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.

During the year, we announced the outcome of an internal review which will see us simplify our charging structure from the second half of 2025, addressing the evolution over time of an external environment that is increasingly seeking simple comparability of all advice, investment management and other services on a component-by-component basis. As a result of this disaggregation of charges, the proportion of Group profit that will arise within our life companies will reduce, in favour of increased profit emergence in our other regulated companies. Reflecting the different regulatory treatment of these businesses, the effect of this change is to reduce the value of in-force, risk margin and the solvency capital requirements associated with our life companies at 31 December 2023, with a corresponding increase in the solvency ratio.

The solvency ratio has been further improved by the confirmation in December 2023 of a number of regulatory changes to the calculation of the risk margin as part of a wider package of Solvency II reform, with the effect being a material reduction in the risk margin.

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 2023	Life[1] £'Million	Other regulated £'Million	Other[1,2] £'Million	Total £'Million	31 December 2022 total £'Million
Solvency II net assets before exceptional item	446.9	354.7	655.1	1,456.7	1,379.9
Value of in-force (VIF)	2,485.2	–	–	2,485.2	5,580.4
Risk margin	(318.4)	–	–	(318.4)	(1,516.4)
Own funds (A) before exceptional item	**2,613.7**	**354.7**	**655.1**	**3,623.5**	5,443.9
Solvency capital requirement (B)	(1,611.5)	(116.2)	–	(1,727.7)	(3,522.5)
Solvency II free assets before exceptional item	**1,002.2**	**238.5**	**655.1**	**1,895.8**	1,921.4
Exceptional item: Ongoing Service Evidence provision	–	(323.7)	–	(323.7)	–
Capitalisation after the end of the reporting period	–	323.7	(323.7)	–	–
Solvency II free assets	**1,002.2**	**238.5**	**331.4**	**1,572.1**	1,921.4
Solvency ratio	**162%**	**305%**		**191%**	155%

1 After payment of year-end intra-Group dividend.
2 Before payment of the Group final dividend.

As a result of these key changes, the solvency ratio after payment of the proposed Group final dividend is 188% at 31 December 2023, increased from 149% at 31 December 2022.

We target a solvency ratio of 130% for St. James's Place UK plc, our largest insurance subsidiary. The combined solvency ratio for our life companies, after payment of the year-end intra-Group dividend, is 162% at 31 December 2023 (31 December 2022: 130%).

Solvency II sensitivities

The table below shows the estimated impact on the Solvency II free assets, the SCR and the solvency ratio of 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 our approach of 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 2023		**1,572.1**	**1,727.7**	**191%**
100bps reduction in risk-free rates, with corresponding change in fixed interest asset values	1	1,490.5	1,723.6	186%
10% increase in withdrawal rates	2	1,339.5	1,626.6	182%
10% reduction in market value of equity assets	3	1,543.2	1,417.1	209%
10% increase in expenses	4	1,526.3	1,720.6	189%
100bps increase in assumed inflation	5	1,507.8	1,723.9	187%

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 strong risk and control culture, is critical to our success. We rigorously 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 and harms these risks could have 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 macroeconomic factors, regulation, cyber crime, climate change, and political risks such as changes in taxation) 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 accordance with our strategic objectives and to meet our obligations towards our clients, shareholders, regulators and other key stakeholders.

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 linked to culture and therefore is a core aspect of our governance and decision-making.

Risk management forms a key part of our strategic and business processes, including decisions on strategic developments affecting our client and Partner propositions, investments, change delivery, recruitment and retention, and dividend payments.

Our risk appetite

The Board sets its appetite for taking risk in the context of 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 Executive Committee, senior risk owners and the Group Risk Committee before being approved by the Board. The Group risk appetite statement also provides a mechanism to record the key individuals within the Group who have responsibility for managing particular risks. It also 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 incorporated into regular risk reporting, alongside qualitative information, to enable the Group Risk Committee, on behalf of the Board, to monitor the Group's risk profile.

Our risk management and control framework

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

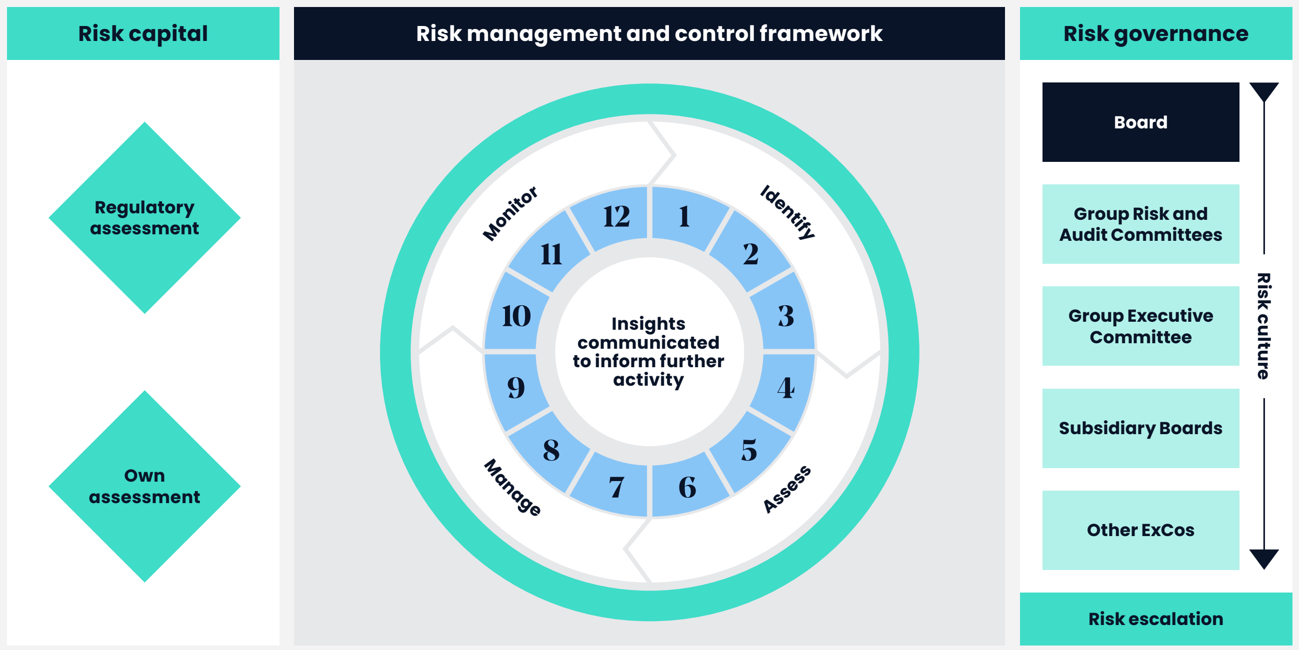
The risk management and control framework is a combination of processes by which the Group identifies, assesses, measures, manages and monitors the risks that may impact the successful delivery of its strategic objectives and its ability to meet obligations towards clients, regulators and other key stakeholders. 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. To this end the Board robustly assesses its principal and emerging risks, which are considered in regular reporting and summarised annually in the Group's 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 by monitoring the effectiveness of the internal control model throughout the year, which is supplemented by an annual review of risk and control self-assessments accompanied by executive-level attestations. The risk management and internal control 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 below depicts our risk management and control framework.



1. Loss event reporting
2. Emerging risk assessment
3. Stress and scenario testing
4. Risks 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

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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 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.

The ORSA uses a five-year projection period for the medium term. Due to the gestation period on some of our current pension and investment product ranges we do not earn annual management fees on these in the first six years. The revised charging structure, which will be launched in mid-2025, will have no gestational period and will instead earn annual management fees from year 1.

The ORSA is particularly useful in assessing viability, as it involves a comprehensive assessment of risks and capital requirements for the business.

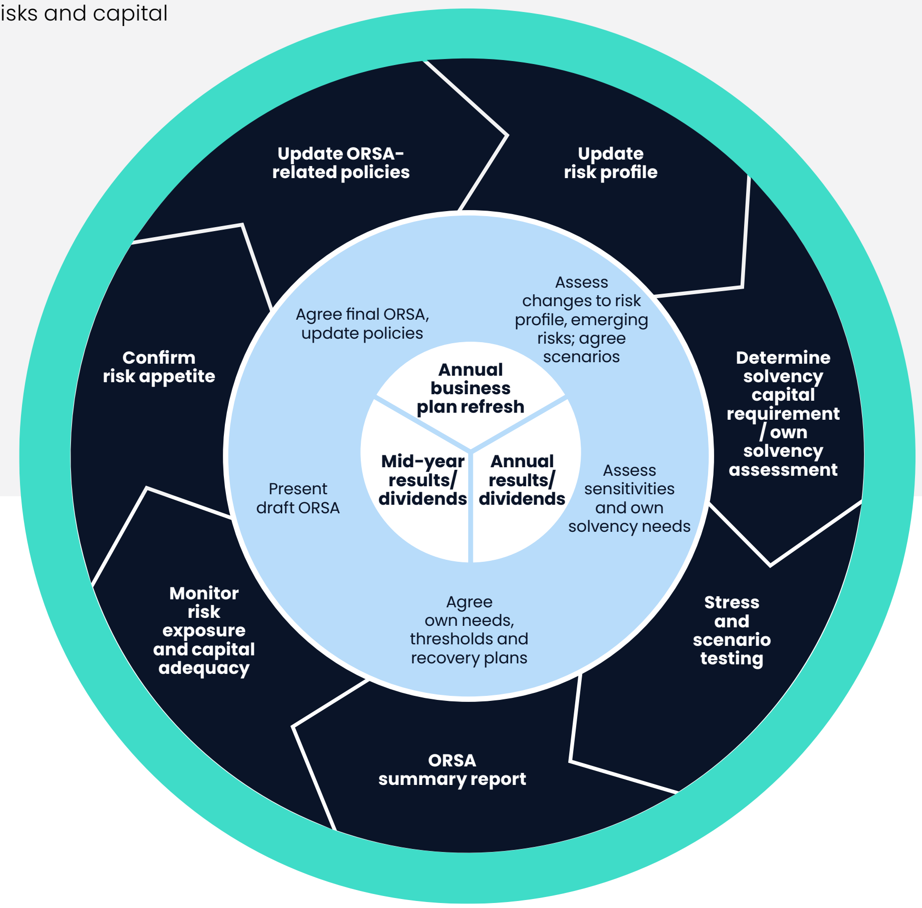
For example, consideration is given to factors or events that impact on the income from funds under management such as market movements, retention of clients or ability to attract new clients. We also consider factors which impact costs, such as inflation, non-inflationary expense increases and operational event-related losses. Combinations of these factors are used to form scenarios which are tested, providing for more extreme combinations of events. This scenario testing process was used to inform strategic decisions relating to 2023.

The scenarios are used to assess both the immediate impact of an event and the impact over the longer term (in the wake of an 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:

- 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 and 2023, which was exacerbated in the UK by political turmoil. We expect to see challenges at a national level in 2024 and beyond as people and businesses continue to adjust to a higher interest rate environment and the higher cost of living. This is despite the fact that towards the end of 2023, inflation appeared to be on a trajectory to return towards the Bank of England's target and interest rates are expected to reduce over 2024. We are also mindful of potential longer term 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 (particularly with tax thresholds frozen) and investments. However, with 2024 being an election year, we do not expect taxes to rise further in the very short term. 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 global geopolitical tensions to escalate, which could have relevance to the Group through impacts on financial markets and through heightened cyber risk.

In October SJP announced important changes to its costs and charges for clients, which are expected to come into force through 2024 and into mid-2025. To date there has been minimal reaction from clients to these changes; however, we are at the start of an important period of communication and engagement with them to ensure that they understand how their charges will change. We believe the change improves our proposition for clients and as such will have long-term benefits for the business. It also reflects the Group's long-term commitment to improving client outcomes.

Although the new charging structure will not be launched until mid-2025, a significant amount of the systems development that is required will be conducted in 2024. We are conscious of the risk introduced through this significant project and the need for strong change practices and careful management. We believe the timeline is realistic for safely implementing the changes and we have a positive track record, including recent large-scale system migrations.

Whilst we consistently aim to achieve good outcomes for our clients, we have reconsidered all our client-focused activities and challenged where there may be features that could inadvertently lead to, or insufficiently mitigate, risk of harm to clients. This includes gathering further evidence from our clients on their understanding of our key literature and making changes to enhance the evidence we record to monitor and assess the value delivered to clients. For example, this has led to changes which will give more consistent, centralised evidence of the activities of the Partnership with clients and reduce the risk of clients not receiving an ongoing advice service of value to them. During the year the Group has experienced elevated levels of complaints principally in connection with the delivery of historic ongoing advice services. Given the claims experience and further analysis the Group has committed to review the sub-population of clients that has been charged for ongoing advice services since the start of 2018 but where the evidence of delivery falls below an acceptable standard. A provision has been recognised at 31 December 2023 which includes an estimated refund of charges.

The emergence of Claims Management Companies (CMC) interest in the Group and its clients may also have an impact in relation to the ongoing cost of complaints. This could be through other CMCs targeting the Group, or general growth in clients seeking redress due to CMC marketing. Alongside our existing advice standards and checking processes, the actions we have been taking to develop our proposition; enhanced evidential standards for ongoing advice; and switching off ongoing advice charges for clients who haven't received an ongoing advice service are expected to help to further manage the risk, and mitigate the potential level of complaints over the medium to long term.

Overall, we remain confident in our ability to withstand further challenges that may or may not emerge from the risk environment, which is described in more detail below.

Macroeconomic

The macroeconomic risks associated with high inflation, the unwinding of 15 years of low interest rates and the threat of increasing geopolitical tension are not to be underestimated and the Group is not immune. For instance, whilst noting that variations in new business flows are not absolutely attributable to any one factor, the reduction in net and gross new business levels over 2023 is believed to be principally driven by changing economic conditions for clients. Nevertheless, the Group's business model has demonstrated resilience, with inflows remaining significantly positive through 2023, and we continue to be well positioned to survive adverse conditions whilst investing for long-term growth. We remain mindful of key macroeconomic risks:

- Asset prices could fall if the economic outlook deteriorates. Asset price falls reduce future profitability but, counter-intuitively, 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, should they occur, although such scenarios would negatively impact cash generation.
- Whilst inflation has fallen over the last year, there can be lagging effects (e.g. contractual inflation-related increases) which render our strategic targets of both limiting growth in controllable expenses to 5% per annum and investing in the business to support future growth more difficult jointly to achieve. A key strategic consideration for the business is value creation through development expenditure which will improve our proposition for clients and Partners. The inflationary environment also reduces clients' investable income, resulting in reduced new business and higher outflows, particularly in the ISA and unit trust products.
- Business loans to advisers continue to have higher interest payments. 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 develop their businesses and, if required, SJP is able to provide targeted financial assistance.

Risk and risk management

Current risk environment continued

Despite the potential macroeconomic risks we believe there are good reasons to be optimistic about investment opportunities across financial markets, and 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, the advantages of which would have been experienced through 2023.

Regulatory change

Regulatory change is a constant and, amongst the significant regulatory changes we face, the FCA continues to reinforce the need for firms to embed the Consumer Duty regulation. We are a client-focused business and have engaged proactively with this important regulatory initiative. Whilst we believe that we have consistently aimed to achieve good outcomes for our clients, we have reconsidered all our client-focused activities and challenged on how we develop these activities to meet current and ever-increasing expectations. The business is embedding activity to monitor and assess clients' outcomes and implementing Consumer Duty requirements for closed books by July 2024. A very small relative proportion of the Group's liabilities are in closed book policies; however, we recognise the importance of these policies to the clients who have them.

Changes to the determination of the risk margin requirement under Solvency II regulation were applied prior to 31 December 2023. These changes saw a significant reduction in capital requirements for SJPUK, the Group's UK insurance company. This has resulted in an improvement in the Solvency II capital coverage for SJPUK. Whilst recognising the rationale for the change and the potential benefits of a release of capital, the SJPUK Board is giving careful consideration to its financial risk appetite and ensuring a prudent approach to capital management, recognising the interests of SJPUK's clients.

Climate change

Tackling climate change is 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 that our investments will be net zero by 2050. More information on the actions we are taking can be found in the Our Responsible Business section under climate change.

Climate-change-related risks affect companies in different ways, and periodically we carefully consider how climate change could impact the Group. This allows us to identify, understand and manage the 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. 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. 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 climate-related risks on our business 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 business are low. We further work to understand the risk to our material third parties' and engage with them to share and remediate material concerns.

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 we recognise that the cyber environment continues to develop, particularly with state-sponsored threats.

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 below 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	**Building and protecting our brand and reputation**
Being easier to do business with	**Our culture and being a responsible business**
Delivering value to advisers and clients through our investment proposition	**Continued financial strength**

	Risk description	Business priority	Risk considerations	Mitigation/controls
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, fund managers are changed in the most effective way possible. • Continuous review and development of the range of services offered to clients. • Engagement with fund managers around principles of responsible investment.
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. • Increasing complaint volumes.	• Licensing programme which supports the quality of advice and service from advisers. • Technical support helplines for advisers. • Client complaint handling process and reporting. • Evidence of ongoing servicing of clients and charge switch-off process where ongoing advice has not been provided. • Review of the provision of ongoing advice services in line with expectations and acceptable evidential standards, and refund of charges as appropriate. • Robust oversight process of the advice provided to clients delivered by Business Assurance, Field Risk, Advice Guidance and Compliance Monitoring teams. • Partner financial monitoring.
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 appropriately invested in high-quality, high-liquidity cash and cash equivalents. • Direct lending to the Partnership is secured. • Part-reinsurance of insurance risks. • Ongoing monitoring of all risk exposures and experience analysis. • Setting and monitoring budgets. • Monitoring and management of subsidiaries' solvency to minimise Group interdependency.

Risk and risk management

	Risk description	Business priority	Risk considerations	Mitigation/controls
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 objective. • 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 the SJP 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 over the control environment, particularly over 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.
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 and strengthening operational resilience capabilities and undertaking robust identification, assessment and testing of important business services. • 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 a cyber event. • Group-Executive-Committee-level cyber scenario work to test strategic response. • Internal awareness programmes.

	Risk description	Business priority	Risk considerations	Mitigation/controls
Strategy, competition and brand	Challenge from competitors and impact of reputational damage.		• Unnecessary delays/errors caused by failures in change delivery. • 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.	• Robust change governance and change management practices, including testing. • 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 outsourced 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 many activities: conversations and workshops with stakeholders and governance forums 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. The Group Risk Committee reviewed emerging risks during 2023.

Examples of emerging risks that have been considered include:

- economic risks including cost of living and inflation;
- geopolitical factors including consequences of the invasion of Ukraine and the conflict in Gaza and Israel;
- regulatory framework and increasing regulatory landscape;
- increasing regulation and legislation relating to climate change;
- employee-related risks including future specialist skillset requirements for areas such as artificial intelligence technologies;
- competitor threat analysis including potential impacts on Partnership;
- technology enhancements including digitisation and automation, artificial intelligence and ChatGPT;
- cyber crime threats; and
- energy supply risks including 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 taken 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 and Partner 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 as at year-end 2023 demonstrated that the Group is resilient and is expected to be able to continue to meet regulatory capital requirements over five years should even the more extreme risks materialise. For adverse stresses and scenarios there would be impacts on profitability, and depending on the severity of the scenario the Group would review and implement recovery actions which aim to protect and/or restore the Group's finances. We have demonstrated the use of these recovery actions through the establishment of the provision relating to the review of clients that have been charged for ongoing advice services since the start of 2018 but where the evidence of delivery falls below an acceptable standard.

Example stress and scenario test

As part of the strategic decision-making process, the new charging structure was re-tested using our standard suite of stresses and scenarios to understand the resilience of the Group under different charging models. While the new charging structure was focused on improving our client proposition it was imperative also to focus on the outcomes for our advisers and shareholders. We therefore stress tested a scenario whereby the changes might be adversely received by the Partnership and/or clients. In this scenario we applied the following stresses to the cash flow and solvency forecasts for the new charging structure: reductions in new business; increases in lapses; reductions in the proportion of clients paying ongoing advice charges; and increases in expenses (beyond those planned to implement the changes). The results showed that whilst this scenario would have an impact on profit prior to any mitigating management actions, it would not cause solvency concerns. Furthermore, we have been encouraged by the response so far to the announced changes, which gives us further confidence that the scenario tested is highly unlikely.

Resilience over different time horizons

The table below provides an indication of which risks are relevant over which 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 cyber crime, business disruption, or failure of operational processes resulting in operational losses and/or material client redress. There is also a risk that, despite establishing a provision, we incur greater costs than provisioned for our review of ongoing advice services. Additionally, there are change delivery risks during 2024 due to necessary upgrades to systems and business processes and alterations to the business model, most notably to implement the important changes to our charging structure which will take effect in 2025. We adopt robust change control practices involving periods of significant testing and take actions to manage and mitigate the risks associated with the delivery of change. Reputational risks from media attention can impact ability to generate new and retain existing business. The cost-of-living crisis and higher interest rates are also key risks to business performance if they restrict clients' capacity to invest and stay invested. 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. It is not expected that solvency will be an issue in the short term, due to our matching approach on liabilities and the stress and scenario testing work. 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.	Operational resilience and business continuity are important control frameworks that are carefully managed through regular assessments and a schedule of testing, working closely and collaboratively with our third parties. During 2023 the Group has experienced elevated levels of complaints principally in connection with the delivery of historic ongoing advice services. During 2024, the Group has committed to review the sub-population of clients that has been charged for ongoing advice services since the start of 2018 but where the evidence of delivery falls below an acceptable standard and has recognised a provision for the estimated cost of refunds. Changing regulatory expectations following the introduction of the new Consumer Duty regulation continue to be considered in depth. We are a client-focused business and so any changes we make are designed to be positive for our business over the longer term, reducing regulatory and reputational risk and supporting good client outcomes. The Group generates relatively steady cash profits on new business and existing funds under management which increase each year as funds in gestation 'mature'. The change to the charging structure announced in October 2023 will alter the pattern of cash generation due to the removal of the early withdrawal charge and business written will be cash-generative from year 1, once this change takes effect in mid-2025. 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 various options exist, curtailing investment or reducing dividends would be potential ways to protect the financial strength of the business. The business currently 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.

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. Our charging structure changes are expected to be implemented in this timeframe. With this change will come operational risk and expectations that cash profits will, all else being equal, reduce in 2025 and 2026. However, they are then expected to increase. The importance of technology in the client proposition is only likely to grow, and risks may materialise from rapidly developing artificial intelligence technology and/or 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 2028	
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. 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 become 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, this could have a reputational impact within this time horizon.	We are exploring opportunities in relation to artificial intelligence 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. 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 our focus on 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, alongside any new business written under the new charging structure from mid-2025 onwards. This will therefore increase our expected financial resilience. The changes we announced in October 2023 should also at this point be well embedded and contributing to further strengthening our competitive position.

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 and Accounts 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 and Accounts.

The Directors consider that the report meets the statutory purpose and objectives of the Strategic Report.

On behalf of the Board:

Mark FitzPatrick, Chief Executive Officer

Craig Gentle, Chief Financial Officer

27 February 2024

Governance

02

Corporate governance

As a 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 90 to 105 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.

The Board considers that the Company has complied with all of the principles and provisions of the Code (available at: **www.frc.org.uk**) during 2023.

In this section

1. **Board leadership and Company purpose (section 172(1) statement)**
See pages 90 to 97

2. **Role of the Board and its responsibilities**
See pages 98 and 99

3. **Board composition, succession and evaluation**
See pages 100 to 105 and also the Report of the Group Nomination and Governance Committee on pages 125 to 128

4. **Audit, risk and internal control**
See the Report of the Group Audit Committee and the Report of the Group Risk Committee on pages 106 to 124

5. **Remuneration**
See the Report of the Group Remuneration Committee on pages 129 to 157

1 2 3 4 5 Board leadership and Company purpose

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 as a director of Henderson Smaller Companies Investment Trust plc.

External appointments
Chairmanships of Majid Al Futtaim Trust and W.A.G. Payment Solutions Plc.

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

Mark FitzPatrick

Chief Executive Officer

Date of appointment
Chief Executive Officer December 2023.

Experience
Mark started his career with Deloitte in Cape Town, becoming a Partner in 1997. He remained with Deloitte for 25 years building his industry focus in financial services in the UK, Europe and South Africa. He became Group Chief Financial Officer at Prudential plc in July 2017, before his role was broadened to include Chief Operating Officer responsibilities for the communications, legal, company secretarial and government relations functions. He was appointed interim Chief Executive Officer of Prudential plc in April 2022, standing down on 24 February 2023.

External appointments
Mark is on the boards of the British Heart Foundation and the Scottish Mortgage Investment Trust, and chairs their Audit and Risk Committees.

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.

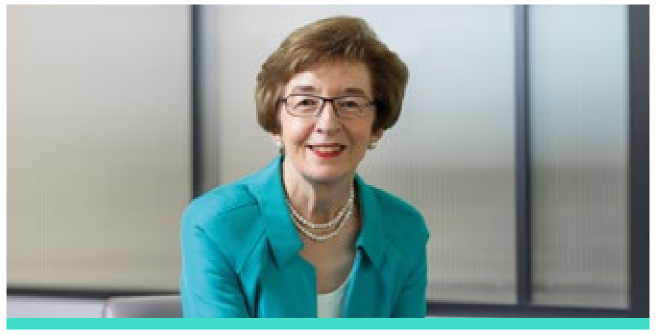
Emma Griffin
RK NC RM

Independent Non-executive Director

Date of appointment
Non-executive Director February 2020.

Experience
Emma has previously been a non-executive director of EDF Man Holdings Limited, 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 SDCL Energy Efficiency Income Trust plc and N.M. Rothschild & Sons Limited. 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 company Claridge and of one of its key holdings, Solotech.



Rosemary Hilary
AC RK NC 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 King's Foundation and chair of its Audit and Risk Committee. She joined the board of the Scottish Building Society in 2022.

John Hitchins
AC RK NC

Interim Senior 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 LLP, specialising in financial services auditing and advisory services, before retiring in 2014. Since retiring from PricewaterhouseCoopers LLP 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.

Lesley-Ann Nash
AC 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 and chair of the Remuneration Committee of Workspace Group plc, a non-executive director and chair of the Nominations and Remuneration Committee of Homes England and a non-executive director of BusinessLDN.

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 of our section 172 duty on decisions taken during 2023. 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 1) emphasise the long-term focus of the business. The Board's priority is to ensure 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 page 98, 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 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 Officer's report and Strategic Report, and examples of significant topics considered by the Board during 2023 are set out on pages 94 to 97, together with details of how the Directors had regard for factors A to F in their considerations. We have also taken the opportunity to review our governance framework during 2023 and have provided a high-level overview of this review on page 91.

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 79 to 81) and we seek to minimise the risk of harm to clients due to conduct issues through a robust control environment. The Board looks to the Group Risk Committee and the boards of its subsidiaries 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 Group's brand and public relations activities to ensure they align with our purpose and long-term aims, and accurately depict our culture.

Our stakeholders

Section 172 factors: B C D F

The Group's principal stakeholders are covered in more detail on pages 7 to 9 in the Strategic Report. Whilst each stakeholder has different motivations 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 18 to 23 how successfully implementing our strategy will ensure the Company will continue to act in accordance with its purpose and values and achieve its vision.

Group governance review

When an organisation grows rapidly, it is very rare to see all aspects of it developing at equal pace. The success St. James's Place has achieved over the past 32 years has been possible because we have been effective at scaling up our operations; however, all businesses should step back from time to time and review their governance model to ensure it has kept pace with the wider business.

In 2023, the Group undertook a review of its governance model, recognising that our governance arrangements could be enhanced and rationalised to reflect our size, impact, and operating model. The Board was clear that the review should allow us to take stock and build in proportionate and pragmatic governance by design, with the resulting model allowing us to explain more clearly to our key stakeholders how we are organised, operate, oversee, and delegate in a way which reflects the size, complexity and impact of our business.

The review was carried out working with leading industry consultants and amongst the findings identified the following opportunities:

- Revisions to the corporate structure of the Group and the composition of the boards of our subsidiaries. These revisions will support the Board and management in overseeing the delivery of strategy, taking account of an evolving regulatory environment whilst also aligning more closely with corporate entity accountabilities. Changes will not only support the effective operation of the Group but will also support subsidiary boards in focusing on the requirements of the Consumer Duty, as it applies to them.
- Establishment of an enhanced delegation of authority framework that aligns with regulatory requirements (including SM&CR) and promotes clearer understanding by all across the organisation of the accountabilities and responsibilities of individuals and collective bodies.

The review, and recommended actions also emphasised that culture lies at the heart of robust and effective governance. Equally, governance is an important ally for culture, delivering valuable guide rails for safeguarding key aspects of a desirable culture and setting out for all to see what is not acceptable.

In July 2023 the Board approved the recommendations of the governance review, and will monitor implementation as it takes place.

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 and Accounts. Engagement with stakeholders is assessed on an ongoing basis and, where there is an indication that it is not delivering sufficient insight to support the Board's work, adjustments are made.

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.

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. The calendar of events and methods of engagement are under continual review as we seek to provide our communities with opportunities to network, share best practice and/or develop their skills and knowledge. The scale and diversity of our adviser base means that a blended approach to consultation provides us with a greater depth of engagement and insight. Consultations with specific cohorts in relation to key projects, workshops with advisers and their support staff, Partnership-wide surveys and an online engagement platform enable us to understand the views of our advisers at scale and measure sentiment over time. In early 2024, Mark FitzPatrick also formed a CEO Partnership Advisory Council which, amongst other things, will provide a sounding board and a means to help deepen his understanding of the business and the wider Partnership. The insight generated from Mark's interaction with the Council will provide a further reference point for the Board.

Further information on advisers in this Annual Report and Accounts can be found on pages 7, 8, 11, 12, 18–22, 61, 77, 80, 95, 123, 179 and throughout the our responsible business section on pages 24–49

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; and in 2021, following a review, we established in its place a panel of employee-nominated representatives to assist our designated Non-executive Director responsible for workforce engagement. The role and function of this panel has continued to evolve and during 2023 there was a focus on the value created for both the Board and the Panel, with Lesley-Ann acting as a channel for two-way dialogue. The membership of the Panel has been streamlined and the meeting agendas refocused from the top down to stimulate more strategic and challenging discussions. Panel members are charged with relaying and discussing the key areas of activity and focus with the workforce in their areas of the business.

Further information on employees in this Annual Report and Accounts can be found on pages 7, 8, 18, 22, 80, 94, 96, 104, 105, 122, 127, 132, 133, 139, 148, 160, 183 and throughout the our responsible business section on pages 24–49

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 clients' 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. The FCA's Consumer Duty now also requires boards to approve annually an assessment of whether their companies are delivering good outcomes for clients consistent with the Duty. Direct and indirect engagement with clients will provide valuable insight and evidence to support these assessments.

Further information on clients in this Annual Report and Accounts can be found on pages 4, 7–11, 14–23, 50–54, 77–79, 94, 95, 97, 104, 110, 114, 117, 118–124, 138, 139 and throughout the our responsible business section on pages 24–49

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. It is important we have a voice on the issues in society where we can most constructively contribute, such as 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 include 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 and Accounts can be found on pages 7, 9, 22, 97, 105, 139 and throughout the our responsible business section on pages 24–49

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	2023 included a broad programme of in-person shareholder roadshows and investor conferences, supplemented by virtual engagement. We conducted roadshows in the UK and overseas specifically to give investors the opportunity to discuss our full-year and half-year results, but also scheduled others away from key reporting periods, to discuss a broader range of strategic and operational topics. We attended conferences organised by 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 feedback reports	In addition to gathering feedback directly from institutional investors, we receive formal broker feedback reports following our investor roadshows, and ad-hoc intelligence and updates from brokers throughout the year. Together, these provide the Board with an opportunity to understand 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, which provides 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 2023, the Chair 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. The Chair of the Group Remuneration Committee also corresponded and met with several shareholders who had elected to vote against the Directors' Remuneration Report at the 2023 AGM, to help the Board understand their reasons for doing so.
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 had written to shareholders during 2022 year to explain the proposed changes to the Remuneration Policy for Executive Directors, and subsequently met and/or corresponded with a number of shareholders who provided feedback in 2022 and 2023 ahead of the Annual General Meeting (AGM) (further information can be found in the Directors' Remuneration Report on page 130).
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 15 May 2024 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 4, 6, 7, 9, 23, 50, 52, 57, 58, 66, 29, 81, 95, 97, 98, 102, 105, 130, 131, 149, 159–161 and 262

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. Board 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. Alongside regular reporting from management and the chairs of Committees and subsidiary boards, topics that the Board focused on in 2023 included Consumer Duty, our investment management approach, the competitive landscape, Partner business finance, our business in Asia, client administration, our client charging model, our approach to being a responsible business and our people and culture. Below we have given some examples of how of the Board's activity in 2023 had regard to the duties under section 172.

Consumer Duty | Client charging model | People and culture

Consumer Duty

As we outlined last year, the Board recognised early the significance of the FCA's Consumer Duty (the Duty) and approved in October 2022 a plan to ensure SJP was successful in implementing the Duty within the timeframes set by the FCA. The Duty is perhaps the most significant UK regulatory development of the last decade and, whilst we were confident our culture and practices were aligned with its spirit, it is important that we can evidence this. As a group made up of a number of financial services companies each with different roles, from advice to the manufacturing of products for retail customers, a significant amount of the associated distribution chain sits within the Group. This provides a strong basis for exerting control and providing the Board with assurance. Although the Company is not itself directly authorised and regulated, the role of its Board is to ensure that the overall proposition for our clients sees each of our subsidiaries acting in good faith for our clients, avoiding foreseeable harm to them and enabling and supporting them to pursue their financial goals.

The FCA communicated regularly with the industry on the Duty during 2023 and Directors attended some of the 'in-person' events. These sessions enabled the FCA to outline what its expectations meant for firms, as it began to assess the different approaches that were being taken to evidence that clients were receiving good outcomes. This, together with direct engagement with the FCA, provided a valuable point of engagement for the Board with an important stakeholder. Whilst we already have a range of ways of engaging with clients, further studies carried out via the Wisdom Council contributed to our assessment of client understanding.

Engaging with Partners, who act as intermediaries between SJP and clients, allowed us to capture their perspectives alongside client feedback that Partners themselves had received.

Since the Duty was announced, the FCA has been clear that organisational culture needs to drive positive consumer outcomes. Our focus on people and culture is set out on page 96 but in the context of the Consumer Duty implementation, the Board looked to employee surveys to gain valuable insight into SJP's culture, exploring in particular how embedded our desired values and behaviours and client-centricity are at all levels of the organisation. The Board was pleased to see that employee understanding of expected values and behaviours was strong and that almost all employees felt their line managers exhibited them. The survey also helped isolate areas where there is still room for improvement and actions have been agreed as a result.

The Board, the boards of SJP's subsidiary companies and the Board's principal committees monitored closely the progress made in implementing the Duty, receiving regular reporting at Board meetings as well as input from the second and third lines of defence via the Group Risk Committee and Group Audit Committee. Whilst John Hitchins is our appointed Group Non-executive Director Consumer Duty Champion and stayed close to the implementation programme, the Board as a whole has embraced the Duty, challenging management to demonstrate how proposals put to it will lead to good client outcomes and do not present risk of client harm.

Consumer Duty | Client charging model | People and culture

Client charging model

As Andrew Croft commented in the announcement made on 17 October 2023, we are confident that SJP offers its clients real value that helps individuals and families achieve financial wellbeing. But whilst we are confident that we can evidence this, what is ultimately important is what clients think. In 2023, the Board agreed changes to our charging structures that aim to ensure we have a sustainable and competitive charging platform for the long term, offering simplicity, comparability and a continued focus on value for clients. Whilst the Consumer Duty work may have provided a valuable catalyst for us to carry out the evaluation that ultimately led to the changes, the Board was able to draw upon insights from a wide range of stakeholders.

As explained on page 12, the demand for advice is increasing and we believe SJP provides access to services and products to meet that demand. However, if we are to capture the opportunity that exists, we need to be relevant to those seeking advice. It is increasingly evident that consumers are seeking simple comparability, and this has been reflected in regulatory trends too, as highlighted with the Assessment of Value and Consumer Duty regimes. We also cannot ignore media scrutiny and recognise that the onus is on us to ensure the value and cost of our offering are understood.

It was evident from the outset that any changes we made to our charging model would impact most, if not all, of our stakeholders, and the challenge for the Board was therefore to balance the interests of each of these stakeholders, ensuring all the while that the changes met the Consumer Duty rules. Although engagement with stakeholders contributed to the mandate for change, ongoing engagement during 2023 helped inform the finer details of the changes ultimately agreed by the Board. The Board also looked at the impact of implementing the changes, in particular the cost, time frame and the consequences that a significant transformation programme would have for the workforce and the Partnership.

Regular engagement with regulators was vital during the development of options, providing us with their interpretation of applicable regulations and also their consumer lens. Our Partners provide another important reference point when considering how changes could be received by clients and so we selected a group of Partners to help us to test the viability of options. Board workshops provided opportunities for the Board to explore the developing options and provide input, with updates on progress being provided at scheduled and additional Board meetings. Input was also sought from a number of our advisers who were able to assist us as we got closer to making a decision, helping us to anticipate the reactions of stakeholders that we could not obtain first hand, for example our shareholders and the media. Although media attention ahead of the Board reaching a decision impacted our ability to deliver the changes in the way we would have liked, the Board believes that the changes made take account of the interests of all of our stakeholders in providing a basis for sustainable growth and long-term success, which can only help to strengthen our brand and reputation. The Board will continue to ensure that the interests of stakeholders are taken into account as we implement the changes in 2024 and 2025.

Section 172(1) statement continued

Consumer Duty

Client charging model

People and culture

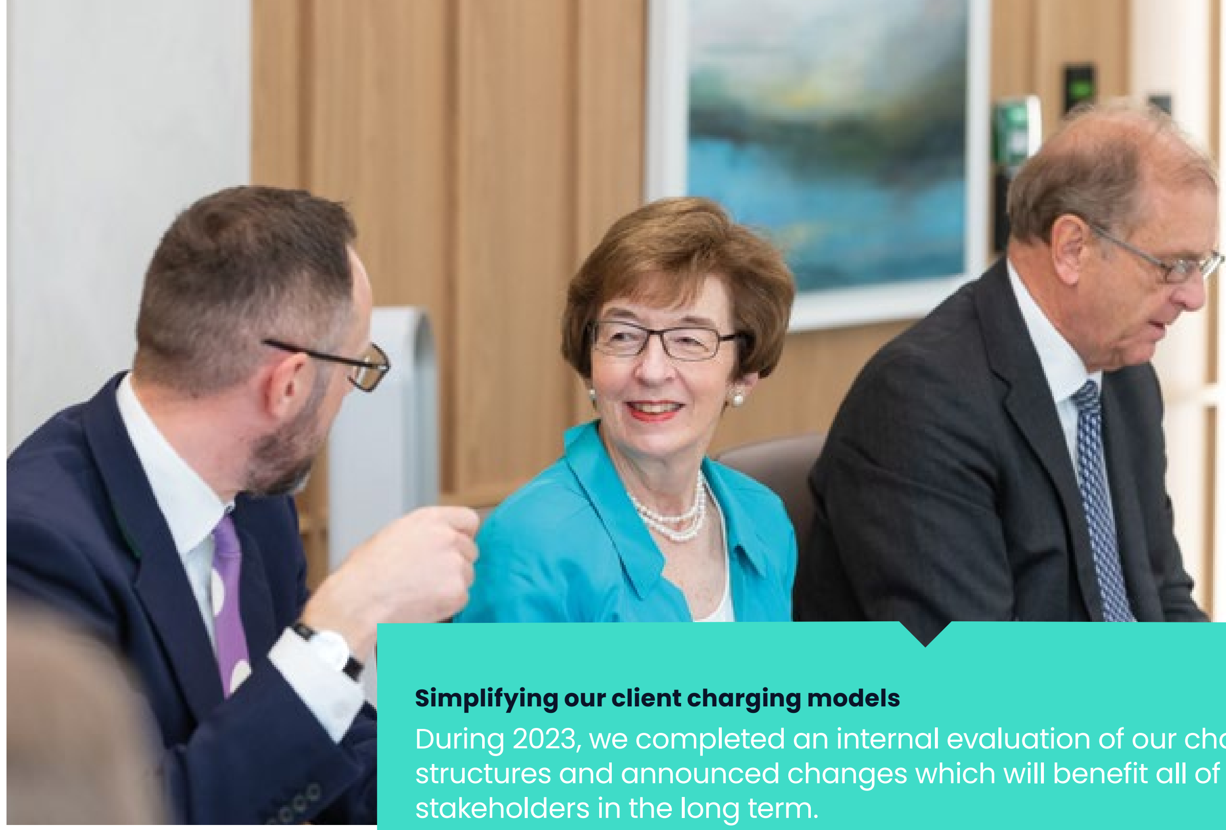
People and culture

We remain confident that we have the right business model and strategy, but the success of both relies heavily on having the right people and culture. Recruiting, developing and retaining the talented people we need to deliver successful outcomes for our clients, Partners and other stakeholders is a priority for SJP. Recent events, including the pandemic and cost-of-living crisis, have demonstrated that we cannot take our people for granted and more than ever we need to understand who our employees are and what motivates them.

Over time the composition of our people will evolve in line with societal demographics, and this will inevitably create an element of generational shift in workforce culture. The availability of data and insight means organisations can no longer approach their people as homogeneous groups. Like many organisations, for many years our principal form of engagement had been a comprehensive employee survey carried out biennially. But given the importance of our people to our long-term success, it is critical that we have a more intimate understanding of their strengths and weaknesses, what motivates them and what is not acceptable to them so that we can ensure we have the right people strategies to recruit, develop and retain the expertise we need. This has resulted in us adapting how we engage with our employees in recent years.

As we explain on page 40, our Workforce Engagement Panel plays a vital part in employee engagement, together with the other means of engagement outlined on the same page. Lesley-Ann Nash updates the Board at each meeting on workforce engagement and during 2023 the Board has also heard regularly from our People Director, Amy Morton. The Board has considered and approved our people strategy and spent considerable time considering employee culture, both as part of our Consumer Duty work and as part of our ongoing focus on inclusion and belonging. The Group Risk Committee has also kept a keen eye on people risk, which we recognise as being one of our principal risks.

Strengthening our approach to engagement, together with the direct interaction Directors have had with the workforce, has provided insight that has been invaluable to the Board's work. The Board's role is to ensure our culture is aligned to our purpose, values and strategy and promotes integrity and openness whilst also valuing Inclusion and Diversity. Where evidence suggests that this is not the case the Board has acted to address the root cause. Our focus on culture during the year has influenced our consideration of compliance with the Consumer Duty and the succession planning for our new Chief Executive Officer. Ongoing insight from management, coupled with 'deep dive' reviews, has also helped the Board to home in on what matters to our stakeholders and this in turn informs us of their perception of our brand and reputation. It also enables us to identify areas where we need to be clearer on our expectations so that we protect the business from undesirable cultural drift.



Simplifying our client charging models

During 2023, we completed an internal evaluation of our charging structures and announced changes which will benefit all of our stakeholders in the long term.

As the UK's leading provider of advice-led wealth management, with £168.2 billion of funds under management and over 958,000 clients, we have a clear understanding of the growing need for trusted financial advice, and the critical value it provides for clients in delivering the support and expertise that they need to build their financial futures. Over more than 30 years, we and our Partner businesses have evolved to meet changing client expectations and developments in the industry and regulatory landscapes. In 2023 we saw a shift in the wealth management landscape, with the introduction of Consumer Duty cementing good client outcomes and value at the heart of our industry.

We treated the work required under Consumer Duty as an opportunity to continue to evaluate our business and ensure that we have a sustainable and competitive charging platform for the long term. Following an internal review, the Board decided to make some changes to our charging structure, which are planned to come into effect during the second half of 2025.

The changes create a revised charging structure for the vast majority of new investment bonds and pensions. From the second half of 2025, these will operate with an initial charge and ongoing charges applicable from the outset, and without any early withdrawal charges or gestation period, as is already the case with our unit trust and ISA business. In addition, charges across all our wrappers, which have historically been disclosed primarily on an all-inclusive basis, will be separated into component parts. Furthermore, we have rebalanced our charges so that they better reflect the value clients see across each element of our proposition.

The Board anticipates that the decision to change our charging structure will benefit our stakeholders as follows:

- **Clients** – In addition to benefiting from improved simplicity and therefore comparability, clients will see enhanced value from the changes we are making, with reduced overall ongoing charges for existing client investments across our core product wrappers.
- **Partners** – Making these changes will position SJP and the Partnership for long-term, sustainable success, with our charges continuing to compare favourably with competitor rates available in the marketplace, representing good value for the high-quality service that we provide alongside our Partners. This will support our brand and reputation in the marketplace, which will in turn benefit the Partnership.
- **Shareholders** – For shareholders, these changes will reduce complexity and improve market comparability, supporting our brand and reputation, and broadening SJP's appeal over time. This will set us up to maintain our market leadership over the long term, with an Underlying cash result that is aligned with the development of total Group funds under management.
- **Society** – These changes, which naturally involved engagement with our key regulators, address the evolution over time of an external environment that is increasingly seeking simple comparability of all advice, investment management and other services, on a component-by-component basis.

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 161.

At the 2023 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 2024 AGM, or 30 June 2024, whichever is the earlier. The Company did not purchase any of its own shares during 2023 but the Directors will propose the renewal of this authority at the 2024 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 includes the senior manager functions and management responsibilities held within each subsidiary of the Group (as applicable).

Division of responsibility

The job descriptions of each Director, including the Chair and Chief Executive Officer, 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 Company 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 Officer

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 and liquidity activities of the Group; and for maintaining effective investor relations.

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.

The Chief Executive Officer has formed a committee of executives to support him in fulfilling the responsibilities delegated to him by the Board. The Group Executive Committee (GEC) comprises the Chief Executive Officer, Chief Financial Officer and other members of senior management.

Planning and preparing

The Chair is responsible for setting the Board agenda together with the Chief Executive Officer and the Company Secretary. The Group's strategy and business plan provide a 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 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 principal Committees appointed by the Board is covered in more detail in the individual Committee reports.

See pages 106 to 157

Scheduled Board meetings	Scheduled Board meetings follow an agreed format with the final agenda being set by the Chair, Chief Executive Officer 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 Chief Executive Officer and Chief Financial Officer reports 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 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 Officer wants to provide an update on topical issues where the gaps between formal Board meetings are longer.
Board working dinners	Board dinners provide valuable opportunities to deepen relationships, trust and rapport, and help the Board to develop greater unity, alignment and resilience. Dinners are usually held around Board meetings and allow for informal unstructured engagement, as well as the chance to meet and hear from other members of the management team or guests from outside the business.
Strategy meetings	A focused strategy meeting is usually held each year during the delivery periods in the strategy cycle to enable the Board and management to reflect on, debate and refine the existing Group's strategy. The Board is more closely and regularly involved when strategy is being set, meaning these meetings may not be required.
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, either to support their understanding of key facets of the business, or wider trends and developments that are influencing the Board's agenda. Further details can be found on page 103.
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 127, embracing diversity is one of our core cultural values and the Board diversity policy 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.

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 on our Board, gained both within and outside the financial services sector, 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 127.

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 served for short periods beyond the ninth anniversaries of their appointments to the Board, to facilitate an orderly handover of their responsibilities.

Further information can be found in the Report of the Group Nomination and Governance Committee on page 125 to 128

Gender

◆ Female **3**
◆ Male **4**

Ethnicity

◆ White **6**
◆ Minority Ethnic **1**

Tenure

◆ 0–3 years **4**
◆ 4–7 years **3**

Board and Committee structure and attendance

Our Non-executive Board Committees

The Board has appointed four principal Non-executive Committees. 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 106 to 157.

Group Audit Committee
Chair: John Hitchins
Report on page 106

Group Risk Committee
Chair: Rosemary Hilary
Report on page 118

Group Nomination and Governance Committee
Chair: Paul Manduca
Report on page 125

Group Remuneration Committee
Chair: Emma Griffin
Report on page 129

Attendance in 2023

Director	**Board** (total 6)	**Audit** (total 6)	**Risk** (total 5)	**Nomination and Governance** (total 4)	**Remuneration** (total 4)
Dominic Burke (SID)[1]	◆◆◆◆◆◆	◆◆◆◆◇◇	◆◆◆◆◇	◆◆	◆◆
Andrew Croft (CEO)[2]	◆◆◆◆◆◆	–	–	–	–
Mark FitzPatrick (CEO)[3]	◆	–	–	–	–
Craig Gentle (CFO)	◆◆◆◆◆◆	–	–	–	–
Emma Griffin	◆◆◆◆◆◆	–	◆◆◆◆◆	◆◆	◆◆◆◆ (Chair post AGM)
Rosemary Hilary	◆◆◆◆◆◆	◆◆◆◆◆◆	◆◆◆◆◆(Chair)	◆◆◆◆	◆◆◆◆
John Hitchins	◆◆◆◆◆◆	◆◆◆◆◆◆ (Chair post AGM)	◆◆◆◆◆	◆◆	–
Paul Manduca (Chair)	◆◆◆◆◆◆ (Chair)	–	–	◆◆◆◆ (Chair)	–
Simon Jeffreys[4]	◆◆	◆◆◆ (Chair pre AGM)	◆◆	◆◆	◆◆
Lesley-Ann Nash	◆◆◆◆◆◆	–	◆◆◆◆◆	–	◆◆◆◆
Roger Yates[4]	◆◆	◆◆◆	◆◆	◆◆	◆◆ (Chair pre AGM)

◆ Attendance ◇ Non-attendance

1 Stepped down 31 January 2024.
2 Stepped down 30 November 2023.
3 Appointed 1 October 2023.
4 Stepped down 18 May 2023.

This table provides details of scheduled meetings held in the 2023 financial year and the attendance at each meeting of the members of the Board and each Committee.

Simon Jeffreys and Roger Yates stepped down from the Group Audit, Group Remuneration, Group Risk and Group Nomination and Governance Committees on 18 May 2024.

Dominic Burke, Emma Griffin and John Hitchins joined the Group Nomination and Governance Committee on 18 May 2023. Dominic Burke also joined the Group Remuneration Committee on 18 May 2023. Dominic Burke stepped down from all of the Committees on 31 January 2024.

Dominic Burke's absences as indicated in this table are attributable to pre-existing commitments at the date of appointment.

Other forums reporting to the Board

In addition to the wholly Non-executive Director 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 Officer 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 Executive Directors 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 is 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, knowledge 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 be re-elected, and further information can be found in the Notice of Meeting for the forthcoming AGM.
Duration of appointments	Non-executive Directors 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 Majid Al Futtaim Trust and W.A.G Payment Solutions Plc. He had a full attendance record at the Company's Board meetings in 2023 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 another quoted company board, 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 2023, and remain in force at the date of this report.

Directors' development

Inductions for new Directors

An appropriate induction and development 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 and aim to address development needs identified at appointment.

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 2023
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 current and future technology developments within the business, and climate transition planning. The sessions are led by a mixture of internal and external subject matter experts, as was the case with the November session on climate transition planning. 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 Group Audit Committee report on page 116.
Visits to head office, other locations and service providers to meet with employees and members of the Partnership	During 2023 Directors visited SJP offices both to attend Board and Committee meetings and as part of their ongoing engagement with management and employees. The Directors were also able to attend a number of conferences held for advisers.
Attendance at subsidiary board meetings, executive committees and management forums	Periodically, Non-executive Directors attend meetings of the boards of subsidiary companies to gain further insight. They are also invited to attend other management forums where appropriate and relevant.
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.

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 and the Board's advisers to explore in more detail 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, specific meetings and development sessions will be set up to support the Director's understanding of 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 increase 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.

2023 Board effectiveness review

Reflecting on the 2022 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. Independent Audit were also engaged to support the internal reviews carried out in 2022 and 2023. The 2022 review identified several areas of focus which are summarised below, together with updates on the progress made in 2023.

Area of focus	Update on progress
People and culture	At each scheduled meeting the Board receives updates on our people from both the Chief Executive Officer and the nominated Non-executive Director for Workforce Engagement. In 2023 the Board focused on how to ensure value is being created for both the Board and the Workforce Engagement Panel and our employees. In the second half of 2023 the focus of the Panel shifted to allow for more strategic discussions and effective challenge by streamlining the Panel membership, absorbing early career representation, directing the meeting agenda from the top down and reducing the length of the Panel meetings while increasing their frequency. During 2023 our People Director also regularly presented to the Board on culture, employees and recruitment. 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 receives updates on aspects that impact people, including recruitment and retention.
Big trends and external environment	This is an area that is prominent on the wish lists of most organisations, which recognise that, whilst the pace of change has never been faster, it is also unlikely to be slower in the future than it is today. It is therefore crucial that the Board continues to expand its horizons if it is to anticipate how macro changes and more volatile external environments will impact SJP's business model in the future. Inviting experts to meet with the Board to share their perspectives on topics such as developments in technology and climate transition provided valuable insight in 2023. Opportunities for Directors have not been limited to Board engagements, with Directors also attending Technology Advisory Group meetings where external specialists and internal experts focus on emerging technology trends and SJP's own roadmap.
Investment performance and client outcomes	Throughout 2023 the Board received regular investment performance updates and also received an in-depth session on the Group's investment management approach. The introduction of the Consumer Duty has heightened the focus on consumer outcomes, a material aspect of which is the performance of their portfolios. As reported earlier in this report, the Board monitored closely the implementation of the Consumer Duty, which highlighted opportunities where improvements could help ensure the investment proposition delivered demonstrable value to clients. Whilst it is the board of our subsidiary, St. James's Place Unit Trust Group Limited, which is responsible for approving SJP's Value Assessment Statement report, the Board received regular updates on progress and also reviewed the final draft prior to its publication.
Succession	As part of the project to identify and appoint Mark FitzPatrick as Andrew Croft's successor as Chief Executive Officer, the Board received regular verbal updates from Paul Manduca on the Group Nomination and Governance Committee's progress. The Group Nomination and Governance Committee also received updates on the Group governance review, a component of which looked at the composition of boards and committees across the Group. Succession planning plays an important part in our governance framework as it ensures we have the depth and breadth of expertise available to support strong governance in operation. Further information can be found in the Group Nomination and Governance Report on page 126 and 127.

The 2023 review

Although the Board was not required to carry out an externally facilitated review in 2023, the Board chose to appoint Independent Audit to provide support in carrying out its review. The aim of the 2023 review was to review the role of the Board and the effectiveness of individual committees. Independent Audit was provided an opportunity to comment on the outline of the review set out on the following page.

Themes emerging

The 2023 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.

Chairing	The Board is well chaired and is well positioned to exert greater influence and drive rigour in decision-making. All committees are felt to benefit from strong chairing, with the Chairs of the Group Audit and Remuneration Committees having settled well into their new positions.
Board governance	The Company Secretary has supported the transition since Paul Manduca was appointed Chair of the Board with a formalisation of board governance.
The Board's contribution	The Board has provided a platform for challenge, where Directors have been able to raise their perspectives constructively. Disagreement has been handled in a collegiate way resulting in the Board making informed decisions.

Areas for focus

The areas identified for the Board to focus on in 2024 and beyond are summarised below, together with an overview of action already taken.

Area of focus	Summary
Board environment	2023 was a year of change for St. James's Place with the appointment of our new Chief Executive Officer and the introduction of a new pricing structure. With change comes opportunity and in 2024 the Board will focus on further strengthening the bonds between the Non-executive and the Executive Directors. The Chair and Chief Executive Officer plan to build into the Board's activities opportunities to strengthen existing and form new relationships, allowing individuals to get to know each other by spending time together both formally and informally around Board meetings, one-on-one and as a group.
Board composition	The Board recognises that, with the increasing burdens on Directors, particularly in financial services, it is important to ensure the Board has sufficient depth and breadth of experience. The process of appointing a new Senior Independent Director is well underway and, once appointed, the Board will focus on whether further appointments would benefit the Board. This will be led by the Group Nomination and Governance Committee and will take account of its ongoing succession planning. As the regulatory focus and demands on individual subsidiary companies have increased, this will also form an important part of the Board's considerations.
Decision-making	It is during times of change that boards learn the most about themselves. 2023 was a year of change for St. James's Place and, reflecting on the Board's role in that change, it identified opportunities to work with management to further improve the efficiency and timeliness of decision-making, whilst maintaining an environment that promotes constructive challenge and open debate. The appointment of a new Chief Executive Officer will provide a helpful catalyst as he brings a fresh eye, seeing the process from both the management and Board perspective. The Board has also reviewed its forward agenda for 2024 to ensure scheduled deep dives place Non-executive Directors in the best positions from which to challenge.
Stakeholder relationship	In 2024 the Board will focus on strengthening its relationships with all of its stakeholders including shareholders, advisers, employees, clients, the Regulator and society as a whole. Key to this will be the effective capture of insight on the views of each stakeholder group, which can only be achieved through the building of strong relationships with open communication.

By order of the Board:

Paul Manduca, Chair

27 February 2024

Report of the Group Audit Committee

John Hitchins

Group Audit Committee membership

Members and date joined Committee

John Hitchins (Chair from 18 May 2023) 1 January 2022	
Rosemary Hilary 17 October 2019	
Lesley-Ann Nash[1] 31 January 2024	

1 Interim member.

Note: Simon Jeffreys was a member/ Chair of the Committee from 1 January 2014 to 18 May 2023, RogerYates was a member of the Committee from 1 July 2014 to 18 May 2023, and Dominic Burke was a member of the Committee from 1 November 2022 to 21 January 2024.

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/shareholders/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; Group CEO; 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,

In my first financial year as Chair, I am pleased to present the Committee's report for the year ended 31 December 2023. The report provides insight into our work over the year, and details how we have discharged the responsibilities delegated to us by the Board. On behalf of the Committee, I would like to thank my predecessor, Simon Jeffreys, for his valuable service as Committee Chair.

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 continues to be 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 recognising the importance of the UK Corporate Governance Code (the Code), the Committee responded to the Financial Reporting Council (FRC)'s Code consultation in September 2023 by providing feedback on the proposed revisions. Whilst the decision from the FRC in November was to limit the update with more targeted and proportionate revisions, management continued to develop aspects of the original proposals which it believes the Group would benefit from. The new Code was published in January 2024 and was in line with the November announcement.

The FRC selected the Group's FY22 Annual Report and Accounts for review as part of its standard corporate reporting quality review process. The FRC queried how the Group had classified the sale proceeds from the disposal of Partner loans within the Investment segment of the Consolidated Statement of Cash Flows. We had judged that our treatment was consistent with the requirements of IAS 7 for the classification of the disposal of long-term assets, given that the transaction to dispose of a large portfolio of Partner loans was different in nature to the more routine activity of advance and repayment of loans which are classified as Operating cash flows. However, the FRC determined that the IAS 8 requirement for consistent application of accounting policies should be considered a priority and as a consequence within the FY23 Annual Report and Accounts we have reclassified the sale proceeds from "Investing" to "Operating" activities.

The review of the FY22 Annual Report and Accounts by the FRC does not provide any additional assurance regarding the report's accuracy and the FRC does not accept any liability in relation to its review. The Committee thanks the FRC for its cooperation, and its contribution towards our continual efforts to improve the quality of our Annual Report and Accounts.

Looking ahead to next year, the Committee will be monitoring the project to review historic ongoing servicing activity and assessing the development of the Ongoing Service Evidence provision. The Committee will also be closely monitoring the implementation of the significant project in progress to implement the charge changes announced during 2023. As always the Committee will continue to monitor for future developments in relation to accounting regulation; and will continue to receive regular progress updates from management on applying the revisions to the Code prior to the relevant application dates.

Finally, following changes to the composition of the Committee, I would like to thank Dominic Burke for his time on the Committee and welcome Lesley-Ann Nash as an interim member of the Committee.

John Hitchins, On behalf of the Group Audit Committee

27 February 2024

Operation and performance of the Audit Committee

The Chair of the Committee discussed agendas and significant matters separately with the external auditors and the Internal Audit Director in advance of 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 101. The Committee also welcomed attendance from 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 auditors, 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. During 2023 these sessions focused on the Group charging structure changes and financial crime. Committee members also attended external briefings and technical updates, for example those given by the major accounting firms.

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 the overall assessment of its effectiveness (see pages 104 to 105). The Board and the Committee remain satisfied that the Committee operated effectively and that, as a whole, the Committee members have the experience and qualifications necessary, 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. With regard to the Audit Committees and the External Audit: Minimum Standard published by the FRC in May 2023, the Committee is content that it meets the relevant responsibilities set out in the Standard as demonstrated by this report.

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 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

October

- Internal Audit present their internal audit plan for the following year
- External auditors present their year-end plan

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

- 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

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

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 Money Laundering Reporting Officer (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 its terms of reference and evaluates its performance

In addition to the items set out in the diagram above, 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

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 108 and 109, are supplemented during the year with informal discussion 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

Significant issues considered	How these were addressed by the Committee
Accounting judgements and actuarial assumptions Following the elevated client complaints experienced during 2023, on 27 February 2024 the Group made the decision to review the sub-population of clients that has been charged for ongoing advice services since the start of 2018 but where the evidence of delivery falls below an acceptable standard. Management judged that this was an adjusting post balance sheet event and has recognised a provision for the costs this review of £426 million at 31 December 2023. In light of the uncertainties that exist in relation to the provision, it is considered to be a critical accounting estimate. In July 2023, SJP announced a reduction to its ongoing product charges for onshore bonds and pensions after the tenth anniversary. In October 2023, SJP announced planned changes to ongoing charging structures across the Group, including those written in its life insurance entities, SJPUK and SJPI. The changes are applicable to in-force business after the later of exit from the early withdrawal period or 1 July 2025. The projected monthly cash flows used in the year-end 2023 Solvency II and EEV results reflect both these changes. As part of the year end exercise management provided a paper to the Committee setting out the key accounting judgements and actuarial assumptions.	The Committee sought to understand the calculation of the provision and the key estimates within it. In relation to the provision, the Committee challenged management on: ◆ The adequacy of the provision, and ◆ Compliance with the disclosure requirements of IAS 37, particularly including consideration of the sensitivities. The Committee concurred that it was appropriate to recognise an adjusting post balance sheet event in relation to the costs for the announced review. It was satisfied with the approach that management had taken, the judgements made in respect of the key assumptions and the level of disclosure provided in the notes to the financial statements. The Committee noted management's assumptions in relation to the treatment of cash flows for Solvency II and EEV. As both have been the subject of market announcements, the Committee was in agreement with the approach taken. The Committee was satisfied with the judgements made, in particular with the impairment reviews of the operational readiness prepayment, partner loans and goodwill, given the prevailing macro-economic conditions.

Other matters considered	How these were addressed by the Committee
Accounting regulation and audit The Group implemented IFRS 17 Insurance Contracts during the year.	The Committee have been appraised of the implementation at various points over recent years, leading up to the initial adoption of IFRS 17 in the Interim accounts and then on a full year basis at 31 December 2023. The Committee observed that the impacts were relatively small and broadly in line with their expectations. Following enquiry of the external auditor they were satisfied that the disclosures were in line with the requirements of the standards, in particular for first time adoption.
Final results and Annual Report and Accounts The Committee reviewed and provided input into the periodic financial reporting, including the half-year Report and accounts and full-year accounts for 2023, including the final results announcement, and the Group Annual Report and Accounts for 2023, 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.
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) **Client Asset Sourcebook (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 **Task Force on Climate-Related Financial Disclosures (TCFD)** – which encompassed the Group, 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. In particular it noted that following the Prudential Regulation Authority (PRA)'s announcement, the requirement for SJPUK to prepare a Regular Supervisory Report (RSR) requirement had been removed, and the calibration of the risk margin calculation had been revised, both effective from 31 December 2023. The Committee reviewed the 2023 year-end SFCR and approved its submission to the PRA. The Committee reviewed and was satisfied with the CASS external audit reports. The Committee noted the validation exercise on the content of the TCFD report, and was satisfied 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 FRC's 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 2023 were fair, balanced and understandable.

Report of the Group Audit Committee continued

Matters considered during the year continued

External audit

Audit tender

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. 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 and allowing for a smooth transition between audit firms in order to mitigate risk for stakeholders. The FRC's Audit Committees and the External Audit: Minimum Standard sets out the FRC's expectations and guidelines regarding the tendering for external audit and will be used to support the process.

Auditor activity

To launch PwC's programme of work, the Committee received and agreed their plan for the audit of the 2023 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.

As in previous years, PwC attended all Committee meetings and the Chair of the Committee also regularly met with Gary Shaw, the Group's Senior Statutory Auditor (appointed since May 2022), to receive updates on progress and discuss any private matters.

The Committee also asked PwC to pay particular attention to the assessment of the Ongoing Service Evidence provision and its associated judgements, as well as to the implementation of IFRS 17 and was satisfied with the results of PwC's work and findings.

Auditor independence, objectivity and effectiveness

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 2022 audit process. The effectiveness of PwC and the external audit process were assessed in various ways, including: feedback from management involved in the audit; feedback from the Committee; assessing audit quality including a discussion with PwC of how they had addressed any risks to audit quality that they had identified; 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 indicators (AQIs)** were discussed and introduced to the audit plan for the first time this year. The AQIs were tailored to the audit to provide quantitative and qualitative metrics regarding the audit process. They are intended to be long-term measures that are reported over multiple year-ends to enable trends to be identified, reported and discussed with further action and analysis being undertaken as required.

In their audit report to the Committee, PwC confirmed that they remain independent of the Group. Management presented to the Committee the results of its assessment of PwC's independence and objectivity, as part of the annual evaluation of the external auditor covering six key areas: level of audit and non-audit fees including audit fee benchmarking; review of services against the policy on auditor independence to confirm adherence; PwC's policies and processes for maintaining independence which were confirmed via a letter of independence following PwC's own independence assessment, and additionally management interrogated client administration systems and the Company's share register to ensure that none of the senior management team involved in the audit held any SJP products or shares; threats to independence and safeguards PwC have applied which were communicated via PwC's letter of independence, employment of former PwC employees, and rotation of key audit personnel. Having reviewed and discussed the results, the Committee was in agreement with management's assessment and concluded that PwC remained independent and objective.

The Committee carried out its annual review of the policy on auditor independence with the review resulting in minor changes. During 2024 the Committee will monitor for any potential developments in relation to the Ethical Standard consultation.

The Committee also noted the results of the FRC's review of PwC for the 2022/23 inspection cycle, and were pleased to observe that, when compared to the previous year, PwC maintained their percentage of audits graded as 'good or limited improvements required' at c.80%. The continued investment into improvements to audit quality and 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 2023 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. The Committee noted in particular the challenges raised in relation to the assessment of the Ongoing Service Evidence provision and the disclosures required. The Committee also noted the discussion and challenge to management in relation to the Going Concern disclosures in a year when there was considerable complexity and change.

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 2023 audit fees. More information on the audit fees can be found in Note 5 to the Financial Statements.

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, as this work aligned closely with the audit work. A copy of the Policy on Auditor Independence can be found on our website at **www.sjp.co.uk/shareholders/about-us/corporate-governance** and more information on non-audit fees can be found in Note 5 to the Financial Statements.

Internal audit

The 2023 Internal Audit Plan (the Plan) was approved by the Committee in October 2022. 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

Report of the Group Audit Committee continued

Matters considered during the year continued

The key themes addressed by the Plan are summarised below, with examples of audits undertaken:

Theme	Description	Example audits undertaken
Clients and the Partnership	The Group's processes for ensuring good client outcomes, including implementation of the Consumer Duty, 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.	• Operational fund manager oversight processes • SJP client app IT controls • Administration of self-invested personal pensions • FCA Consumer Duty programme report • Business Assurance operations • Client transfer processes • Interactions with bereaved clients • Marketing Operations
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.	• Business continuity • Security incident and event management • Testing processes • User access management • Network architecture • Data strategy approach • Payroll • Change management
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.	• Regulatory returns • Third-party management and oversight • Improvements to the Appointed Representatives Regime • Partner security mandate implementation • FUM, flows and retention reporting • Slavery and human trafficking policy • Climate transition plan development • Social media controls

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 Committee Chair and the Chair of the Board. The Committee Chair Designate attended the one-to-ones between the Committee Chair and the Internal Audit Director from the start of 2023, to ensure a smooth transition on assuming the role of Committee Chair. In addition, the Committee Chair and other Non-Executive Directors met with members of the Internal Audit team during the year to provide input into the scoping of relevant audits.

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. In October 2023, the Committee considered and approved the proposed 2024 Internal Audit Plan.

The internal audit function reports regularly to the Committee on internal controls. This includes an annual Internal Controls Evaluation which draws together findings from internal audits over the course of the year to provide input to the Committee's own assessment of the effectiveness of the internal control framework. In its recent evaluation, Internal Audit confirmed that its work throughout the year continued to evidence that the Group's controls keep it within the Board's stated risk appetite.

Management has plans in place for further enhancements to the control framework in specific areas where internal audit has identified that controls require improvement, with progress being monitored by internal audit and the Committee. For example, work is underway to further enhance the controls around oversight of third-party fund managers and to automate the assessments of Appointed Representatives required by the FCA's Improvements to the Appointed Representatives Regime.

Following a competitive tender process completed in late 2021, Deloitte LLP continues 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.

The effectiveness of the internal audit function is externally assessed every five years, 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 most recent assessment, carried out by EY in late 2019, 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, with the exception of ongoing work to continue to enhance the use of data analytics. During 2023, data analytics have been employed in many audits, including analysis of travel and consultancy spending and an audit of payroll. This remains a key priority for the team and continues to be supported through co-source engagement.

An internal quality assessment was carried out and presented to the Committee in May 2023. The Committee concluded that internal audit is effective and meets the needs of the Group. During 2024, the Committee will oversee an external effectiveness assessment in line with the five-yearly cycle.

Internal audit processes were updated during the year to reflect the FCA's Consumer Duty, in particular emphasising the consideration within all audits of controls to ensure the delivery of good outcomes for clients. The Internal Audit Charter, which can be found on our website at **www.sjp.co.uk/about-us/corporate-governance**, was also updated to reflect this and was reviewed and approved by the Committee.

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, including any resulting changes to the Group's procedures or systems of control, and that none of the matters was material to the financial position or results of the Group. Following review and challenge by the Committee, the Annual Whistleblowing Report and the whistleblowing policy were considered by the Board in July 2023. The Board concluded that the whistleblowing arrangements were appropriate and consistently in force across the entire Group.

Report of the Group Audit Committee continued

Matters considered during the year continued

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 the systems' operation. 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 its 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.

The Committee, in conjunction with the Group Risk Committee, seeks assurance that the Group operates within a framework of prudent, effective and proportionate controls that facilitate the timely identification, assessment and mitigation of risks. The controls are designed to manage each inherent risk down to an acceptable level of residual risk which is within tolerance of our stated risk appetite, rather than aiming to eliminate the risk altogether. This approach allows us to recognise that effective risk management can also include potential benefits and enables us to make informed decisions within a strong control environment, letting us develop opportunities that result in positive business outcomes whilst operating within our 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.

Further, the Committee receives, discusses and evaluates quarterly internal control reports from the Group Risk function on the effectiveness of the internal control model. 2023 saw notable enhancements to the Group's strategic approach to risk management and the internal control environment. At the core of this is a new risk management system which allows for superior recording, analysis, reporting and monitoring of risks and controls. The Group Risk function has also developed in-house St.-James's-Place-specific risk and controls training to develop and augment understanding and awareness for all employees. Enhancements have extended to an enriched RCSA process this year, with strategic developments including a multi-level review and attestation across the organisation, ensuring responsibility and accountability are clearly articulated and understood, with the tone from the top setting expectations for all divisions. An overhaul of our risk event and incident management processes that support our internal control environment has commenced, with further developments due in 2024 to ensure best practice elements and a standardised approach is adopted across the Group.

Internal controls were also reviewed in 2023 as part of the Consumer Duty workstream. Changes were made where appropriate to ensure the control environment evidences focus on client outcomes and accurately reflects the higher and clearer standards of consumer protection expected by the new regulation. This work, which will continually evolve, will continue in 2024 to ensure the requirements are embedded together with a review of closed book products and their associated controls.

Throughout the year the Committee has monitored and considered developments to drive forward UK corporate governance reform, including the UK government's plans for legislation, and the FRC's consultation on updating the UK Corporate Governance Code. The Committee supports the intention of both the FRC and the government to ensure any changes to corporate governance requirements are proportionate, do not reduce UK competitiveness and avoid duplication. The Committee will carefully consider the requirements of the update to the Corporate Governance Code published in January 2024 and continue to review management's plans for implementing the requirements. We recognise the need to broaden our internal controls testing regime and are considering plans to how to expand our capability.

The Committee also receives and discusses the assessments of internal controls from the Internal Audit function, to support its review of the internal control system. Actions identified through internal audits, compliance monitoring reviews, and the RCSA process via internal control updates are monitored, to ensure suitable improvements are made.

As referenced in our previous report, Salesforce was being embedded as the primary client relationship management (CRM) system for the Partnership. It is now helping to improve the management of client documentation and serving as the primary source of evidence of ongoing service provided to clients by Partners, as well as being the key source of information to maintain centralised oversight. The rollout of Salesforce has enabled the introduction of additional controls, enhanced monitoring, and improved data availability and timeliness regarding client servicing. As a result, we are in a position to identify clients who have not received an appropriate ongoing service and have initiated communications and a process to switch off and refund ongoing advice charges for those clients who have not been serviced within an acceptable period of time.

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. RCSAs identified areas in which management are making control improvements. 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 2023, fraud update reports were 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 fraud attempts 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 saw a small number in 2023. The Group has seen an increase in cases whereby a Partner or Partner practice is cloned online, with the intention of deceiving clients into making investments with profiles that adopt the genuine Partner's details. The following actions have been undertaken to counteract these threats:

- fraud prevention training and awareness webinars with 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 a 'one-pager' document to increase awareness of how to protect themselves from a range of investment scams.

1 2 3 4 5 Audit, risk and internal control

Report of the Group Risk Committee

Rosemary Hilary

Group Risk Committee membership

Members and date joined Committee

Rosemary Hilary (Chair)	17 October 2019 and became Chair on 19 August 2020
Emma Griffin	22 July 2020
John Hitchins	1 January 2022
Lesley-Ann Nash	16 September 2020

Note: Dominic Burke was a member of the Committee from 1 November 2022 to 31 January 2024.

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 (the Company) and its wholly owned subsidiaries (together the SJP Group), which include its regulated companies.

Regular attendees at meetings

Chair of the Board, Chief Executive 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 take this opportunity to thank all the members for their contribution during the year. Simon Jeffreys and Roger Yates ceased to be members of the Committee following their retirement as Directors of the Company at the AGM in May 2023 and Dominic Burke stepped down from the Committee and the Company on 31 January 2024.

Throughout 2023, a key area of the Committee's focus was on risks associated with changes that have affected the Group including the Financial Conduct Authority (FCA)'s Consumer Duty regime, changes to the client charging models and continued macroeconomic and geopolitical uncertainty. The Committee has also considered risks related to key areas such as delivery of change, data, operational resilience, management of outsourcing and other third and fourth parties, cyber risks and the Group's decision to undertake a comprehensive review to analyse and assess historic client servicing records since 2018.

The Committee has monitored the macroeconomic situation, in particular in relation to changing inflation and interest rates and the cost-of-living crisis. In light of these challenges which impact our clients, the Group endeavours to continue to support them through the provision of sound financial advice, to assist in building their financial confidence and resilience.

The continued economic and political uncertainty have increased the likelihood of clients finding themselves in vulnerable circumstances and therefore the Committee continued to focus on the Group's approach to identifying and supporting such clients, including through our approach to the Consumer Duty programme.

The Committee has also monitored the progress made towards our responsible business ambitions. In particular the Committee considered the key risk areas of investing responsibly, climate change and Inclusion and Diversity. More details on our Responsible Business Framework can be found on pages 24 to 49.

Prior to the implementation of Consumer Duty in July 2023 the Group conducted a rigorous assessment of its implications for a wide range of elements across the business. The Committee reviewed and challenged the Group's approach to ensuring compliance with the Duty and monitored progress of the implementation plan ahead of the July 2023 deadline. Since then, the Committee reviewed the compliance of the new client charging models and continues to monitor the embedding of Consumer Duty in order to identify and mitigate any foreseeable harm for clients.

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 assess whether 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 conducted 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 continued supply chain pressures, the conflict in Ukraine, changes in inflation and interest rates and volatile financial markets. It also assisted in informing the Group's dividend decisions. Focused reports from senior executives have contributed to the Committee's evaluation of the Group's principal risks.

During the year, the Committee 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 risk management activities should be prioritised. Specifically, these 'deep dives' included strategic risks associated with changes to the Group's charging model and emerging risks relating to blackouts due to energy shortages, artificial intelligence, macroeconomic factors and sustainability disclosures.

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 2024 the Committee will continue to probe and evaluate the Group's risk profile to assess whether it remains within the Board's risk appetite, and to monitor emerging risks to evaluate whether the Group is ready for the challenges which lie ahead.

Rosemary Hilary, Chair of the Group Risk Committee

27 February 2024

Report of the Group Risk Committee continued

Operation and performance of the Committee

The Committee Chair regularly meets the CRO, the Chief Executive Officer, the Chief Financial Officer and individual members of the Group Executive Committee 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 by the Board as part of the overall assessment of its effectiveness (see pages 104 to 105). The Board remains satisfied that the Committee operated effectively and that, as a whole, the Committee members have the experience and qualifications necessary. 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 considered progress on and approved the Compliance Monitoring Plan. The Committee sought assurance on 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 2023, the Group's principal risks and emerging risks evolved with the changing regulatory, macroeconomic and geopolitical situation. The Group uses technology and data analytics tools and implemented the Riskonnect platform to support areas such as risk reporting to ensure it operates effectively.

Assessing risk mitigation is another area which the Committee reviews and challenges. Where risks crystallise, the Committee reviews the circumstances, root causes and 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 74 to 84. 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 (PRA), the Financial Conduct Authority (FCA), the Information Commissioner's Office, the Central Bank of Ireland, the Monetary Authority of Singapore, the Hong Kong Securities and Futures Commission, the Hong Kong Insurance Authority and the Dubai Financial Services Authority; and monitors progress of any actions required.

Activities during the year

On an ongoing basis the Committee receives regular reports on a number of areas, including:

- reporting on the Group's principal risk areas;
- 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, including progress updates on the implementation of and ongoing compliance with the Consumer Duty;
- 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;
- the oversight of Appointed Representatives; 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 and the corresponding conclusions which were reached, 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 evolution of the centralised Investment Risk Management team, which monitors investment risk-taking across SJP's appointed fund managers, which in turn contributes to continued positive client outcomes.	The Committee was encouraged by the increasing capabilities of the Investment Risk Management team. It noted how sustainability risk was assessed using the Responsible Investment team's in-depth analysis. The Committee challenged how technology solutions could assist the team to achieve their objectives and good client outcomes.
	Consumer Duty – The Committee received regular reports monitoring the progress of the implementation plan and scrutinised the approach taken by the Group to assess whether the Duty's principles had been considered appropriately. The Consumer Duty regulation sets significantly higher standards for consumer protection across financial services and has required the Group to undertake a robust and challenging review of all its client-focused activities. The Committee has challenged risks which could inadvertently lead to client harm to assess whether they have been sufficiently mitigated, including levels of consumer understanding and value of advice. Additionally, the Committee reviewed how key elements such as value assessments and distribution arrangements for third-party products would be implemented and embedded. The Committee also oversaw the implementation of the Consumer Duty for its regulated subsidiaries and reviewed the Group's risk management framework and risk appetite statement to assess whether they were fully aligned with the Duty.	The Committee recognised both the challenge and opportunities presented by Consumer Duty to assess the Group's business model and increase focus on achieving good client outcomes. The Committee challenged actions that were being taken to provide more consistent, centralised evidence for the provision of ongoing advice provided to clients by the Partnership, supported by the continued development of the Salesforce CRM platform, and assessed whether actions being taken to develop the Group's culture reflected the Duty's principles. The challenges presented by the review necessitated it to focus on the Group's compliance with the Duty and recognise that certain practices would develop over time. The Committee will continue to monitor the progress of ongoing compliance and review conclusions from testing whether clients are achieving good outcomes.
	Client charging models – In line with the principles of Consumer Duty, the Committee reviewed the risks associated with the changes that were made to the Group's client charging model. The Committee undertook a 'deep dive' review of the different elements of the changes, and the specific consequences they could have on all stakeholders and the affected regulated subsidiaries within the Group.	In challenging the proposals for changing the client charging model, the Committee was satisfied that the proposed model had assessed the risks associated with it and that adequate mitigating actions were being taken to align the proposed changes with the principles of the Duty and achieve good client outcomes.
Conduct	**Clients in vulnerable circumstances** – The Committee reviewed the Group's approach to supporting clients in vulnerable circumstances. Progress included the appointment of an SJP Vulnerability Champion who supported the Media team to increase awareness and education on how to recognise and support clients with characteristics of vulnerability. Additionally, our online resources were refreshed and made available to the Group and its wider community.	The Committee discussed the actions being taken to continuously develop the approach to identifying and supporting clients in vulnerable circumstances and it was assured that enhancements made continued to increase awareness and assist with evolving a culture to facilitate clients being supported in this complex area. The Committee will monitor the enhancements being made to capture data in respect of clients in vulnerable circumstances.
	Complaints handling – The Committee received reports on the Group's complaints handling operations which showed increased complaints from clients via a claims management company, predominantly in relation to historic ongoing servicing. The Committee expects high standards in relation to the provision of ongoing advice and challenged the Group to ensure that firstly this was the case and that secondly evidential records were able to demonstrate it. The Committee also received reports on key data and analysis regarding trends such as the effect of volatile market conditions and the cost-of-living crisis.	The Committee challenged whether sufficient resource was being made available to manage the increasing number of complaints in a timely manner. The working practices of the team were adapted in response to the increased volumes and additional resource was brought on board. However, we recognise that increases in resource have continued to lag behind the increases in complaint volumes. As such, the Committee will continue in 2024 to monitor the volume of complaints and the Group's strategy to manage them, including the adequacy of resource and developing trends.
	Supervision of Partner businesses – The Committee received an update on the risk transformation programme which improved how risks in certain areas of the Partnership were identified, assessed, managed and monitored. The Committee also received an update on the oversight and management of Partners' non-SJP business interests.	The Committee carefully scrutinised the actions being taken to minimise and mitigate client detriment through enhanced focus on improving the evidencing of client servicing using the Salesforce CRM platform and the availability of vulnerable client information. The Committee challenged the depth and frequency of monitoring by the Field Risk team of risks posed to client outcomes, and was encouraged by the positive developments to manage these. The Committee reviewed the supervision of Partner businesses to assess its compliance with the FCA's Improvements to the Appointed Representatives Regime (IARR).

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 detailed stress and scenario testing activity which supports the assessment of financial resilience indicators such as liquidity and solvency ratios for the Group and the UK and Irish insurance entities, as well as analysis and challenge of reverse stress testing. **Liquidity risk management** – The Committee reviewed the approach to corporate liquidity risk management for the Group and St. James's Place UK plc (SJPUK), including contingency funding, which aims to avoid foreseeable risk to clients and the Group. The Committee noted that the assets of SJPUK remained sufficiently liquid and that liquidity risks were closely monitored.	The Committee actively challenged the comprehensiveness and depth of stress and scenario tests including those relating to current topical stresses. It 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. Following scrutiny by the Committee, the ORSA was developed to give early insight into the quantification of specific material risk developments, including the changes made to the client charging structure. The Committee supported the Group's approach to liquidity risk management and contingency funding for the Group and SJPUK.
Partner proposition	**Partner remuneration** – The Committee received an update on the Group's approach to Partner remuneration, which provides a consistent method for remunerating Partners for the advice they provide and the potential risks posed by the model. The Committee also noted how the model is being continually developed to maintain alignment with good client outcomes. **Technology support** – The Committee received regular reports on the high levels of adoption of cyber security solutions which were mandated for Partner practices by the Group, and noted the continued implementation of Salesforce by Partner businesses.	The Committee challenged the approach used to assess that Partners always provide and sufficiently evidence client servicing. The Committee was encouraged by developments being made to strengthen controls which will provide enhanced ability to assess that clients consistently receive value for the advice charges they pay. The Committee also assessed the Group's response to situations where evidence could not be found that clients were receiving adequate ongoing servicing, and challenged the remedial actions being taken to enhance client outcomes. The Committee closely scrutinised and challenged the progress of the project to mandate that Partner practices adopt the Group's cyber security solutions.
People	The Committee received updates on people risks, which highlighted the challenge of managing significant and complex change across the business and the corresponding need to focus on culture, engagement and wellbeing. Progress had been made against the objectives to embed the culture vision and to place increased focus on employee engagement, wellbeing and psychological safety, including via both face-to-face training and digital content. Additionally, culture was being reviewed to assess whether the Consumer Duty principles were embedded throughout the employee lifecycle. 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 how best to align 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 recognised that further actions were required to enhance employee culture, engagement and wellbeing and that these included: improving support tools; recognising high performance; and continuing to embed a diverse and inclusive culture. The Committee supported the actions taken to embed measures to ensure the continued compliance of our remuneration policies and practices with regulatory requirements. The CRO attended meetings of the Group Remuneration Committee to provide a view of risk culture 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 and implementation of regulatory changes such as Consumer Duty and IARR, and management's responses to them. The Committee provided oversight of and reviewed the controls in place to assess the Group's compliance with its regulatory obligations. **Client money and client assets** – The Committee reviewed and approved the Client Asset Sourcebook (CASS) Annual Report for 2022, 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 to clients is of a high standard and supports advisers to achieve good client outcomes. The Committee noted the developments made in respect of providing assurance over ongoing advice and the increased volumes of cases being reviewed. **Supervision of Appointed Representatives** – In relation to IARR, the Committee reviewed St. James's Place Wealth Management plc's (SJPWM) as principal, annual Self-Assessment report which highlighted the work conducted to complete the new annual firm reviews.	The Committee probed and received updates on each area and continues to monitor closely the Group's compliance with regulatory requirements and the progress made against each area of regulatory change. 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. These included the control reviews conducted during the year which provide assurance on continued compliance with the CASS regime. The Committee discussed and agreed the actions being taken to address both firm-specific and industry-wide themes identified by regulators. The Committee noted that the business assurance function continued to demonstrate that it played a valuable role in helping to assess the quality of advice and associated documentation and the optimal approach for higher risk products. The Committee assessed the process to provide assurance for the quality of documentation that supports the provision of ongoing advice and noted that actions had been taken to develop an automated risk-based methodology for the selection of cases for review, which was assisted by the utilisation of the Salesforce CRM platform. The Committee recommended enhancements to the Appointed Representatives Self-Assessment of Compliance report before it was approved by the board of SJPWM.
Security and resilience	**Operational resilience** – The Committee reviewed how the Group's approach to operational resilience and compliance with the FCA and PRA requirements had progressed, including the annual self-assessment and review of the policy and framework which set out the processes used to assess whether the Group remains operationally resilient. **Cyber risks** – The Committee received regular updates on cyber risks, including the changing threat levels and corresponding mitigation actions taken to protect clients, the Partnership and the wider Group. 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 the operation of the policy framework and its compliance with the regulations. The Committee receive regular assurance on the resilience of our important business services and important support services which confirmed that appropriate preventative action is taken to address any vulnerabilities identified. 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 from ransomware attacks, artificial intelligence and potential vulnerabilities in the supply chain. The Committee challenged whether the implementation timeline was ambitious enough but was encouraged by the robustness of the approach and the high numbers of Partner practices that were self-accredited to CE+ or accredited through the use of our DaaS offer.

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 the ongoing assessment of the Group's progress towards achieving its strategy, the Committee reviewed the different risks faced by the business in meeting its stated goals. In particular the Committee conducted in-depth assessments of the changes to the client charging model and their impact on risks affecting the strategy. More details can be found on pages 18 to 23. 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 and 'deep dive' risk reviews during the year. In 2023, the reviews centred on risks associated with artificial intelligence, energy 'blackouts' and environmental, social and governance (ESG) disclosures. **Responsible business** – The Committee received an update on the Group's progress towards its responsible business ambitions and reviewed the risks associated with the plan to achieve this strategic priority. The Committee noted the increasing importance of incorporating climate risks into wider business objectives.	The Committee was reassured by the actions and developments evidenced to mitigate the identified risks to delivering the strategy, which included the changes to the client charging model. The Committee was satisfied that emerging risks had been appropriately identified and were being monitored and managed accordingly. Reporting of these risks continues to be enhanced to facilitate rigorous debate on the potential implications for the Group. Appropriate time is set aside to allow consideration and challenge of emerging risks, including 'deep dives' and updates on specific areas such as artificial intelligence. The Committee scrutinised the approach being taken in relation to climate transition planning and the heightened expectations in respect of both gender and ethnic diversity in the workforce.
Third parties	**Administration performance** – The Committee reviewed the risks to the provision of administration services to Partners and clients. It was reported that the overall risk environment remained stable and focus would be on further digitising administration processes and enhancing the service provided to clients and Partners by our third-party administrators and centres to ensure the risk remained at an acceptable level. **Outsourcing** – The Committee received an update on the Group's outsourcer and supplier management approach including how the outsourcer and supplier management policy had been embedded to maintain continued compliance with the regulations regarding oversight of outsourcing. The Committee also reviewed the Group's arrangements for managing cyber security risk across its material outsourcers, and the third and fourth parties to whom they sub-contract.	The Committee was satisfied that the risks affecting the administration service provided to Partners and other stakeholders were being managed appropriately, including enhancements to governance and oversight and reductions in the average time taken to close incidents. The Committee was provided with regular reporting which included information on outsourcing and supplier management developments. The Committee was encouraged by the progress made with developing data collection processes and a management database to provide a single source for that data. 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 the long-term success of the Group, its clients and the wider SJP community. Particular emphasis will be placed on monitoring compliance with the Consumer Duty principles and assessing how they are embedded into culture throughout the SJP community to ensure the Group consistently delivers positive client outcomes. Further areas of focus will include monitoring the programme to deliver the changes to charging structures announced in October 2023, continuing to assess the risk impact of the Group's decision to undertake a comprehensive review to analyse and assess historic client servicing records since 2018, assessing the adequacy of our response to emerging risks and the actions taken to ensure ongoing operational resilience and the Group's oversight of Appointed Representatives. 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 and services 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

Members and date joined Committee

Paul Manduca (Chair)
1 January 2021

Emma Griffin
18 May 2023

Rosemary Hilary
22 July 2020

John Hitchins
18 May 2023

Note: Dominic Burke was a member of the Committee from 18 May 2023 to 31 January 2024.

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, knowledge, 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, knowledge and experience to direct the Group in the successful execution of its strategy.

Regular attendees at meetings

Chief Executive Officer, Company Secretary and representatives of external consultants.

Dear Shareholder,

During 2023 we saw further changes to the membership of the Board, starting with the planned retirements of Simon Jeffreys and Roger Yates. The Committee was also made aware of Andrew Croft's intention to retire from his position as Chief Executive Officer and, in line with succession plans, it worked with Russell Reynolds Associates to successfully identify and appoint Mark FitzPatrick as his successor. The Committee also commenced the search for a new Senior Independent Director, ahead of Dominic Burke's stepping down on 31 January 2024. It is still early days for Mark, but the Committee will be keen to hear his thoughts around executive succession planning and key roles in due course.

As the governance landscape evolves, so do the role and make-up of boards and committees. Many of the key attributes of a successful board have remained unchanged but organisations are increasingly recognising the challenges associated with having to balance the need for depth of experience with access to specialist knowledge in a growing number of areas. Organisations have also become acutely aware of the value of diversity in every sense and this adds yet a further lens. Alongside diversity, there has been greater emphasis placed on independence and all of these factors point to the importance of having robust and continuous succession plans.

Report of the Group Nomination and Governance Committee continued

Whilst the Board as a whole has a keen interest in Inclusion and Diversity (I&D), the Committee continues to be a focal point for monitoring progress and considering policy change. During the year we reviewed the Group's Inclusion and Diversity Policy and our own Board Diversity Policy and continued to monitor progress against our I&D strategy and stated public commitments. For the first time this year we are reporting against the new Listing Rules relating to board diversity, and this information can be found on page 128.

Alongside the Committee's 'nomination' responsibilities sits its oversight of governance across the Group. Building on the work that the Committee has overseen in recent years, a comprehensive review of the Group's governance framework was carried out in 2023, focusing in particular on governance at subsidiary level. Changes that have been agreed by the Committee include strengthening the body of independent Non-executive Directors on subsidiaries, whilst also looking to leverage the expertise around the plc Board table by increasing the overall non-executive presence on subsidiary boards.

Although we were not required to carry out an externally facilitated Board evaluation in 2023, having last had one in 2021, we 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 90 to 105.

I look forward to reporting on further progress as we continue our work in 2024.

Paul Manduca, On behalf of the Group Nomination and Governance Committee

27 February 2024

Activities during the year

Topic	Summary of activity	Find out more
Board composition	The Committee remained focused on the longer-term succession planning for Non-executive Directors but also took action to address the impact of unforeseen changes.	See overleaf
Committee and subsidiary board compositions	The composition of the Board's principal committees and subsidiaries is kept under regular review and several changes were made during the year to ensure an appropriate balance of membership.	See overleaf
Management succession	The Committee identified and recommended to the Board the appointment of Mark FitzPatrick as Andrew Croft's successor as Chief Executive Officer. The Committee continues to monitor the plans for members of the Group Executive Committee and key personnel.	See overleaf
Inclusion and diversity	The Committee continued to assess the progress made against the I&D strategy and SJP's commitments. The Board Diversity Policy and the Group's Inclusion and Diversity Policy have also been reviewed.	See page 127
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 2022 Board effectiveness review and agreed the scope of the 2023 exercise.	See pages 128 and 104 to 105

Operation and performance of the Committee

During 2023 the Committee comprised the Chair of the Board and four independent Non-executive Directors, who between them were 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 in 2023 and following the departure of Simon Jeffreys and Roger Yates at the AGM in May, Dominic Burke, Emma Griffin and John Hitchins joined the Committee. The Committee's effectiveness was considered as part of the Board's overall assessment of its effectiveness (see pages 104 to 105). The Board remains satisfied that, as a whole, the Committee has the experience and qualifications necessary.

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 were the last of these Directors and stepped down from their Board positions at the conclusion of the AGM in 2023. Following their departures, the Committee recommended that Dominic Burke be appointed as the Senior Independent Director, alongside changes to the chairs and composition of the Board's committees. When making these recommendations, the Committee noted the responsibilities attaching to each role and ensured that those put forward had the necessary experience to fulfil the roles effectively.

Longer-term succession planning is an ongoing exercise and remains at the forefront of the Committee's consciousness and activities, but it also has a key role to play when unforeseen events result in changes to the Board. In November 2023 we announced that, following only a short time with SJP, Dominic Burke would step down from the Board. A change in Dominic's circumstances meant that he would no longer be able to commit the time required to the Board of St. James's Place plc and the Committee was required to accelerate existing plans to recruit further Directors and begin the search for a new Senior Independent Director. We remain comfortable that the size, structure and composition of the Board is appropriate but we also recognise that the demands on boards have increased, especially in the financial services sector. Against this backdrop it is important that boards are able to absorb unplanned changes and we will continue to monitor the make-up and workload of the Board, addressing any potential gaps we identify.

Executive succession

The selection of a new Chief Executive Officer or Chair is amongst the most significant responsibilities of a nomination committee and this is no different at SJP. When the Committee began to prepare for the search for Andrew Croft's successor as Chief Executive Officer, the Committee chose to appoint Russell Reynolds Associates (RRA). RRA is a sponsor of the 30% Club and is accredited in the FTSE 350 of the Enhanced Voluntary Code of Conduct for Executive Search Firms. RRA provided the Committee with access to the networks and expertise required to establish the appropriate success criteria and then identify and evaluate internal and external candidates for the role. Once the success criteria had been approved by the Committee, RRA undertook research and presented to the Committee a long-list of external candidates to consider alongside internal candidates. The long-list was refined and the remaining candidates were assessed by RRA against the success profile, involving psychometric testing where appropriate. From the short-list of candidates, Mark FitzPatrick was identified by the Committee as the outstanding candidate and, as a result of the Chair's past relationship with Mark, it was agreed that Dominic Burke in his capacity as Senior Independent Director should take a prominent role in the interview process. Mark met all members of the Committee, as well as the other Directors on the Board, and the Committee agreed that Mark FitzPatrick was the preferred candidate to succeed Andrew Croft. Mark joined the Board on 1 October 2023 and, following receipt of the requisite regulatory approvals, succeeded Andrew as Chief Executive Officer on 1 December 2023.

When making their recommendation, the Committee recognised the value that a fresh perspective could bring, but also was extremely mindful of the importance of retaining aspects of our culture that have been so integral to our success. The Committee remains clear that having the right people is critical to our long-term success and will continue to support Mark and his team to enable them to identify talent and manage succession, enabling the business to attract, develop and retain the right people.

Group governance

The complexity of governance within the financial services sector has increased significantly in recent years, not least as a result of developments in regulation and an increase in the demands of other stakeholders (e.g. for additional reporting). This has inevitably led to the establishment of a number of procedures and other mechanisms that make up a group's governance operating model. It is not unusual for the evolution of these models to lack the cohesion and organisation that provide boards, executives and employees with the consistent guidance and incentives they require, particularly when, like SJP, the business has grown rapidly. The right governance operating model has the potential to enhance management's ability to implement strategy and a board's ability to exercise proper oversight.

In 2023 we took the opportunity to step back and review both our corporate structure and the governance framework that underpins it. The Committee plays an important role in overseeing governance, particularly as it applies to our regulated subsidiaries, and has considered and recommended to the Board changes aimed at ensuring our approach to governance remains right-sized, effective and efficient for the future of SJP. One key area has been the balance between independent and executive directors, where we have chosen to reinforce the capacity for independent challenge by appointing independent chairs and increasing the non-executive presence on subsidiary boards. One such example is our UK-based unit trust management company, St. James's Place Unit Trust Group Limited, where the Committee oversaw the appointment of an independent chair to work alongside the existing non-executives on its board. The revisions to the governance framework and corporate structure will take time to complete and the Committee will continue to oversee progress.

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, they must form part of our formal plans. During 2023 the Committee reviewed 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 continues to be a challenge throughout the financial services sector, and whilst we are seeing progress against our stated targets and evidence that a commitment to diversity is embedded in our culture, we remain focused on how we can achieve the progress we desire. In 2023, 48.3% of all senior hires were female and the total proportion of women in senior roles increased to 34.4%.

Also during 2023, 16.4% of external hires identified as minority ethnic, which has resulted in the total proportion of minority ethnic employees increasing to 8.2%. Whilst this means we were slightly below our target of 10% minority ethnic representation by 2023, we are still encouraged by our progress and know that these incremental changes are important steps in the right direction. Our latest Pay Gap Report is available on our website at **www.sjp.co.uk**, while further information on how the Inclusion and Diversity policy has been implemented can be found in the responsible business section of the Strategic Report on pages 24 to 49.

Report of the Group Nomination and Governance Committee continued

The Board diversity policy sets out our own approach and commitment to diversity at board level. It applies to the Board of the Company, but also recognises the implications more widely for the Board's committees and material subsidiaries whose compositions are reflective of the make up of the Board and the organisation as a whole. The Board's commitment can be seen in the Committee's terms of reference and forms an important part of the Board's succession plans and the process for recruiting new Directors. The Board continues to meet the Listing Rule LR9.8.6 (9)(a) (iii) requirement for at least one of its members to be from an ethnic minority. Whilst the percentage of women on the Board began the year at 30%, the Board knew this was a temporary position, and the percentage increased to 37.5% when both Simon Jeffreys and Roger Yates stepped down after the AGM in May 2023. This means that the Company did not meet the 40% target in Listing Rule LR9.8.6R (9)(a)(i) at 31 December 2023, although when Dominic Burke stepped down on 31 January 2024 the percentage increased to 42.9%. The size of our current 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.

As mentioned above, we are actively searching for a Senior Independent Director, but there are no short-term plans to replace the Chair, Chief Executive Officer or Chief Financial Officer, all of which roles are currently occupied by men. This means we did not comply with Listing Rule LR9.8.6R (9)(a)(ii) at 31 December 2023. However, the chair of the Group Risk Committee, chair of the Group Remuneration Committee and nominated Non-executive Director for Workforce Engagement are all women and the Board views 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 those in other sectors, as demonstrated by the level of scrutiny and focus it receives from the financial services regulators. The information required under Listing Rule LR9.8.6R (10) and (11) can be found below.

	# of Board members	% of the Board	# of senior positions on the Board (CEO, CFO, SID & Chair)	# in executive management	% of executive management
Men	5	62.5%	4	6	75.0%
Women	3	37.5%	0	1	12.5%
Not specified/ prefer not to say	0	0.0%	0	1	12.5%
Total population	**8**	**100.0%**	**4**	**8**	**100.0%**

	# of Board members	% of the Board	# of senior positions on the Board (CEO, CFO, SID & Chair)	# in executive management	% of executive management
White British or other White (including minority-white groups)	7	87.5%	4	7	87.5%
Mixed/multiple ethnic groups	1	12.5%	0	0	0.0%
Asian/Asian British	0	0%	0	0	0.0%
Black/African/ Caribbean/ Black British	0	0%	0	0	0.0%
Other ethnic group, including Arab	0	0%	0	0	0.0%
Not specified/ prefer not to say	0	0%	0	1	12.5%
Total Population	**8**	**100%**	**4**	**8**	**100.0%**

Data on the diversity of the individuals on the Board and Group Executive Committee as at 31 December 2023 as required by Listing Rule 9.8.6R(10) is set out above. Data is collected from Group Executive Committee members through our voluntary employee diversity survey and from other Board members by self-disclosure directly from the individuals concerned.

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 they 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 2024 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. In 2023, Independent Audit was asked to review the role of the Board and the effectiveness of individual committees. Rather than using a questionnaire as in 2022, Independent Audit conducted more targeted interviews with all Board members. The review of the Board focused on how the role of the Board was understood throughout the organisation and how it could best add value. It also focused on the effectiveness of the committee structure.

The Committee has monitored progress against the actions that arose from the 2022 Board effectiveness review during 2023 and is satisfied that they have been addressed. Further details of the progress made and the 2023 review are set out on pages 104 to 105. For details on the training and development provided to Directors (including induction programmes) please see pages 94 and 103.

Report of the Group Remuneration Committee

Emma Griffin

Contents

Group Remuneration Committee membership

Member and date joined Committee

Emma Griffin (Chair)	22 July 2020
Lesley-Ann Nash	1 January 2022
Rosemary Hilary	1 August 2022

Note: Dominic Burke was a member of the Committee from 18 May 2023 to 31 January 2024.

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, the Chair of the Board 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 Officer, Chief Financial Officer, Chief Risk Officer and People Director.

Dear Shareholder,

On behalf of the Committee, I am pleased to present the Directors' Remuneration Report for 2023 (the Remuneration Report).

The Remuneration Report is in three sections:

- Committee Chair's annual statement;
- Annual Report on Remuneration for 2023, including an 'at a glance' summary; and
- Summary of the Directors' Remuneration Policy for the 2023-25 period.

The sections are set out in accordance with the UK Directors' Remuneration Report Regulations 2013, as amended in 2018 and 2019.

Report of the Group Remuneration Committee continued

Section 1

Chair's annual statement (unaudited)

Introduction

This is my first report as Chair of the Group Remuneration Committee, following my appointment to the role in May 2023. On behalf of the Committee, I would like to like to thank my predecessor, Roger Yates, for his many years' service as Committee Chair.

2023 has been a challenging year for the Company, as fully explained in other parts of the Annual Report and Accounts. The Committee's approach has been to align incentive plan outcomes for executives with Company performance, and this can be clearly seen from the information set out in this report for 2023. Among the Executives there have been strong personal contributions and achievements in many performance areas. However, recognising the overall performance of the Company and that of the share price in 2023, the impact on our shareholders and other stakeholders, the Committee has used its discretion to substantially reduce annual bonus award outcomes for executives from the calculated outcomes according to the bonus targets and to reduce the 2024 PSP grants. Further details are provided below.

Directors' Remuneration Policy (the Policy)

The Policy was approved in the triennial vote at the 2023 AGM with 97.35% of votes in favour, following an extensive consultation with major shareholders. The Policy approved in 2023 contained modifications compared to the previous Policy, including refinements of the metrics and weightings in the incentive plans, a further strengthening of the requirement for Executive Directors to retain shares after leaving service, and reduced pension allowances for Executive Directors. There was also an increase in the maximum that Executive Directors could receive in performance-related annual bonus, to align this with market norms – but this change is phased in over two years, and any bonus award continues to depend on performance outcomes.

We applied this Policy during 2023 and are not seeking to make any changes to the Policy at the 2024 AGM.

Shareholder consultation following the 2023 AGM

The Directors' Remuneration Report for 2022 received 77.85% of votes in favour at the 2023 AGM. Although more than three-quarters of votes had been cast in favour, the Committee undertook a further consultation after the AGM to understand the reasons for votes against. The primary reason was that the Committee had decided not to apply a downward adjustment to the long-term Performance Share Plan (PSP) award that was granted in 2020 and vested in 2023. The Committee had permitted the award to vest to the extent of the performance achieved. Some shareholders felt that the performance-based outcome should have been further reduced, as share prices in 2020 had been depressed due to COVID-19 causing more shares to be granted for the same percentage of base salary.

We had provided an explanation in the Remuneration Report of the reasons for not applying a downward adjustment, including that the Committee had already exercised discretion to award zero annual bonuses across the Company for 2020 despite a resilient performance in that year, and had also capped the 2020 PSP grants 20% below the level approved in the 2020 Policy vote.

The Committee is grateful for the feedback received from those shareholders who responded to the consultation. This has been further considered in the approach to grants in 2024 and further explanation is provided later in this statement and report.

Annual bonus outcomes for 2023

Annual bonus for 2023 was based on a combination of financial criteria (60% weighting) and strategic criteria (40% weighting). As set out in the Policy, the maximum annual bonus for 2023 was 175% of base salary. The financial metrics were underlying Cash Result profits, net funds flow and controllable expenses. Strategic criteria covered six elements including key performance indicators relating to investment proposition for clients, client service, colleague engagement, brand and reputation, and environmental performance. The Committee undertook a robust assessment against all the performance criteria, and then considered the wider performance of the Company for 2023.

As explained in other parts of the Annual Report and Accounts, the financial performance of the Company was resilient. Positive net fund flows and underlying Cash Result profits were both close to the level required for a bonus award. Performance in managing controllable expenses was at the upper end of the performance range which could have resulted in a pay-out of 40% of the financial element. However, the Committee determined that downward discretion should be applied to the financial component of the bonus, recognising that the significant costs associated with the management of increased client complaints were incurred during the year, and therefore the Committee agreed that zero bonus should be payable to executives for that component.

The Committee assessed performance for the strategic criteria taking into account views of the Chief Executive Officer, the Committee members and the Committee's remuneration adviser and determined that a total of 39% percent of salary had been earned for this element, out of a maximum 70% of salary. The Committee also considered the personal performance of each Executive Director and the degree of overall accountability that accompanies their respective roles, in exercising its final overriding discretion. This resulted in the Chief Financial Officer being eligible for a total annual bonus award for 2023 of 22.3% of maximum, which is 39% of base salary. The pro-rata award for Andrew Croft, for his 11 months as Chief Executive Officer, was assessed to be zero, taking account of the significant over-arching responsibility for company performance that goes with the Chief Executive Officer role. The new Chief Executive Officer, Mark FitzPatrick was not eligible to receive an annual bonus for 2023 in line with the Company's bonus scheme eligibility rules, as he was new in role.

Performance Share Plan (PSP) outcome for 2021-2023

The PSP awards granted in 2021 reached the end of their three-year performance period in 2023. The performance metrics for these awards were earnings per share growth and relative total shareholder return against a peer group of companies in the FTSE 350. The performance outcomes on these metrics were below the threshold vesting level. The total vesting outcome was zero, which further reinforces the alignment of executives with the outcomes for shareholders.

Change of Chief Executive Officer

Andrew Croft stepped down as Chief Executive Officer effective 30 November 2023, after more than 30 years' service to the Company, including 13 years as its Chief Financial Officer and nearly 6 years as Chief Executive Officer. Mr Croft is eligible for base salary and contractual benefits for the remainder of his notice period that expires 13 September 2024, 12 months from the announcement that he was to step down. Mr Croft remained eligible for an annual bonus for 2023 pro rated for the period he was a member of the Board and subject to the performance conditions; as explained above, the Committee determined that the bonus award for 2023 should be zero. He is not eligible for an annual bonus in respect of the financial year ending 31 December 2024. Mr Croft retained his deferred bonuses earned in respect of previous financial years, vesting at the normal three year vesting dates, and his PSP awards from prior years, subject to time pro-rating and performance, with vesting dates unchanged and also subject to the normal two year post-vesting holding period. He is required to retain a shareholding in the Company of 300% of his base salary for two years post cessation.

Malus and clawback provisions continue to apply to all awards under the relevant plans.

Mark FitzPatrick was appointed Chief Executive Officer effective 1 December 2023, having been Chief Executive Officer Designate from 1 October 2023. Mr FitzPatrick was previously interim group chief executive officer for Prudential plc, and his total remuneration package with SJP has been set more than 20% below the level in his previous role. His base salary with SJP was set at £840,000, which, although higher than Andrew Croft's base salary, was lower than the base salary Mr FitzPatrick received at Prudential, and is appropriate for a company of the size and scope of St. James's Place. It is also important to note that the Committee reported to shareholders in last year's Remuneration Report that there could be a need to re-position the base salary for the SJP Chief Executive Officer role, as it was materially below benchmark levels. Mr FitzPatrick's pension level is 10% of base salary in line with other new joiners to the Company. His maximum annual bonus is set at 200% of base salary for 2024, and his maximum PSP grant is 250% of base salary, both in line with the approved Policy. Mr FitzPatrick also received PSP awards over SJP shares with a value of £644,163 to replace the portion of awards he held at Prudential that he forfeited in order to take up his role with SJP on 1 October 2023. These replacement awards are subject to performance conditions and vest in 2024 and 2025, in line with the vesting dates of the awards he forfeited.

Other Board changes

Roger Yates and Simon Jeffreys retired from the Board on 18 May 2023 having both served as Directors for nine years, and Dominic Burke stepped down from the Board on 31 January 2024.

Salary reviews for 2024

The Committee has reviewed base salaries for Executive Directors for 2024 and determined that the Chief Financial Officer's base salary should be increased by 4% at the 1 March 2024 review date, which is below the average 5% increase for SJP employees overall. The Committee also determined that the Chief Executive Officer's base salary should remain unchanged at this 2024 review date.

Annual bonus metrics for 2024

The new Chief Executive Officer, Mark FitzPatrick, has been undertaking with the Board a review of the priorities for the business for 2024 and beyond. This has an important bearing on the selection of performance metrics for the annual bonus for 2024, and the Committee has been considering these. The key principles for selecting performance metrics, as set out in the Policy, remain, a twin emphasis on robust financial performance and on strategic goals. As in previous years, at least 50% of any annual bonus award for Executive Directors will be deferred into shares. The full set of metrics, targets and outcomes will be reported to shareholders in the Remuneration Report for 2024, in the usual way. The financial metrics will make up 60% of the annual bonus and will be unchanged from 2023, with suitable targets taking account of the 2024 business plan. The non-financial element of the annual bonus will be split between Strategic targets (20% of maximum bonus) and individual performance criteria (20% of the maximum bonus).

PSP grants in 2024

We have also considered the metrics for the 2024 grants of the PSP, taking account of the Board's review of business priorities for the next one to three years. This has included considering the choice of financial metrics, the weighting on relative TSR, and whether environmental, social and governance (ESG) targets should form a part of the scorecard. We have concluded that the metrics for the 2024 grant should remain unchanged, including one third based on relative TSR and two thirds based on EPS. We will consider potential changes to metrics prior to the 2025 grant once the new Chief Executive Officer's strategy review is concluded. The Committee has also considered whether grant sizes in 2024 should be reduced, considering the significant fall in the share price since the last round of grants. Executives have, like other shareholders, already experienced substantial reductions in the value of shares, deferred bonus share awards and PSP awards they hold, and there has been zero vesting in 2024 of 2021 PSP awards. However, mindful of the views of shareholders on this issue, the Committee will reduce the 2024 PSP grant for the Chief Financial Officer to 215% of base salary, from 250% of base salary in 2023, a 35 percentage points reduction.

Report of the Group Remuneration Committee continued

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.

A summary of the Policy can be found on pages 154 to 157.

Mark FitzPatrick is new in role, effective 1 December 2023, and therefore did not receive a PSP grant in 2023 and has not been in post over the period when the share price declined. It is also important that he be given an appropriate award to align him with the future success and share price growth of the Company in the 2024-2026 period. The Committee therefore decided that he should receive an award of 250% of base salary, as permitted in the Policy. Vesting of these awards will be subject to demanding performance conditions and the Committee also retains additional discretion to make downwards adjustment at vesting should this be considered appropriate.

Malus and clawback

SJP has a clear malus and clawback policy applying to Executive Directors and other identified roles under the relevant Financial Conduct Authority (FCA) Remuneration Codes. The Committee regularly reviews whether there is a case for the application of malus or clawback to any previous awards under the annual bonus or PSP, taking input from the Group Risk Committee of the Board, and an incentives committee constituted from the heads of relevant independent control functions.

Board Chair fee, and Non-executive Director fees for 2024

The Committee reviewed the Board Chair fee level. The current fee has been unchanged at £375,000 since Paul Manduca was appointed in 2021. The Committee considered the time commitment and complexity of the role, which has grown since Paul Manduca was first appointed. We also assessed the market benchmark data for comparable chair roles in financial services companies; the benchmarking indicated that SJP's fee level was below the median for similar companies. The Committee decided to increase the fee to £400,000 effective 1 January 2024. The fee level will be reviewed again from 1 January 2025.

The Board (excluding Non-executive Directors) reviewed the Non-executive Director fee rates and concluded that a modest increase of 1% should be applied to the base fee, but more significant increases should be applied to the Committee Chair and Committee member fees to reflect time commitment and market benchmarks in similar financial services companies.

Diversity and pay gaps

The Board monitors the gender and ethnic diversity amongst employees. We have achieved 30% female representation in senior management roles in 2023 and we are also working towards at least 10% minority ethnic representation in our UK employee population. We also track the total gender pay gap, which is an indication of whether we are moving closer to a broadly equal number of men and women at each job level in the Company. Over the six years since 2017, we have made substantial progress on this: the median and mean hourly pay gaps have reduced by 13 and 12.9 percentage points respectively over that time.

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 session held during 2023 which discussed the proposed changes to the Policy and took account of the views of the Workforce Engagement Panel before the proposals were finalised, which I and Roger Yates also attended. Another remuneration session will be held in 2024 which will discuss the Policy and practice for Executive Directors and how the underlying principles and structure align to the wider employee workforce.

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 FCA Remuneration Codes that apply to regulated subsidiaries within the Group.

The Committee considers that our Remuneration Policy effectively addresses the following principles set out in the Code:

Factors	Approach taken in Remuneration Policy
Clarity	Our 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 Executive 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 remuneration. The actual outcomes depend on the performance achieved against the specific performance metrics.
Proportionality	The 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 that 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 these include elements specifically aligning with cultural indicators.

Conclusion

Remuneration outcomes for 2023 reflect the Committee's robust approach to performance assessment – with total remuneration substantially lower than for 2022. We align Executive Directors with the long-term interests of our shareholders: over 75% of the total remuneration package is 'at risk' by being subject to performance criteria. Shares constitute around 60% of the total package, through deferral of bonus over three years and PSP awards that are subject to a total five-year vesting and holding period. This closely aligns Executive Directors with sustained share price performance.

I thank shareholders who assisted the Committee in the consultation process following the AGM, and I continue to very much welcome constructive feedback on the Committee's Remuneration Report.

I encourage you to vote for the Directors' Remuneration Report for 2023.

Emma Griffin, On behalf of the Group Remuneration Committee

27 February 2024

Report of the Group Remuneration Committee continued

Section 2

Remuneration at a glance and annual report on remuneration

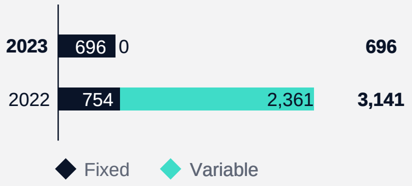
Summary of Executive Directors' remuneration for the year

How were our Executive Directors rewarded?

Single figure remuneration for the year

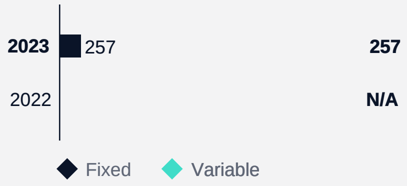
The following tables provide a summary single total figure of remuneration for 2023 and 2022 for the Executive Directors.

Andrew Croft, Chief Executive Officer[1]
£'000



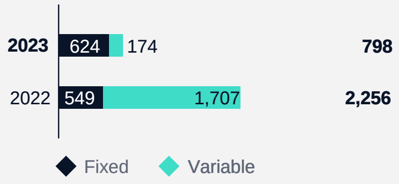
	2023	2022
Base salary	563,862	587,161
Benefits	47,104	49,705
Pension	84,579	117,432
Other	–	176
Annual bonus (cash)[3]	–	339,379
Annual bonus (deferred)[3]	–	339,379
Total	695,545	1,433,232
PSP vested[4]	–	1,682,174

Mark FitzPatrick, Chief Executive Officer[2]
£'000



	2023	2022
Base salary	210,000	–
Benefits	26,469	–
Pension	21,000	–
Other	–	–
Annual bonus (cash)[3]	–	–
Annual bonus (deferred)[3]	–	–
Total	257,469	–
PSP vested[4]	–	–

Craig Gentle, Chief Financial Officer
£'000



	2023	2022
Base salary	445,104	424,561
Benefits	112,146	39,397
Pension	66,766	84,912
Other	179	–
Annual bonus (cash)[3]	86,816	245,396
Annual bonus (deferred)[3]	86,816	245,396
Total	797,827	1,039,662
PSP vested[4]	–	1,216,326

1 Andrew Croft stepped down as Chief Executive Officer and from the Board on 30 November 2023. The figures shown are his remuneration for services as a Director.
2 Mark FitzPatrick was appointed as Chief Executive Officer Designate and to the Board on 1 October 2023 and became Chief Executive Officer on 1 December 2023.
3 The annual bonus awards are in respect of performance during the years ending 2022 and 2023 respectively.
4 The value of the PSP vested corresponds to the long-term incentives in the Total remuneration table on page 135.

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 2023 (max 175% of base salary)	Underlying cash result	10%	0.0	0%
	Net funds under management flows	20%	0.0	0%
	Annual growth in controllable expenses	20%	24.0	42%
	Strategic and operational KPIs	50%	22.3	39%
	Total calculated payout before exercise of discretion	**100%**	**46.3**	**81%**
	Total bonus award after exercise of discretion: Andrew Croft		**0.0**	**0%**
	Total bonus award after exercise of discretion: Craig Gentle		**22.3**	**39%**
PSP (2021 award) (max 200% of base salary)[1]	Relative TSR	33.3%	0.0	0%
	Average annual adjusted earnings per share (EPS) growth in excess of RPI[2]	66.7%	0.0	0%
	Total PSP opportunity	**100%**	**0.0**	**0%**

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 European Embedded Value (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.

Annual report on remuneration

This Directors' Remuneration Report, excluding the Directors' Remuneration Policy, will be put to an advisory shareholder vote at the 2024 AGM. This part of the Remuneration Report explains the work of the Remuneration Committee and sets out how we implemented our Policy during 2023. The information on pages 134 to 153 has been audited where indicated. This part also sets out how we intend to implement the Directors' Remuneration Policy in 2024. A summary of the Policy is set out on pages 154 to 157.

2.1 How the Remuneration Policy was applied in 2023

2.1.1 Remuneration payable in respect of performance in 2023 (audited)

Summary of total remuneration

The remuneration received by Executive Directors in respect of the years ended 31 December 2023 and 2022 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	**2023**	**563,862**	**47,104**	**–**	**–**	**84,579**	**–**	**695,545**	**695,545**	**–**
	2022	587,161	49,705	678,758	1,682,174	117,432	176	3,115,406	754,298	2,361,108
Mark FitzPatrick	**2023**	**210,000**	**26,469**	**–**	**–**	**21,000**	**–**	**257,469**	**257,469**	**–**
	2022	–	–	–	–	–	–	–	–	–
Craig Gentle	**2023**	**445,104**	**112,146**	**173,632**	**–**	**66,766**	**179**	**797,827**	**624,017**	**173,811**
	2022	424,561	39,397	490,792	1,216,326	84,912	–	2,255,988	548,870	1,707,118

The remuneration received by Non-executive Directors in respect of the years ended 31 December 2023 and 2022 is set out below.

Non-executive Director		Fees £	Benefits £	Total £
Dominic Burke[1]	**2023**	**147,109**	**–**	**147,109**
	2022	21,208	–	21,208
Emma Griffin	**2023**	**139,363**	**10,617**	**149,980**
	2022	124,125	6,584	130,709
Rosemary Hilary	**2023**	**159,252**	**419**	**159,671**
	2022	154,021	–	154,021
John Hitchins	**2023**	**142,472**	**118**	**142,590**
	2022	122,042	–	122,042
Simon Jeffreys[2]	**2023**	**105,743**	**1,683**	**107,426**
	2022	181,537	1,699	183,236
Paul Manduca	**2023**	**375,000**	**2,880**	**377,880**
	2022	375,000	4,784	379,784
Lesley-Ann Nash	**2023**	**111,996**	**113**	**112,109**
	2022	111,000	85	111,085
Roger Yates[2]	**2023**	**66,516**	**–**	**66,516**
	2022	167,042	534	167,576

1 Dominic Burke was appointed to the Board on 1 November 2022 and stepped down on 31 January 2024.
2 Simon Jeffreys and Roger Yates retired from the Board on 18 May 2023.

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Report of the Group Remuneration Committee continued

2.1.1 Remuneration payable in respect of performance in 2023 (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 Craig Gentle, they also include a location allowance of £72,000 per annum, to allow him to work increased amounts of time in SJP's London office away from his normal place of work at SJP's Cirencester office (2022: Nil). 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. Non-executive Directors are not paid a pension and do not participate in any of the Company's variable incentive schemes.

Pension allowance
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 allowances 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 155, 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. 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 vesting from 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, to the vested shares. The long-term incentive values for 2023 are £0 for all Executive Directors. For Andrew Croft and Craig Gentle, this is due to the performance conditions not being met for the PSP award granted on 25 March 2021. These awards will lapse in full and no shares will vest and for Mark FitzPatrick it is because he has not been granted any LTIP awards yet. The figures for 2022 have been updated from the three-month average figures used in last year's report (being £1,814,958 for Andrew Croft and £1,312,337 for Craig Gentle) to the Company's share price on the date of vesting on 27 March 2023, being £11.80.

The LTIP figure for 2022 in the table on the previous page includes the following: £642,858 for Andrew Croft and £464,833 for Craig Gentle, which are attributable to the movement in the share price between the grant date and the date of vesting. This amounts to 35.42% of the vesting amount shown in the table for Andrew Croft 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 Craig Gentle, 15 matching shares were awarded on 24 March 2023 at £11.93 per share. Employees making contributions to the Save As You Earn scheme receive a 20% discount on shares under option. None of the Directors started a savings contract in 2023.

Subsidiary board fees
Emma Griffin received £29,688 for chairing St. James's Place Unit Trust Group Limited until 13 December 2023 after which she continued as a Non-executive Director. Sheila Nicoll received £3,629 for chairing St. James's Place Unit Trust Group Limited from 14 December 2023. Simon Jeffreys received €50,781 for chairing St. James's Place International plc (SJPI) until he retired from the Board on 18 May 2023. Dominic Burke, Rosemary Hilary, Simon Jeffreys, John Hitchins and Roger Yates received the following fees as Non-executive Directors of St. James's Place UK plc during 2023: £31,250 for Dominic Burke; £31,250 for Rosemary Hilary; £12,070 for Simon Jeffreys until he retired on 18 May 2023; £32,813 for John Hitchins; and £11,719 for Roger Yates until he retired on 18 May 2023.

2.1.2 Remuneration arrangements for change of Chief Executive Officer (audited)

Termination arrangements for Andrew Croft

As we announced on 13 September, Andrew Croft stepped down from the Board and from the position of Chief Executive Officer of St. James's Place plc (Company) on 30 November 2023. Payments and remuneration arrangements relating to loss of office are set out below.

Mr Croft will continue to receive his base salary and contractual benefits until the end of his notice period on 13 September 2024 when he ceases to be an employee and will be paid in accordance with his service agreement and the Policy.

Mr Croft was eligible for an annual bonus award for the financial year ending 31 December 2023, pro-rated for the period he was a member of the Board of the Company. The Committee determined that the bonus award in respect of 2023 is zero. He will not be eligible for annual bonus in respect of the financial year ending 31 December 2024.

Mr Croft will be treated as a good leaver in respect of his outstanding awards under the DBP and the PSP, and accordingly the unvested awards under these plans will vest on the normal vesting dates. PSP awards will be subject to the achievement of performance conditions and pro-rating in respect of his period of employment. He will not receive a PSP award in 2024. PSP awards will continue to be subject to post-vesting holding periods in accordance with the rules of the PSP.

Mr Croft's unvested Company Share Option Plan (CSOP) awards will vest on the normal vesting dates, subject to the achievement of performance conditions and pro-rating in respect of his period of employment. He will not receive a CSOP award in 2024 and CSOP awards will continue to be subject to post-vesting holding periods in accordance with the rules of the CSOP.

Malus and clawback provisions will apply to any awards or payments made to Mr Croft under any of the above award and share plans.

Mr Croft will retain his unvested Sharesave options and shares held in the Share Incentive Plan (SIP) in accordance with the respective plan rules.

In line with the Policy, Mr Croft will be required to maintain a shareholding equivalent to 300% of his base salary from the date he stepped down from the Board for two years post cessation.

Mr Croft will receive no additional compensation or payment for the termination of his service contract or his ceasing to be a director of the Company or any other Group Company. The Company contributed towards his legal fees in connection with the termination of his service contract.

Joining arrangements for Mark FitzPatrick

Mark Fitzpatrick was appointed Group Chief Executive effective 1 December 2023, having been Chief Executive Officer Designate (and appointed to the Board) from 1 October 2023. Mr FitzPatrick receives a base salary of £840,000. Mr FitzPatrick's pension level is 10% of base salary, in line with other new joiners to the Company. His maximum annual bonus is set at 200% of base salary for 2024, and his maximum PSP grant is 250% of base salary, both in line with the approved Policy. Mr FitzPatrick also received Buyout awards over SJP shares with a value of £644,163 to replace the portion of awards he held at Prudential that he forfeited to take up the role with SJP on 1 October 2023. The first tranche of these replacement awards will vest in 2024 and are subject to the following performance conditions which apply to the Prudential plc Long Term Incentive Plan 2021: Prudential plc's relative total shareholder return for 50% of the awards; Prudential plc's return on embedded value for 30% of the award; and sustainability scorecard for 20% of the award. The second and third tranches vest in April 2025 and May 2025 and are subject to SJP's total shareholder return against the comparator group used for SJP's annual PSP awards. These replacement awards vest in line with the vesting dates of the awards he forfeited.

2.1.3 Summary of total annual bonus for 2023 performance (audited)

Bonus scorecard

The performance conditions (both financial and non-financial targets) and weightings which applied to the annual bonus 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	21%	12%	£410m	£458m	£384.7m	0.0%	0.0%
Net funds under management flows	42%	24%	£7.40bn	£9.09bn	£5.1bn	0.0%	0.0%
Annual growth in controllable expenses	42%	24%	£377.3m	£370.4m	£370.4m	42.0%	24.0%
Strategic	70%	40%	Assessment by the Committee of the performance of the Executive Directors			39.0%	22.3%
Total calculated payout before exercise of discretion						**81.0%**	**46.3%**

Report of the Group Remuneration Committee continued

2.1.3 Summary of total annual bonus for 2023 performance (audited) continued

Strategic targets performance assessment

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 guide 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 during the year.

A number of the business priorities were achieved and progress was made in meeting or exceeding certain business plan objectives. The category entitled 'Our culture and being a responsible business' is made up entirely of environmental, social and governance (ESG) targets and has been progressing to plan. In addition, other factors throughout the objectives also recognise our aim to be a responsible business.

Business priority (scorecard weighting – total 70%)	Measure/target	Outcome	Score (out of 11.67%)
Building community (11.67%)			7
Net manpower growth	Grow adviser numbers in line with plan	3% growth achieved	
Attainment of competent adviser status	Reduce the time taken to reach competent adviser status in line with plan	Time taken to reach competent adviser status was reduced. Further reductions required to achieve plan goal	
Partner sentiment	Achieve strong overall scores based on a basket of criteria in Partner engagement surveys	Improvements to Partner sentiment required to achieve stronger scores	
Partner feedback from engagement events	Achieve positive Partner feedback from engagement events	Positive feedback achieved	
Employee engagement	Achieve strong employee engagement scores based on colleague survey results	Engagement score of 87% achieved, in line with plan	
Being easier to do business with (11.67%)			9
Administration performance	% of key performance indicators used to track the performance of our administrators showing a positive outcome	Target exceeded. Achieved 90% over the whole year. Further work required to optimise the benefit Partners receive from improved administrator performance	
Administration error rate	Improve administration service by reducing error rates in line with plan	Achieved in line with plan	
Salesforce integration and satisfaction levels	Continue to embed Salesforce across corporate functions and increase Partner sentiment	Partner sentiment and experience improving with the rollout of new Salesforce functionality	
Enhancement of digital client proposition	Increase client app features and assess client satisfaction	Exceeded target	
Client adoption of digital tools	Increase the use of digital technologies by clients	Achieved close to target	
Data governance and quality	Improve data governance and quality	Material improvements achieved. Further work required	

Business priority (scorecard weighting – total 70%)	Measure/target	Outcome	Score (out of 11.67%)
Delivering value to advisers and clients through our investment proposition (11.67%)			7
Client sentiment on investment proposition	Achieve positive client sentiment on the investment proposition	Improvement required. Plans underway to enhance sentiment alongside broader investment outperformance goals	
Investment performance	Further improve aggregate relative performance, as measured by the Value Assessment methodology	Change to the Value Assessment Statement methodology affected fund ratings. Fund outperformance improved alongside Partner sentiment	
Investment proposition changes	Successful delivery of planned fund and portfolio changes	Achieved in line with plan	
Carbon footprint	Reduce carbon footprint of investment proposition in line with plan	Exceeded target	
Building and protecting our brand and reputation (11.67%)			4: below bonus threshold
Client sentiment	Achieve positive client sentiment	Positive sentiment achieved in certain areas. Enhancements required to improve overall sentiment	
Reputation	Enhance SJP's external reputation	External challenges experienced during the year. Further work planned to enhance SJP's external reputation	
Client servicing	Deliver client servicing in line with expectations	Significant progress achieved in line with plan	
Cyber security	Increase % of Partnership using DaaS or who are CE+ accredited	Achieved target	
Media sentiment	Achieve positive media sentiment	External challenges experienced during the year. Further work planned to enhance SJP's external reputation	
Client complaints	Achieve low levels of complaints, relative to volume of clients	Complaint volumes increased	
Regulator relationships	Maintain a constructive relationship with the PRA and FCA	Relationship continues to improve and will be developed further in 2024	
Risk management	Maintain effective risk management, compliance oversight and internal audit framework	While control framework remains robust some areas of improvement are required	
Our culture and being a responsible business (ESG) (11.67%)			8
Culture vision	Focus on inclusion and belonging within the SJP community and engaging with and embedding the culture vision within the Partnership	Year on year improvement in employee engagement score for inclusion and belonging	
Carbon emissions	Improve carbon emissions data collation and support, becoming carbon positive in operations by 2025	Have been progressing to plan in 2023 with continued enhancements planned in 2024 to enable achievement of target	
Financial resilience	Improve financial resilience in society and with our employees through financial education	Exceeded target	
Community impact	SJP Charitable Foundation to raise at least £9.2 million with Company matching	Goal exceeded. £9.5m raised during 2023	
Inclusion and Diversity	30% representation of females in senior roles and 10% ethnic minority employee representation by September 2023	34.4% representation of females in senior roles achieved. Ethnic representation increasing	
Continued financial strength (11.67%)			8
Partner lending	Manage the existing Partner loan book and maintain lending to cash utilisation targets	Behind plan due to challenging external conditions	
Risk appetite of capital	Manage capital within risk appetite	Achieved	

Report of the Group Remuneration Committee continued

2.1.3 Summary of total annual bonus for 2023 performance (audited) continued

2023 performance against bonus scorecard (including Committee discretion)

The table below sets out performance against financial and non-financial targets under the bonus scorecard, and the effect of the Committee's overriding discretion on the final outcome. The table also shows the portion of the annual bonus awarded in cash and the portion awarded in deferred shares.

	Andrew Croft	Craig Gentle
Bonus scorecard (0% – 175%)	81%	81%
Committee discretion	-81%	-42%
Final outcome (% of base salary)	**0%**	**39%**
Maximum opportunity for 2023 (% of salary)	175%	175%
Final bonus outcomes		
% of salary	0%	39%
% of maximum	0%	22%
Cash amount	–	£86,816
Deferred amount	–	£86,816

2.1.4 Long-term incentive awards (audited)

Vesting of Performance Share Plan awards

On 31 December 2023, the awards made on 25 March 2021 under the PSP reached the end of their three-year performance period. As outlined below these awards did not meet the minimum performance hurdles and therefore no shares will vest. The performance conditions which applied to the 2021 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%	5%	25%
Stretch or above	Upper quartile or above	100%	12% or above	100%
Actual achieved	66 out of 80 companies	0%	0%	0%

1 FTSE 51 to 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.

Granting of PSP awards in 2023

Details of PSP awards (nil-cost options) granted to the Executive Directors in 2023 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 £620,494	£11.9683	129,612	1,551	25%
Craig Gentle	Nil-cost option	250% of salary of £448,665	£11.9683	93,719	1,122	25%

1 The number of shares awarded was calculated based on the average of the mid-market share prices over a period of three days prior to the date of grant on 3 May 2023, being £11.9683 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 £11.9683.

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 2023 were based on the achievement of three 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 a straight-line relationship to 100% vesting for upper quartile performance; (b) EPS CAGR % using EEV adjusted profit for one third of the award. 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, for one third of the award; and (c) EPS CAGR % using Cash result profits for one third of the award. For the EPS performance metric elements, 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 (EPS CAGR of 5%) and maximum (EPS CAGR of at least 12%) targets. These awards also have a post-vesting holding period of two years from the vesting date.

3 Andrew Croft's award is subject to pro-rating in respect of his period of employment until 13 September 2024.

2.1.5 Share awards (audited)

The tables below set out details of share awards that have been granted to individuals who were Executive Directors during 2023 and which had yet to vest or be exercised at some point during the year. With the exception of the awards granted to Mark FitzPatrick, the performance periods for share awards run for a period of three years, ending on 31 December of the year immediately preceding the vesting date.

Buyout awards outstanding

Director	Date of grant	Market price at grant	Shares originally awarded	Face value (£)[1]	Shares vested	Vesting date	Dividend equivalents added to vested awards	Shares exercised including dividend equivalents	Shares lapsed	Remaining unexercised at 31 Dec 2023
Mark FitzPatrick	24 Oct 2023	6.4388	14,873	95,764	–	17 May 2024	–	–	–	14,873
	24 Oct 2023	6.4388	34,513	222,222	–	4 April 2025[2]	–	–	–	34,513
	24 Oct 2023	6.4388	50,658	326,177	–	27 May 2025[2]	–	–	–	50,658

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 five-days prior to the date of grant).

2 The performance period for the awards which vest on 4 April 2025 and 27 May 2025 is from 1 October 2023 to 31 December 2024.

3 The awards are in the form of nil-cost options granted under the rules of the Performance Share Plan and are subject to the performance conditions outlined in section 2.1.2 (page 137). Vested awards will be subject to a two-year holding period from the relevant vesting date.

Report of the Group Remuneration Committee continued

2.1.5 Share awards (audited) continued

Performance Share Plan awards outstanding

Director	Date of grant	Market price at grant	Shares originally awarded	Face value (£)[1]	Shares vested	Vesting date	Dividend equivalents added to vested awards	Shares exercised including dividend equivalents[5]	Shares lapsed	Remaining unexercised at 31 Dec 2023
Andrew Croft	25 Mar 2019	9.92	107,537	1,066,767	100,454	25 Mar 2022	–	100,454	–	–
	25 Mar 2020	7.13	159,387	1,136,429	137,657	25 Mar 2023	21,328	153,740	21,800[6]	5,175
	25 Mar 2021	12.67	89,695	1,136,436	–	25 Mar 2024[3]	–	–	–	89,695
	25 Mar 2022[4]	14.64	100,947	1,477,359	–	25 Mar 2025	–	–	–	100,947
	3 May 2023[2,4]	11.9683	129,612	1,551,235	–	3 May 2026	–	–	–	129,612
Craig Gentle	25 Mar 2019	9.92	77,757	771,349	72,635	25 Mar 2022	–	72,635	–	–
	25 Mar 2020	7.13	115,249	821,725	99,536	25 Mar 2023	11,679	111,009	15,919[7]	–
	25 Mar 2021	12.67	64,856	821,726	–	25 Mar 2024[3]	–	–	–	64,856
	25 Mar 2022	14.64	72,992	1,068,238	–	25 Mar 2025	–	–	–	72,992
	3 May 2023[2]	11.9683	93,719	1,121,657	–	3 May 2026	–	–	–	93,719

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). All awards are in the form of nil-cost options.

2 The performance conditions for the awards granted on 3 May 2023 are outlined in the 'Granting of PSP awards in 2023' section on page 141.

3 The three-year performance period for the awards which are due to vest on 25 March 2024 ended on 31 December 2023.

4 Andrew Croft's awards are subject to pro-rating in respect of his period of employment until 13 September 2024, as detailed on page 137.

5 Andrew Croft exercised options on 22 May 2023 at a market price of £11.46 per share and Craig Gentle exercised options on 28 March 2023 at a market price of £11.62 per share. A sufficient number of shares were sold to cover the income tax and National Insurance Contributions due on the exercise of these options and the retained shares are subject to post-vesting holding periods of two years from the applicable vesting date. Dividend equivalents were paid in cash for the awards granted on 25 March 2019 as these awards were granted under the terms of the 2017 Remuneration Policy. Andrew Croft received a payment of £223,680.92 on 25 June 2023 and Craig Gentle received a payment of £134,723.40 on 25 April 2023. Both payments were subject to income tax and National Insurance Contributions.

6 21,730 shares lapsed due to the performance conditions not being met in full and 70 shares lapsed following the exercise of the linked Company Share Option Plan (CSOP) option and is equivalent to the gain on the CSOP exercise.

7 15,713 shares lapsed due to the performance conditions not being met in full and 206 shares lapsed following the exercise of the linked CSOP option and is equivalent to the gain on the CSOP exercise.

Company Share Option Plan options outstanding (linked to PSP awards)

Director	Date of grant	Option price (£)	Share options originally awarded	Grant value (£)[1]	Share options vested	Vesting date	Share options exercised[2]	Share options lapsed[3]	Remaining unexercised at 31 Dec 2023
Andrew Croft	25 Mar 2020	7.13	212	1,512	182	25 Mar 2023	182	30	–
	25 Mar 2022[4]	14.635	1,946	28,480	–	25 Mar 2025	–	–	1,946
	3 May 2023[4]	11.9683	2,525	30,220	–	3 May 2026	–	–	2,525
Craig Gentle	25 Mar 2020	7.13	617	4,399	532	25 Mar 2023	532	85	–
	25 Mar 2022	14.635	1,749	25,597	–	25 Mar 2025	–	–	1,749
	3 May 2023	11.9683	2,874	34,397	–	3 May 2026	–	–	2,874

1 The grant value of the award is calculated by multiplying the number of shares options awarded by the option price (the average share price figure over a period of three days prior to the date of grant).

2 Andrew Croft exercised CSOP options on 22 May 2023 at an option price of £7.13 and a market price of £11.51 per share and Craig Gentle exercised CSOP options on 28 March 2023 at an option price of £7.13 and a market price of £11.60 per share. A sufficient number of shares were sold to cover the option costs for these exercises and the retained shares are subject to post-vesting holding periods of two years from the applicable vesting date.

3 CSOP options lapsed prior to the vesting date due to the performance conditions of the linked 2020 PSP award not being met in full.

4 Andrew Croft's unexercised CSOP options are subject to pro-rating in respect of his period of employment until 13 September 2024, as detailed on page 137.

All share options are in the form of tax-advantaged Company Share Option Plan (CSOP) options which are linked to the PSP award granted on the same date shown in the Performance Share Plan awards outstanding table above. The CSOP options are subject to the same performance conditions as the linked PSP award. On the exercise of vested CSOP options, shares will lapse from the linked PSP award equivalent in value to the gain achieved on the exercise of the CSOP options.

Deferred Bonus Scheme – shares held during 2023

The table below sets out details of the awards held by the Executive Directors under the deferred element of the annual bonus scheme during 2023:

Director	Balance at 1 January 2023	Released in year[1]	Awarded in year	Balance at 31 December 2023[2]	Vesting date
Andrew Croft	15,346	15,346	–	–	25 March 2023
	31,934	–	–	31,934	25 March 2025
	–	–	28,445	28,445	24 March 2026
Craig Gentle	11,096	11,096	–	–	25 March 2023
	23,091	–	–	23,091	25 March 2025
	–	–	20,567	20,567	24 March 2026

1 These deferred share awards were awarded on 25 March 2020 and were equal in value to 50% of each Directors' 2019 total annual bonus The shares were released and sold on 27 March 2023 at a market price of £11.76 per share.

2 Outstanding awards at the year-end relate to deferred shares awarded in 2022 and 2023 which were earned in 2021 and 2022 respectively. The share price used to calculate the 2022 award was £12.90 (the average of the mid-market share prices for 1, 2 and 3 March 2022) and for the 2023 award was £11.93 (the average of the mid-market share prices for 21, 22 and 23 March 2023).

3 Deferred share awards are held as Restricted Shares in the Group's Employee Share Trust until the vesting date.

Further details of the deferred element of the annual bonus scheme are set out on page 155. Dividends accrue to the Executive Directors during the three-year period that the shares are subject to forfeiture, and details of these dividends are set out on page 155.

Save As You Earn (SAYE) share option scheme – shares held during 2023

Details of the options held by the Directors in 2023 under the SAYE scheme and any movements during the year are as follows:

Director	Options held at 1 January 2023	Granted in year	Lapsed in year	Exercised in year	Options held at 31 December 2023	Exercise price	Dates from which exercisable
Andrew Croft	1,148	–	–	–	1,148	£9.40	1 May 2024 to 31 October 2024
Craig Gentle	843	–	–	–	843	£12.81	1 November 2024 to 30 April 2025

At 31 December 2023 the mid-market price for the Company's shares was £6.84. The range of prices between 1 January 2023 and 31 December 2023 was between £6.11 and £13.05.

Share Incentive Plan – shares held during 2023

The table below sets out details of the awards held by the Directors under the Share Incentive Plan during 2023:

Director	Balance at 1 January 2023	Partnership shares allocated in year[1]	Matching shares allocated in year[2]	Dividend shares allocated in year[3]	Balance at 31 December 2023	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
	134	–	–	–	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
	–	150	15	–	165	24 March 2023 to 24 March 2026

1 Partnership shares are shares awarded in return for an investment of between £10 and £1,800. Partnership shares were purchased on behalf of Craig Gentle on 24 March 2023 at a price of £11.93 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 24 March 2023 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 2024 and 27 February 2024 there were no exercises or other dealings in the Company's share awards by the Directors.

Report of the Group Remuneration Committee continued

2.1.6 Shareholding requirements and Directors' share interests (audited)

Shareholding requirements

To align the long-term interests of Executive Directors and shareholders Executive Directors are required to build up a shareholding in Company shares. The Chief Executive Officer is required to build up a shareholding equivalent to 300% of salary and the Chief Financial Officer is required to build up a shareholding equivalent to 200% of salary. The table sets out the shareholdings of the Executive Directors. Mark FitzPatrick's shareholding will build as his awards start to vest from 2024 onwards and Craig Gentle's shareholding had previously exceeded the requirements, but has fallen below the minimum requirement due to a fall in the Company's share price during 2023. Until the shareholding requirements are met, at least 50% of vested shares from the PSP and other share awards (less tax liability) will normally be retained by the Executive Director.

Director	Shares held at 1 January 2023	Shares held at 31 December 2023	Percentage of base salary held in SJP shares as at 31 December 2023[1]
Mark FitzPatrick	–	–	0%
Andrew Croft[2]	732,395	919,636	982%
Craig Gentle	96,631	141,652	185%
Dominic Burke	–	–	
Emma Griffin	2,164	2,275	
Rosemary Hilary	–	–	
John Hitchins	–	–	
Simon Jeffreys[3]	18,364	18,364	
Paul Manduca	17,000	27,000	
Lesley-Ann Nash	–	–	
Roger Yates[3]	50,000	50,000	

1 Calculated using the mid-market price at 31 December 2023 of £6.84 and the base salary as at 31 December 2023. The overall percentage of base salary excludes the value of shares that would need to be sold to meet the notional tax and employee National Insurance contributions on Deferred Bonus Scheme (DBS) awards that remained in their periods of deferral.

2 Andrew Croft stepped down (see page 131) from the Board on 30 November 2023. He is subject to a post-cessation shareholding requirement which requires him to hold shares equivalent to 300% of his salary as at 30 November 2023 up to the second anniversary of his departure date.

3 Simon Jeffreys and Roger Yates retired from the Board on 18 May 2023.

4 The interests of the Executive Directors set out above include the gross number of shares held in trust for the Directors for DBS awards which are subject to a three-year continuous service requirement, details of which are set out on page 155. The interests of the Executive Directors also include awards under the Share Incentive Plan, details of which are set out on page 155. They also include shares which are beneficially owned and are subject to a post-vesting holding period following the exercise of PSP options. Unexercised share options are not included.

5 The Company's register of Directors' interests contains full details of Directors' shareholdings and any share awards under the Company's various share schemes.

6 Disclosure of the Directors' interests in share awards is made on pages 141 to 143 and also in Note 27 – Related party transactions.

7 The details of any shares released from DBS awards and any share options exercised during 2023 are outlined in section 2.1.5 on pages 141 to 143.

Between 1 January 2024 and 27 February 2024 there were no transactions in the Company's shares by the Directors.

Executive Directors' shareholdings and outstanding share awards

	Beneficially owned at 31 December 2023[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[6]	919,636	325,429	1,148	60,379	1,128
Mark FitzPatrick	–	100,044	–	–	–
Craig Gentle	141,652	231,567	843	43,658	701

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 142.

3 Details of the SAYE options (including options that are vested but have not been exercised) are set out on page 143.

4 Details of DBS awards are set out on page 143.

5 Details of the SIP shares are set out on page 143.

6 Andrew Croft's shareholdings and outstanding share awards are as at the date he stepped down as a Director (30 November 2023).

2.1.7 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 2023, 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 2023.

Share scheme	Number of new ordinary shares of 15 pence each	Percentage of total issued share capital as at 31 December 2023
SAYE schemes	3,158,778	0.58%
Executive share schemes	14,541,027	2.65%
Partners' share schemes	10,862,512	1.98%
Total	28,562,317	5.21%

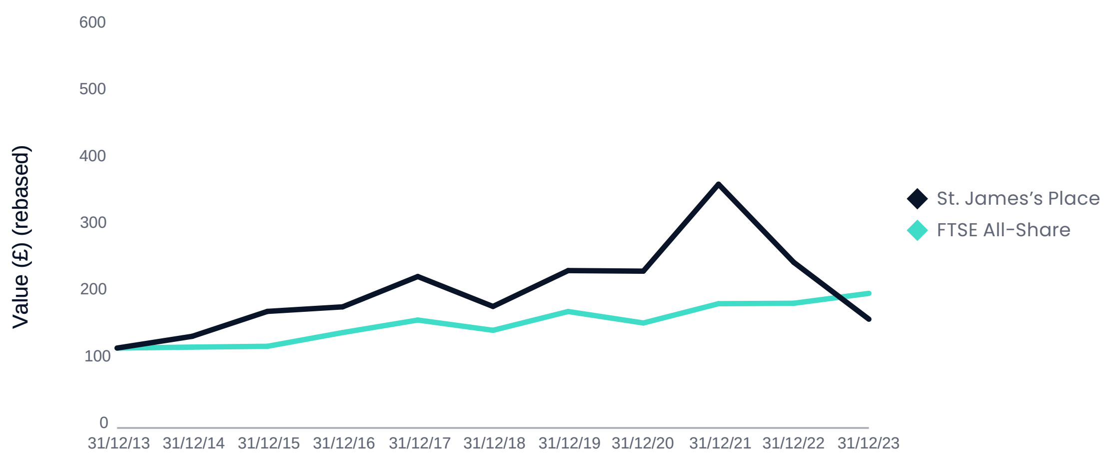
In addition, as at 31 December 2023, the Group's Employee Share Trust held 2,949,167 shares in the Company which were acquired to meet awards made under the PSP, Deferred Bonus Scheme and Restricted Share Plan. The number of shares in the Company held in the Share Incentive Plan Trust as at 31 December 2023 was 497,742.

Report of the Group Remuneration Committee continued

2.1.8 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 comparator index, given the broad nature of the index and the companies within it.

This graph shows the value, by 31 December 2023, of £100 invested in St. James's Place on 31 December 2013, 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.



2.1.9 Total shareholder return performance and CEO pay over the same period (unaudited)

The table below shows the total remuneration figure for the Chief Executive Officer 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										
	David Bellamy				Andrew Croft						Mark FitzPatrick
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023
Total remuneration (£)	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	695,545	85,823
Annual bonus (% of maximum)	95%	93.3%	96.67%	96.67%	62%	37.5%	0%	96.7%	77.1%	0%	–
LTIP vesting (% of maximum)	96%	100%	100%	87.94%	85.3%	62.9%	9%	93.4%	86.4%	0%	–

The 2022 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 annual report by a revised figure based on the Company's share price on the date of vesting on 27 March 2023, being £11.80.

2.1.10 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 four years.

Remuneration element		Average employee (% change)	Executive Directors (% change) A Croft	C Gentle
Salary/fee[1]	2023	7.5	(4.0)	4.8
	2022	7.4	3.3	3.3
	2021	–	5.8	5.8
	2020	5.0	(2.2)	(2.2)
Benefits[2]	2023	8.6	(5.2)	184.7
	2022	3.3	1.1	1.1
	2021	5.6	1.7	1.6
	2020	3.1	–	(6.1)
Bonus	2023	(28.7)	(100)	(64.6)
	2022	9.5	(17.6)	(17.6)
	2021	–	–	–
	2020	(100)	(100)	(100)

			Non-executive Directors (% change)[3]							
Remuneration element		Average employee (% change)	D Burke[5,6]	E Griffin[5]	R Hilary[6]	J Hitchins[5,6]	S Jeffreys[5]	P Manduca	L-A Nash[5]	R Yates[5]
Salary/fee[1,4]	2023	7.5	593.6	12.3	3.4	16.7	(41.8)	–	0.9	(60.2)
	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	–	–	686.2	–	14.5	–	–	13.5
Benefits[2]	2023	8.6	–	61.3	100	100	(0.9)	(39.8)	32.9	(100)
	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	–	–	–	–	–	(34.2)	–	–	–
Bonus	2023	(28.7)	–	–	–	–	–	–	–	–
	2022	9.5	–	–	–	–	–	–	–	–
	2021	–	–	–	–	–	–	–	–	–
	2020	(100)	–	–	–	–	–	–	–	–

1 The change in the salary for average employees is higher in 2022 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 136 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 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. Simon Jeffreys and Roger Yates retired from the Board on 18 May 2023.

6 The significant increase in a) Rosemary Hilary's fee in 2020 was due to her not having served a full year in 2019; b) John Hitchins' fee in 2022 was due to him having not served a full year in 2021 and c) Dominic Burke's fee in 2023 was due to him having not served a full year in 2022.

Report of the Group Remuneration Committee continued

2.1.11 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 2023, compared to the year ending 31 December 2022.

	2023 £'Million	2022 £'Million	Percentage change
Executive Directors' remuneration[1]	1.8	5.4	-67%
IFRS profit after tax[2]	(9.9)	407.2	-102%
European Embedded Value (EEV) operating profit before tax[2]	(1,891.60)	1,589.7	-219%
Dividends	269.3	287.1	-6%
Employee remuneration costs	253.4	254.2	0%

1 Calculated on the same basis as the Single total figure of remuneration on page 134 for Executive Directors in office as at 31 December 2023.
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 pages 276 to 278), 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 54 to 73.

2.1.12 CEO pay ratio (unaudited)

Year	Methodology	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023	**Option C**	**19:1**	**13:1**	**7:1**
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	633,862	31,583	47,500	65,000
Total pay	776,762	40,828	59,600	105,450

For 2023, we have continued to calculate 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.

To calculate the ratio in accordance with the regulations we ranked all our UK employees by their annualised full-time equivalent salary as at 31 December 2023. 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 2023, 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 Officer's remuneration. We believe the three identified employees are representative of the 25th, 50th and 75th percentiles.

For 2023, the Chief Executive Officer is receiving zero annual bonus and the total vesting of the PSP award was zero; and hence this has significantly changed the CEO pay ratio compared to previous years. 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 Officer.

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 2024 and agreed the bonus outcomes from 2023.	See pages 137 to 140
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 141
Assessing risk	The Committee assessed the alignment of the Group's remuneration policies with risk appetite and regulatory requirements. Assurance was sought from the Chief Risk Officer and relevant management from across the business, that the remuneration outcomes were in line with the policies and were appropriate.	
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 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.	
Shareholder engagement	Following the Company's Annual General Meeting held on 18 May 2023, where the advisory vote to approve the Directors' Remuneration Report for the year ended 31 December 2022 received a vote of more than 20% against, the Committee engaged with shareholders. The Committee noted that most shareholders supported the resolution and will keep in mind the views expressed by shareholders on the matters raised.	See pages 130
Governance and other matters	The Committee reviewed the Gender and Ethnicity Pay Gap Reports, 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 104 to 105) and the Board remains satisfied that, as a whole, the Committee has the experience and qualifications necessary.

Report of the Group Remuneration Committee continued

2.2.2 Committee membership and attendance in 2023

This is set out on page 101. No Director was present when their own remuneration was considered or agreed.

2.2.3 Advisers to the Committee

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 might compromise their independence or objectivity.

The total fees paid to A&M for the advice provided to the Committee during the year was £173,167. Fees are charged on a 'time spent' basis.

2.2.4 Voting at annual general meetings

The votes cast at the 2023 Annual General Meeting in respect of the resolutions on the Directors' Remuneration Report and the Directors' Remuneration Policy are summarised below.

	2023 Directors' Remuneration Report vote	Percentage of votes cast	2023 Directors' Remuneration Policy vote	Percentage of votes cast
Votes for	334,253,454	77.85%	421,579,842	97.35
Votes against	95,081,071	22.15%	11,475,885	2.65
Total votes cast	**429,334,525**		**433,055,727**	
Total votes withheld	3,775,589		54,287	

2.3. Implementation of the Remuneration Policy in 2024 (unaudited)

2.3.1 2024 salaries

The base salaries of the Executive Directors were reviewed in 2024. The current salaries as at 1 March 2023 and from 1 March 2024 are as shown below. These percentage increases are below the average increase levels for other employees of the Company.

Executive Director	Salary from March 2023 £	Salary from March 2024 £	Percentage increase
Mark FitzPatrick	840,000	840,000	0%
Craig Gentle	448,665	466,612	4%

To simplify the remuneration package for Executive Directors, the Company intends to review car allowances during 2024.

2.3.2 Annual bonus for 2024

The Executive Directors' maximum bonus opportunity for 2024 has increased following approval of the two stage increase in the Policy at the 2023 AGM to 200% of salary. 60% of the annual bonus will be determined by a scorecard of financial performance metrics, and 40% by strategic and individual performance objectives. 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 120%)	Alignment with strategy
Underlying cash result	24%	Recognises annual cash profitability, which is an important driver of dividends and future investment in the business.
Net funds under management flows	48%	Reflects both new business and client retention, and is a driver of sustained profit growth.
Annual growth in controllable expenses	48%	Keeping cost growth below the rate of growth in revenues is a key determinant of profit growth.

Annual bonus performance targets for the 2024 metrics set out here will be disclosed in the Directors' Remuneration Report for 2024, as disclosing them in the Report for 2023 could have commercial disadvantages for the Company.

Report of the Group Remuneration Committee continued

2.3.2 Annual bonus for 2024 continued

Strategic and individual performance objectives

For 2024, the Committee has set the Executive Directors strategic and individual performance objectives which will each have a weighting of 20% of maximum (40% of base salary). The strategic objectives align to the six business priorities underpinning our annual business plan. Each priority is equally weighted and is made up of objectives 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 strategic objectives. The individual performance objectives include a range of objectives which are designed to support the achievement of certain strategic outcomes.

Business priority (scorecard weighting – % of base salary – total 40%)	
Building community ◆ Partner sentiment ◆ Employee engagement	**Being easier to do business with** ◆ Digital sentiment ◆ Administration performance
Our culture and being a responsible business ◆ Inclusion and diversity ◆ Culture	**Continued financial strength** ◆ Financial performance targets
Delivering value to advisers and clients through our investment proposition ◆ Investment performance ◆ Investment risk and controls	**Building and protecting our brand and reputation** ◆ Risk and control environment ◆ Client sentiment

2.3.3 Performance Share Plan awards for 2024

The Policy sets the maximum award capacity at 250% of base salary. In 2024, the Chief Executive Officer will receive a PSP award of 250% of salary (2023: n/a) and the Chief Financial Officer will receive a PSP award of 215% of salary, following a reduction having considered the fall in share price since the last grant (2023: 250%). These awards will be subject to a relative TSR performance condition for one third of the award; EPS in 2026 using Cash result profits for one third and EPS in 2026 using EEV adjusted profits for the final third, as follows:

	TSR relative to FTSE 51 to 150[1]		EPS in 2026 using Cash result profits[2]		EPS in 2026 using EEV adjusted profit[3]	
Performance level hurdle	Performance required	Percentage of one third of award vesting	Performance required (pence per share)	Percentage of one third of award vesting	Performance required (pence per share)	Percentage of one third of award vesting
Below threshold	Below median	0%	below 45.38	0%	below 116.06	0%
Threshold	Median	25%	45.38	25%	116.06	25%
Stretch or above	Upper quartile or above	100%	55.86	100%	143.65	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 in 2026 using Cash Result profits.
3 One third of the award is based on EPS in 2026 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 Officer 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 Duration of contracts

The details of existingexisting Executive Directors' service contracts are summarised in the table below:

Executive Director	Date of service agreement	Notice period from Company	Notice period from Executive Director
Mark FitzPatrick	1 October 2023	12 months	12 months
Craig Gentle	9 January 2018	12 months	12 months

Executive Directors' service contracts do not have fixed end dates. The Board of the Company is proposing that each of the Executive Directors be elected or re-elected at the Company's forthcoming AGM.

2.3.6 Fees for the Board Chair and Non-executive Directors for 2024

The fees for the Board Chair and Non-executive Directors for 2023 and 2024 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. The fees paid to Non-executive are set in line with individual responsibilities, which the Board believes will ensure that the fees paid 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 changes were required for 2024 in order to reflect the increased responsibility and commitments for those roles and to ensure the fees remained competitive with comparable roles elsewhere. The Board therefore agreed that the following increases should be made, commencing on 1 January 2024. The fees for Committee Chairs will increase to £30,000 (2023: £26,000) and for Committee members (other than Committee Chairs) will increase to £14,000 (2023: £10,500). These fees would not apply to the Chair or members of the Nomination and Governance Committee, which will increase to £7,000 (2023: £5,000). 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 to £400,000 (2023: £375,000). When setting the fees paid to our Non-executive Directors and the Chair for 2024, the Board and Remuneration Committee sought to ensure that they were comparable with those for listed financial services companies of comparable size.

	Fees from 1 January to 31 December 2023 £	Fees from 1 January to 31 December 2024 £	Percentage increase from 2023
Board Chair	375,000	400,000	7%
Base fee	76,000	77,000	1%
Committee Chair (excluding Nomination and Governance Committee)	26,000	30,000	15%
Audit, Risk and Remuneration Committee member (per Committee membership)	10,500	14,000	33%
Nomination and Governance Committee member	5,000	7,000	40%
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:

Emma Griffin, Chair of the Group Remuneration Committee

27 February 2024

Report of the Group Remuneration Committee continued

Section 3

2023 Summary 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 on 18 May 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 2024 AGM. The Policy will apply to remuneration in respect of the three-year period from 2023 to 2025. The Policy can be found on the corporate website at **www.sjp.co.uk/about-us/corporate-governance**.

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.
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

Element	Purpose and link to strategy	Operation including maximum opportunity	Performance metrics
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
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. Fifty per cent 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.

Report of the Group Remuneration Committee continued

Element	Purpose and link to strategy	Operation including maximum opportunity	Performance metrics
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.
Minimum shareholding requirements	To ensure alignment of the long-term interests of Executive Directors and shareholders.	Executive Directors are required to build and maintain a minimum shareholding equivalent to 300% of base salary for the Chief Executive Officer and 200% of base salary for other Executive Directors, to be achieved normally within five years of appointment. Until the threshold is reached, at least 50% of vested shares from the Performance Share Plan 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.	Executive Directors 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

Element	Purpose and link to strategy	Operation including maximum opportunity	Performance metrics
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.

Directors' report

The Directors present their report together with the audited Consolidated Financial Statements of the Group for the year ended 31 December 2023. 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	2023 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 74 to 84 of the Strategic Report;
- details of branches operated by the Company on page 242; and
- the Group's impact on the environment, including those disclosures required regarding greenhouse gas emissions, on pages 30 to 37 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 26 to the Financial Statements.

Going concern

In conjunction with its assessment of longer-term viability as set out on pages 82 to 84, 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 2023, the Company's issued and fully paid-up share capital was 548,604,794 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 23 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.

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 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 144.

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 is available on the Company's website.

As at 31 December 2023 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]
BLS Capital	9.32%
BlackRock, Inc.	6.36%
Norges Bank	3.08%

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.

Directors' report continued

Results and dividends

The financial review on pages 54 to 73 sets out the consolidated results for the year.

An interim dividend of 15.83 pence per share, which equates to £86.8 million, was paid on 22 September 2023 in respect of the year ended 31 December 2023 (2022: 15.59 pence per share/£84.7million). The Directors recommend that shareholders approve a final dividend of 8.00 pence per share, which equates to £43.9 million (2022: 37.19 pence per share/£202.4 million), in respect of the year ended 31 December 2023, to be paid on 24 May 2024 to shareholders on the register at close of business on 26 April 2024.

Details of the Dividend Reinvestment Plan (DRIP) are set out on page 262.

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 24 to 49.

Details of how the Board engages with employees can be found on page 96 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 2023 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 90 to 97. In many cases the Group's primary point of engagement with 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 90 to 97.

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 £746 million as at 27 February 2024 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 £374 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 20 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 2023 can be found in the corporate governance report on pages 88 and 89. Details of the indemnity provisions in place for the Directors, including qualifying third-party indemnity provisions, can be found on page 102.

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 £5.5 million to the St. James's Place Charitable Foundation, more details of which can be found on pages 38 and 39.

Annual General Meeting

The Company plans to hold its Annual General Meeting on Wednesday 15 May 2024. 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 2023 can be found in the Chief Executive Officer's report on pages 14 to 16.

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:

Mark FitzPatrick, Chief Executive Officer

Craig Gentle, Chief Financial Officer

27 February 2024

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts 2023 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 2023 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 88 and 89 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 2024

Financial Statements

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 2023 and of the Group's loss 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 2023; 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, comprising material accounting policy information and other explanatory information.

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 or its controlled undertakings in the period under audit.

Our audit approach

Overview

Audit scope

- The Consolidated Financial Statements comprise the consolidation of approximately 75 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 70% 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 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)
- Provision for redress in respect of ongoing service evidence (Group)
- Recoverability of Parent Company's investment in the subsidiaries (Parent)

Materiality

- Overall Group materiality: £19,600,000 (2022: £20,700,000) based on 5% of underlying cash generated in the year.
- Specific Group overall materiality: £820,000,000 (2022: £720,000,000) based on 0.5% of Assets held to cover linked liabilities applies to assets held to cover linked liabilities, investment contract liabilities and associated income Statement line items.
- Overall Parent Company materiality: £15,700,000 (2022: £13,800,000) based on 1% of total assets.
- Performance materiality: £14,700,000 (2022: £15,500,000) (Group) and 10:,775,000 (2022: 10,350,000) (Parent Company).
- Specific performance materiality: £615,000,000 (2022: £540,000,000) 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 provision for redress in respect of Ongoing service evidence (Group) and carrying value of investments in subsidiaries (Parent Company) are new key audit matters this year. Otherwise, the key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Valuation of level 3 investments, being investment properties and equities and fixed income securities in the Diversified Assets Fund (Group) As disclosed in Note 20 (Page 228) as at 31 December 2023, the Group held £167.0 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, £3.1 billion of these investments are in investment properties (£1.1 billion), level 3 equities (£1.6 billion) and fixed income securities (£0.4 billion) held within 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 110) and Note 15 (Page 207). 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 2023 was £283.5 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 • Evaluated 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.
Provision for redress in respect of ongoing service evidence (Group) As disclosed in the Group Audit Committee Report (Page 110) and Note 18 (page 216) to the Financial Statements. During the year the Group has recognised a provision related to the review of a sub-population of clients that has been charged for ongoing advice services since the start of 2018 but where the evidence of delivery of the ongoing advice service falls below the acceptable standard (the Ongoing Service Evidence provision). As at 31 December 2023 the total provision in respect of the review was £426m which represents the estimated refund of charges, interest and the administration costs associated with completing the exercise. The estimation of the provision involves significant judgement and subjectivity in relation to key assumptions. Management has estimated the provision based on a sample of case record reviews undertaken by a Skilled Person (and management's expert for the purpose of our audit) with the results from the sample applied to the wider population under review. Management have determined that the period under review is from the start of 2018. Significant assumptions include: • the estimation of the population of clients where evidence is not available to demonstrate that ongoing advice was provided; • the amount of redress based on average client funds under management for the period subject to refund; • the response rate from customers; and • the administration costs of running the review programme.	• We have assessed and challenged the Group's methodology and the assumptions applied in arriving at the provision. • We obtained management's calculation and tested the mathematical accuracy and agreed the calculation back to source data. • We reviewed the scope, methodology and results of the procedures undertaken on the sample population of clients by management's expert to assess whether it was an appropriate basis for the calculation of a provision. As part of our procedures we selected a sample of the findings from management's expert and assessed whether the reported finding was appropriate. • We engaged PwC regulatory experts to assess the work of management's experts and to evaluate and challenge the basis of significant estimates including the period over which the review was being undertaken, the estimated response rate and the costs of running the redress programme. • We independently performed sensitivity analysis on the significant assumptions and considered alternative scenarios which could be considered reasonably possible. • We obtained and reviewed relevant regulatory correspondence with the Financial Conduct Authority and Prudential Regulation Authority, discussing the content of any correspondence considered to be pertinent to our audit with management. We met with each regulator to discuss their correspondence with the entity. • Given the inherent uncertainty in the estimation of the provision and its judgemental nature, we evaluated the disclosures made in the Financial Statements. In particular, we focused on challenging management around whether the disclosures were sufficiently clear in highlighting the significant uncertainties that exist in respect of the provision and the sensitivity of the provision to changes in the underlying assumptions. Based on the procedures performed and evidence obtained, we found management's assumptions to be appropriate.

Key audit matter	How our audit addressed the key audit matter
Recoverability of Parent Company's investment in the subsidiaries (Parent) The carrying value of directly held investments in subsidiaries is £1,296.7m as at 31 December 2023 (2022: £1,104.7m), accounting for 75.3% (2022: 66.4%) of the Parent Company's total assets. The investments in subsidiaries are carried at cost stated after any impairment losses. Management is required by IAS 36 'Impairment of assets' to review at least annually for impairment, or when circumstances or events indicate there may be uncertainty over its value. The determination of recoverable amounts for subsidiaries requires assumptions to be made and the key assumptions used are the value of in-force business and the discount rate applied. The carrying value of these investments is not at a higher risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company Financial Statements, this is the area that had the greatest effect on our overall Parent Company audit.	We challenged management on key elements of the assessments including the value of in-force-business and the discount rate. The total investment of £1,296.7m (2022: £1,104.7m) is made up of investment in St. James's Place Wealth Management Group Limited with a carrying value of £1,189.1m (2022: £1,004.1) and St. James's Place DFM Holdings Limited with a carrying value of £107.6m (2022: £100.6m). We evaluated the past profitability of St. James's Place Wealth Management Group which we have audited in the past. This entity represents 91.7% (2022: 90.9%) of the total investments in subsidiaries and generated a profit of £1,123.5m cumulatively from 2023 and 2022 representing a value equivalent to 94.4% of the investment in St. James's Place Wealth Management Group Limited. We considered future profitability of the two investments and did not identify any impairment indicators. We further obtained and understood management's sensitivity calculations over the carrying value assessments, as well as performing further sensitivity scenarios ourselves. Overall, we are satisfied that there is sufficient evidence to support the key assumptions made by management within their assessments and agree with the Parent Company's conclusion that there is no impairment of its investment in subsidiaries.

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 financially 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 Consolidated 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 reviewed 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.

Independent Auditors' Report to the Members of St. James's Place plc continued

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	£19,600,000 (2022: £20,700,000).	£15,700,000 (2022: £13,800,000).
How we determined it	5% of underlying cash generated in the year	1% of total assets
Rationale for benchmark applied	The engagement team concluded that £19.6 million is the most appropriate figure when setting an overall materiality on the engagement. The quantum of £19.6 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. £19.6 million represents 5% of the underlying cash generated in the year.	The purpose of the Parent Company is to hold investments in other Group companies. As such we concluded 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 between £3,800,000 and £18,200,000. 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% (2022: 75%%) of overall materiality, amounting to £14,700,000 (2022: £15,500,000) for the Consolidated Financial Statements and 10:,775,000 (2022: 10,350,000) for the Parent Company Financial Statements.

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 £615,000,000 (2022: £540,000,000) for the Consolidated Financial Statements.

We agreed with the Group Audit Committee that we would report to them misstatements identified during our audit above £980,000 (Group audit) (2022: £1,000,000) and £780,000 (Parent Company audit) (2022: £690,000) 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 £19,600,000 (2022: £20,700,000).

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:

- Obtaining the Directors' going concern assessment for the Group and Company Financial Statements and gaining an understanding of the Directors' going concern assessment process, including the preparation of the budget.
- Obtaining the budget covering the period of the going concern assessment and evaluating the forecasting method adopted by the Directors in assessing going concern.
- Testing the mathematical accuracy of the model and evaluating the key assumptions using our understanding of the Group and external evidence where appropriate. We also performed a comparison of the 2023 budget and the actual results to assess the historical accuracy of the budgeting process.
- Evaluating the results of management's analysis of the relevant solvency requirements and liquidity position of the Group, including forward looking plausible downside scenarios within the Group's Own Risk and Solvency Assessment;
- Evaluating the reasonableness of management's downside assumptions using our understanding of the Group and the external environment. We evaluated management's assumptions by performing independent stress testing to determine whether a reasonable alternative stressed scenario would result in a breach of minimum regulatory requirements or the Group's liquidity requirements.
- Evaluating the mitigating actions that management identified and assessing whether these were in the control of management and possible in the going concern period of assessment.
- Evaluating 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.
- Assessing the adequacy of disclosures in the Going Concern Statement in note 1 of the Consolidated and Company Financial Statements and within the Assessment of going concern section of the Directors' report on page 158.

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. 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 2023 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 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.

Independent Auditors' Report to the Members of St. James's Place plc continued

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 and Parent Company 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.

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 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, 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 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 15 years, covering the years ended 31 December 2009 to 31 December 2023.

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 2024

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2023 £'Million	Year ended 31 December 2022[1,2,3] £'Million
Fee and commission income[2]	4	2,788.9	1,929.6
Expenses[1,3]	5, 18	(2,433.3)	(1,949.2)
Investment return[1,3]	6	16,197.6	(13,757.9)
Movement in investment contract benefits[2]	6	(16,130.9)	13,759.4
Insurance revenue[1]	7	25.3	26.5
Insurance service expenses[1]	8	(24.5)	(13.5)
Net reinsurance expense[1]		(5.0)	(9.6)
Insurance service result[1]		**(4.2)**	3.4
Net insurance finance (expense)/income[1]		(10.0)	2.4
Other finance income[3]	9	31.5	15.1
Profit before tax	3	**439.6**	2.8
Tax attributable to policyholders' returns	10	(444.1)	501.1
(Loss)/profit before tax attributable to shareholders' returns		**(4.5)**	503.9
Total tax (charge)/credit	10	(449.5)	404.4
Less: tax attributable to policyholders' returns	10	444.1	(501.1)
Tax attributable to shareholders' returns	10	(5.4)	(96.7)
(Loss)/profit and total comprehensive income for the year		**(9.9)**	407.2
Profit attributable to non-controlling interests		0.2	0.4
(Loss)/profit attributable to equity shareholders		(10.1)	406.8
(Loss)/profit and total comprehensive income for the year		**(9.9)**	407.2

	Note	Pence	Pence
Basic earnings per share	23	**(1.8)**	75.0
Diluted earnings per share	23	**(1.8)**	74.3

1 Restated to reflect the adoption of IFRS 17. See Note 1a.
2 Restated to reclassify revenue from investment and insurance business. See Note 1a.
3 Restated to reclassify Other finance income. See Note 1a.

The results relate to continuing operations.

The Notes and information on pages 176 to 246 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							
	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 2022		81.1	213.8	(8.5)	2.5	830.3	1,119.2	–	1,119.2
Impact of the adoption of IFRS 17[1]		–	–	–	–	9.6	9.6	–	9.6
At 1 January 2022 (restated)		81.1	213.8	(8.5)	2.5	839.9	1,128.8	–	1,128.8
Profit and total comprehensive income for the year[1]		–	–	–	–	406.8	406.8	0.4	407.2
Dividends	23	–	–	–	–	(303.6)	(303.6)	(0.3)	(303.9)
Issue of share capital	23	0.1	5.6	–	–	–	5.7	–	5.7
Exercise of options	23	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[1]		**81.6**	**227.8**	**(4.1)**	**2.5**	**963.8**	**1,271.6**	**0.2**	**1,271.8**
(Loss)/profit and total comprehensive income for the year		–	–	–	–	(10.1)	(10.1)	0.2	(9.9)
Dividends	23	–	–	–	–	(289.6)	(289.6)	(0.3)	(289.9)
Exercise of options	23	0.7	6.1	–	–	–	6.8	–	6.8
Consideration paid for own shares		–	–	(0.5)	–	–	(0.5)	–	(0.5)
Shares sold during the year		–	–	3.9	–	(3.9)	–	–	–
Retained earnings credit in respect of share option charges		–	–	–	–	5.4	5.4	–	5.4
Retained earnings debit arising on disposal of subsidiary		–	–	–	–	(0.2)	(0.2)	–	(0.2)
At 31 December 2023		**82.3**	**233.9**	**(0.7)**	**2.5**	**665.4**	**983.4**	**0.1**	**983.5**

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

The number of shares held in the Shares in trust reserve is given in Note 23 Share capital, earnings per share and dividends.

Miscellaneous reserves represent other non-distributable reserves.

The Notes and information on pages 176 to 246 form part of these Consolidated Financial Statements.

Consolidated Statement of Financial Position

	Note	As at 31 December 2023 £'Million	As at 31 December 2022[1] £'Million
Assets			
Goodwill	11	33.6	33.6
Deferred acquisition costs[1]	11	304.4	336.6
Intangible assets			
– Purchased value of in-force business	11	8.0	11.2
– Computer software	11	28.0	33.3
Property and equipment, including leased assets	12	153.1	145.7
Deferred tax assets[1]	10	36.5	12.5
Investment in associates	26	10.2	1.4
Reinsurance assets[1]	17	13.0	54.6
Other receivables[1]	15	2,997.4	2,977.2
Income tax assets		–	35.0
Investments			
– Investment property	14	1,110.3	1,294.5
– Equities	14	116,761.5	103,536.0
– Fixed income securities	14	27,244.7	27,552.7
– Investment in Collective Investment Schemes	14	13,967.5	5,735.4
– Derivative financial instruments	14	3,420.6	3,493.0
Cash and cash equivalents	14	6,204.3	6,432.8
Total assets		**172,293.1**	151,685.5
Liabilities			
Borrowings	19	251.4	163.8
Deferred tax liabilities	10	411.7	162.9
Insurance contract liabilities[1]	17	496.0	470.5
Deferred income	11	491.5	530.4
Other provisions	18	500.1	46.0
Other payables[1]	16	2,388.1	2,180.7
Investment contract benefits	14	123,149.8	106,964.7
Derivative financial instruments	14	3,073.0	3,266.3
Net asset value attributable to unit holders	14	40,536.5	36,628.4
Income tax liabilities		11.5	–
Total liabilities		**171,309.6**	150,413.7
Net assets		**983.5**	1,271.8
Shareholders' equity			
Share capital	23	82.3	81.6
Share premium		233.9	227.8
Shares in trust reserve		(0.7)	(4.1)
Miscellaneous reserves		2.5	2.5
Retained earnings		665.4	963.8
Equity attributable to owners of the Parent Company		**983.4**	1,271.6
Non-controlling interests		0.1	0.2
Total equity		**983.5**	1,271.8

		Pence	Pence
Net assets per share		**179.3**	233.7

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

The Consolidated Financial Statements on pages 172 to 246 were approved by the Board on 27 February 2024 and signed on its behalf by:

Mark FitzPatrick, Chief Executive Officer **Craig Gentle**, Chief Financial Officer

The Notes and information on pages 176 to 246 form part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2023 £'Million	Year ended 31 December 2022[1] £'Million
Cash flows from operating activities			
Cash generated/(used in) from operations[1]	21	114.0	(712.6)
Interest received		108.0	61.8
Interest paid		(17.3)	(12.4)
Income taxes paid	10	(179.4)	(121.1)
Contingent consideration paid		(6.7)	(6.3)
Net cash inflow/(outflow) from operating activities[1]		**18.6**	(790.6)
Cash flows from investing activities			
Payments for property and equipment	12	(11.2)	(4.0)
Payment of software development costs	11	(10.9)	(16.1)
Payments for acquisition of subsidiaries and other business combinations, net of cash acquired		(5.4)	(13.9)
Payments for associates		(8.8)	–
Proceeds from sale of shares in subsidiaries and other business combinations, net of cash disposed		1.1	4.0
Net cash outflow from investing activities[1]		**(35.2)**	(30.0)
Cash flows from financing activities			
Proceeds from the issue of share capital and exercise of options		6.8	8.8
Consideration paid for own shares		(0.5)	(0.3)
Proceeds from borrowings	19	233.1	204.0
Repayment of borrowings	19	(144.8)	(475.3)
Principal elements of lease payments	13	(14.2)	(13.8)
Dividends paid to Company's shareholders	23	(289.6)	(303.6)
Dividends paid to non-controlling interests in subsidiaries		(0.3)	(0.3)
Net cash outflow from financing activities		**(209.5)**	(580.5)
Net decrease in cash and cash equivalents		**(226.1)**	(1,401.1)
Cash and cash equivalents at 1 January	14	6,432.8	7,832.9
Effects of exchange rate changes on cash and cash equivalents		(2.4)	1.0
Cash and cash equivalents at 31 December	14	**6,204.3**	6,432.8

1 Restated to reclassify Proceeds from sale of financial assets held at amortised cost from net cash flows from investing activities to net cash flows from operating activities. See Note 1a.

The Notes and information on pages 176 to 246 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 2023, the following relevant new and amended standards, which the Group adopted as of 1 January 2023, have been applied:

- IFRS 17 Insurance Contracts;
- 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 Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 12 Income Taxes – International Tax Reform – Pillar Two Model Rules.

ii. New and amended accounting standards not yet effective

As at 31 December 2023 there were no new or amended accounting standards not yet effective which are relevant to 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 St. James's Place UK plc remains at A- (BBB at SJP PLC). Similarly, the Fitch rating remains at A+ for St. James's Place UK plc (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 2023, and the fact that the business continued to be successful in this environment. Notwithstanding market challenges, the Group attracted gross inflows of £15.4 billion. Net flows came under pressure as a result of competition from cash-based investments subduing the total for 2023 to £5.1 billion. 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.

The Board has also considered a profitability forecast including base case scenario and severe but plausible downside scenarios. In modelling these scenarios, the Group has considered its liquidity, cash and IFRS results. The downside scenarios are severe but plausible and would still leave the Group with positive cash result and IFRS profit.

The Board has also considered elevated client complaints and potential options and mitigations available to the Group should there be a need to take additional action in relation to increased levels of client complaints.

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 is 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.

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 products;

(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 deferred income (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 DFM 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.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

1. Accounting policies continued

(c) 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. Further information on depreciation of the right-of-use asset is set out in accounting policy (m).

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.

(d) 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.

(e) Insurance revenue

Insurance revenue represents the expected income from the provision of insurance services. The income is recognised during the coverage period in which the services will be provided.

(f) Insurance service expenses

Insurance service expenses comprise insurance claims and other insurance service expenses. The expense is recognised during the relevant coverage period in which the services will be provided, excluding any investment components.

(g) Other finance income

Other finance income comprises interest received on cash and cash equivalents and business loans to Partners. Interest on assets classified as fair value through profit or loss is accounted for based on the actual coupon payments, whilst interest on financial assets measured at amortised cost is accounted for using the effective interest method.

Other finance costs comprise an interest expense on the lease liability and external borrowings. Interest expense on the lease liability and external borrowings is calculated using the effective interest method.

(h) 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 expected 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.

(i) 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.

(j) 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 (c) Expenses (i)).

(k) 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.

(l) Deferred acquisition costs

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 period over which costs are expected to be recoverable for investment contracts is 14 years.

(m) 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.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

1. Accounting policies continued

(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.

(n) 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 (aa)), 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.

(o) Reinsurance assets

Reinsurance assets represent amounts recoverable from reinsurers in respect of non-unit-linked insurance contract liabilities, net of any future reinsurance premiums. See (u) Insurance contract liabilities for further information.

The contract boundary for a reinsurance contract is dependent on the terms and conditions of the reinsurance contract. Such terms have been assessed and considered to be the same as for the underlying contracts.

(p) 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 fair value through profit and loss (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 (ae) for information relating to the treatment of impaired amounts.

Other receivables include prepayments, which are recognised where services are paid for in advance of the benefit 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.

(q) 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 (d).

(r) 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.

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.

(s) 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.

(t) 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 at 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.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

1. Accounting policies continued

(u) Insurance contract liabilities

Insurance contract liabilities are determined by applying the default General Measurement Model (GMM) to non-unit-linked insurance business and reassurance ceded, and the Variable Fee Approach (VFA) to unit-linked insurance business measured under IFRS 17.

The contract boundary is assessed at transition and then reassessed only when there are changes in features or circumstances that alter the commercial substance of the contract or change the products within a portfolio.

Under the General Measurement Model (applicable to non-unit-linked insurance business and reassurance ceded), groups of contracts are recognised and measured as:

- the Fulfilment Cash Flows, comprising 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 (RA); and
- the Contractual Service Margin (CSM), comprising the unearned profit within a group of contracts that will be recognised as the Group provides insurance services in the future.

The estimate of future cash flows represents the best estimate of the cost to fulfil cash flows within the contract boundary, incorporating current non-financial assumptions.

The RA represents the compensation that an entity requires for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk as the entity fulfils insurance contracts. It is calculated using a cost of capital approach, leveraging the Solvency II view of non-financial risk.

The CSM is determined at contract outset or IFRS 17 transition and subsequently remeasured for non-financial changes in the Fulfilment Cash Flows and the accretion of interest using a discount rate locked in at transition. It is amortised over the period of the contract in line with coverage units based upon the sum assured, which reflect the quantity of insurance services provided. If a group of contracts is expected to be onerous (i.e. loss-making) over the remaining coverage period, a loss is recognised immediately.

Under the VFA (applicable to unit-linked insurance business), the GMM is supplemented by an adaptation for contracts with direct participation features. The Fulfilment Cash Flows for unit-linked insurance business reflect an obligation to pay policyholders an amount equal to the fair value of underlying assets, less the variable fee for future service. The RA reflects the compensation for non-financial risk in relation to this variable fee only. The CSM is subsequently remeasured for changes in the variable fee only, arising from both financial and non-financial risks.

(v) 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.

(w) 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 6 and 14 years.

(x) 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.

(y) 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 the Statement of Comprehensive Income 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.

(z) 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.

(aa) 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.

(ab) 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.

(ac) 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.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

1. Accounting policies continued

(ad) 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.

(ae) 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 (k) 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. Twelve 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 15. 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.

(af) 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.

(ag) 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 Group Executive Committee.

(ah) 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.

(ai) 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 section, which explains why it is used and, where applicable, explains how the measure can be reconciled to the IFRS Financial Statements.

1a. Restatement of prior periods

Adjustment 1 – Adoption of IFRS 17 Insurance Contracts

On 1 January 2023 the Group adopted IFRS 17 Insurance Contracts and, as required by the standard, applied the requirements retrospectively with comparatives restated from 1 January 2022.

The adoption of IFRS 17 resulted in an increase of £1.8 million for the year ended 31 December 2022 to the IFRS profit after tax. The movement occurred due to the revised pattern of profit recognition under IFRS 17, which replaces margins in the measurement of insurance contract liabilities under IFRS 4 with an explicit allowance for risk and a Contractual Service Margin (CSM) which defers the recognition of profit over the coverage period.

There is no impact on the Group's 2022 APMs except for 'Underlying profit', which is affected to the same extent that IFRS 17 impacts IFRS profit after tax.

IFRS 17 incorporates revised principles for the recognition, measurement, presentation and disclosure of insurance contracts. The presentation of insurance revenue and insurance service expenses in the Statement of Comprehensive Income is based upon the concept of insurance services provided during the period.

IFRS 17 transition approach

The fair value approach (FVA) has been applied to all insurance and reinsurance contracts on transition to IFRS 17, as the Group considers that application of a fully retrospective approach is impractical (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).

Under the FVA, the CSM recognised at transition is determined as the difference between the fair value of contracts at the transition date and the Fulfilment Cash Flows at the transition date. The fair value on transition has been derived in accordance with IFRS 13 Fair Value Measurement and represents the price a market participant would require to assume the liabilities in an orderly transaction. Under the fair value approach, the simplification permitting contracts in different annual cohorts to be placed into a single group of contracts has been adopted. The Group closed to new insurance business, as defined under IFRS 17, in 2011.

On transition to IFRS 17 a deferred tax liability has been established representing the tax in relation to the movement in equity on transition to IFRS 17. The deferred tax liability will fully unwind over ten years from the transition date.

Adjustment 2 – Consolidated Statement of Comprehensive Income, Revenue

IFRS 17 provides greater clarity on the split of profit between insurance and investment contracts; during the implementation, a review of revenue identified that some items within the Consolidated Statement of Comprehensive Income were misclassified and required restatement. The restatement totalled £24.6 million for the year ended 31 December 2022, decreasing fee and commission income and increasing movement in investment contract benefits, by the same amount, resulting in a net nil impact on the profit for the year.

Adjustment 3 – Consolidated Statement of Comprehensive Income, Other finance income

During the year it was identified that other finance costs had been misclassified and required restatement. For the year ended 31 December 2022 the restatement comprised an increase of £27.6 million in investment return, decrease of £12.5 million in expenses, and a corresponding net £15.1 million other finance income recognised. The restatement resulted in a net nil impact on the profit for the year.

Adjustment 4 – Consolidated Statement of Cashflows, Proceeds from sale of financial assets held at amortised cost

During the year, following a review by the Financial Reporting Council, it was determined that it was more appropriate to classify the sale in 2022 of a portfolio of Partner loans as an operating cash flow rather than an investing cash flow. Accordingly the Consolidated Statement of Cashflows for the year ended 31 December 2022 has been restated to reflect this. The restatement, totalling £262.5 million, decreases proceeds from sale of financial assets held at amortised cost, included within investing activities, and increases the movement in other receivables, included within operating activities, by the same amount.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

1. Accounting policies continued

Restatement for the year ended 31 December 2022

Impact on Consolidated Statement of Comprehensive Income

	Year ended 31 December 2022	(Decrease)/increase Adj 1	Adj 2	Adj 3	Restated year ended 31 December 2022
	£'Million	£'Million	£'Million	£'Million	£'Million
Insurance premium income	33.7	(33.7)	–	–	–
Less premiums ceded to reinsurers	(23.3)	23.3	–	–	–
Net insurance premium income	10.4	(10.4)	–	–	–
Fee and commission income	1,954.2	–	(24.6)	–	1,929.6
Investment return	(13,771.9)	41.6	–	(27.6)	(13,757.9)
Net expense	(11,807.3)	31.2	(24.6)	(27.6)	(11,828.3)
Policy claims and benefits					
– Gross amount	(48.0)	48.0	–	–	–
– Reinsurers' share	14.6	(14.6)	–	–	–
Net policyholder claims and benefits incurred	(33.4)	33.4	–	–	–
Change in insurance contract liabilities					
– Gross amount	88.8	(88.8)	–	–	–
– Reinsurers' share	(16.0)	16.0	–	–	–
Net change in insurance contract liabilities	72.8	(72.8)	–	–	–
Movement in investment contract benefits	13,734.8	–	24.6	–	13,759.4
Expenses	(1,966.2)	4.5	–	12.5	(1,949.2)
Insurance revenue	–	26.5	–	–	26.5
Insurance service expenses	–	(13.5)	–	–	(13.5)
Net reinsurance expense	–	(9.6)	–	–	(9.6)
Net insurance finance income	–	2.4	–	–	2.4
Other finance income	–	–	–	15.1	15.1
Profit before tax	0.7	2.1	–	–	2.8
Tax attributable to policyholders' returns	501.1	–	–	–	501.1
Profit before tax attributable to shareholders' returns	501.8	2.1	–	–	503.9
Total tax credit	404.7	(0.3)	–	–	404.4
Less: tax attributable to policyholders' returns	(501.1)	–	–	–	(501.1)
Tax attributable to shareholders' returns	(96.4)	(0.3)	–	–	(96.7)
Profit and total comprehensive income for the year	405.4	1.8	–	–	407.2
Profit attributable to non-controlling interests	0.4	–	–	–	0.4
Profit attributable to equity shareholders	405.0	1.8	–	–	406.8
Profit and total comprehensive income for the year	405.4	1.8	–	–	407.2

	Pence	Pence
Basic earnings per share	74.6	75.0
Diluted earnings per share	73.9	74.3

Impact on Consolidated Statement of Changes in Equity

	Equity attributable to owners of the Parent Company: Retained earnings	Total	Total equity
Increase	£'Million	£'Million	£'Million
At 1 January 2022	9.6	9.6	9.6
Profit and total comprehensive income for the year	1.8	1.8	1.8
At 31 December 2022	11.4	11.4	11.4

Impact on Consolidated Statement of Financial Position

	31 December 2022	(Decrease)/increase Adj 1	Restated 31 December 2022	Restated 1 January 2022
	£'Million	£'Million	£'Million	£'Million
Assets				
Deferred acquisition costs	337.3	(0.7)	336.6	378.9
Deferred tax assets	13.9	(1.4)	12.5	19.5
Reinsurance assets	66.4	(11.8)	54.6	74.8
Other receivables	2,982.8	(5.6)	2,977.2	2,913.1
Total assets	151,705.0	(19.5)	151,685.5	155,710.6
Liabilities				
Insurance contract liabilities	483.5	(13.0)	470.5	568.6
Other payables	2,198.6	(17.9)	2,180.7	2,579.3
Total liabilities	150,444.6	(30.9)	150,413.7	154,581.8
Net assets	1,260.4	11.4	1,271.8	1,128.8

Impact on Consolidated Statement of Cash Flows

	31 December 2022	Increase/(decrease) Adj 4	Restated 31 December 2022
	£'Million	£'Million	£'Million
Cash flows from operating activities			
Cash (used in)/generated from operations	(975.1)	262.5	(712.6)
Net cash outflow from operating activities	(1,053.1)	262.5	(790.6)
Cash flows from investing activities			
Proceeds from sale of financial assets held at amortised cost	262.5	(262.5)	–
Net cash inflow/(outflow) from investing activities	232.5	(262.5)	(30.0)

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

1. Accounting policies continued

Restatement of 1 January 2022

Impact on Consolidated Statement of Financial Position

	Restated 1 January 2022 £'Million
Assets	
Goodwill	29.6
Deferred acquisition costs	378.9
Intangible assets	
– Acquired value of in-force business	14.4
– Computer software	27.0
Property and equipment	154.5
Deferred tax assets	19.5
Investment in associates	1.4
Reinsurance assets	74.8
Other receivables	2,913.1
Investments	
– Investment property	1,568.5
– Equities	106,782.3
– Fixed income securities	29,305.9
– Investments in Collective Investment Schemes	5,513.2
– Derivative financial instruments	1,094.6
Cash and cash equivalents	7,832.9
Total assets	155,710.6
Liabilities	
Borrowings	433.0
Deferred tax liabilities	649.8
Insurance contract liabilities	568.6
Deferred income	562.6
Other provisions	44.1
Other payables	2,579.3
Investment contract benefits	110,349.8
Derivative financial instruments	1,019.5
Net asset value attributable to unit holders	38,369.0
Income tax liabilities	6.1
Total liabilities	154,581.8
Net assets	1,128.8
Shareholders' equity	
Share capital	81.1
Share premium	213.8
Treasury shares reserve	(8.5)
Miscellaneous reserves	2.5
Retained earnings	839.9
Shareholders' equity	1,128.8
Non-controlling interests	–
Total equity	1,128.8

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 relate to:

- determining the value of insurance contract liabilities and reinsurance assets;
- determining the fair value of investment property;
- determining the fair value of Level 3 fixed income securities and equities; and
- determining the value of an Ongoing Service Evidence provision.

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 and reinsurance assets

In accordance with IFRS 17, the Group has used the following assumptions in the calculation of insurance contract liabilities and reinsurance assets:

- the assumed rate of investment return, which is based on current risk-free swap rates;
- the mortality and morbidity rates, which are based on the results of an investigation of experience during the year;
- the level of expenses, which for the year under review is based on actual expenses in 2023 and expected rates in 2024 and over the long term;
- the lapse assumption, which is set based on an investigation of experience during the year; and
- the risk adjustment, which is determined using a cost of capital approach with a 3% charge (2022: 3%). There has been no change during the period.

Further details of the valuation of insurance contract liabilities and reinsurance assets, including sensitivity analysis, are set out in Note 17.

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 o 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 design, configuration, accessibility, legislation, management and fiscal considerations – and, additionally, current and historical 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 20.

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.

A number of investments are held 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 20.

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 value of an Ongoing Service Evidence provision

The Group has committed to review the sub-population of clients that has been charged for ongoing advice services since the start of 2018 but where the evidence of delivery falls below the acceptable standard. Where the standard of evidence is deemed by the Group to be marginal the Group will invite clients to join the review (the "Opt-In population"), but where the standard of evidence is deemed to be poor the Group will include clients in the review unless instructed otherwise (the "Opt-Out population").

In accordance with IAS 37, and reflecting an initial assessment of a statistically credible representative cohort of clients undertaken by a skilled person, the Group has quantified the Ongoing Service Evidence provision as the best estimate of the amount necessary to settle the present obligation, taking into account the associated risks and uncertainties.

The period for the review has been determined by the Group to commence from 2018 following an assessment of the regulatory regime in force during this period and the requirement to retain evidence of delivery for this period of time.

Key estimates and assumptions in assessing the estimated value are:

- extrapolation from a representative cohort – that the initial assessment, of a statistically credible representative cohort of client records, can be extrapolated to the wider review population;
- Opt-In response rate – the response rate by clients to an invitation, taking into account industry experience; and
- administration costs – that in-house historic experience and wider market experience of similar exercises can be used to estimate the cost to fulfil the exercise.

Further details of the provision, including sensitivity analysis, are set out in Note 18.

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 15 for further information on the derecognition of business loans to Partners.

Determining the value of insurance contract liabilities and reinsurance assets on transition to IFRS 17

The fair value on transition has been derived in accordance with IFRS 13 Fair Value Measurement and represents the price a market participant would require to assume the liabilities in an orderly transaction. Fair value has been determined based on the Solvency II best estimate liability, together with an additional margin for risk calculated using a cost of capital approach. The Solvency II best estimate liability utilises economic assumptions based on relevant market information, together with non-economic assumptions including lapse rates, expenses and mortality rates.

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 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 discretionary fund management (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, both of which are alternative performance measures. Further details can be found within the Glossary of Alternative Performance Measures section.

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 2023 £'Million	Year ended 31 December 2022[1] £'Million
Underlying cash result after tax	**392.4**	410.1
Equity-settled share-based payments	(5.4)	(20.5)
Deferred tax impacts	(24.9)	(30.5)
Ongoing Service Evidence provision	(323.7)	–
Impact in the year of DAC/DIR/PVIF	3.1	(9.3)
Impact of policyholder tax asymmetry (see Note 4)[1]	(44.4)	50.6
Other[2]	(7.0)	6.8
IFRS (loss)/profit after tax	**(9.9)**	407.2
Shareholder tax[2]	5.4	96.7
(Loss)/profit before tax attributable to shareholders' returns	**(4.5)**	503.9
Tax attributable to policyholder returns	444.1	(501.1)
IFRS profit before tax	**439.6**	2.8

1 Further information on policyholder tax asymmetry can also be found in Section 2.1 of the financial review.

2 Restated to reflect the adoption of IFRS 17. See Note 1a.

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 2023 £'Million	Year ended 31 December 2022[1] £'Million
EEV operating (loss)/profit before tax after exceptional items	(1,891.6)	1,589.7
Investment return variance	501.7	(1,314.0)
Economic assumption changes	2.5	235.1
EEV (loss)/profit before tax	**(1,387.4)**	510.8
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)[1]	2,769.6	105.6
Movement of balance sheet unit trust and DFM value of in-force business (net of tax)	226.0	(94.9)
Movement of balance sheet other value of in-force business (net of tax)	(1,918.9)	–
Tax on movement in value of in-force business	309.4	(14.4)
(Loss)/profit before tax attributable to shareholders' returns	**(4.5)**	503.9
Tax attributable to policyholder returns	444.1	(501.1)
IFRS profit before tax	**439.6**	2.8

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

The movement in life, unit trust and DFM, and other 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 2023 £'Million	31 December 2022[1] £'Million
Investment	35,990.0	33,290.0
Pension	87,320.0	73,860.0
Unit trust/ISA and DFM	44,890.0	41,220.0
Total FUM	**168,200.0**	148,370.0
Exclude client and third-party holdings in non-consolidated unit trusts and DFM	(4,360.4)	(4,407.3)
Other	3,968.2	4,153.6
Gross assets held to cover unit liabilities	**167,807.8**	148,116.3
IFRS intangible assets[1]	399.6	476.9
Shareholder gross assets	4,085.7	3,092.3
Total assets	**172,293.1**	151,685.5

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

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 2023 £'Million	Year ended 31 December 2022[1] £'Million
Advice charges (post RDR)	954.3	987.6
Third-party fee and commission income	132.4	131.9
Wealth management fees[1]	1,065.0	1,014.4
Investment management fees	68.4	60.8
Fund tax deductions/(refunds)	444.1	(501.1)
Policyholder tax asymmetry	(44.4)	50.6
Discretionary fund management fees	23.6	23.4
Fee and commission income before DIR amortisation	**2,643.4**	1,767.6
Amortisation of DIR	145.5	162.0
Total fee and commission income	**2,788.9**	1,929.6

1 Restated to reclassify balances between wealth management fees and movement in investment contract benefits. See Note 1a.

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 deductions/(refunds) represent amounts credited to, or deducted from, the life insurance business to match policyholder tax credits or charges. Market conditions will impact the level of fund tax deductions/(refunds). This may lead to significant year on year movements when markets are volatile.

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/(refunds)' 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 and other macroeconomic factors will impact the level of asymmetry experienced in a year and may be significant where there is volatility. These drivers in 2023 resulted in a significant negative movement reversing the positive impact seen in 2022.

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 2023 £'Million	Year ended 31 December 2022 £'Million
Payments to Partners	1,013.2	1,011.8
Fees payable to the Company's auditors and its associates:		
For the audit of the Company and Consolidated Financial Statements	0.4	0.4
For other services:		
– Audit of the Company's subsidiaries (excluding unit trusts)	0.9	0.6
– Audit of the Company's unit trusts	0.8	0.7
– Audit-related assurance services	0.7	0.5
– Other assurance services	0.2	0.1
Total fees payable to the Company's auditors and its associates	**3.0**	2.3
Employee costs:		
Wages and salaries	208.2	194.9
Social security costs	21.8	22.3
Other pension costs	18.2	15.9
Cost of employee share awards and options	5.2	21.1
Total employee costs	**253.4**	254.2
Average monthly number of persons employed by the Group during the year	**2,942**	2,669

Included within fees payable to the Company's auditors and its associates for audit-related assurance services is £0.2 million (2022: £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 2023, 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 (2022: two), with the total cost being £0.2 million (2022: £0.2 million). Retirement benefits are accruing in defined contribution pension schemes for one (2022: one) Director at the year-end.

The number of Directors who exercised options over shares in the Company during the year is nil (2022: nil). The number of Directors in respect of whose qualifying services shares were receivable under long-term incentive schemes is two (2022: three), and the total amount receivable by the Directors under long-term incentive schemes is £1.8 million (2022: £2.5 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 £5.4 million (2022: £1.7 million).

Included within expenses is £472.1 million (2022: £12.8 million) in relation to complaint costs. See Note 18 for further information.

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 2023 £'Million	Year ended 31 December 2022[1,2] £'Million
Attributable to unit-linked investment contract benefits:		
Rental income	69.9	70.1
Loss on revaluation of investment properties	(44.9)	(244.5)
Net investment return on financial instruments classified as fair value through profit and loss[1]	13,013.4	(9,416.3)
	13,038.4	(9,590.7)
Income/(expense) attributable to third-party holdings in unit trusts	3,092.5	(4,168.7)
Investment return on net assets held to cover unit liabilities	**16,130.9**	(13,759.4)
Net investment return on financial instruments classified as fair value through profit and loss[2]	60.2	(8.2)
Net investment return on financial instruments held at amortised cost[2]	6.5	9.7
Investment return on shareholder assets	**66.7**	1.5
Total investment return	**16,197.6**	(13,757.9)

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

2 Restated to reclassify interest received on business loans to Partners and shareholder cash and cash equivalents to other finance income. See Note 9.

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 £1,499.1 million (2022: £1,216.0 million).

Movement in investment contract benefits

	2023 £'Million	2022 £'Million
Balance at 1 January	106,964.7	110,349.8
Deposits	11,842.3	12,194.6
Withdrawals	(7,459.6)	(5,645.1)
Movement in unit-linked investment contract benefits	13,038.4	(9,590.7)
Fees and other adjustments	(1,236.0)	(343.9)
Balance at 31 December	**123,149.8**	106,964.7
Current	6,584.5	5,546.3
Non-current	116,565.3	101,418.4
	123,149.8	106,964.7
Movement in unit liabilities		
Unit-linked investment contract benefits	13,038.4	(9,590.7)
Third-party unit trust holdings	3,092.5	(4,168.7)
Movement in investment contract benefits in the Consolidated Statement of Comprehensive Income	**16,130.9**	(13,759.4)

See accounting policy (ah) for further information on the current and non-current disclosure.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

7. Insurance revenue

	Year ended 31 December 2023 £'Million	Year ended 31 December 2022 £'Million
Amounts relating to changes in liabilities for remaining coverage		
– Expected incurred claims and other insurance service expenses	23.3	24.5
– Change in risk adjustment for non-financial risk for risk expired	0.7	0.7
– CSM recognised for services provided	1.3	1.3
Total insurance revenue	**25.3**	26.5

8. Insurance service expenses

	Year ended 31 December 2023 £'Million	Year ended 31 December 2022 £'Million
Amounts relating to changes in liabilities for remaining coverage		
– Incurred claims and other insurance service expenses	(24.5)	(13.5)
Total insurance services expenses	**(24.5)**	(13.5)

9. Other finance income

The following items are included within other finance income disclosed in the Statement of Comprehensive Income:

	Year ended 31 December 2023 £'Million	Year ended 31 December 2022[1] £'Million
Interest received on cash and cash equivalents	17.8	5.2
Interest received on business loans to Partners	31.0	22.3
Finance income	**48.8**	27.5
Interest paid on external borrowings	(13.9)	(9.4)
Interest paid on lease liabilities	(3.4)	(3.0)
Finance costs	**(17.3)**	(12.4)
Other finance income	**31.5**	15.1

1 Restated to reclassify Other finance income. See Note 1a.

Finance income represents the interest received on shareholder cash and cash equivalents and business loans to Partners. See Note 15 for further information on business loans to Partners.

Finance costs represent the cost of interest charges on the Group's external borrowings and the interest charge on the Group's lease liabilities.

10. Income and deferred taxes

Tax for the year

	Year ended 31 December 2023 £'Million	Year ended 31 December 2022[1] £'Million
Current tax		
UK corporation tax		
– Current year charge	222.8	66.0
– Adjustment in respect of prior year	(0.5)	3.5
Overseas taxes		
– Current year charge	2.9	10.2
– Adjustment in respect of prior year	0.1	–
	225.3	79.7
Deferred tax		
Unrealised capital gains/(losses) in unit-linked funds	243.4	(504.0)
Unrelieved expenses		
– Additional expenses recognised in the year	–	(9.9)
– Utilisation in the year	11.3	11.4
Capital losses		
– Revaluation in the year	–	4.0
– Utilisation in the year	2.2	25.2
– Adjustment in respect of prior year	(0.1)	(4.5)
DAC, DIR and PVIF	(7.8)	(8.5)
Share-based payments	8.1	3.3
Renewal income assets	(1.4)	(3.0)
Fixed asset timing differences	2.6	1.0
UK trading losses	(36.1)	–
Other items[1]	1.8	(1.2)
Overseas losses	0.3	0.1
Adjustment in respect of prior year	(0.1)	2.0
	224.2	(484.1)
Total tax charge/(credit) for the year	**449.5**	(404.4)
Attributable to:		
– policyholders	444.1	(501.1)
– shareholders	5.4	96.7
	449.5	(404.4)

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

The prior year adjustment of £0.4 million credit in current tax above represents a £1.4 million credit in respect of policyholder tax (2022: £7.3 million charge) and a charge of £1.0 million in respect of shareholder tax (2022: £3.8 million credit). The prior year adjustment of £0.2 million credit in deferred tax above represents £nil in respect of policyholder tax (2022: £nil) and a credit of £0.2 million in respect of shareholder tax (2022: £2.5 million credit).

In arriving at the profit before tax attributable to shareholders' returns, it is necessary to estimate the distribution of the total tax charge/(credit) 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/(credit) represents tax on policyholders' investment returns. This calculation method is consistent with the legislation relating to the calculation of tax on shareholder profits.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

10. Income and deferred taxes continued

Reconciliation of tax charge to expected tax

	Year ended 31 December 2023 £'Million		Year ended 31 December 2022[1] £'Million	
Profit before tax[1]	439.6		2.8	
Tax attributable to policyholders' returns	(444.1)		501.1	
(Loss)/profit before tax attributable to shareholders' returns	**(4.5)**		503.9	
Shareholder tax (credit)/charge at corporate tax rate of 23.5% (2022: 19%)	(1.1)	23.5%	95.7	19.0%
Adjustments:				
Lower rates of corporation tax in overseas subsidiaries	(1.8)	39.4%	(1.3)	(0.3%)
Expected shareholder tax	**(2.9)**	**62.9%**	94.4	18.7%
Effects of:				
Non-taxable income	(2.5)		(1.5)	
Revaluation of historic capital losses in the Group	–		4.0	
Adjustment in respect of prior year				
– Current tax	1.0		(3.8)	
– Deferred tax	(0.2)		(2.5)	
Differences in accounting and tax bases in relation to employee share schemes	0.3		2.5	
Impact of difference in tax rates between current and deferred tax	(2.3)		(3.0)	
Disallowable expenses	4.3		5.6	
Provision for future liabilities	5.1		0.5	
Tax losses not recognised	1.9		2.2	
Other[1]	0.7		(1.7)	
	8.3	(182.9%)	2.3	0.5%
Shareholder tax charge	**5.4**	**(120.0%)**	96.7	19.2%
Policyholder tax charge/(credit)	**444.1**		(501.1)	
Total tax charge/(credit) for the year	**449.5**		(404.4)	

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

Tax calculated on profit before tax at 23.5% (2022: 19%) would amount to a charge of £103.3 million (2022: charge of £0.5 million). The difference of £346.2 million (2022: £404.9 million) between this number and the total tax charge of £449.5 million (2022: £404.4 million credit) is made up of the reconciling items above which total a charge of £6.5 million (2022: £1.0 million charge) and the effect of the apportionment methodology on tax applicable to policyholder returns of £339.7 million (2022: £405.9 million).

Tax paid in the year

	Year ended 31 December 2023 £'Million	Year ended 31 December 2022 £'Million
Current tax charge for the year	225.3	79.7
Refunds due to be received in future years in respect of current year	1.7	39.5
(Refunds received)/payments made in current year in respect of prior years	(39.7)	1.6
Other	(7.9)	0.3
Tax paid	**179.4**	121.1
Tax can be analysed as:		
– Taxes paid in UK	156.4	110.1
– Taxes paid in overseas jurisdictions	6.2	3.9
– Withholding taxes suffered on investment income received	16.8	7.1
Total	**179.4**	121.1

Deferred tax balances

Deferred tax assets

		Credit/(charge) to the Statement of Comprehensive Income					Expected utilisation period
	As at 1 January 2023[1] £'Million	Utilised and created in year £'Million	Total credit/(charge) £'Million	Impact of acquisitions £'Million	Reanalysis to deferred tax liabilities £'Million	As at 31 December 2023 £'Million	As at 31 December 2023
Deferred acquisition costs (DAC)	(20.4)	1.8	1.8	–	–	**(18.6)**	**14 years**
Deferred income (DIR)	37.7	(2.6)	(2.6)	–	–	**35.1**	**14 years**
Fixed asset temporary differences	3.9	(2.6)	(2.6)	–	–	**1.3**	**6 years**
Renewal income assets	(20.7)	1.5	1.5	(0.7)	–	**(19.9)**	**20 years**
Share-based payments	12.9	(8.1)	(8.1)	–	–	**4.8**	**3 years**
UK trading losses	–	36.1	36.1	–	–	**36.1**	**1 years**
Other temporary differences[1]	(0.9)	(2.3)	(2.3)	0.9	–	**(2.3)**	**–**
Total	**12.5**	**23.8**	**23.8**	**0.2**	–	**36.5**	

		(Charge)/credit to the Statement of Comprehensive Income					Expected utilisation period
	As at 1 January 2022 £'Million	Utilised and created in year £'Million	Total (charge)/credit £'Million	Impact of acquisitions £'Million	Reanalysis to deferred tax liabilities £'Million	As at 31 December 2022[1] £'Million	As at 31 December 2022
Deferred acquisition costs (DAC)	(21.6)	1.2	1.2	–	–	(20.4)	14 years
Deferred Income (DIR)	37.8	(0.1)	(0.1)	–	–	37.7	14 years
Fixed asset temporary differences	7.8	(3.9)	(3.9)	–	–	3.9	6 years
Renewal income assets	(19.4)	3.1	3.1	(4.4)	–	(20.7)	20 years
Share-based payments	16.2	(3.3)	(3.3)	–	–	12.9	3 years
Other temporary differences[1]	(1.3)	0.9	0.9	–	(0.5)	(0.9)	–
Total	19.5	(2.1)	(2.1)	(4.4)	(0.5)	12.5	

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

10. Income and deferred taxes continued

Deferred tax liabilities

	As at 1 January 2023 £'Million	Charge/(credit) to the statement of Comprehensive Income: Utilised and created in year £'Million	Impact of tax rate change £'Million	Total charge/ (credit) £'Million	Impact of acquisitions £'Million	Reanalysis from deferred tax assets £'Million	As at 31 December 2023 £'Million	Expected utilisation period As at 31 December 2023
Capital losses (available for future relief)	(2.1)	2.1	–	2.1	–	–	**–**	**–**
Deferred acquisition costs (DAC)	20.2	(7.9)	–	(7.9)	–	–	**12.3**	**14 years**
Purchased value of in-force business (PVIF)	2.8	(0.8)	–	(0.8)	–	–	**2.0**	**2 years**
Unrealised capital gains on life insurance (BLAGAB) assets backing unit liabilities	180.1	243.3	–	243.3	–	–	**423.4**	**6 years**
Unrelieved expenses on life insurance business	(37.5)	11.3	–	11.3	–	–	**(26.2)**	**5 years**
Other temporary differences	(0.6)	0.1	–	0.1	0.7	–	**0.2**	**–**
Total	**162.9**	**248.1**	**–**	**248.1**	**0.7**	**–**	**411.7**	

	As at 1 January 2022 £'Million	Charge/(credit) to the statement of Comprehensive Income: Utilised and created in year £'Million	Impact of tax rate change £'Million	Total charge/ (credit) £'Million	Impact of acquisitions £'Million	Reanalysis from deferred tax assets £'Million	As at 31 December 2022 £'Million	Expected utilisation period As at 31 December 2022
Capital losses (available for future relief)	(26.8)	20.7	4.0	24.7	–	–	(2.1)	1 year
Deferred acquisition costs (DAC)	28.0	(7.8)	–	(7.8)	–	–	20.2	14 years
Purchased value of in-force business (PVIF)	3.4	(0.6)	–	(0.6)	–	–	2.8	3 years
Unrealised capital gains on life insurance (BLAGAB) assets backing unit liabilities	684.1	(504.0)	–	(504.0)	–	–	180.1	6 years
Unrelieved expenses on life insurance business	(39.1)	1.6	–	1.6	–	–	(37.5)	6 years
Other temporary differences	0.2	(0.3)	–	(0.3)	–	(0.5)	(0.6)	–
Total	649.8	(490.4)	4.0	(486.4)	–	(0.5)	162.9	

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.

During the year the Group have fully utilised the shareholder capital losses. The Group do not expect further material capital losses to arise in the future.

At the reporting date there were unrecognised deferred tax assets of £17.3 million (2022: £15.0 million) in respect of £101.9 million (2022: £92.1 million) of losses in companies where appropriate profits are not considered probable in the forecast period. These losses primarily relate to the Group's Asia-based businesses and can be carried forward indefinitely.

Future tax changes

The main rate of corporation tax has increased from 19% to 25% with effect from 1 April 2023. The Group has applied a blended rate of 23.5% for the year ended 31 December 2023.

IFRS 17

The transitional adjustment arising from the restatement of the 31 December 2022 balance sheet on adoption of IFRS 17 is to be spread evenly for tax purposes over 10 years in the UK, and 5 years in Ireland. As a result, a total opening deferred tax liability of £1.8 million has been recognised in respect of St. James's Place UK plc (£0.4 million) and St. James's Place International plc (£1.4 million) at the relevant expected future tax rate applicable to the jurisdiction of 25% (UK) and 12.5% (Ireland). Whilst this is a deferred tax liability, it was adjusted for within other temporary differences in deferred tax assets due to the offsetting principle. Following the unwind during the year of £0.3m, the remaining balance as at 31 December 2023 is £1.5 million (being £1.1 million in respect of St. James's Place International plc and £0.4 million in respect of St. James's Place UK plc).

Pillar Two – Global minimum tax

Effective from 1 January 2024, the Group will be subject to the Global minimum tax rules introduced by the Organisation for Economic Co-operation and Development (OECD) and adopted into local legislation of various territories in which the Group operates; including the UK and Ireland. The Group expects to be subject to top-up tax in relation to its operations in Ireland, where the statutory corporate tax rate is 12.5%. As a result of the Introduction of this minimum tax rule, Ireland have introduced a Qualifying Domestic Minimum Top-up Tax which will Increase the effect tax rate of in scope businesses to 15% – the Group expects the Irish profits to be in scope for this.

If the top-up tax had been applied during the year ended 31 December 2023, then the amount to be assessed on profits relating to the Group's operations in Ireland would have been immaterial.

The Group has applied the exemption afforded by the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), and as such does not recognise deferred tax impacts of any future top-up tax.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

11. Goodwill, intangible assets, deferred acquisition costs (DAC) and deferred income (DIR)

	Goodwill £'Million	Purchased value of in-force business £'Million	Computer software and other specific software developments £'Million	DAC[1] £'Million	DIR £'Million
Cost					
At 1 January 2022[1]	31.1	73.4	55.3	1,143.5	(1,599.1)
Additions[1]	5.5	–	16.1	37.2	(129.8)
Disposals[1]	–	–	(0.5)	(130.1)	93.9
At 31 December 2022	**36.6**	**73.4**	**70.9**	**1,050.6**	**(1,635.0)**
Additions	–	–	10.9	39.9	(106.6)
Disposals	–	–	(16.2)	(144.7)	105.3
At 31 December 2023	**36.6**	**73.4**	**65.6**	**945.8**	**(1,636.3)**
Accumulated amortisation and impairment					
At 1 January 2022	1.5	59.0	28.3	764.6	(1,036.5)
Charge for the year[1]	1.5	3.2	9.8	79.5	(162.0)
Eliminated on disposal[1]	–	–	(0.5)	(130.1)	93.9
At 31 December 2022	**3.0**	**62.2**	**37.6**	**714.0**	**(1,104.6)**
Charge for the year	–	3.2	15.4	72.1	(145.5)
Eliminated on disposal	–	–	(15.4)	(144.7)	105.3
At 31 December 2023	**3.0**	**65.4**	**37.6**	**641.4**	**(1,144.8)**
Carrying value					
At 1 January 2022	29.6	14.4	27.0	378.9	(562.6)
At 31 December 2022	33.6	11.2	33.3	336.6	(530.4)
At 31 December 2023	**33.6**	**8.0**	**28.0**	**304.4**	**(491.5)**
Current	–	3.2	5.3	63.3	(137.0)
Non-current	33.6	4.8	22.7	241.1	(354.5)
	33.6	**8.0**	**28.0**	**304.4**	**(491.5)**
Outstanding amortisation period					
At 31 December 2022	N/A	3 years	5 years	14 years	6 to 14 years
At 31 December 2023	**N/A**	**2 years**	**5 years**	**14 years**	**6 to 14 years**

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

Goodwill

The carrying value of goodwill split by acquisition is as follows:

	31 December 2023 £'Million	31 December 2022 £'Million
Edwards Wealth Ltd (formerly JEWM Ltd)	4.8	4.8
Lewington Wealth Management 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	0.7	0.7
Willson Grange businesses	4.3	4.3
Total goodwill	**33.6**	33.6

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/ten years
Pre-tax discount rate based on a risk-free rate plus a risk margin:	6.8% to 9.8% (2022: 7.0% to 12.0%)
Terminal growth rate:	1.8% (2022: nil)

It is considered that no reasonably possible levels of change in the key assumptions would result in a material impairment of the goodwill.

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.

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Amortisation is credited within fee and commission income in the Statement of Comprehensive Income. Amortisation profiles are reassessed annually.

12. Property and equipment, including leased assets

	Fixtures, fittings and office equipment £'Million	Computer equipment £'Million	Leased assets: properties £'Million	Total £'Million
Cost				
At 1 January 2022	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**
Additions	9.7	1.5	24.4	35.6
Revaluations	–	–	(2.3)	(2.3)
Acquisition of subsidiary	0.3	0.1	0.3	0.7
Disposals	(2.3)	(0.2)	(9.5)	(12.0)
At 31 December 2023	**63.9**	**10.0**	**180.9**	**254.8**
Accumulated depreciation				
At 1 January 2022	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**
Charge for the year	5.9	1.7	16.4	24.0
Acquisition of subsidiary	0.3	–	–	0.3
Eliminated on disposal	(2.0)	(0.1)	(7.6)	(9.7)
At 31 December 2023	**31.8**	**7.5**	**62.4**	**101.7**
Net book value				
At 1 January 2022	32.2	2.0	120.3	154.5
At 31 December 2022	28.6	2.7	114.4	145.7
At 31 December 2023	**32.1**	**2.5**	**118.5**	**153.1**
Depreciation period (estimated useful life)				
At 31 December 2022	5 to 15 years	3 years	1 to 19 years	
At 31 December 2023	**5 to 15 years**	**3 years**	**1 to 19 years**	

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Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

13. 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 14.

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.

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 to 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 to 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 (c)(ii) Lease expenses, (n) Property and equipment and (aa) 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 2023 £'Million	31 December 2022 £'Million
Within the property and equipment balance – refer to Note 12		
Leased assets: properties	**118.5**	114.4
Within the other payables balance – refer to Note 16		
Lease liabilities: properties	**120.5**	116.6

A movement schedule for leased assets, setting out additions during the year and depreciation charged, is presented in Note 12. 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 2023 £'Million	Year ended 31 December 2022 £'Million
Depreciation charge for leased assets: properties	16.4	15.2
Interest expense on lease liabilities: properties	3.4	3.0
Lease expense relating to short-term leases	0.4	0.2
Lease expense relating to low-value assets	2.1	1.4
Total lease expense for the year	**22.3**	19.8
Total cash outflow for leases during the year	**17.6**	16.8

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.

	2023 £'Million	2022 £'Million
Balance at 1 January	116.6	124.1
Additions	19.1	6.3
Disposals	(1.0)	–
Interest charged	3.4	3.0
Lease payments made	(17.6)	(16.8)
Balance at 31 December	**120.5**	116.6

The principal lease payments disclosed in the table below link to the principal lease payments set out in the Consolidated Statement of Cash Flows as follows:

	Year ended 31 December 2023 £'Million	Year ended 31 December 2022 £'Million
Interest payments	3.4	3.0
Principal lease payments	14.2	13.8
Lease payments made	**17.6**	16.8

14. 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 2023 £'Million	31 December 2022 £'Million
Assets		
Investment property	1,110.3	1,294.5
Equities	116,761.5	103,536.0
Fixed income securities	27,236.5	27,544.8
Investment in Collective Investment Schemes	12,513.1	4,463.7
Cash and cash equivalents	5,918.9	6,179.5
Other receivables	846.9	1,604.8
Derivative financial instruments	3,420.6	3,493.0
Total assets	**167,807.8**	148,116.3
Liabilities		
Other payables	613.3	842.0
Derivative financial instruments	3,073.0	3,266.3
Total liabilities	**3,686.3**	4,108.3
Net assets held to cover linked liabilities	**164,121.5**	144,008.0
Investment contract benefits	123,149.8	106,964.7
Net asset value attributable to unit holders	40,536.5	36,628.4
Unit-linked insurance contract liabilities	435.2	414.9
Net unit-linked liabilities	**164,121.5**	144,008.0

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 (ah) for further information on current and non-current disclosure.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

14. Investments, investment property and cash and cash equivalents continued

Investment property

	2023 £'Million	2022 £'Million
Balance at 1 January	1,294.5	1,568.5
Capitalised expenditure on existing properties	10.1	23.6
Disposals	(149.4)	(53.1)
Changes in fair value	(44.9)	(244.5)
Balance at 31 December	**1,110.3**	1,294.5

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.

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 2023 is £1,297.4 million (2022: £1,475.7 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 2023 £'Million	Year ended 31 December 2022 £'Million
Rental income	69.9	70.1
Direct operating expenses	5.0	5.2

At the year-end contractual obligations to purchase, construct or develop investment property amounted to £13.4 million (2022: £3.0 million). The most significant contractual obligation at 31 December 2023 was for refurbishment of a building in Manchester totalling £9.5 million.

Contractual obligations to dispose of investment property amounted to £nil (2022: £nil).

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 2023 £'Million	31 December 2022 £'Million
Undiscounted contractual rental income to be received in:		
Year 1	64.6	70.1
Year 2	58.2	67.6
Year 3	52.3	59.1
Year 4	47.2	52.3
Year 5	41.8	46.5
Year 6 onwards	235.6	268.6
Total undiscounted contractual rental income to be received	**499.7**	564.2

Cash and cash equivalents

	31 December 2023 £'Million	31 December 2022 £'Million
Cash and cash equivalents not held to cover unit liabilities	285.4	253.3
Balances held to cover unit liabilities	5,918.9	6,179.5
Total cash and cash equivalents	**6,204.3**	6,432.8

All cash and cash equivalents are considered current.

15. Other receivables

	31 December 2023 £'Million	31 December 2022 £'Million
Receivables in relation to unit liabilities excluding policyholder interests[1]	956.0	440.5
Other receivables in relation to insurance and unit trust business[2]	151.9	75.8
Operational readiness prepayment	283.5	278.3
Advanced payments to Partners	127.4	83.8
Other prepayments and accrued income[1]	37.9	40.8
Business loans to Partners	408.0	315.6
Renewal income assets	138.3	115.5
Miscellaneous	44.3	18.9
Total other receivables on the Solvency II Net Assets Balance Sheet	**2,147.3**	1,369.2
Policyholder interests in other receivables (see Note 14)	846.9	1,604.8
Other	3.2	3.2
Total other receivables	**2,997.4**	2,977.2
Current	2,243.8	2,357.4
Non-current	753.6	619.8
	2,997.4	2,977.2

1 Receivables in relation to unit liabilities excluding policyholder interests and other prepayments and accrued income have been re-presented to better reflect the nature of the balances included. Receivables in relation to unit liabilities excluding policyholder interests has increased £43.5 million and other prepayments and accrued income decreased £43.5 million.

2 Restated to reflect the adoption of IFRS 17. See Note 1a.

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.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

15. Other receivables continued

The operational readiness prepayment consists of directly invoiced operational readiness costs advanced and 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.

Business loans to Partners

	31 December 2023 £'Million	31 December 2022 £'Million
Business loans to Partners directly funded by the Group	340.8	315.6
Securitised business loans to Partners	67.2	–
Total business loans to Partners	**408.0**	315.6

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 Partners.

During 2022, £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 expenses 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. 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 19 for further information.

Reconciliation of the business loans to Partners' opening and closing gross loan balances

	Stage 1: performing £'Million	Stage 2: under-performing £'Million	Stage 3: non-performing £'Million	Total £'Million
Gross balance at 1 January 2023	297.1	17.7	4.6	319.4
Business loans to Partners classification changes:				
– Transfer to underperforming	(11.9)	11.9	–	–
– Transfer to non-performing	(3.2)	(0.2)	3.4	–
– Transfer to performing	4.2	(3.5)	(0.7)	–
New lending activity during the year	195.0	16.9	0.7	212.6
Interest charged during the year	26.2	3.1	0.8	30.1
Repayment activity during the year	(147.7)	(1.3)	(0.3)	(149.3)
Gross balance at 31 December 2023	**359.7**	**44.6**	**8.5**	**412.8**

	Stage 1: performing £'Million	Stage 2: under-performing £'Million	Stage 3: non-performing £'Million	Total £'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

During the year the Group experienced an increase in stage 2 – underperforming as a result of higher interest rates and the challenging operating environment having an impact on Partners' ability to meet loan repayments in full.

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 in the prior year, full credit risk was transferred.

The provision held against business loans to Partners as at 31 December 2023 was £4.8 million (2022: £3.8 million). During the year, £0.2 million of the provision was released (2022: £0.3 million), £3.4 million was utilised (2022: £0.2 million) and new provisions and adjustments to existing provisions increased the total by £4.6 million (2022: £0.3 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 2023 £'Million	31 December 2022 £'Million
Gross business loans to Partners	412.8	319.4
Provision	(4.8)	(3.8)
Net business loans to Partners	**408.0**	315.6

Renewal income assets

Movement in renewal income assets

	2023 £'Million	2022 £'Million
Balance at 1 January	115.5	102.5
Additions	32.0	36.1
Disposals	(2.1)	(7.8)
Revaluation	(7.1)	(15.3)
Balance at 31 December	**138.3**	115.5

The key assumptions used for the assessment of the fair value of the renewal income are as follows:

	31 December 2023	31 December 2022
Lapse rate – SJP Partner renewal income[1]	5.0% to 15.0%	5.0% to 15.0%
Lapse rate – non-SJP renewal income[1]	6.5% to 25.0%	15.0% to 25.0%
Discount rate	11.8%	12.0% to 13.7%

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

16. Other payables

	31 December 2023 £'Million	31 December 2022[1] £'Million
Payables in relation to unit liabilities excluding policyholder interests	437.1	326.2
Other payables in relation to insurance and unit trust business[1]	738.6	399.9
Accrual for ongoing advice fees	150.0	133.2
Other accruals	101.1	105.8
Contract payment	84.2	95.8
Lease liabilities: properties (see Note 13)	120.5	116.6
Other payables in relation to Partner payments	75.1	74.8
Miscellaneous	50.4	67.3
Total other payables on the Solvency II Net Assets Balance Sheet	**1,757.0**	1,319.6
Policyholder interests in other payables (see Note 14)	613.3	842.0
Other (see adjustment 2 on page 64)	17.8	19.1
Total other payables	**2,388.1**	2,180.7
Current[1]	2,212.9	2,000.6
Non-current	175.2	180.1
	2,388.1	2,180.7

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

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 £84.2 million (2022: £95.8 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.

17. 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 the remaining UK insurance risk is substantially covered by quota share reinsurance with a low level of retention. 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 quota share reinsurance on the UK insurance risk, with a low level of retention.
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

Reconciliation of the liability for remaining coverage and the liability for incurred claims

	Liability for remaining coverage: Excluding loss component £'Million	Liability for remaining coverage: Loss component £'Million	Liability for claims incurred £'Million	Total £'Million
Balance at 1 January 2023	452.6	–	17.9	470.5
Insurance revenue	(25.3)	–	–	(25.3)
Insurance service expenses	24.5	–	–	24.5
Finance expense from insurance contracts recognised in profit or loss	2.8	–	–	2.8
Total changes in the Statement of Comprehensive Income	**2.0**	**–**	**–**	**2.0**
Investment components excluded from insurance revenue and insurance service expenses	(3.6)	–	–	(3.6)
Premiums received	(31.3)	–	–	(31.3)
Claims and other insurance service expenses paid	58.1	–	0.3	58.4
Total cash flows	26.8	–	0.3	27.1
Balance at 31 December 2023	**477.8**	**–**	**18.2**	**496.0**
Current				84.0
Non-current				412.0
				496.0

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

17. Insurance contract liabilities and reinsurance assets continued

Insurance contract liabilities continued

	Liability for remaining coverage Excluding loss component £'Million	Liability for remaining coverage Loss component £'Million	Liability for claims incurred £'Million	Total £'Million
Balance at 1 January 2022	543.4	–	25.2	568.6
Insurance revenue	(26.5)	–	–	(26.5)
Insurance service expenses	13.5	–	–	13.5
Finance income from insurance contracts recognised in profit or loss	(17.3)	–	–	(17.3)
Total changes in the Statement of Comprehensive Income	(30.3)	–	–	(30.3)
Investment components excluded from insurance revenue and insurance service expenses	(76.2)	–	–	(76.2)
Premiums received	(34.0)	–	–	(34.0)
Claims and other insurance service expenses paid	49.7	–	(7.3)	42.4
Total cash flows	15.7	–	(7.3)	8.4
Balance at 31 December 2022	452.6	–	17.9	470.5
Current				81.8
Non-current				388.7
				470.5

Reconciliation of the measurement components

	Estimates of present value of future cash flows £'Million	Risk adjustment for non-financial risk £'Million	CSM £'Million	Total £'Million
Balance at 1 January 2023	439.0	5.8	7.8	452.6
Insurance service result	(1.9)	0.1	1.0	(0.8)
Finance expense from insurance contracts recognised in profit or loss	2.7	0.1	–	2.8
Total changes in the Statement of Comprehensive Income	**0.8**	**0.2**	**1.0**	**2.0**
Investment components excluded from insurance revenue and insurance service expenses	(3.6)	–	–	(3.6)
Premiums received	(31.3)	–	–	(31.3)
Claims and other insurance service expenses paid	58.1	–	–	58.1
Total cash flows	**26.8**	**–**	**–**	**26.8**
Balance at 31 December 2023	**463.0**	**6.0**	**8.8**	**477.8**

	Estimates of present value of future cash flows £'Million	Risk adjustment for non-financial risk £'Million	Contractual service margin £'Million	Total £'Million
Balance at 1 January 2022	520.8	9.3	13.3	543.4
Insurance service result	(6.6)	(0.9)	(5.5)	(13.0)
Finance income from insurance contracts recognised in profit or loss	(14.7)	(2.6)	–	(17.3)
Total changes in the Statement of Comprehensive Income	(21.3)	(3.5)	(5.5)	(30.3)
Investment components excluded from insurance revenue and insurance service expenses	(76.2)	–	–	(76.2)
Premiums received	(34.0)	–	–	(34.0)
Claims and other insurance service expenses paid	49.7	–	–	49.7
Total cash flows	15.7	–	–	15.7
Balance at 31 December 2022	439.0	5.8	7.8	452.6

Insurance contract liabilities – contractual service margin

	31 December 2023 £'Million	31 December 2022 £'Million
Less than 1 year	0.7	0.8
In 2 to 5 years	1.7	1.7
>5 years	6.4	5.3
Total CSM for insurance contracts	**8.8**	7.8

The analysis above shows the expected recognition of the CSM remaining at the end of the reporting year.

Reinsurance assets

Reconciliation of the remaining coverage and incurred claims components

	Remaining coverage component £'Million	Recoverable for claims reinsured £'Million	Total £'Million
Balance at 1 January 2023	49.0	5.6	54.6
Net reinsurance expense	(5.0)	–	(5.0)
Finance expenses from reinsurance contracts recognised in profit or loss	(7.2)	–	(7.2)
Total changes in the Statement of Comprehensive Income	**(12.2)**	–	**(12.2)**
Premiums paid	21.7	–	21.7
Reinsurance recapture	(41.5)	–	(41.5)
Amounts received from reinsurers relating to incurred claims	(10.7)	1.1	(9.6)
Total cash flows	**(30.5)**	**1.1**	**(29.4)**
Balance at 31 December 2023	**6.3**	**6.7**	**13.0**
Current			6.7
Non-current			6.3
			13.0

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

17. Insurance contract liabilities and reinsurance assets continued

	Remaining coverage component	Recoverable for claims reinsured	Total
	£'Million	£'Million	£'Million
Balance at 1 January 2022	64.9	9.9	74.8
Net reinsurance expense	(9.6)	–	(9.6)
Finance expenses from reinsurance contracts recognised in profit or loss	(14.9)	–	(14.9)
Total changes in the Statement of Comprehensive Income	(24.5)	–	(24.5)
Premiums paid	24.0	–	24.0
Reinsurance recapture		–	–
Amounts received from reinsurers relating to incurred claims	(15.4)	(4.3)	(19.7)
Total cash flows	8.6	(4.3)	4.3
Balance at 31 December 2022	49.0	5.6	54.6
Current			11.7
Non-current			42.9
			54.6

Reconciliation of the measurement components

	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contractual service margin	Total
	£'Million	£'Million	£'Million	£'Million
Balance at 1 January 2023	35.7	5.1	8.2	49.0
Net reinsurance expense	(4.7)	(0.5)	0.2	(5.0)
Finance expenses from insurance contracts recognised in profit or loss	(0.5)	(3.5)	(3.2)	(7.2)
Total changes in the Statement of Comprehensive Income	**(5.2)**	**(4.0)**	**(3.0)**	**(12.2)**
Premiums paid	21.7	–	–	21.7
Reinsurance recapture	(41.5)			(41.5)
Amounts received from reinsurers relating to incurred claims	(10.7)	–	–	(10.7)
Total cash flows	**(30.5)**	–	–	**(30.5)**
Balance at 31 December 2023	–	**1.1**	**5.2**	**6.3**

	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	CSM	Total
	£'Million	£'Million	£'Million	£'Million
Balance at 1 January 2022	47.9	8.5	8.5	64.9
Net reinsurance expense	(8.6)	(0.7)	(0.3)	(9.6)
Finance expenses from insurance contracts recognised in profit or loss	(12.2)	(2.7)	–	(14.9)
Total changes in the Statement of Comprehensive Income	(20.8)	(3.4)	(0.3)	(24.5)
Premiums paid	24.0	–	–	24.0
Reinsurance recapture	–	–	–	–
Amounts received from reinsurers relating to incurred claims	(15.4)	–	–	(15.4)
Total cash flows	8.6	–	–	8.6
Balance at 31 December 2022	35.7	5.1	8.2	49.0

All reinsurance contracts are measured using the fair value approach.

Reinsurance assets – Contractual service margin (CSM)

	31 December 2023	31 December 2022
	£'Million	£'Million
Less than 1 year	0.1	0.7
In 2 to 5 years	0.6	1.6
>5 years	4.5	5.9
Total CSM for insurance contracts	**5.2**	8.2

The analysis above shows the expected recognition of the CSM remaining at the end of the reporting year.

Assumptions used in the calculation of insurance contract liabilities and reinsurance assets

The principal assumptions used in the calculation of insurance contract liabilities and reinsurance assets are:

Assumption	Description
Interest rate	The valuation interest rate is calculated by reference to the long-term risk-free swap rate at the balance sheet date. The specific rates used are between 2.9% and 4.7% depending on the tax regime (2022: 1.9% and 4.5%).
Mortality	Mortality is based on Group experience and is set at 65% of the TM/F92 tables with an additional loading for smokers.
Morbidity – critical illness	Morbidity is based on Group experience. There has been no change during 2023. Sample annual rates per £ for a male non-smoker are:

Age	Rate
25	0.063%
35	0.111%
45	0.266%

Assumption	Description
Morbidity – permanent health insurance	Morbidity is based on Group experience. There has been no change during 2023. Sample annual rates per £ income benefit for a male non-smoker are:

Age	Rate
25	0.228%
35	0.603%
45	1.308%

Assumption	Description
Expenses	Contract liabilities are calculated allowing for the actual costs of administration of the business.

	Annual cost	
Product	31 December 2023	31 December 2022
Onshore protection business	£35.11	£33.73
Offshore protection business	£69.72	£66.36

Assumption	Description
Persistency	Allowance is made for a best-estimate level of lapses within the calculation of the liabilities. There has been no change in rates during 2023. Sample annual lapse rates are:

Product	Lapse All durations
Onshore protection business	9%
Offshore whole of life	8%
Offshore critical illness	13%

Assumption	Description
Risk adjustment	The risk adjustment is determined using a cost of capital approach with a 3% charge. There has been no change during 2023.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

17. Insurance contract liabilities and reinsurance assets continued

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 european embedded value 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 Percentage	Change in profit before tax 2023 £'Million	Change in profit before tax 2022 £'Million	Change in net assets 2023 £'Million	Change in net assets 2022 £'Million
Interest rates	(1%)	(6.5)	(0.8)	(5.0)	(0.6)
Mortality/morbidity	10%	(1.5)	(0.1)	(1.1)	(0.1)

A change in withdrawal rates and expense assumptions will have no material impact on insurance profit or net assets.

18. Other provisions and contingent liabilities

	Complaints provision £'Million	Ongoing Service Evidence provision £'Million	Lease provision £'Million	Clawback provision £'Million	Total provisions £'Million
At 1 January 2022	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**
Additional provisions	61.8	426.0	2.6	0.1	490.5
Utilised during the year	(21.0)	–	(0.8)	–	(21.8)
Release of provision	(14.4)	–	(0.2)	–	(14.6)
At 31 December 2023	**56.1**	**426.0**	**14.9**	**3.1**	**500.1**

Other provisions

Complaints provision

The complaints provision is based on complaints identified, an assessment of the proportion upheld, estimated cost of redress and the expected timing of settlement. The Group expects significantly all of the provision to be utilised within one year. See contingent liabilities below for further information on the movement in the year.

Ongoing Service Evidence provision

During the year the Group has experienced elevated levels of complaints in connection with the delivery of historic ongoing advice services.

Given the claims experience, a skilled person was engaged to undertake an initial assessment of a statistically credible representative cohort of clients to explore whether issues raised by the complaints were replicated across the wider client base. Following the assessment, the Group has committed to review the sub-population of clients that has been charged for ongoing servicing since the start of 2018 but where the evidence of delivery falls below the acceptable standard. Where the standard of evidence is deemed by the Group to be marginal the Group will invite clients to join the review (the 'Opt-In population'), but where the standard of evidence is deemed to be poor the Group will include clients in the review unless instructed otherwise (the 'Opt-Out population').

The provision that has been recognised includes an estimated refund of charges, together with interest at FOS rates, plus the administration costs associated with completing this work. Allowance is also made for discounting over the expected duration of the exercise.

A provision of £426.0 million has been recognised at 31 December 2023 with the best estimate assessment based on extrapolation of the experience of the statistically credible representative cohort of clients.

IAS 37 and IAS 1 requires the Group to set out sensitivities. In compliance with these requirements, the following table sets out the potential change to the provision balance at 31 December 2023 if the key assumptions were to vary as described:

Sensitivity analysis	Change in assumption Percentage	Change in profit/(loss) before tax Favourable changes £'Million	Change in profit/(loss) before tax Unfavourable changes £'Million
Extrapolation from a representative cohort – Variation in proportion of client population subject to the review	2%	22.0	(22.0)
Extrapolation from a representative cohort – Variation in the level of charges, based on average client FUM, subject to refund	10%	31.0	(31.0)
Opt-In response rate – Variation in response rate	10%	17.0	(17.0)
Administration costs – Change in estimation of the cost to fulfil the exercise (cost per claim)	10%	12.0	**(12.0)**

It is estimated that significantly all the provision will be utilised over a two-to-three-year period from the reporting date.

Lease provision

The lease provision represents the value of expected future costs of reinstating leased property to its original condition at the end of the lease term. The estimate is based on the square footage of leased properties and typical costs per square foot of restoring similar buildings to their original state. The Group expects £1.5 million (2022: £1.6 million) of the provision to be utilised within one year. The majority of the provision relates to leased property with a maturity date of greater than five years.

Clawback provision

The clawback provision represents amounts due to third-parties less amounts recovered from Partners. The provision is based on estimates of the indemnity commission that may be repaid. The Group expects to utilise the provision on a straight-line basis over four years.

With the exception of the Ongoing Service Evidence provision, it is considered that no reasonably possible level of changes in estimates would have a material impact on the value of the best estimate of the provisions.

Contingent liabilities

Complaints and disputes

The Group is committed to achieving good client outcomes but does, in the normal course of business receive complaints and claims. Also, and as described in the Strategic Report, the FCA continues to reinforce the need for Firms to embed the Consumer Duty regulation and there remains a risk that we fail to provide quality suitable advice to clients, or that we fail to evidence the provision of good quality service and advice, which could result in regulatory sanction and/or a need to refund or compensate clients.

The costs, including legal costs, of these issues as they arise can be significant and where appropriate, provisions have been established in accordance with IAS 37.

Guarantees

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 (2022: £nil).

For further information, see the list of principal risks and uncertainties in the Risk and risk management section of the Strategic report.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

19. 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 15.

Senior unsecured corporate borrowings

	31 December 2023 £'Million	31 December 2022 £'Million
Corporate borrowings: bank loans	50.0	–
Corporate borrowings: loan notes	151.1	163.8
Senior unsecured corporate borrowings	**201.1**	163.8

The primary senior unsecured corporate borrowings are:

- a revolving credit facility of £345 million which is repayable at maturity in 2028 with a variable interest rate. At 31 December 2023 the undrawn credit available under this facility was £295 million (2022: £345 million);
- a Note Purchase Agreement for £51.1 million, which had the first annual instalment of £12.8 million repaid in 2023. The notes are repayable in four further annual instalments 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 financial covenants were complied with. The Group is currently in discussion with a number of lenders regarding some routine disclosure matters and expects these matters to be satisfactorily concluded shortly.

As at 31 December 2023 and 31 December 2022 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 2023 £'Million	31 December 2022 £'Million
Senior unsecured corporate borrowings	201.1	163.8
Senior tranche of non-recourse securitisation loan notes	50.3	–
Total borrowings	**251.4**	163.8
Current	62.0	12.8
Non-current	189.4	151.0
	251.4	163.8

Following the full loan sale to a third party conducted in late 2022, the facility was renegotiated and extended effective February 2023. The facility has been utilised to purchase more eligible loans throughout 2023, and the associated senior notes are repayable over the expected life of the securitisation (estimated to be five years) with a variable interest rate. They are held by a third-party investor 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 15.

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 2023 £'Million	31 December 2022 £'Million
Junior tranche of non-recourse securitisation loan notes	20.9	2.1
Senior tranche of non-recourse securitisation loan notes	50.3	–
Total non-recourse securitisation loan notes	**71.2**	2.1
Backed by		
Securitised business loans to Partners (see Note 15)	67.2	–
Other net assets of SJP Partner Loans No.1 Limited	4.0	2.1
Total net assets held by SJP Partner Loans No.1 Limited	**71.2**	2.1

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 2023 £'Million	Senior tranche of securitisation loan notes 2023 £'Million	Total borrowings 2023 £'Million	Senior unsecured corporate borrowings 2022 £'Million	Senior tranche of securitisation loan notes 2022 £'Million	Total borrowings 2022 £'Million
Balance at 1 January	163.8	–	163.8	270.6	162.4	433.0
Additional borrowing during the year	175.0	58.1	233.1	145.0	59.0	204.0
Repayment of borrowings during the year	(137.7)	(7.1)	(144.8)	(252.0)	(223.3)	(475.3)
Costs on additional borrowings during the year	–	–	–	(1.6)	–	(1.6)
Unwind of borrowing costs (non-cash movement)	–	–	–	0.6	0.5	1.1
Reclassification of prepaid loan facility expense to prepayments	–	(0.7)	(0.7)	1.2	1.4	2.6
Balance at 31 December	**201.1**	**50.3**	**251.4**	163.8	–	163.8

The fair value of the outstanding borrowings is not materially different from amortised cost. Interest expense on borrowings is recognised within Other finance income 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 2023 £'Million	31 December 2022 £'Million	31 December 2023 £'Million	31 December 2022 £'Million
Bank of Scotland	19.6	28.7	35.0	70.0
Investec	33.3	28.8	50.0	50.0
Metro Bank	17.6	27.3	50.0	40.0
NatWest	32.2	37.9	75.0	75.0
Santander	186.5	167.7	189.1	179.0
Total loans	**289.2**	290.4	**399.1**	414.0

The fair value of these guarantees has been assessed as £nil (2022: £nil).

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

20. 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 14); 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 19) 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 2023 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 funds under management (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

20. 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 2023	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	8.2	–	–	–	8.2
Investment in Collective Investment Schemes[1]	1,454.4	–	–	–	1,454.4
Other receivables[2]					
– Business loans to Partners	–	–	408.0	–	408.0
– Renewal income assets	138.3	–	–	–	138.3
– Other	–	–	1,155.4	–	1,155.4
Total other receivables	*138.3*	–	*1,563.4*	–	*1,701.7*
Cash and cash equivalents	–	–	285.4	–	285.4
Total financial assets	**1,600.9**	–	**1,848.8**	–	**3,449.7**
Financial liabilities					
Borrowings	–	–	–	251.4	251.4
Other payables					
– Lease liabilities: properties	–	–	–	120.5	120.5
– Contingent consideration	–	3.2	–	–	3.2
– Other	–	–	–	1,651.1	1,651.1
Total other payables	–	*3.2*	–	*1,771.6*	*1,774.8*
Total financial liabilities	**–**	**3.2**	**–**	**2,023.0**	**2,026.2**

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]	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[3,4]	–	–	538.4	–	538.4
Total other receivables	*115.5*	–	*854.0*	–	*969.5*
Cash and cash equivalents	–	–	253.3	–	253.3
Total financial assets	1,395.1	–	1,107.3	–	2,502.4
Financial liabilities					
Borrowings	–	–	–	163.8	163.8
Other payables					
– Lease liabilities: properties	–	–	–	116.6	116.6
– Contingent consideration	–	8.3	–	–	8.3
– Other[3]	–	–	–	1,213.8	1,213.8
Total other payables	–	*8.3*	–	*1,330.4*	*1,338.7*
Total financial liabilities	–	8.3	–	1,494.2	1,502.5

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.

3 Restated to reflect the adoption of IFRS 17. See Note 1a.

4 Other has increased by £43.5 million to better reflect the nature of the balances included.

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 2023	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	1.2	–	–	1.2
Investment in Collective Investment Schemes	60.6	–	–	60.6
Other receivables				
– Business loans to Partners	–	22.1	–	22.1
– Renewal income assets	(7.1)	–	–	(7.1)
Total other receivables	*(7.1)*	*22.1*	–	*15.0*
Cash and cash equivalents	–	17.7	–	17.7
Total financial assets	**54.7**	**39.8**	**–**	**94.5**
Financial liabilities				
Borrowings	–	–	(13.9)	(13.9)
Other payables				
– Lease liabilities: properties	–	–	(3.4)	(3.4)
Total other payables	–	–	*(3.4)*	*(3.4)*
Total financial liabilities	**–**	**–**	**(17.3)**	**(17.3)**

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)

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

20. 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 2023	Level 1 £'Million	Level 2 £'Million	Level 3 £'Million	Total balance £'Million
Financial assets				
Fixed income securities	8.2	–	–	8.2
Investment in Collective Investment Schemes[1]	1,454.4	–	–	1,454.4
Renewal income assets	–	–	138.3	138.3
Total financial assets	**1,462.6**	**–**	**138.3**	**1,600.9**
Financial liabilities				
Contingent consideration	–	–	3.2	3.2
Total financial liabilities	**–**	**–**	**3.2**	**3.2**

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

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 15. 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 £5.2 million (2022: £8.2 million) and a favourable change in valuation of £5.5 million (2022: £10.4 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 (2022: £nil) and favourable change of £3.2 million (2022: £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	2023 £'Million	2022 £'Million
Balance at 1 January	115.5	102.5
Additions during the year	32.0	36.1
Disposals during the year	(2.1)	(7.8)
Unrealised losses recognised in the Statement of Comprehensive Income	(7.1)	(15.3)
Balance at 31 December	**138.3**	115.5

Unrealised losses on renewal income assets are recognised within investment return in the Consolidated Statement of Comprehensive Income.

Financial liabilities

Contingent consideration	2023 £'Million	2022 £'Million
Balance at 1 January	8.3	8.3
Additions during the year	3.2	6.3
Payments made during the year	(6.7)	(6.3)
Released during the year	(1.6)	–
Balance at 31 December	**3.2**	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 2023	AAA £'Million	AA £'Million	A £'Million	BB £'Million	Unrated £'Million	Total £'Million
Fixed income securities	–	8.2	–	–	–	8.2
Investment in Collective Investment Schemes[1]	1,454.4	–	–	–	–	1,454.4
Reinsurance assets	–	–	–	–	–	–
Other receivables	–	6.7	–	–	1,695.0	1,701.7
Cash and cash equivalents	–	74.2	211.2	–	–	285.4
Total	**1,454.4**	**89.1**	**211.2**	**–**	**1,695.0**	**3,449.7**

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[2]	–	–	–	–	–	–
Other receivables[2,3]	–	–	–	–	969.5	969.5
Cash and cash equivalents	–	53.8	197.4	2.1	–	253.3
Total	1,271.7	61.7	197.4	2.1	969.5	2,502.4

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.

2 Restated to reflect the adoption of IFRS 17. See Note 17.

3 Other receivables has increased by £43.5 million to better reflect the nature of the balances included.

Other receivables includes £408.0 million (2022: £315.6 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 Partners.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

20. Financial risk continued

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.

The loan balance is presented net of a £4.8 million provision (2022: £3.8 million); see Note 15. 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 £8.9 million (2022: £1.7 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 2023	Up to 1 year £'Million	1 to 5 years £'Million	Over 5 years £'Million	Total £'Million
Financial assets				
Fixed income securities	8.2	–	–	8.2
Investment in Collective Investment Schemes	1,454.4	–	–	1,454.4
Other receivables				
– Business loans to Partners	120.9	253.7	33.4	408.0
– Renewal income	22.1	51.7	64.5	138.3
– Other	1,155.4	–	–	1,155.4
Total other receivables	*1,298.4*	*305.4*	*97.9*	*1,701.7*
Cash and cash equivalents	285.4	–	–	285.4
Total financial assets	**3,046.4**	**305.4**	**97.9**	**3,449.7**
Financial liabilities				
Borrowings	75.8	127.3	119.2	322.3
Other payables				
– Lease liabilities: properties	16.6	48.1	55.8	120.5
– Contingent consideration	1.3	1.9	–	3.2
– Other	1,581.6	58.0	22.5	1,662.1
Total other payables	*1,599.5*	*108.0*	*78.3*	*1,785.8*
Total financial liabilities	**1,675.3**	**235.3**	**197.5**	**2,108.1**

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[1,2]	538.4	–	–	538.4
Total other receivables	*615.9*	*214.4*	*139.2*	*969.5*
Cash and cash equivalents	253.3	–	–	253.3
Total financial assets	2,148.8	214.4	139.2	2,502.4
Financial liabilities				
Borrowings[3]	22.4	87.4	126.3	236.1
Other payables				
– Lease liabilities: properties	17.7	56.8	59.2	133.7
– Contingent consideration	6.4	1.9	–	8.3
– Other[1]	1,140.7	58.0	37.0	1,235.7
Total other payables	*1,164.8*	*116.7*	*96.2*	*1,377.7*
Total financial liabilities	1,187.4	204.1	222.4	1,613.8

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

2 Other has increased by £43.5 million to better reflect the nature of the balances included.

3 Restated to include future interest charges.

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. However, 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 14, 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 2023 £'Million	31 December 2022[1] £'Million
Financial assets and investment properties		
Investment properties[1]	20.0	(179.5)
Other assets backing unit liabilities[2]	13,013.4	(9,416.5)
Total financial assets and investment properties	**13,033.4**	(9,596.0)
Financial liabilities[3]		
Unit liabilities[4]	(13,038.4)	9,590.7
Total financial liabilities	**(13,038.4)**	9,590.7

1 Investment properties has been restated to reflect the correct investment property direct operating expenses. The restatement decreased the loss by £47.1 million.

2 Restated to reflect the adoption of IFRS 17. See Note 1a.

3 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.

4 Unit liabilities have been restated from £9,930.1 million to £9,950.7 million to reflect the correct movement. The restatement decreased the liability by £339.4 million.

The investment properties figure of £20.0 million at 31 December 2023 (2022: £179.5 million) includes direct operating expenses of £5.0 million (2022: £5.2 million).

Gains/(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

20. 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 2023	Level 1 £'Million	Level 2 £'Million	Level 3 £'Million	Total balance £'Million
Financial assets and investment properties				
Investment property	–	–	1,110.3	1,110.3
Equities	115,134.5	–	1,627.0	116,761.5
Fixed income securities	6,883.7	20,006.3	346.5	27,236.5
Investment in Collective Investment Schemes	12,505.7	–	7.4	12,513.1
Derivative financial instruments	–	3,420.6	–	3,420.6
Cash and cash equivalents	5,918.9	–	–	5,918.9
Total financial assets and investment properties	**140,442.8**	**23,426.9**	**3,091.2**	**166,960.9**
Financial liabilities				
Investment contract benefits	–	123,149.8	–	123,149.8
Derivative financial instruments	–	3,073.0	–	3,073.0
Net asset value attributable to unit holders	40,536.5	–	–	40,536.5
Total financial liabilities	**40,536.5**	**126,222.8**	**–**	**166,759.3**

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

In respect of the derivative financial liabilities, £181.3 million of collateral had been posted as at 31 December 2023 (2022: £103.1 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 is 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 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 year, £nil of Russian equities (2022: £4.8 million) 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

20. Financial risk continued

The following table presents the changes in Level 3 financial assets and liabilities at fair value through the profit and loss:

2023	Investment property £'Million	Fixed income securities £'Million	Equities £'Million	Collective Investment Schemes £'Million
Balance at 1 January 2023	1,294.5	366.4	1,592.0	3.9
Transfer into Level 3	–	26.7	–	4.0
Additions during the year	10.1	25.9	227.1	–
Disposed during the year	(149.4)	(58.2)	(225.0)	(0.4)
(Losses)/gains recognised in the income statement	(44.9)	(14.3)	32.9	(0.1)
Balance at 31 December 2023	**1,110.3**	**346.5**	**1,627.0**	**7.4**
Realised (losses)/gains	(39.0)	7.4	(4.4)	–
Unrealised (losses)/gains	(5.9)	(21.7)	37.3	(0.1)
(Losses)/gains recognised in the income statement	**(44.9)**	**(14.3)**	**32.9**	**(0.1)**

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	–	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

Unrealised and realised (losses)/gains for all Level 3 assets are recognised within investment return in the Statement of Comprehensive Income.

Level 3 valuations

Investment property

At 31 December 2023 the Group held £1,110.3 million (2022: £1,294.5 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 2023	Investment property classification: Office	Industrial	Retail and leisure	All
Gross ERV (per sq ft)[1]				
Range	£29.50 to £110.00	£5.25 to £24.00	£2.50 to £97.54	£2.50 to £110.00
Weighted average	£49.58	£13.74	£13.53	£16.89
True equivalent yield				
Range	4.7% to 10.3%	5.0% to 6.8%	6.2% to 13.9%	4.7% to 13.9%
Weighted average	7.0%	5.6%	7.8%	6.7%

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%

1 Equivalent rental value (per square foot).

Fixed income securities and equities

At 31 December 2023 the Group held £346.5 million (2022: £366.4 million) in private credit investments, and £1,628.3 million (2022: £1,587.3 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 will 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

20. Financial risk continued

Sensitivity of Level 3 valuations

Investment in Collective Investment Schemes

The valuations 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 50bps 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 the shareholder net assets.

			Effect of reasonably possible alternative assumptions	
		Carrying value	Favourable changes	Unfavourable changes
	Investment property significant unobservable inputs	£'Million	£'Million	£'Million
31 December 2023	**Expected rental value/relative yield**	**1,110.3**	**1,207.5**	**1,021.0**
31 December 2022	Expected rental value/relative yield	1,294.5	1,410.8	1,186.6

Fixed income securities and equities

As set out 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 with 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 reasonably possible alternative assumptions	
		Carrying value	Favourable changes	Unfavourable changes
		£'Million	£'Million	£'Million
31 December 2023	**Fixed income securities**	**346.5**	**351.9**	**340.7**
	Equities	**1,627.0**	**1,813.0**	**1,449.2**
31 December 2022	Fixed income securities	366.4	374.2	358.3
	Equities	1,587.3	1,783.5	1,380.3

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 the 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.

21. Cash generated from operations

	Note	Year ended 31 December 2023 £'Million	Year ended 31 December 2022[1] £'Million
Cash flows from operating activities			
Profit before tax for the year[1]		**439.6**	2.8
Adjustments for:			
Amortisation of purchased value of in-force business	11	3.2	3.2
Amortisation of computer software	11	15.4	9.3
Depreciation	12	24.0	21.7
Impairment of goodwill	11	–	1.5
Loss on disposal of computer software	11	0.8	0.5
Loss on disposal of property and equipment, including leased assets	12	2.3	0.9
Gain on disposal of subsidiary		(1.2)	–
Share-based payment charge	24	4.9	20.5
Interest income		(108.0)	(61.8)
Interest expense		17.3	12.4
Increase in provisions	18	454.1	1.9
Exchange rate losses/(gains)		2.3	(0.7)
		415.1	9.4
Changes in operating assets and liabilities			
Decrease in deferred acquisition costs	11	32.2	42.3
Decrease in investment property		184.2	274.0
(Increase)/decrease in other investments		(21,077.2)	2,378.9
Decrease in reinsurance assets[1]		41.6	20.2
Increase in other receivables[1,2]		(14.2)	(40.6)
Increase/(decrease) in insurance contract liabilities[1]		25.5	(98.1)
Increase/(decrease) in financial liabilities (excluding borrowings)		15,991.8	(1,138.3)
Decrease in deferred income	11	(38.9)	(32.2)
Increase/(decrease) in other payables[1]		206.2	(390.4)
Increase/(decrease) in net assets attributable to unit holders		3,908.1	(1,740.6)
		(740.7)	(724.8)
Cash generated from/(used in) operations[2]		**114.0**	(712.6)

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

2 Restated to reclassify Proceeds from sale of financial assets held at amortised cost from net cash flows from investing activities to net cash flows from operating activities. See Note 1a.

22. 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

22. 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): Insurance Authority (Hong Kong)
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): Insurance Authority (Hong Kong)
St. James's Place (Middle East) Limited	Dubai Financial Services Authority
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 2023, assessed on the standard formula basis, is presented in the following table:

	31 December 2023 £'Million	31 December 2022[1] £'Million
IFRS total assets[1]	172,293.1	151,685.5
Less Solvency II valuation adjustments and unit-linked liabilities[1]	(171,160.1)	(150,305.6)
Solvency II net assets	**1,133.0**	1,379.9
Solvency II VIF	2,485.2	5,580.4
Risk margin	(318.4)	(1,516.4)
Own funds (A)	**3,299.8**	5,443.9
Standard formula SCR (B)	**(1,727.7)**	(3,522.5)
Solvency II free assets	**1,572.1**	1,921.4
Solvency II ratio (A/B)	**191%**	155%

	31 December 2023 £'Million	31 December 2022 £'Million
Solvency II net assets	1,133.0	1,379.9
Less: management solvency buffer (MSB)	(529.5)	(532.7)
Excess of free assets over MSB	**603.5**	847.2

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

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 Group Executive Committee, 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 2023, we reviewed the level of our MSB and maintained the MSB for the Life businesses at £355.0 million (2022: £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 2023 £'Million	31 December 2022[1] £'Million
Share capital	82.3	81.6
Share premium	233.9	227.8
Shares in trust reserve	(0.7)	(4.1)
Miscellaneous reserves	2.5	2.5
Retained earnings	665.4	963.8
Shareholders' equity	**983.4**	1,271.6
Non-controlling interests	0.1	0.2
Total equity	**983.5**	1,271.8

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

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.

23. Share capital, earnings per share and dividends

Share capital

	Number of ordinary shares	Called-up share capital £'Million
At 1 January 2022	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**
– Issue of shares	–	–
– Exercise of options	4,369,037	0.7
At 31 December 2023	**548,604,794**	**82.3**

Ordinary shares have a par value of 15 pence per share (2022: 15 pence per share) and are fully paid.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

23. Share capital, earnings per share and dividends continued

Included in the issued share capital are 3,411,743 (2022: 2,207,186) shares held in the Shares in trust reserve with a nominal value of £0.5 million (2022: £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 1,896,985 shares at 31 December 2023 and 815,737 shares at 31 December 2022. The trustees of St. James's Place 2010 SIP Trust have chosen to waive their entitlement to the dividend on 556 shares at 31 December 2023 (2022: nil).

Share capital increases are included within the exercise of options line in 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 24.

Earnings per share

	Year ended 31 December 2023	Year ended 31 December 2022[1]
	£'Million	£'Million
Earnings		
Profit after tax attributable to equity shareholders (for both basic and diluted EPS)[1]	(10.1)	406.8
	Million	Million
Weighted average number of shares		
Weighted average number of ordinary shares in issue (for basic EPS)	547.6	542.7
Adjustments for outstanding share options	8.8	5.1
Weighted average number of ordinary shares (for diluted EPS)	**556.4**	547.8
	Pence	Pence
Earnings per share (EPS)		
Basic earnings per share[1]	(1.8)	75.0
Diluted earnings per share[1]	(1.8)	74.3

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

Dividends

The following dividends have been paid by the Group:

	Year ended 31 December 2023	Year ended 31 December 2022	Year ended 31 December 2023	Year ended 31 December 2022
	Pence per share	Pence per share	£'Million	£'Million
Final dividend in respect of 2021	–	40.41	–	218.9
Interim dividend in respect of 2022	–	15.59	–	84.7
Final dividend in respect of 2022	37.19	–	203.1	–
Interim dividend in respect of 2023	15.83	–	86.5	–
Total dividends	**53.02**	56.00	**289.6**	303.6

In respect of 2023 the Directors have recommended a 2023 final dividend of 8.00 pence per share. This amounts to £43.9 million and will, subject to shareholder approval at the Annual General Meeting, be paid on 24 May 2024 to those shareholders on the register as at 26 April 2024.

24. Share-based payments

During the year ended 31 December 2023, 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 587,793 (2022: 420,798) SAYE options were granted on 23 March 2023 (2022: 25 March 2022). 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 grants were made in 2023 (2022: nil).
- 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 2023 (2022: 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 2023 (2022: 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 7,695 (2022: 6,653) shares were granted under the SIP on 24 March 2023 (2022: 25 March 2022).
- 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 575,481 (2022: 532,147) shares were granted under the Deferred Bonus Schemes on 24 March 2023 (2022: 25 March 2022).
- 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 1,863,029 (2022: 1,120,077) shares were granted under the Executive Performance Share Plan across three grants made on 3 May 2023, 24 October 2023 and 27 November 2023 (2022: one grant made on 25 March 2022).
- 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 231,859 (2022: 162,643) awards were granted under the Restricted Share Plan on 24 March 2023 (2022: 25 March 2022).

Share options and awards outstanding under the various share-based payment schemes set out above at 31 December 2023 amount to 11.9 million shares (2022: 12.6 million). Of these, 2.8 million (2022: 2.9 million) are under option to Partners and advisers of the St. James's Place Partnership, 8.2 million (2022: 8.5 million) are under option to Executive Directors and senior management (including 0.8 million (2022: 0.9 million) under option to Directors as disclosed in the Directors' Remuneration Report) and 0.9 million (2022: 1.2 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

24. 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]	Restricted Share Plan
Valuation model	Black-Scholes	Black-Scholes	Black-Scholes	Monte Carlo	Monte Carlo
Awards in 2023					
Fair value (pence)	314.4	1,191.0	1,173.5	655.0/1,184.5	1,028.0
Share price (pence)	1,191.0	1,191.0	1,173.5	1,184.5	1,173.5
Exercise price (pence)	988.0	–	–	–	–
Expected volatility (% per annum)[1]	34	N/A	N/A	31	N/A
Expected dividends (% per annum)[2]	4.4	–	–	4.5	4.5
Risk-free interest rate (% per annum)	3.4	N/A	N/A	N/A	N/A
Expected life (years)	3.5	3	3	3	3
Volatility of competitors (% per annum)	N/A	N/A	N/A	21-66	N/A
Correlation with competitors (%)	N/A	N/A	N/A	20	N/A
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 (% per annum)[1]	33	N/A	N/A	33	33
Expected dividends (% per annum)[2]	3.6	–	–	3.6	3.6
Risk-free interest rate (% per annum)	1.43	N/A	N/A	N/A	N/A
Expected life (years)	3.5	3	3	3	3
Volatility of competitors (% per annum)	N/A	N/A	N/A	23-80	N/A
Correlation with competitors (%)	N/A	N/A	N/A	20	N/A

1 Expected volatility is based on an analysis of the Company's historical 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 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.

4 The awards made under the Executive Performance Share Plan for members of the Group Executive Committee are subject to a two-year holding period once the award has vested. This results in discounted fair values for the Group Executive Committee population of 594.6/1,073.9 (2022: 820.4/1,447.0) pence per share, to reflect the reduced marketability of the awards.

Share option schemes

	Year ended 31 December 2023 Number of options	Year ended 31 December 2023 Weighted average exercise price	Year ended 31 December 2022 Number of options	Year ended 31 December 2022 Weighted average exercise price
SAYE Plan				
Outstanding at start of year	1,139,731	£9.76	1,405,475	£8.18
Granted	587,793	£9.88	420,798	£11.11
Forfeited	(498,775)	£10.23	(157,596)	£9.90
Exercised	(365,793)	£8.14	(528,946)	£7.46
Outstanding at end of year	**862,956**	**£10.26**	1,139,731	£9.76
Exercisable at end of year	–	–	2,233	£8.06
Partner Performance Share Plan				
Outstanding at start of year	–	–	440,702	£0.15
Granted	–	–	–	–
Forfeited	–	–	–	–
Exercised	–	–	(440,702)	£0.15
Outstanding at end of year	–	–	–	–
Exercisable at end of year	–	–	–	–
Partner and Adviser Chartered Plan				
Outstanding at start of year	–	–	176,378	£0.15
Granted	–	–	–	–
Forfeited	–	–	(2,000)	£0.15
Exercised	–	–	(174,378)	£0.15
Outstanding at end of year	–	–	–	–
Exercisable at end of year	–	–	–	–
Associate Partner Plan				
Outstanding at start of year	2,909,183	£10.91	3,274,033	£10.91
Granted	–	–	–	–
Forfeited	(28,500)	£10.88	(33,750)	£10.91
Exercised	(38,500)	£10.83	(331,100)	£10.85
Outstanding at end of year	**2,842,183**	**£10.91**	2,909,183	£10.91
Exercisable at end of year	**2,842,183**	**£10.91**	2,909,183	£10.91

The average share price during the year was 997.5 pence (2022: 1,248.7 pence).

The SAYE Plan options outstanding at 31 December 2023 had exercise prices of 940 pence (173,533 options), 1,281 pence (59,688 options), 1,111 pence (192,396 options) and 988 pence (437,339 options), and a weighted average remaining contractual life of 1.7 years.

The options outstanding under the Partner Performance Share Plan and the Partner and Adviser Chartered Plan at 31 December 2023 were all exercisable at a 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 2023 had an exercise price of 1,083 pence (2,396,458 options) and 1,135 pence (445,725 options), and a weighted average remaining contractual life of nil years.

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

24. Share-based payments continued

Share awards

All share awards under the below schemes have exercise prices of nil.

	Year ended 31 December 2023 Number of shares	Year ended 31 December 2022 Number of shares
Share Incentive Plan		
Outstanding at start of year	39,249	38,039
Granted	7,695	6,653
Forfeited	–	–
Exercised	(8,237)	(5,443)
Outstanding at end of year	**38,707**	39,249
Exercisable at end of year	**10,558**	11,937
Executive Deferred Bonus Scheme		
Outstanding at start of year	985,271	1,026,985
Granted	575,481	532,147
Forfeited	(469,128)	(12,724)
Exercised	–	(561,137)
Outstanding at end of year	**1,091,624**	985,271
Exercisable at end of year	–	646
Executive Performance Share Plan		
Outstanding at start of year	7,373,170	7,424,110
Granted	1,863,029	1,120,077
Forfeited	(562,733)	(441,929)
Exercised	(2,013,252)	(729,088)
Outstanding at end of year	**6,660,214**	7,373,170
Exercisable at end of year	**2,616,406**	1,840,660
Restricted Share Plan		
Outstanding at start of year	197,291	45,853
Granted	231,859	162,643
Forfeited	(11,177)	(11,205)
Exercised	–	–
Outstanding at end of year	**417,973**	197,291
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% (2022: 20%) correlated and that the comparator index has volatilities ranging between 21% per annum and 66% per annum (2022: 23% per annum and 80% per annum).

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 2023 therefore include an allowance for the actual performance of the Company's share price relative to the index over the period between 1 January 2023 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 2023 £'Million	Year ended 31 December 2022 £'Million
Equity-settled share-based payment expense	5.4	20.5
Cash-settled share-based payment expense	(0.3)	0.5
Total share-based payment expense	**5.1**	21.0

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 2023 or 31 December 2022 is in respect of vested cash-settled share-based payments.

	Year ended 31 December 2023 £'Million	Year ended 31 December 2022 £'Million
Liability for cash-settled share-based payments	1.2	2.5
Liability for employer National Insurance contributions on cash-settled and equity-settled share-based payments	3.5	7.8

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

25. 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 St. James's Place UK plc and St. James's Place International plc. 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		Principal place of business	Nature of relationship	Measurement method	Net asset value as at 31 December	
	2023	2022				2023	2022
	%	%				£'Million	£'Million
St. James's Place Property Unit Trust	1.21	0.98	United Kingdom	Manager of unit trust	Fair value through profit or loss	786.7	1,021.4

As at 31 December 2023 the value of the Group's interests in St. James's Place Property Unit Trust was £9.6 million (2022: £10.0 million).

26. 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 2023:

Entity	Company number	Registered office	Country of incorporation	Principal activity	Audit exemption
Cabot Portfolio Nominees Limited	03636010	Temple Point, Redcliffe Way, Bristol, BS1 6NL, United Kingdom	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, Bristol, BS1 6NL, United Kingdom	England and Wales	Nominee company	Yes
Edwards Wealth Ltd (formerly JEWM Ltd)	09229694	*	England and Wales	Financial advice	Yes
Future Proof Limited	07608319	*	England and Wales	Financial advice	Yes
Ian Cockbain Wealth Management Limited	04639701	*	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
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
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 (Middle East) Limited	6826	Gate District Precinct Building 03, Unit "Precinct 3-7th Floor-Units 706,707 & 708" Level 7, Dubai International Financial Center, United Arab Emirates, PO Box 507256	United Arab Emirates	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 (Singapore) Private Limited	200406398R	1 Raffles Place, #15-61 One Raffles Place, 048616, Singapore	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	No
St. James's Place Investment Administration Limited	08764231	*	England and Wales	Unit trust administration and ISA manager	No

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

26. Interests in other entities continued

Entity	Company number	Registered office	Country of incorporation	Principal activity	Audit exemption
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
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, 048616, Singapore	Singapore	Holding company	No
St. James's Place Wealth Management plc	04113955	*	England and Wales	UK distribution	No
Technical Connection Limited	03178474	*	England and Wales	Tax and advisory services	Yes
Tivoli Private Clients Limited	14320641	*	England and Wales	Non-trading	No
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 Ian Cockbain Wealth Management Limited (04639701) on 30 November 2023 and incorporated St. James's Place (Middle East) Limited (6826) on 24 April 2023. The Group sold Stafford House Investments Limited (03866935) on 30 November 2023.

The following subsidiaries were dissolved during the year:

- Baxter Holding Company Limited (on 12 December 2023)
- Baxter & Lindley Financial Services Limited (on 29 August 2023)
- Richard Barnes Wealth Management Ltd (on 15 August 2023)
- St. James's Place (Shanghai) Limited (on 11 September 2023)
- Thompson Private Clients Limited (on 26 December 2023).

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, except for Tivoli Private Clients Limited where St. James's Place plc have taken advantage, or are expected to take advantage, of the exemption from statutory audit granted by section 394A and section 448A 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 2023 of these companies.

All Group companies have an accounting reference date of 31 December. 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 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 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 Limited 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 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 Government Bond Unit Trust[1]
St. James's Place Global Government Inflation Linked Bond Unit Trust[2]
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 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

1 St. James's Place Global Government Bond Unit Trust, formerly St. James's Place Gilts Unit Trust.

2 St. James's Place Global Government Inflation Linked Bond Unit Trust, formerly St. James's Place Index Linked Gilts 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 2023 £'Million	Year ended 31 December 2022 £'Million
Aggregate carrying value of individually immaterial associates	10.2	1.4
Aggregate amounts of the Group's share of total comprehensive income	0.1	–

Strategic Report Governance Financial Statements Other Information

Notes to the Consolidated Financial Statements under International Financial Reporting Standards continued

27. Related-party transactions

Transactions with associates and non-wholly-owned subsidiaries

Associates

Outstanding at the year-end were business loans of £2.9 million (2022: £1.2 million) to associates of the Group. During the year £1.6 million (2022: £0.3 million) was advanced and £1.8 million (2022: £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 2023 (2022: £nil).

In addition, commission, advice fees and other payments of £2.3 million were paid (2022: £0.4 million paid), under normal commercial terms, to associates of the Group. The outstanding amount at 31 December 2023 was £0.5 million payable (2022: £nil).

Non-wholly owned subsidiaries

Commission, advice fees and other payments of £3.8 million were paid (2022: £4.3 million paid), under normal commercial terms, to non-wholly-owned Group companies. The outstanding amount at 31 December 2023 was £0.6 million payable (2022: £0.1 million receivable).

Transactions with key management personnel

Key management personnel have been defined as the Board of Directors and members of the Group Executive Committee. 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 2023 £'Million	Year ended 31 December 2022 £'Million
Short-term employee benefits	5.0	6.3
Post-employment benefits	0.5	0.5
Share-based payments	0.2	6.5
Total	**5.7**	13.3

The total value of Group FUM held by related parties of the Group as at 31 December 2023 was £17.9 million (2022: £41.1 million). The total value of St. James's Place plc dividends paid to related parties of the Group during the year was £1.0 million (2022: £0.8 million).

During 2022 total consideration of £20.3 million was agreed under normal commercial terms to key management personnel and their connected parties for the acquisition of Edwards Wealth Ltd (formerly JEWM Ltd). As at 31 December 2023 there was deferred contingent consideration outstanding of £nil (2022: £3.2 million), with £3.2 million deferred contingent consideration paid during the year (2022: £nil).

Commission, advice fees and other payments of £1.3 million (2022: £3.2 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 2023 was £nil (2022: £0.1 million).

Outstanding at the year-end were Partner loans of £nil (2022: £nil) 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 £nil (2022: £0.5 million) was advanced and £0.1 million (2022: £3.0 million) was repaid by advisers who were related parties.

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 Partners. Interest of £nil was received during 2023 (2022: £0.1 million).

28. Events after the end of the reporting period

On the 27 February 2024, the Company signed an external debt facility for £250.0 million. Debt drawn is repayable over 2 years at a margin over a variable interest rate.

Parent Company Financial Statements under Financial Reporting Standard 101

Parent Company Statement of Financial Position

Registered number: 03183415

	Note	As at 31 December 2023 £'Million	As at 31 December 2022 £'Million
Investment in subsidiaries	2	1,576.2	1,378.8
Current assets			
Amounts owed by Group undertakings	6	143.8	283.9
Cash and cash equivalents		–	0.1
Current liabilities			
Corporation tax liabilities		(5.0)	(1.7)
Other payables		–	(0.1)
Net current assets		**138.8**	282.2
Net assets		**1,715.0**	1,661.0
Equity			
Share capital	3	82.3	81.6
Share premium		233.9	227.8
Share option reserve		279.5	274.1
Miscellaneous reserves		0.1	0.1
Retained earnings		1,119.2	1,077.4
Total shareholders' funds		**1,715.0**	1,661.0

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 £331.4 million (2022: £437.9 million) which can be seen in the Statement of Changes in Equity.

The Parent Company Financial Statements on pages 248 to 253 were approved by the Board of Directors on 27 February 2024 and signed on its behalf by:

Mark FitzPatrick, Chief Executive Officer

Craig Gentle, Chief Financial Officer

The Notes and information on pages 250 to 253 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 2022		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**
Profit and total comprehensive income for the year		–	–	–	–	331.4	331.4
Dividends	5	–	–	–	–	(289.6)	(289.6)
Issue of share capital		–	–	–	–	–	–
Exercise of options	3	0.7	6.1	–	–	–	6.8
Cost of share options expensed in subsidiaries		–	–	5.4	–	–	5.4
At 31 December 2023		**82.3**	**233.9**	**279.5**	**0.1**	**1,119.2**	**1,715.0**

The Notes and information on pages 250 to 253 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, Middle East 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 2023.

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 £'Million	Share awards £'Million	Impairment provision £'Million	Net book value £'Million
At 1 January 2022	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**
Share awards granted	–	5.4	–	5.4
Share capital injection	7.0	–	–	7.0
Capital contribution	185.0	–	–	185.0
At 31 December 2023	**1,478.5**	**279.5**	**(181.8)**	**1,576.2**

The investment in subsidiaries' net book value is broken down as follows:

	31 December 2023 £'Million	31 December 2022 £'Million
St. James's Place Wealth Management Group Limited	1,189.1	1,004.1
St. James's Place DFM Holdings Limited	107.6	100.6
Directly held investments	**1,296.7**	1,104.7
St. James's Place Management Services Limited	210.5	205.9
St. James's Place Wealth Management plc	62.1	62.1
Rowan Dartington & Co. Limited	5.8	5.0
St. James's Place International plc	0.9	0.8
Technical Connection Limited	0.2	0.1
Stafford House Investments Limited	–	0.2
Investments held due to share awards granted	**279.5**	274.1
Total	**1,576.2**	1,378.8

During the year the Company made a capital contribution of £185.0 million (2022: £136.5 million) to St. James's Place Wealth Management Group Limited.

The carrying value of the investment in subsidiaries 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 6.3% (2022: 7.0%). 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 2022	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**
– Issue of shares	–	–
– Exercise of options	4,369,037	0.7
At 31 December 2023	**548,604,794**	**82.3**

Ordinary shares have a par value of 15 pence per share (2022: 15 pence per share) and are fully paid. The Company received consideration of £6.8 million (2022: £8.8 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 2023 is £31,730 (2022: £30,487), which is borne by another entity within the Group.

5. Dividends

The following dividends have been paid by the Company:

	Year ended 31 December 2023 Pence per share	Year ended 31 December 2022 Pence per share	Year ended 31 December 2023 £'Million	Year ended 31 December 2022 £'Million
Final dividend in respect of 2021	–	40.41	–	218.9
Interim dividend in respect of 2022	–	15.59	–	84.7
Final dividend in respect of 2022	37.19	–	203.1	–
Interim dividend in respect of 2023	15.83	–	86.5	–
Total dividends	**53.02**	56.00	**289.6**	303.6

In respect of 2023 the Directors have recommended a 2023 final dividend of 8.00 pence per share. This amounts to £43.9 million and will, subject to shareholder approval at the Annual General Meeting, be paid on 24 May 2024 to those shareholders on the register as at 26 April 2024.

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 2023 £'Million	31 December 2022 £'Million
Amounts owed by Group undertakings		
St. James's Place Partnership Services Limited	143.8	283.9
Total	**143.8**	283.9

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 £315.0 million (2022: £431.0 million) of dividends from subsidiary undertakings. The total value of St. James's Place funds under management (FUM) held by related parties of the Company as at 31 December 2023 was £17.5 million (2022: £41.1 million). The total value of dividends paid to related parties of the Company during the year was £1.0 million (2022: £0.8 million).

The following wholly-owned 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, except for Tivoli Private Clients Limited where St. James's Place plc have taken advantage, or are expected to take advantage, of the exemption from statutory audit granted by Section 394A and section 448A 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 2023 of:

Cabot Portfolio Nominees Limited	03636010
CGA Financial & Investment Services Limited	02666180
Dartington Portfolio Nominees Limited	01489542
Edwards Wealth Ltd (formerly JEWM Ltd)	09229694
Future Proof Limited	07608319
Ian Cockbain Wealth Management Limited	04639701
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
Rowan Dartington Holdings Limited	07470226
SJP Legacy Holdings Ltd	SC492906
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
St. James's Place (PCP) Limited	02706684
Technical Connection Limited	03178474
Tivoli Private Clients Limited	14320641
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.

9. Events after the end of the reporting period

On 27 February 2024, the Company received dividends of £260.0 million from its subsidiary undertaking, St. James's Place Wealth Management Group Limited. On the same date, the Company also received £190.0 million from a wholly owned subsidiary, St. James's Place UK plc. The loan is unsecured with a variable interest rate and repayable after ten years.

In addition, on 27 February 2024, the Company agreed to purchase £370.0 million ordinary shares in its subsidiary undertaking, St. James's Place Wealth Management Group Limited.

Supplementary Information: Consolidated Financial Statements on a Cash result basis (unaudited)

Consolidated Statement of Comprehensive Income on a Cash result basis (unaudited)

	Note	Year ended 31 December 2023 £'Million	Year ended 31 December 2022 £'Million
Fee and commission income		2,835.2	1,854.2
Expenses[1]		(2,392.4)	(1,886.4)
Investment return[1]	6	66.7	1.5
Net reinsurance expense	6	(39.8)	–
Other finance income[1]		31.5	15.1
Profit/(loss) before tax		**501.2**	(15.6)
Tax attributable to policyholders' returns		(444.2)	501.1
Tax attributable to shareholders' returns		11.7	(75.4)
Total Cash result for the year		**68.7**	410.1

		Pence	Pence
Cash result basic earnings per share	III	**12.5**	75.6
Cash result diluted earnings per share	III	**12.3**	74.9

1 Restated to reclassify Other finance income. See Note 1a.

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 2022		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	23	–	–	–	–	(303.6)	(303.6)	(0.3)	(303.9)
Issue of share capital		0.1	5.6	–	–	–	5.7	–	5.7
Exercise of options	23	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**
Cash result for the year		–	–	–	–	68.5	68.5	0.2	68.7
Dividends	23	–	–	–	–	(289.6)	(289.6)	(0.3)	(289.9)
Exercise of options	23	0.7	6.1	–	–	–	6.8	–	6.8
Consideration paid for own shares		–	–	(0.5)	–	–	(0.5)	–	(0.5)
Own shares vesting charge		–	–	3.9	–	(3.9)	–	–	–
Change in deferred tax		–	–	–	–	(24.9)	(24.9)	–	(24.9)
Impact of policyholder tax asymmetry		–	–	–	–	(44.4)	(44.4)	–	(44.4)
Reassurance recapture add-back		–	–	–	–	39.8	39.8	–	39.8
Change in goodwill, intangibles and other non-cash movements		–	–	–	–	(2.5)	(2.5)	–	(2.5)
At 31 December 2023		**82.3**	**233.9**	**(0.7)**	**2.5**	**814.9**	**1,132.9**	**0.1**	**1,133.0**

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 2023 £'Million	31 December 2022 £'Million
Assets			
Property and equipment	12	153.1	145.7
Deferred tax assets		20.4	2.5
Investment in associates		10.2	1.4
Reinsurance assets[1]		6.7	5.6
Other receivables[1]		2,147.3	1,369.2
Income tax assets		–	35.0
Fixed income securities	20	8.2	7.9
Investment in Collective Investment Schemes	20	1,454.4	1,271.7
Cash and cash equivalents	20	285.4	253.3
Total assets		**4,085.7**	3,092.3
Liabilities			
Borrowings	19	251.4	163.8
Deferred tax liabilities		414.5	165.1
Insurance contract liabilities[1]		18.2	17.9
Other provisions	18	500.1	46.0
Other payables[1]		1,757.0	1,319.6
Income tax liabilities		11.5	–
Total liabilities		**2,952.7**	1,712.4
Net assets		**1,133.0**	1,379.9
Shareholders' equity			
Share capital	23	82.3	81.6
Share premium		233.9	227.8
Shares in trust reserve		(0.7)	(4.1)
Miscellaneous reserves		2.5	2.5
Retained earnings		814.9	1,071.9
Shareholders' equity		**1,132.9**	1,379.7
Non-controlling interests		0.1	0.2
Total shareholders' equity on a Cash result basis		**1,133.0**	1,379.9

	Pence	Pence
Net assets per share	**206.5**	253.6

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

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 14 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 11 to the Consolidated Financial Statements.
3. Equity-settled share-based payment expense is removed from the Statement of Comprehensive Income on a Cash result basis, and the relevant equity balances removed from the Statement of Financial Position on a Cash result basis. Share-based payment balances are set out in Note 24 to the Consolidated Financial Statements.
4. Non-unit-linked insurance contract liabilities and reinsurance assets, as set out in Note 17 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.
7. Amounts due from the reinsurer, arising from the reinsurance recapture, are removed from the Statement of Comprehensive Income on a Cash result basis, consistent with the exclusion of the associated reinsurance asset from the Statement of Financial Position on a Cash 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 2023 is set out in Section 2.2 of the financial review. The reconciliation as at 31 December 2022 is set out below.

31 December 2022	IFRS Balance Sheet £'Million	Adjustment 1 £'Million	Adjustment 2 £'Million	Solvency II Net Assets Balance Sheet £'Million
Assets				
Goodwill	33.6	–	(33.6)	–
Deferred acquisition costs[1]	336.6	–	(336.6)	–
Purchased value of in-force business	11.2	–	(11.2)	–
Computer software	33.3	–	(33.3)	–
Property and equipment	145.7	–	–	145.7
Deferred tax assets[1]	12.5	–	(10.0)	2.5
Investment in associates	1.4	–	–	1.4
Reinsurance assets[1]	54.6	–	(49.0)	5.6
Other receivables[1]	2,977.2	(1,604.8)	(3.2)	1,369.2
Income tax assets	35.0	–	–	35.0
Investment property	1,294.5	(1,294.5)	–	–
Equities	103,536.0	(103,536.0)	–	–
Fixed income securities	27,552.7	(27,544.8)	–	7.9
Investment in Collective Investment Schemes	5,735.4	(4,463.7)	–	1,271.7
Derivative financial instruments	3,493.0	(3,493.0)	–	–
Cash and cash equivalents	6,432.8	(6,179.5)	–	253.3
Total assets	151,685.5	(148,116.3)	(476.9)	3,092.3
Liabilities				
Borrowings	163.8	–	–	163.8
Deferred tax liabilities	162.9	–	2.2	165.1
Insurance contract liabilities[1]	470.5	(414.9)	(37.7)	17.9
Deferred income	530.4	–	(530.4)	–
Other provisions	46.0	–	–	46.0
Other payables[1]	2,180.7	(842.0)	(19.1)	1,319.6
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 liabilities	150,413.7	(148,116.3)	(585.0)	1,712.4
Net assets	1,271.8	–	108.1	1,379.9

1 Restated to reflect the adoption of IFRS 17. See Note 1a.

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 2023	Year ended 31 December 2022
	£'Million	£'Million
Cash result earnings		
Cash result (for both basic and diluted EPS)	**68.7**	410.1
	Million	Million
Weighted average number of shares		
Weighted average number of ordinary shares in issue (for basic EPS)	547.6	542.7
Adjustments for outstanding share options	8.8	5.1
Weighted average number of ordinary shares (for diluted EPS)	**556.4**	547.8
	Pence	Pence
Cash result earnings per share (EPS)		
Cash result basic earnings per share	12.5	75.6
Cash result diluted earnings per share	12.3	74.9

Other Information

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 group, 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	1,980	46.24%	690,377	0.13%
1,000–9,999	1,562	36.48%	4,754,225	0.87%
10,000–99,999	435	10.16%	15,207,641	2.77%
100,000 and above	305	7.12%	527,952,551	96.23%
	4,282	**100.00%**	**548,604,794**	**100.00%**

2024 financial calendar

Ex-dividend date for 2023 final dividend	25 April 2024
Record date for 2023 final dividend	26 April 2024
Announcement of first-quarter new business	30 April 2024
Annual General Meeting	15 May 2024
Payment date for 2023 final dividend	24 May 2024
Ex-dividend date for 2024 interim dividend	22 August 2024
Record date for 2024 interim dividend	23 August 2024
Payment date for 2024 interim dividend	20 September 2024

The above dates are subject to change and further information on the 2024 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 Accounts and the Notice of Annual 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

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Company Secretary

Jonathan Dale
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EC1A 1HQ

Our scenario analysis

Scenario analysis is a way of looking to understand and plan for a range of potential future outcomes for our investment universe. We look specifically at our investment universe for this analysis as it represents a core part of our business model.

We use scenario analysis in two key ways in our investment proposition.

Firstly, we assess how our fund managers undertake climate scenario analysis in their own decision-making and we monitor this within our annual responsible investment assessment. This evaluates how managers utilise scenario analysis when considering material climate risks and opportunities for companies within their investment process. The results of this assessment form a core pillar of our analyst team's monitoring, our Investment Committee's oversight and our manager research process.

By ensuring our managers are applying their own climate scenario analysis to their investment process, we can gain a level of assurance that potential future climate risks are being considered and mitigated during their investment decision-making.

Secondly, we continue to conduct higher-level, central scenario analysis as part of our annual TCFD Entity reporting. We are pleased to continue working with our specialist scenario analysis modellers, BlackRock-Baringa, to this end. However, as for many in our industry, the central quantitative scenario analysis process is still at an emerging stage. Further standardisation of data inputs and modelling assumptions will help to build sophistication over time, and we will continue to seek to improve.

By modelling the risks and opportunities, companies and fund managers should be able to make better investment decisions in the future, avoid the worst risks and seize opportunities. This feedback cycle is not (and cannot be, with reasonable accuracy) factored into the modelling, but can give us confidence that, all else being equal, the resilience of investment performance may be greater under the scenarios than is shown in the quantitative data.

Our scenarios

Our central scenario analysis is based on three climate scenarios constructed by the Network for Greening the Financial System (NGFS), an institution recognised for its research on climate pathways and commonly used by central banks as a foundation for their climate analysis. Orderly, Disorderly and Hothouse World are the three specific NGFS scenarios we utilise and are widely accepted as industry-standard pathways which provide a broad range of future projections highlighting the impact of physical and transitional risk. The first represents a smooth and orderly transition, the second involves a disorderly transition, and the third incorporates more extreme physical risks due to a lack of climate-related policy.

BlackRock-Baringa then take these scenarios and, through their modelling, draw out the Company, sector and portfolio-level implications. They have used the NGFS phase III climate scenarios for this year's modelling. It is important to remember that the scenarios are not intended to be an accurate projection of the future state of the economy; rather they give a directional indication of plausible impacts under each scenario. Building scenarios requires modellers to make a very large number of assumptions – any of these could prove to be incorrect or misjudged and this uncertainty has the potential to materially alter or nullify all, or key parts, of our scenarios.

The specific NGFS Scenarios include:

Orderly – Net Zero 2050

Approximate global warming by 2100: 1.5°C
A scenario that limits global warming to 1.5°C, reaching net zero CO_2 emissions around 2050. The scenario assumes climate polices are introduced immediately with a 'smooth' implementation globally. There are also significant advances in climate technological innovation. Physical climate risks are much lower relatively, but transition risks and opportunities are high in this scenario.

Disorderly – Delayed Transition

Approximate global warming by 2100: 1.5°C to 2°C
Delayed transition assumes global emissions do not decrease until 2030 and an ambitious policy response is subsequently needed to limit global warming to below 2°C. This scenario assumes disordered policy action across regions, with a rapid rate of change driving more specific sector risks. Transition risk in this scenario remains high and physical risks are higher than the net zero 2050 scenario.

Hothouse World

Approximate global warming by 2100: 3°C+
A hot-house scenario assumes only current policies are preserved, resulting in continued emissions increases and a 3°C warming. Whilst this scenario assumes low transition risks and opportunities, it leads to severely higher physical risks across the globe and potentially irreversible changes to the earth's ecosystems and land systems.

Transition risks & opportunities

What are transition risks and opportunities?

Transition risks and opportunities are the impacts manifesting from changes in the economy, regulation and financial markets that will be required to limit long-run increases in global temperature. These may include increased ambition and Scope of regulation, changes in demand for goods and services, and the rate of technological innovation. For our scenario modelling, the trajectory of future carbon prices (the regulatory cost of emitting carbon into the atmosphere) is a crucial proxy with which the industry can model the potential intensity of carbon regulation and the impact on company valuations and future profitability.

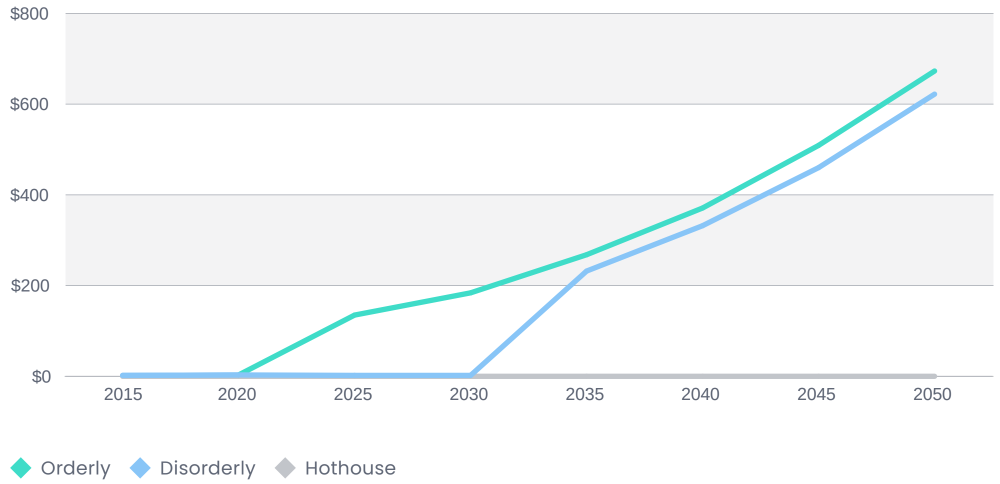
Within each of the three scenarios, transition risks will manifest differently, both in terms of the intensity of the risks and the expected timing of their impact. For example, within the Orderly scenario the model assumes a significant amount and speed of technological innovation. This will provide a financial opportunity for companies – those who are best positioned to benefit from the transition to a low carbon economy – to grow and develop new solutions to reach net zero.

On the other hand, significant transitional risks are also assumed, given the structural change needed to be undertaken in certain industries in response to government policy, market demand and the impact of a carbon price; these adjustments will entail direct and indirect costs for businesses, at varying levels depending on their ability to adapt.

Within the Disorderly scenario, government policies to address global warming are assumed to be delayed until 2030, resulting in a more aggressive and extensive policy approach needing to be taken after this point. Whilst there is a smaller amount of time within the modelling period where transitional risks will be affecting companies – i.e. it will be business as usual for a period of time – the eventual impact may be higher as companies will have less time to adapt, potentially creating more uncertain market conditions and volatility.

Conversely, the Hot House scenario experiences minimal transition risk. This is primarily due to a lack of carbon pricing being implemented. Whilst this significantly reduces the transitional risk impact on businesses, the accompanying physical climate risk with a higher warming scenario presents additional impacts for sectors and individual companies.

Modelled global carbon price trajectory – based on NGFS scenarios
Carbon price (US $/tonne CO_2e)



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Our scenario analysis continued

Transition risks & opportunities continued

Modelled impact on our investment universe

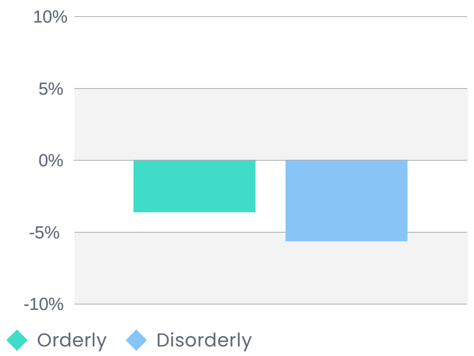
The financial impact of transitional risks can be modelled by combining the factors associated with the different climate scenarios, e.g. regulatory pressure, energy system change and changes in consumer demand, with individual company characteristics, e.g. financial strength and market share, to calculate a financial impact on the company value.

As discussed on the previous page, the extent and the impact of transition risk will be different in different scenarios; likewise, between sectors the impact on companies will vary significantly. In aggregate, in the financial services sector and SJP's investment universe, we see the highest transitional risk within the Disorderly scenario. The delayed action on policy responses sees a period of significant disruption from 2030, when a rapid ramp-up of regulation and associated costs and disturbance to business is likely to affect valuations the most. Within this period there is also likely to be a rapid divergence in individual company valuations, with some businesses weathering the transition and others failing to adapt and ultimately failing.

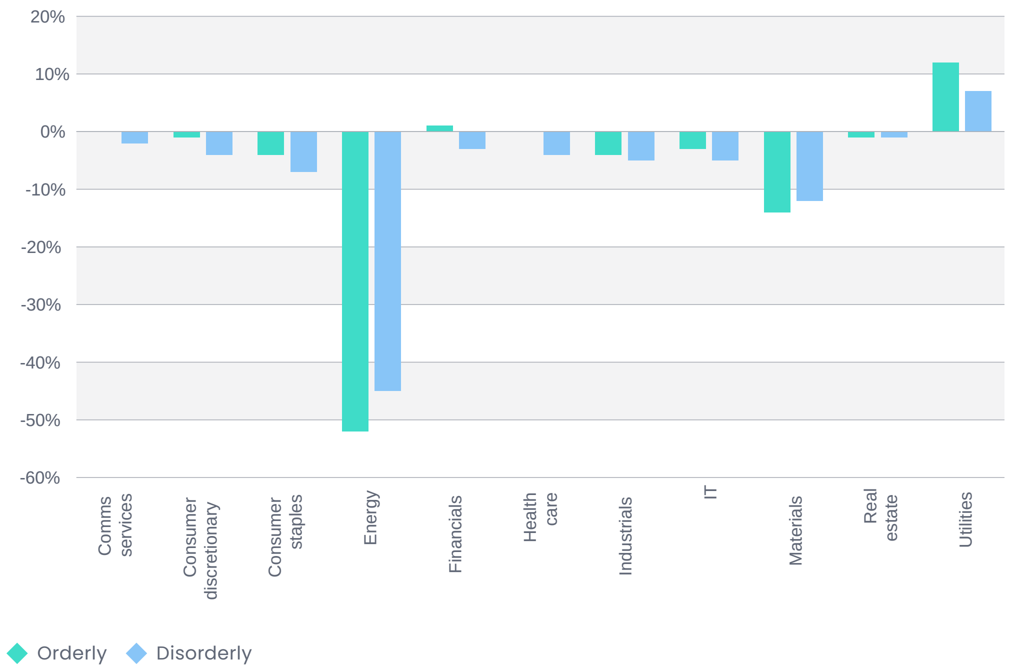
As can be seen by the aggregate numbers of overall transition risk, climate-related opportunities for businesses are higher in the Orderly scenario given the slower pace and longer timescale for the carbon transition. For example, utilities with exposure to low carbon electricity and car manufacturers with electric vehicle exposure are likely to benefit from the Orderly scenario, whereas a Disorderly scenario brings quicker transitional disruption and less time and opportunity for businesses to react appropriately.

For both the Orderly and Disorderly scenarios, there is significant divergence in transitional risk between sectors. For example, within carbon-intensive sectors the financial impact of a higher carbon price is much larger. Divergence in sector risks will also be driven by factors such as shifting consumer demand, e.g. potentially a higher uptake of electric vehicles. This illustrates well how the energy transition will not just represent risks to business, but also provide opportunity for companies which are strategically positioned to benefit from these larger shifts.

Orderly vs Disorderly risk[1]
Aggregate numbers: overall transition risk (risk-adjusted value, %)



Orderly vs Disorderly risks modelled impact on our investment universe[1]
Sector-specific (risk-adjusted value, %)



The energy sector sees higher value at risk in the Orderly scenario than in the Disorderly. This is primarily due to the significant disruption expected to impact the sector from a high carbon price, which is modelled to be required to limit warming to below 2°C. The carbon price rises more in the Orderly scenario than the Disorderly. In contrast, the utilities sector, buoyed by significant increases in demand arising from a swift transition to a low carbon electricity system, has the potential to capture financial opportunities and increase company value.

1 The scope of the data represented in this graph is limited to our equity and debt for listed companies. It does not include real estate or Rowan Dartington.

As well as sectors, the geography in which businesses operate will affect exposure to transition risk. The key dynamic to note here is that there are limited differences in the sector exposures despite different geography i.e. the most at-risk sectors, such as Energy and Materials will still be the most materially impacted despite slight regional variation. The key exception is the Utilities sector, where recent track record in decarbonising has driven the climate model for an Orderly scenario to expect some companies to continue to decarbonise and seize the positive opportunities arising from transitional dynamics in the sector to ultimately drive value creation.

Transition Climate Adj. Value % of our investment universe[1]

	United Kingdom	Europe ex UK	Japan	Asia Pacific ex Japan	North America	Emerging America	Africa and Middle East	Other
None	-0.16%	-1.21%	0.05%	-1.01%	-0.19%	-1.98%	-2.55%	-2.62%
Utilities	13.97%	5.87%	-64.57%	-18.84%	23.17%	-15.74%	-55.92%	
Real Estate	-0.82%	-0.14%	-1.31%	-1.78%	-0.41%	-0.27%	-4.62%	
Materials	-9.94%	-22.37%	-8.25%	-13.93%	-10.08%	-11.86%	-12.64%	
Information Technology	-0.66%	-2.33%	-2.86%	-6.52%	-1.81%	-8.90%	0.72%	
Industrials	-6.67%	-3.07%	-2.30%	1.65%	-3.45%	-10.98%	-4.99%	-0.99%
Healthcare	0.41%	-0.06%	-0.55%	-0.53%	0.35%	-0.09%	-1.96%	
Financials	0.56%	1.56%	3.91%	0.63%	0.75%	0.94%	-1.94%	0.01%
Energy	-50.81%	-65.48%	-59.55%	-48.87%	-49.60%	-42.80%	-53.87%	-1.85%
Consumer Staples	-2.79%	-4.25%	-3.51%	-4.97%	-5.41%	-4.47%	-7.05%	
Consumer Discretionary	-2.32%	-1.02%	-4.12%	-0.65%	-0.50%	-3.87%	-4.06%	
Communication Services	0.11%	0.67%	1.51%	0.56%	0.29%	-0.01%	-1.42%	

-75 -50 -25 0 25

Transition Climate Adj. Value %

1 The scope of the data represented in this graph is limited to our equity and debt for listed companies. It does not include real estate or Rowan Dartington.

Our scenario analysis continued

Physical risks

What are physical climate risks?

Physical climate risk can manifest in both acute and chronic ways. Acute risks are event-driven and tend to be over shorter time horizons; such events include wildfires, storms and flooding. Chronic risks are often more systemic and occur over the long-term; examples include an accelerating loss of biodiversity, a rise in diseases in temperate areas, or human displacement from newly uninhabitable regions. Physical climate risks have both direct consequences, e.g. financial damage to property, infrastructure or transportation, and indirect consequences, e.g. supply chain disruption, widespread disease, and impacts on markets and companies.

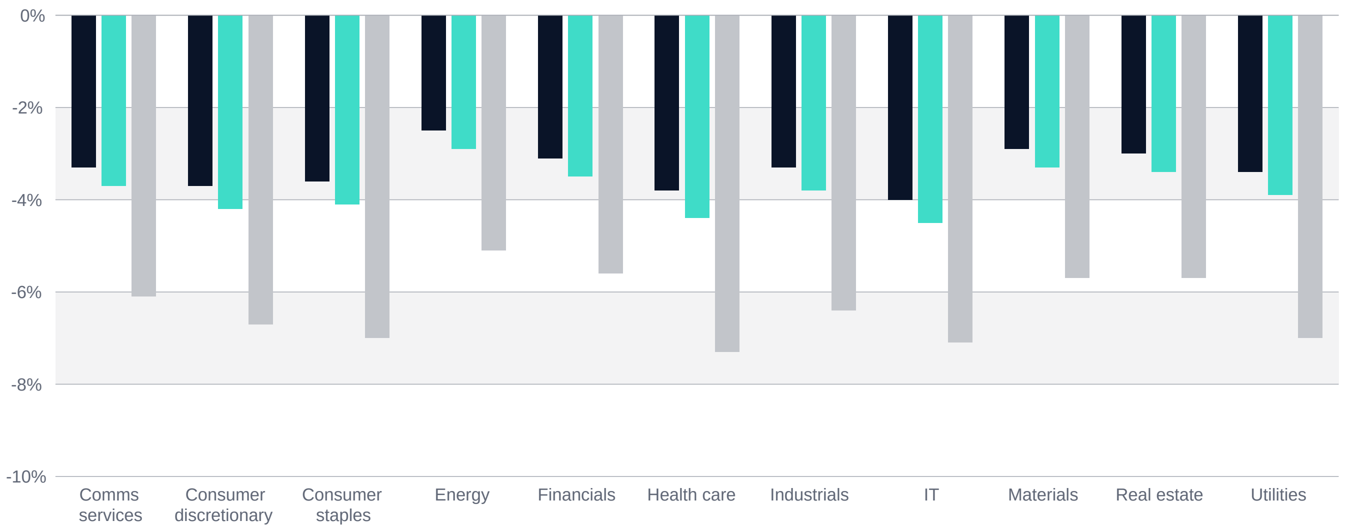
The Orderly scenario represents the future pathway in which global temperature increases are lowest and hence the most damaging physical climate risks associated with this warming are limited. In contrast, the Hot House World scenario – in which temperature rise continues at pace, resulting in a '3°C plus' warming from pre-industrial levels – has the potential for both acute and chronic physical climate risks to be the most significant. The scale of the financial impact from physical climate risk under this scenario has been widely reported on by central banks and various climate bodies, given the unprecedented economic impact on markets and companies.

Modelled impact on our investment universe

For each of the three climate scenarios our analysis combines direct and indirect physical risk impacts, e.g. flood damage, heat stress and wildfires, with company exposure, e.g. geographic location and financial characteristics, to model an adjusted value for each company we invest in. However, physical risk events are notoriously difficult to model and can have highly localised impact. The analysis is not a prediction of future events.

The Hot House scenario modelling suggests heightened physical risks across all sectors, given the increased likelihood of significant acute and chronic physical risk events in a warmer world. Unlike transitional risk, physical risk manifests more evenly across the different sectors. This is driven by chronic physical risks which are wide-ranging and have the potential to affect a number of different sectors. For example, higher temperatures are expected to hit the productivity of labour workforces around the world and reduce output for a range of companies across different sectors of the economy.

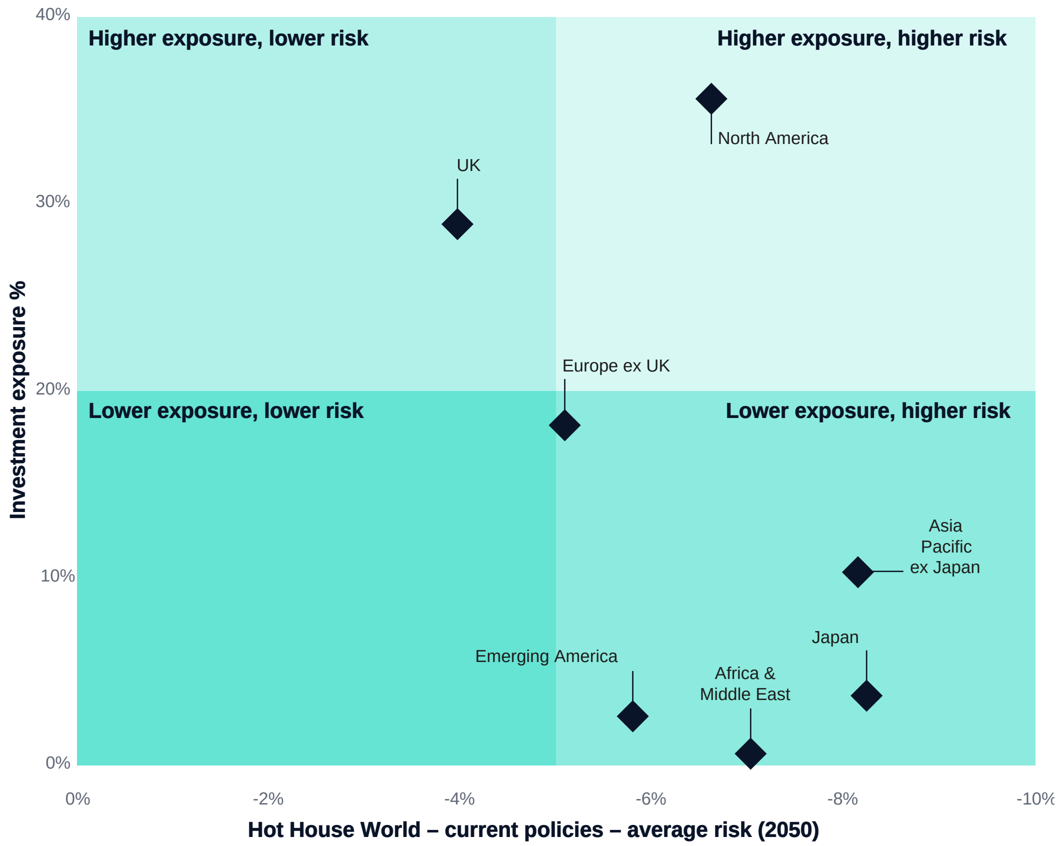
Orderly, Disorderly and Hothouse world physical climate risk projections[1]
By sector in the SJP investment universe



1 The scope of the data represented in this graph is limited to our equity and debt for listed companies. It does not include real estate or Rowan Dartington.

Whilst sector impacts of physical climate risks are fairly broadly distributed, differences across geographies and regions are more pronounced. Our modelling shows that the exposure of companies to physical risks, both acute and chronic, is likely to vary significantly by geography. This is driven by a number of factors such as: the specific location of companies and their infrastructure's vulnerability to localised extreme weather risk; the potential adaptation measures taken, e.g. how businesses have managed the threat of physical risks such as flood protection; and their market e.g. labour market resilience to economic shocks caused by physical climate risk. Specifically, our modelling suggests that companies with higher exposure to geographies in close proximity to the equator are likely at higher risk of physical climate impacts due to more extreme heat stress and changes to seasonal weather events such as monsoons and tropical cyclones. We can map these findings against data showing where SJP's investment exposure is concentrated by geography.

SJP's investment and exposure to physical risk: Hot House World[1]



1 The scope of the data represented in this graph is limited to our equity and debt for listed companies. It does not include real estate or Rowan Dartington.

Our scenario analysis continued

Modelling caveats and assumptions

As mentioned before, climate scenario modelling is extremely challenging owing to the large number of underlying assumptions, the complexity of interconnected systems and the plethora of knock-on effects even small changes in the modelling can have on the output.

More specifically, the climate scenario model does not account for future changes to either our investment universe (the allocation of capital) or how individual companies may adapt to changing conditions. The climate modelling is based on a snapshot of our current investment holdings, which is not fully representative since in reality, through time, our fund managers are constantly analysing new investment opportunities, managing risk and engaging with companies in their portfolios. Engagement on climate risks and opportunities, will be specifically focused on company resilience and the extent to which businesses have abilities and strategies to adapt to changing market conditions and long-term risks. This explains in part, why headline risk metrics related to climate will appear disproportionately negative, as the model does not fully assess the opportunities associated with a transition to a lower carbon economy.

Another caveat is that, whilst top down model assumptions will change in the various NGFS scenarios, the model assumes company behaviour remains consistent and is limited to relying on current company transition plans and strategic policy. In reality, however, plans and policies are dynamic: we would expect companies to develop their future business models and strategic policy to incorporate climate risk and opportunity and as such refine their transition plans.

Furthermore, the modelling does not fully incorporate second-order effects of climate risk and opportunity, such as physical risk events driving higher incidences of disease. The unwinding of such second-order effects and their subsequent impacts on company value chains are extremely difficult to fully capture and model. Due to their complex, globally interconnected nature therefore, it is common for climate models industry-wide to only focus on first-order impacts. We hope to be able to introduce more nuanced approaches as the modelling develops.

Our strategic resilience

Our investment management approach is the first line of defence for SJP's strategic resilience to transitional risk. This resilience is two-fold: both through our managers' ability to manage their portfolios to mitigate climate risk and capitalise on opportunity, and through our ability to allocate capital to fund managers and strategies where climate risk mitigation is integrated into decision-making. Our investment management approach and investment beliefs focus on bottom-up research, strategic asset allocation, diversification and responsible investment; all of these can help mitigate the concentration of climate risk and allow us to capitalise on the opportunity under various climate scenarios.

Furthermore, our investment universe is well diversified across sectors, regions and asset classes, further reducing our risk and increasing our strategic resilience to climate-related risk. As was seen from our scenario analysis, transitional risk is concentrated within specific sectors where carbon emissions are high, whilst physical climate risk manifests more strongly in specific geographies. Our globally diversified investment universe significantly increases our overall strategic resilience to a potential loss of value triggered by these risks.

Similarly, our strategic resilience to climate-related risk is further bolstered by the ongoing implementation of our responsible investment approach. We believe responsible investing includes making decisions that support a smooth and just transition and therefore, we consider the broader social, economic and market impacts of divestment carefully. We principally take an, engagement first, approach to influence positive action. This approach to stewardship promotes market resilience as well as economy-wide and enduring change. To read more about our stewardship approach, targeted engagements or our divestment policy please read our Stewardship and Engagement report **www.sjp.co.uk/stewardship_and_engagement_report_2022**.

Key areas identified that help strengthen our strategic approach include:

An annual responsible investment assessment

This is an annual monitoring process for all our fund managers. The assessment looks in detail at managers' processes and how they are integrating ESG factors into their investment decision-making, to minimise risk and maximise opportunity. The assessment provides deeper insight than just using third-party data in isolation. Whilst we believe our annual assessment is already robust and thorough, we aim to continue to evolve our process, to gain a deeper insight into areas such as the use of climate scenarios, and looking at a fund manager's physical and transitional risk data inputs to see how these are embedded within their decision-making.

Data insights and analysis

Insights from BlackRock-Baringa's climate scenario modelling provide an additional input to prioritise and strengthen our manager monitoring. Whilst the data is already used by the Responsible Investment team to support fund manager engagement, helping us verify and challenge information being provided by them, we have made this information more readily available so other investment teams can more easily access and incorporate this type of information into their monitoring workstreams. Embedding the scenario testing analytics and additional climate monitoring metrics within our investment risk system, BlackRock Aladdin, has been central to this.

Advocacy and best practice

We are a large asset owner with an extensive network of fund managers across the globe. We set expectations for them to be active stewards of capital and to engage with the companies in which they invest our clients' money by setting well-informed and precise objectives, holding businesses to account, and measuring how progress is achieved across ESG matters. Our ongoing engagement, monitoring and due diligence of managers also serves as a chance to advocate for best practice and innovation regarding climate risk and opportunity integration. We use our size and scale to broker manager discussions on topics such as scenario analysis and the consideration of new climate data within individuals' investment decision-making. Robeco, our engagement specialists, also help us maximise our influence in this important area by engaging with companies on carefully selected themes. You can view their latest report here: **www.sjp.co.uk/robeco_engagement_report_Q4_2023**.

Dedicated internal resource

During 2023, we recruited a dedicated climate investment analyst to support our overall approach to responsible investment. This role is central in supporting our Investment Analyst team by further embedding climate principles within our select, monitor, change process of fund managers. Similarly, this resource is the driving force behind the execution of our 2050 commitment, both through engagement with priority managers and supporting our Portfolio team with further embedding climate analysis within our top-down portfolio construction process and proposition design principles.

Aligning our progress with recognised frameworks

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.

In 2020, we became a participant of the United Nations Global Compact. Within our Responsible Business Framework, our material topics each contribute to progress against the United Nations Sustainable Development Goals (UNSDGs). We believe we can have the greatest impact on the six UNSDGs listed below.

SDG	Our promise and progress
4 QUALITY EDUCATION **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 in their local community. To provide relevant financial skills and education to our clients to give them the confidence to create the future they want. **Our progress** In 2023, we continued to grow our partnership with national charity Young Money. In 2022 we committed to 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. Since then 12 SJP-funded schools have been onboarded to the programme, with the first school achieving accreditation in November 2023. We also supported Redstart's 'Change the Game' programme, a longitudinal study into the impact of embedding financial education into the national curriculum. In addition to providing funding towards the programme, SJP volunteers got directly Involved in delivering 18 financial education workshops throughout the year.
5 GENDER EQUALITY **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 2023, we made steady progress against our commitments to increase gender and ethnicity representation in our employee base, and in September 2023 we achieved our target of 30% women in senior roles. We continued our commitment to support mentoring programmes for women, completing our sixth year with the 30% Club cross-sector mentoring programme supporting female development, and completing the second year of our in-house mentoring programme for talented women in the pipeline for senior roles.
8 DECENT WORK AND ECONOMIC GROWTH **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. To support social mobility diversity in financial services, we actively seek to support disadvantaged young people into financial services careers. **Our progress** In 2023, we continued to equip and empower employees to grow their career through our comprehensive curriculum guides, workshops, virtual reality training and bespoke leadership blueprint. We remain an accredited Real Living Wage employer and conduct regular equal pay reviews to ensure that we are paying employees doing like-for-like roles equally. We are a Disability Confident employer and were reaccredited with Leader status in 2023.

SDG	Our promise and progress
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE **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 2023, we continued to highlight sustainability considerations in our due diligence, conversations with suppliers, and within our investment management approach. In 2023, we reviewed our supplier due diligence process and minimum standards through a responsible business lens, ensuring the minimum requirements that all suppliers meet align with our own Responsible Business Framework. Where possible, we aim to procure through small, local suppliers to support our communities. We also worked with a variety of financial services institutions and trade bodies to help develop workable solutions to implement sustainable disclosures that deliver transparency and aid client understanding.
10 REDUCED INEQUALITIES **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 2023 the SJP community raised £9.5m for the SJP Charitable Foundation. The Charitable Foundation distributed £7.6m to 896 charities during the year to support inclusion and social mobility. In addition a further £6.9m was pledged to support ongoing service delivery, embedding and developing of services over the next three years. We continued to build on our inclusion and employability partnerships including The Diversity Project, LGBT Great, Stonewall, GAIN, the Aleto Foundation, Progress Together, the Business Disability Forum and Disability Confident.
13 CLIMATE ACTION **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** We have identified key suppliers to engage with on developing their climate approach and are advocating to the landlords of our rented estate to pursue using 100% renewable energy and sending zero waste to landfill. We are delighted that the carbon emissions intensity of SJP's overall investment universe has reduced by over 40%* from our baseline. Our business travel footprint is higher than we would like and we are increasing our efforts to reduce this. * Equity and debt for listed corporates and real estate. This is approximately 88% of our overall AUM.

Memberships and partnerships

We have evolved our approach to being a responsible business over the years collaborating with several external initiatives for guidance, advice and direction on various issues, including some of our current memberships shown below. These have influenced our investment strategy, engagement activities, approach to educating colleagues, and assessment of our overarching responsible business goals. We are proud to be members and supporters of many organisations driving change, including those shown below.

Aligning our progress with recognised frameworks continued

Sustainability Accounting Standards Board

We're pleased to continue to align our responsible business 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.

VALUE REPORTING FOUNDATION SASB STANDARDS

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

Topic	Accounting metric	2023 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 and 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 44 and 45.	FN-AC-330a.1
Incorporation of environmental, social and governance factors in investment management and 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 employ some degree of ESG integration. All funds must meet our minimum standards which includes being a UN Principles of Responsible Investment (UNPRI) signatory. We believe integration is the consideration of ESG risk and opportunity, but we do not rely upon divestment other than in extreme circumstances. 2. £5.4 million (Sustainable and Responsible Equity Fund). 3. Our general approach is for engagement rather than divestment with companies to drive positive change over the longer term. However we do we have an exclusions policy which covers all of our manufactured funds, where applicable. Our exclusions policy can be found on our website at **www.sjp.co.uk/products-and-services/investment/responsible-investing**.	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 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 and investee engagement policies and procedures 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	2023 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. However, we note that the Group saw a marked increase in the number of clients registering complaints about whether they've received advice historically and we have determined it necessary to undertake a comprehensive review of client servicing records since 2018, more details can be found in Note 18. 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:** There have been no losses as a result of insider trading claims.	FN-AC-510a.1
	Description of whistleblowing 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 through various channels including phone and email. Whistleblowing contact details are provided in our whistleblowing policy and compliance manual. Our employees, advisers and their support staff receive regular training on whistleblowing arrangements. We comply with whistleblowing regulations in the UK, Ireland, Singapore, Hong Kong and Dubai. Further details can be found in our whistleblowing policy, which is available to members of our internal community through the SJP intranet and, for external parties, can be found on our website.	FN-AC-510a.2
Activity	(1) Total registered and (2) total unregistered assets under management (AUM)	(1) £0 (2) £168.2 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 2023 funds under management stood at £168.2 billion.	FN-AC-000.B
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	We do not currently disaggregate the emissions of our investment portfolio by scopes 1, 2, and 3	FN-AC-410b.1
	Total amount of assets under management (AUM) included in the financed emissions disclosure	£135.4 billion	FN-AC-410b.2
	Percentage of total assets under management (AUM) included in the financed emissions calculation	The scope of this data is limited to our equity and debt for listed companies and excludes real estate funds and Rowan Dartington assets, in 2023 this was approximately 88% of AUM.	FN-AC-410b.3
	Description of the methodology used to calculate financed emissions	We use carbon emissions data provided by MSCI. Emissions from our investments are calculated by allocating emissions to us based on how much of the company our funds own.	FN-AC-410b.4

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 64.
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 European Embedded Value (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.

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 excluded, except that arising from the establishment of the exceptional Ongoing Service Evidence provision; 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 Sections 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-position-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

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.

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.

Chief Operating Decision-Maker (CODM)
The Group Executive Committee (GEC) of the 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.

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.

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.

Glossary of terms continued

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 term 'Group' refers to the Company together with its subsidiaries as listed in Note 26 to the Consolidated Financial Statements.

Group Executive Committee (GEC)
The GEC comprises the Executive Directors of the Board and other members of senior management. It is via the GEC that operational matters are delegated to management. The GEC 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.

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.

Retention rate
The proportion of FUM retained over the period after allowing for the effect of full and partial withdrawals, but excluding the effect of intrinsic regular income and maturity payments.

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 (Middle East) 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.

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