St. James's Place Group

Solvency and Financial Condition Report 2023

Contents

Introduction

This Solvency and Financial Condition Report (SFCR) has been prepared in line with the requirements of the Solvency II (SII) Regulations, to assist clients of the St. James's Place Group (the Group) and other stakeholders in understanding the nature of our business, how it is managed, and its solvency position.

This is a single SFCR that incorporates consolidated information at the level of the Group, and solo information for the subsidiary insurance undertakings located within the UK and European Union: St. James's Place UK plc (SJPUK) and St. James's Place International plc (SJPI). This report is prepared in compliance with rule modification D000007962 granted by the PRA with effect from 1 January 2024.

Following the UK's exit from the EU and the end of the subsequent Transitional Period, the PRA has adopted the SII requirements with only limited changes, other than to the calculation of the risk margin. Throughout this document, any references to the SII Directive and associated Delegated Regulation should be interpreted as referring to:

- the UK enactment of the legislation (unless otherwise indicated) for the Group and for SJPUK; and
- the EU enactment of the legislation for SJPI.

Relevant information about the business of our Group is provided in the Group's Annual Report and Accounts for the year ended 31 December 2023 (the Group Report & Accounts), a copy of which can be found at **www.sjp.co.uk/shareholders/results-reports-presentation/reports-presentation-webcasts/**. Where appropriate we will refer readers to that document.

There are, however, certain specific SFCR requirements which are not already reported publicly elsewhere, and those are specifically included in this report. In particular this report includes full reporting of the SII valuation undertaken at 31 December 2023, and the associated capital position for our Group. Those results are also presented in quantitative reporting templates (QRTs), and the Group's and its solo insurance undertakings' submissions can be found in the Appendix to this report.

Summary

St. James's Place plc is the largest financial advice business in the UK. We provide holistic financial planning and wealth management services, working in partnership to plan, grow and protect clients' financial futures. Our services are delivered exclusively by a team of 4,834 highly-skilled advisers within the St. James's Place Partnership. We want our clients to feel confident about their finances, so we provide a broad range of products and services to meet their needs, both for today and for the future. To complement the provision of sound, long-term financial advice we have a distinctive investment management approach, where we design and build our own range of investment funds and portfolios, but contract some of the world's best external managers to manage them.

The Group provides insurance-based investment and pension products, mainly to UK clients, through two key subsidiary companies – St. James's Place UK plc (SJPUK) which is based in the UK, and St. James's Place International plc (SJPI) which is based in the Republic of Ireland. The Group also provides insurance-based investment products to a small but growing number of clients, mainly expatriates, in Asia and the Middle East, through a branch of SJPI based in Singapore and a subsidiary of SJPUK based in Hong Kong. The Group also provides ISAs, unit trusts and discretionary fund management.

Our Business

Our financial business model remains straightforward and unchanged. We attract and then retain funds under management on which we will receive an annual management fee. We use this income to meet our overheads and to invest for the future.

The demand for trusted, face-to-face financial advice remains as strong as ever, but client capacity and confidence to commit to long-term investment has been impacted in 2023 by an environment characterised by higher interest rates, stubbornly high inflation and short-term alternatives in the form of cash.

Despite the challenging operating environment, we continue to generate significant levels of net inflows, once again demonstrating the ongoing resilience of our business model. With our advisers attracting £15.4 billion (2022: £17.0 billion) of new client investments and retention excluding regular income withdrawals and maturities remaining strong at 95.3% (2022: 96.5%), net inflows totalled £5.1 billion (2022: £9.8 billion). Combined with the positive impact of investment performance, this resulted in funds under management closing the year at a record £168.2 billion (2022: £148.4 billion).

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 unit-linked business model means that the financial positions of SJPUK and SJPI have remained resilient throughout the year.

Insurance FUM in the Group and individual entities grew over the year as follows:

	SJP Group		SJPUK[1]		SJPI	
£'Billion	**2023**	2022	**2023**	2022	**2023**	2022
Opening Insurance FUM	107.16	110.78	97.08	100.22	10.08	10.56
Gross inflows	11.86	12.21	10.97	11.24	0.89	0.97
Outflows	(6.82)	(5.00)	(6.18)	(4.56)	(0.64)	(0.44)
Investment return	11.11	(10.83)	10.13	(9.82)	0.98	(1.01)
Closing Insurance FUM	123.31	107.16	112.00	97.08	11.31	10.08

1 Figures for SJPUK include closing funds under management of £0.28 billion (2022: £0.23 billion) in a subsidiary life insurance company based in Hong Kong.

Most of the Group's insurance business is investment-related. However, both SJPUK and SJPI have small legacy books of protection business.

The Group has an additional £44.89 billion (2022: £41.22 billion) of funds under management within its unit trust and discretionary fund management companies.

More information about our business can be found in Section A of this report.

Summary continued

Risk Management

The Group Board and the Boards of the insurance entities have responsibility for assessing the main risks affecting the business, and these are monitored on a regular basis.

The complex and rapidly evolving macroeconomic environment continued in 2023, which was exacerbated by political turmoil. We continue to expect to see challenges at a national level in the UK in 2024 and beyond as people and businesses continue to adjust to a higher cost of living and higher interest rate environment. Our approach to the fundamentals of risk management within the Group continue to demonstrate resilience from a financial and operational perspective. We remain highly confident in our ability to withstand further challenges that may or may not emerge.

Although these risks remain outside of our control, we remain focussed on understanding the degree to which the various outcomes might impact the business to allow us to consider how they might be mitigated. Stress and scenario testing has been performed which demonstrates that the businesses remain resilient, and we continually monitor the changing environment to ensure our analysis and scenario testing remains appropriate.

The key risks that could impact on the profitability of the Group's insurance businesses are:

- **Market risk:** A reduction in funds under management owing to market shocks, poor market performance or currency and exchange rate movements would reduce future annual management charges, and hence future profits.
- **Lapse risk:** Similarly, a reduction in funds under management owing to higher withdrawal rates would reduce future annual management charges. This may arise from factors such as changes in the economic climate, poor investment performance, competitor activity, or reputational damage to the Group.
- **Expense risk:** Higher expenses would reduce future profits.
- **Operational risk:** Operational risk events, such as a product failure, failure of a third-party administrator or a significant cyber-attack could result in one-off losses as well as wider reputational damage which could impact on client retention.

Although these risks may impact on the future profitability of the Group, they do not have a significant impact on our ability to meet contractual payments to clients. Our investment business is managed on a 'unit-linked' basis, where we hold assets which match our liabilities to clients, ensuring that we are always able to meet clients' withdrawal requests in line with their products' terms and conditions.

The low-risk nature of our business also means that our solvency ratio remains resilient to changes in our business and external markets.

More information about the risks that the business faces, and how we manage them, can be found in Section C of this report.

Our Solvency Position and Capital Management

We continue to manage our balance sheet prudently to ensure the Group's solvency, and that of its subsidiary entities, is maintained safely through the business cycle. We hold assets which match our liabilities to clients, and the remaining assets in the insurance companies are invested in high quality, liquid assets – typically AAA rated money market funds.

Each subsidiary company holds capital which is sufficient to cover any regulatory requirements, together with an additional margin which can absorb adverse future changes.

The Group's solvency position assessed on the UK and EU Solvency II regulatory basis is shown in the following table:

	SJP Group		SJPUK		SJPI	
Solvency (£'Million)	2023	2022	2023	2022	2023	2022
Solvency II Own Funds (A)[1]	3,299.7	5,443.9	2,596.0	4,457.8	277.8	343.9
Solvency Capital Requirement (B)	1,727.7	3,522.5	1,450.2	3,212.7	162.2	192.6
Solvency II Free Assets (A–B)	1,572.0	1,921.4	1,145.8	1,245.1	115.6	151.3
Solvency ratio (A/B)	191%	155%	179%	139%	171%	179%
Foreseeable dividend (C)	43.9	202.4	260	315.0	–	45.0
Post-dividend solvency ratio (A-C)/B	188%	149%	161%	129%	171%	155%

1 Before payment of final dividends, as presented in the Group Report & Accounts.

Summary continued

Our Solvency Position and Capital Management continued

The Group and its insurance subsidiaries remain resilient and have maintained Solvency II Own Funds in excess of their Solvency II Capital Requirement throughout the year.

The Group's business model is focussed on wealth management, and the overwhelming majority of its insurance business is unit-linked investment and pensions business. However, both SJPUK and SJPI have small legacy books of protection business.

In 2021 SJPUK entered into a reinsurance arrangement with Munich Re which is designed to manage its exposure to moderate to severe mass lapse events. As a consequence, the capital required to support lapse risks reduced as a proportion of the FUM. This arrangement has continued in 2023.

More information about our approach to the solvency valuation and capital management can be found in Sections D and E of this report.

Our Systems of Governance

The Group Board is collectively responsible for the long-term success of our business, and a number of key governance, strategy, planning and risk management processes operate at a Group level. However, key matters must also be considered directly by the relevant entity Board(s).

The UK-regulated entities within the Group (including SJPUK) are subject to the Senior Managers & Certification Regime (SM&CR). SJPI is subject to the Senior Executive Accountability Regime (SEAR).

During the year, there have been significant changes to the Group Board, with Mark FitzPatrick joining the Board as Chief Executive Officer (CEO) designate on 1 October 2023, before becoming CEO on 1 December 2023 when Andrew Croft stepped down from the Group Board.

More information about our system of governance and changes to the regulated subsidiary entity boards can be found in Section B of this report.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the SFCR in accordance with the Prudential Regulatory Authority (PRA) rules and SII Regulations.

The PRA Rulebook for SII firms in Rule 6.1(2) and Rule 6.2(1) of the Reporting Part requires that the Group must have in place a written policy ensuring the ongoing appropriateness of any information disclosed and that the Group must ensure that its SFCR is subject to approval by the Directors.

Each of the Directors, whose names and functions are listed in the Board of Directors section of the Report & Accounts, are satisfied that:

(a) throughout the financial year in question, the Group and its solo insurance undertakings have complied in all material respects with the requirements of the PRA rules and SII Regulations as applicable; and

(b) it is reasonable to believe that, at the date of the publication of the SFCR, the Group and its solo insurance undertakings continue to comply, and will continue to comply in future.

By Order of the Board

Craig Gentle, Chief Financial Officer

27 February 2024

Auditors' Report and Opinion

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

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

Opinion

Except as stated below, we have audited the following documents prepared by the Company as at 31 December 2023:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Single Group-Wide Solvency and Financial Condition Report of the Company as at 31 December 2023, (**'the Narrative Disclosures subject to audit'**); and
- Group templates S.02.01.02, S.23.01.22, S.25.01.22 and S.32.01.22 (**'the Group Templates subject to audit'**).
- Company templates S.02.01.02, S.12.01.02, S.23.01.01, S.25.01.21 and S.28.01.01 in respect of St. James's Place UK plc and St. James's Place International plc (**'the Company Templates subject to audit'**)

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

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

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

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

In our opinion, the information subject to audit in the relevant elements of the Single Group-Wide Solvency and Financial Condition Report of the Company as at 31 December 2023 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications.

Basis for opinion

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

Conclusions relating to going concern

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

- Obtaining the Directors' going concern assessment for the Group and Company 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

Auditors` Report and Opinion continued

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.

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

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

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

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

Emphasis of Matter – Basis of Accounting

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

Other Information

The Directors are responsible for the Other Information.

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

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

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

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

- Permission to publish a Single Group-Wide Solvency and Financial Condition Report

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

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

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

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

Auditors' Report and Opinion continued

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

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

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Prudential Regulation Authority and the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the Single Group-Wide Solvency and Financial Condition Report. We also considered those laws and regulations that have a direct impact on the Single Group-Wide Solvency and Financial Condition Report such as Solvency II regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the Single Group-Wide Solvency and Financial Condition Report (including the risk of override of controls), and determined that the principal risks were related to management bias in accounting estimates specifically persistency assumptions used in the valuation of technical provisions and investments with a judgemental valuation, being investment properties and level 3 investments in the Diversified Assets Fund. Audit procedures performed 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; and
- Designing audit procedures to incorporate unpredictability around the 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 Single Group-Wide Solvency and Financial Condition Report. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

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

Report on Other Legal and Regulatory Requirements

Sectoral Information

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

Other Information

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

The engagement partner on the audit resulting in this independent auditors' report is Gary Shaw.

PricewaterhouseCoopers LLP
Chartered Accountants
Bristol

27 February 2024

Auditors' Report and Opinion continued

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

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

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

A) Business and Performance

A.1 Business

Name and Legal form of the Undertakings

St. James's Place plc (SJP plc) is a public limited company incorporated and domiciled in England and Wales (No. 03183415). SJP plc's registered address is St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire GL7 1FP.

St. James's Place UK plc (SJPUK) is a public limited company incorporated and domiciled in England and Wales (No. 02628062). SJPUK's registered address is St. James's Place House, 1 Tetbury Road, Cirencester, Gloucestershire GL7 1FP.

St. James's Place International plc (SJPI) is a public limited company incorporated and domiciled in the Republic of Ireland (No. 185345). SJPI's registered address is Fleming Court, Flemings Place, Dublin 4, Ireland.

Prudential Supervision

The Group is regulated as an Insurance Group, subject to the UK's enactment of the Solvency II Directive (2009/138/EC) of the European Parliament and of the Council (on the supplementary supervision of insurance undertakings in an insurance group), with the Prudential Regulation Authority (PRA) as its lead regulator.

SJPUK is also regulated by the PRA.

SJPI is regulated by the Central Bank of Ireland (CBI).

The PRA may be contacted through their website at **www.bankofengland.co.uk/contact** or at 20 Moorgate, London, EC2R 6DA.

The CBI may be contacted through their website at **www.centralbank.ie/contact-us** or at PO Box 559, New Wapping St, North Wall Quay, Dublin 1, D01 F7X3.

A summary of the regulated entities in the Group, and their supervision, is provided in Note 22 in the Group Report & Accounts.

Auditors

As reported in the Group Report & Accounts, the Group's external auditor is PricewaterhouseCoopers LLP, 2 Glass Wharf, Bristol, BS2 0FR, who is also the external auditor for SJPUK.

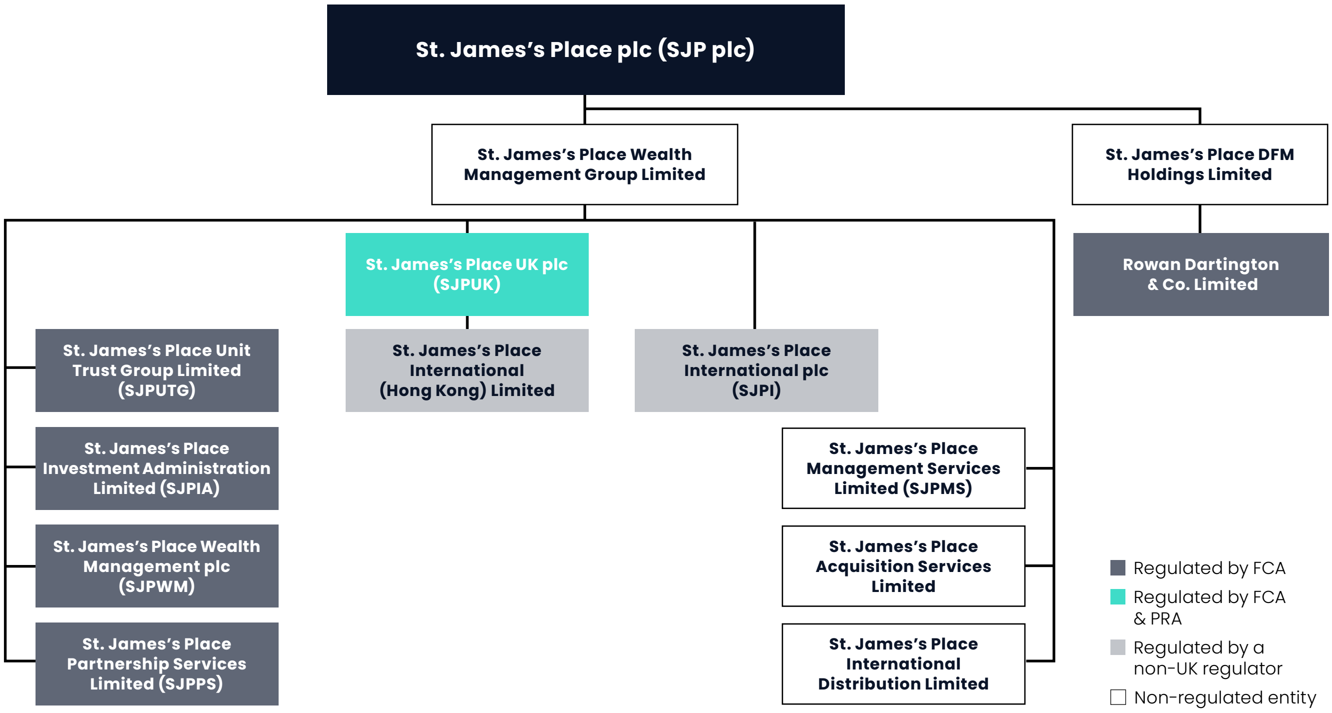
Grant Thornton, 13–18 City Quay, Dublin 2, D02 ED70, Ireland is the external auditor for SJPI.

Group Ownership and Structure

More information about the Group is included in the Group Report & Accounts in Note 26.

All significant operating companies based in the UK and Ireland, including SJPUK and SJPI, are held as subsidiaries of St. James's Place Wealth Management Group Limited (SJPWMG), which is a wholly owned subsidiary of SJP plc.

There is no difference between the scope of the Consolidated Financial Statements in the Group Report & Accounts, and this SFCR. A simplified Group structure diagram is included below:



A) Business and Performance continued

A.1 Business continued

The entire issued ordinary share capital of SJP plc is listed on the London Stock Exchange and there are no holders of qualifying holdings in the Company. Details of the holders of material holdings are announced to the London Stock Exchange in accordance with the requirements of the Financial Conduct Authority's Disclosure Guidance & Transparency Rules. The Group Report & Accounts also includes information about the ownership structure and related undertakings, as well as information about distributions to shareholders.

Business

A description of the whole business of the Group is set out in the Group Report & Accounts on pages 24 to 49. The business of each of the insurance subsidiaries is predominantly the provision of unit-linked investment and pensions contracts to retail clients.

A.2 Underwriting performance

Our business model is focussed on wealth management, and the overwhelming majority of our insurance business is unit-linked investment and pensions business. This business has very low levels of insurance risk, which is partially covered by quota share reinsurance with a low level of retention. Underwriting performance is therefore not a significant driver of the Group's (or the insurance subsidiaries') long-term profitability.

More information about the Group's underwritten business can be found in Note 17 of the Group Report & Accounts.

A.3 Investment performance

The wealth management nature of our business means that delivering investment performance for clients is a key performance criterion. However, the unit-linked nature of our insurance business in both SJPUK and SJPI means that the impact of investment performance on profit is second order. In general, positive investment performance of our assets is passed on to clients through an equivalent increase in their benefits. An increase in benefits results in a proportionate increase in annual management charges (AMCs), which contributes to improved business performance, but our matching policy ensures that at all times we have assets to meet our liability to clients.

Excess assets held by the insurance companies (and the Group), above those required to match our liabilities to clients, are used as working capital and also as a prudential buffer. The Group's investment policy requires that these prudential assets should be invested in high credit quality and high liquidity assets, typically AAA rated money-market funds. Consequently, the investment performance of these assets is low, because we are focussing on security not on yield.

More information about the investment performance of the assets held to cover our unit liabilities and our shareholder assets is presented in Note 6 of our Group Report & Accounts.

A.4 Performance of other activities

As described above, due to the unit-linked nature of our business, underwriting performance is not a significant driver of business performance at Group level or in the subsidiaries. Instead the Group's performance is primarily dependent on levels of FUM and the resulting level of AMCs. FUM grows with new business inflows, but is reduced by client encashments. As noted above, investment performance can also impact the level of FUM, either positively or negatively.

Insurance FUM for the Group, as well as for SJPUK and SJPI, have increased during the year, as the resilient new business performance and continued high retention of existing business have combined with strong market performance.

Detailed information about the development of FUM in the Group can be found on page 55 of the Group Report & Accounts, and analysis of how this translates into the performance of the business is expounded on pages 54 to 56 of the same document. Information about the Group's leasing arrangements, which are not in either of the insurance subsidiaries, can be found in Note 13 of the Group Report & Accounts.

B) System of Governance

B.1 General information on the system of governance

The Group

The Group is classified as an insurance group for regulatory purposes. The business performance of each of the regulated entities within the Group is ultimately linked with that of the Group as a whole and the majority of risks impact more than one of the regulated entities. The governance structure is designed to reflect this high level of integration, with the business of the Group being governed by a unified Group board committee structure at holding company level (SJP plc).

The Board of Directors of SJP plc (the Board) sets the strategic direction for, and risk appetite of, the Group. The Board reserves a number of matters to itself but delegates certain responsibilities to board committees, whose members are non-executive directors. The Board delegates the day-to-day running of the Group, and the development of strategy for the Board's approval, to the Chief Executive Officer (CEO). Whilst the CEO remains accountable for those matters delegated to him, he has appointed a Group executive committee (the GEC) to support him in fulfilling his responsibilities. The GEC comprises the Executive Directors of the Board and other members of senior management. The CEO has delegated to the members of the GEC individual responsibility for the principal divisions and functions within the Group, providing clear and effective delegations of authority and reporting structures.

Further information on the Board, the Group's system of governance, remuneration policies and material transactions with shareholders, is provided in the Corporate Governance Report on pages 87 to 105 and the Report of the Group Remuneration Committee on pages 118 to 124 in the Group Report & Accounts.

In line with the Group governance structure, the key functions are organised as Group functions (recognising specific local requirements as appropriate – see SJPUK and SJPI below), ensuring consistent implementation of systems and procedures across the Group. The Chief Actuary reports into the Chief Financial Officer and the Chief Risk Officer to the Group CEO, both of whom are members of the Board of SJP plc. The Compliance function holders report into the Chief Risk Officer, except for those entities where the Chief Risk Officer is also the Compliance function holder (including SJPUK). All are required to report regularly to the Group Risk Committee, Group Audit Committee and SJPUK Audit Committee, and have unfettered access to the respective committee Chairs, ensuring the necessary authority, resources and operational independence to carry out their tasks. The Internal Audit Director has a direct reporting line to the Group, SJPUK and SJPI Audit Committees, an operational reporting line to the Chief Executive and unrestricted access to senior management and the Board.

SJPUK

SJPUK is managed as a Group subsidiary company with a number of key governance, strategy, planning and risk management processes, and, to a large extent, senior operational management, operating at a Group level.

However, certain decisions and key matters must be considered directly by the Board of SJPUK, which comprises independent Non-executive, Non-executive and Executive Directors. Such matters include:

- Those required by law (e.g. matters under the Companies Act 2006 (such as dividend payments) and accounting and auditing legislation (such as approving annual accounts));
- Those required by regulators (e.g. approval of the SII disclosures); and
- Other commercial matters that the directors of SJPUK deem, in view of their fiduciary duties, that they should consider directly (e.g. entering into key agreements).

During 2023 SJPUK has continued to operate its own Audit Committee, membership of which comprises three of the Non-executive Directors. The SJPUK Audit Committee is chaired by John Hitchins, who is also Chair of the Group Audit Committee. The SJPUK Audit Committee meets concurrently with the Group Audit Committee and considers all audit and internal control related matters on behalf of SJPUK. Key decisions and information from the SJPUK Audit Committee meeting are then discussed at the SJPUK Board meeting.

Overall the Board of SJPUK aligns the company with the strategic direction and risk appetite set by the Group.

SJPI

SJPI is similarly managed as a Group subsidiary, with local management supplemented and with certain activities outsourced to the Group. As with SJPUK, certain decisions and key matters are reserved to the SJPI Board, which comprises independent Non-executive, Non-executive and Executive Directors. Overall the Board of SJPI aligns the company with the strategic direction and risk appetite set by the Group.

There are, however, specific governance requirements associated with operating an insurance company in Ireland, and as a consequence the company is required to maintain additional distinct standalone governance arrangements, including dedicated Audit and Risk Committees. The Group Board and GEC interact regularly, as appropriate, with the Board of SJPI and its sub-committees.

A number of the key functions are also undertaken locally, with the local Chief Risk Officer being one of the local Executive Directors of the subsidiary. There are also local Compliance and MLRO function holders who report into the SJPI Chief Risk Officer and the SJPI Board. The Head of Actuarial Function is outsourced to Milliman, Dublin, and the Group's Internal Audit Director also fulfils the Internal Audit function for SJPI.

B) System of Governance continued

B.1 General information on the system of governance continued

Assessment of Adequacy

All UK-regulated entities within the Group continue to fall under the Senior Managers & Certification Regime (SM&CR).

The following key appointments were made during the last year:

- Simon Jeffreys and Roger Yates resigned from the Board of St. James's Place plc and St. James's Place UK on 18 May 2023. As a result of this, Simon Jeffreys also stepped down from his role as Group and SJPUK Audit Committee Chair and was replaced by John Hitchins. Roger Yates left his role as Group Remuneration Committee Chair and Senior Independent Director. He was replaced as Group Remuneration Committee Chair by Emma Griffin and was replaced as Senior Independent Director by Dominic Burke (resigned 31 January 2024).
- On 1 October 2023, Mark FitzPatrick joined the Board of SJP plc as CEO designate and formally became CEO on 1 December 2023. Andrew Croft therefore stepped down from the SJP plc Board on 30 November 2023. At this time Andrew Croft also resigned from the Boards of St. James's Place DFM Holdings Ltd, St. James's Place International Distribution Ltd, St. James's Place Nominees Ltd, St. James's Place Partnership Services Ltd, St. James's Place Wealth Management Group Ltd, St. James's Place Wealth Management plc, St. James's Place (PCP) Ltd. Mark FitzPatrick joined the Board of St. James's Place Partnership Services Ltd on 4 December 2023 and the Board of St. James's Place Wealth Management plc on 6 December 2023.
- Charles Woodd resigned from the Board of St. James's Place International Plc on 30 April 2023.
- Paul Fell was appointed to the Board of St. James's Place International Plc on 1 May 2023.

There have been no other material changes in the system of governance during the year, and the Group believes it remains appropriate taking into account the nature, scale and complexity of the risks inherent in the business. In particular, the centralised approach reflects the highly integrated and inter-dependent nature of the Group's activities. The governance arrangements are kept under review at all times to ensure that they remain appropriate.

B.2 Fit and proper requirements

The Group is committed to ensuring that all members of its Boards, key function holders and other senior individuals within the Group (including all Senior Management Function holders and Certified Staff), behave with integrity, honesty and skill, and this commitment is documented in the Fitness and Propriety Policy. The Group has processes in place to ensure appropriate standards of fitness and propriety are met and maintained, both prior to appointment and on an ongoing basis thereafter.

The key elements within the fitness and propriety framework, which apply to each individual, are:

- A preappointment assessment, including: assessment of the individual's knowledge; technical capability; business conduct; behavioural competencies; professional experience and qualifications; receipt of a regulatory reference; and receipt of satisfactory criminal record and credit checks.
- A skills gap analysis, including the transference of any gaps in ability to perform role to a learning and development plan.
- A probationary period and an appropriate induction programme.
- A job description, setting out the significant requirements of their role.
- For Senior Manager Function holders, the maintenance of a Statement of Responsibilities document, listing the core governance and key functions applicable to the role.
- An annual assessment of the fitness and propriety of Senior Manager Function and Certified Function holders, accompanied by a signed confirmation of the individual's understanding of their core governance responsibilities, their fitness and propriety requirements, and an understanding of their ongoing compliance.
- An annual review of performance against objectives and assessment of behaviour against regulatory conduct standards.
- A review of their fitness and propriety, whenever they are impacted by a significant business change or there is a significant change in their responsibilities.

Where a key function is outsourced, the Group ensures that the outsourcing firm carries out appropriate assessments of fitness and propriety for those responsible for the provision of the function and provides evidence of this.

In addition, the Group Nomination and Governance Committee regularly reviews the structure, size and composition of the Board, including skills, knowledge and experience, and makes recommendations to the Board with regard to any changes. When a new appointment is required, the Group Nomination and Governance Committee evaluates the balance of knowledge, skills and experience of the Board members and uses this evaluation to inform the selection of a suitable candidate.

B) System of Governance continued

SJPI is an Irish incorporated life insurance undertaking which is regulated by the Central Bank of Ireland (CBI). Both SJPI, and its Singapore Branch (SJPISB) which is regulated by the Monetary Authority of Singapore (MAS), fall within the remit of the Irish Fitness and Probity Regime (the F&P Regime). SJPISB also complies with its local Fit & Proper Regime under the regulation of the MAS.

The F&P Regime was introduced by the CBI under the Central Bank Reform Act 2010. The core function of the F&P Regime is to ensure that persons in senior positions (designated as Pre-Approved Controlled Functions (PCFs) and Controlled Functions (CFs)) within financial service providers are: 'competent and capable, honest, ethical and of integrity and also financially sound'.

SJPI is required under Section 21 of the Central Bank Reform Act 2010, to ensure that it does not allow a person to perform a PCF/CF unless it is satisfied on reasonable grounds that this person complies with the Fitness and Probity Standards (the Standards), a code issued under section 50 of the Central Bank Reform Act 2010. PCFs require the prior approval of the CBI.

SJPI completes onboarding and ongoing due diligence assessments of its population of PCFs and CFs to include its outsourced PCFs/CFs. Due diligence is completed in line with those requirements set out by the CBI in its Fitness & Probity legislative framework. These obligations are documented within SJPIs Fitness and Probity Procedures. SJPI maintains a register of its PCFs/CFs.

Records are maintained, and notifications made to the regulators, as and when required.

Further information about the effectiveness and performance of the Group Board is included on pages 104 to 105 of the Group Report & Accounts.

B.3 Risk management system including the ORSA

The risk management system applies consistently across the Group, and information on this is included on pages 74 to 84 of the Group Report & Accounts. Additional information on the activity of the Group Risk Committee can be found on pages 118 to 124.

The Board and insurance entity boards are responsible for setting the risk appetite for their main risks. These risks are monitored on a regular basis by the Group Risk Committee, ExCo, the Boards of SJPUK and SJPI, and SJPI's Risk Committee.

The Own Risk and Solvency Assessment (ORSA) process is described on page 76 of the Group Report & Accounts, including how it is integrated into the strategic planning, capital management and risk management processes of the Group. The ORSA process was performed simultaneously at Group and material subsidiary (individual insurers) level.

The ORSA has been used in the decision-making process for this year, which ensures prominence of risk and capital management. More information on this can be found on page 119 of the Group Report & Accounts. The ORSA continues to evolve and strengthen risk management processes throughout the Group.

The ORSA follows an annual cycle which links business activity and strategic objectives, including capital management activities, with comprehensive assessments of the risk the business faces. It uses outputs from the Risk Management processes to inform and agree risk tolerance and own solvency requirements for each insurance entity and at the wider Group level. The ORSA framework consists of:

- Identifying and assessing risks in accordance with the Risk Management Framework;
- Projecting the capital requirements and expected Own Funds based on strategic plans and risk profile;
- Assessing the own solvency requirements within each of the regulated insurance entities and for the Group to remain solvent under reasonably foreseeable conditions;
- Monitoring compliance with the SCR and Technical provisions; and
- Reporting conclusions and findings to the Board and regulators.

The ORSA process is directed by the Board, with active engagement from the Boards of SJPUK and SJPI. The process comprises of a comprehensive risk assessment; understanding of the risks of each entity and how they are managed; and understanding how those risks might change, in the context of the strategic plan. It also incorporates a quantitative analysis of the capital required, and how this might develop over our five-year planning period.

B) System of Governance continued

Where on-going risk monitoring identifies a material change with a notable impact across the Group's operations or confirmation of a fundamental change to our business model which renders the existing assessments invalid, an ad-hoc ORSA Summary Report will be produced.

The risk profiles of SJPUK and SJPI are consistent with the key risk exposures described in the Group Report & Accounts, although risks relating to the provision of advice have only an indirect impact on the insurance companies. Solvency requirements for each insurance company are calculated separately and monitored by their respective boards, which are also overseen by the Board. The appropriateness of solvency needs is validated through the following activities:

- Subjecting the financial projections to a series of stresses and scenario tests to measure the sensitivity of our financial position to changes in key modelling assumptions.
- Analysing the impact of material and emerging risks under both reasonably foreseeable and extreme conditions to validate the appropriateness of the control environment and capital buffers.
- Reviewing the assumptions underlying the SCR to assess whether the Standard Formula remains appropriate based on the risk profile of the solo entities.
- Validating the outcome of ORSA processes over time by back-testing historic scenarios and forecasts. The outcome of this testing is reported in the control documentation prior to the approval of the ORSA report.

B.4 Internal control system

Information about the Internal Control System, including the Risk and Control Self-Assessment process that operates consistently across the Group, is provided in the Risk Management section of the Group Report & Accounts on page 74, with an evaluation of the system included in the Report of the Group Audit Committee on pages 106 and 117.

The SJPUK Audit Committee and SJPI Audit Committee maintain oversight of SJPUK and SJPI internal controls respectively. For other Group subsidiaries, oversight of internal controls is delegated to the Group's Audit Committee.

The System of Internal Control is underpinned by the Internal Control Model which is designed to ensure the Group meets the key objectives of the business model. This is achieved by adopting the '3 Lines of Defence' model for internal control providing a structured approach for defining risk and control responsibilities.

St. James's Place plc

Established three lines of defence ensures the appropriate management of the Group's risks

First Line: Operational Management

- Responsible for ensuring that appropriate controls are in place to address risks and assessing the effectiveness of these, to enable the Group to meet the aims of its internal control model (including activities undertaken by outsourced relationships).

Second Line: Risk, Internal Controls and Compliance Functions

- Group Risk facilitates, monitors and reports on the implementation of the risk policies, processes and controls by operational management. This is done through regular risk review meetings and the facilitation of the annual management risk and control self-assessment process.
- Compliance Assurance provides assurance on the adequacy of relevant processes in the mitigation of the specific risks associated with non-compliance with applicable laws and regulations.

Third Line: Internal Audit

- The Internal Audit team, which is independent of executive management and the first and second lines of defence, provides independent and objective assurance on the internal control model to the Audit Committee through its programme of audit reviews which includes an annual internal control evaluation.

The Group maintains the following permanent and effective teams which collectively comprise the Compliance Function across the Group and report into the Chief Risk Officer via the Executive Leadership Team for Group Risk:

- **Compliance Advisory** to advise the business on compliance with a focus on company governance, compliance with the Senior Managers and Certification Regime, and maintaining the FCA relationship; and
- **Compliance Assurance** to conduct themed reviews and checks across all divisions to provide assurance that compliant implementation has been maintained.

B) System of Governance continued

The Compliance Function is complemented by the following teams which, alongside Group Risk, report into the Chief Risk Officer for the second line of defence:

- **Regulatory Guidance** to monitor regulatory developments and business impact; to provide guidance in the compliant development of new products and services and provide guidance during any change to existing products and services;
- **Financial Promotions** to check the adherence of all financial promotions to the relevant regulatory requirements;
- **Financial Crime Prevention** to oversee the compliance with the regulatory requirements for financial crime prevention including fraud, anti-money laundering, anti-bribery and anti-corruption;
- **Information and Data Security** to oversee data protection; and
- **Group Legal** to monitor legislative change.

In addition, Business Assurance and Field Risk monitor advice and adviser activity as part of the first line of defence.

The activities performed by these functions fall under the oversight of the Group Risk Executive Committee. They operate independently to the business and are responsible for:

- Ensuring adequate policies and procedures are in place to detect any risk of failure to comply with the Group's regulatory obligations;
- Monitoring and, on a regular basis, assessing the adequacy and effectiveness of the measures and procedures noted above; and
- Advising and assisting those responsible for carrying out advice-related services and activities to ensure they remain in compliance with all relevant laws, regulations and directives.

Each Group company has a nominated individual responsible for oversight of all compliance matters, including compliance with all relevant regulations and directives. They are responsible for reporting on compliance matters to senior management, and for indicating whether appropriate remedial measures have been taken in the event of any deficiencies.

A Group Compliance Policy is maintained to identify the compliance structure and systems and controls, which is approved by the Group Risk Executive Committee and Group Risk Committee. The policy is reviewed annually or in the event of a material change to the underlying risk profile. It is supported by an annual Compliance Assurance Plan which involves a risk-based review of the business to provide assurance that activities remain within the Group Compliance Policy.

B.5 Internal audit function

The Internal Audit Division is structured as a Group level function with responsibility for providing third line assurance on all entities within the Group. In this respect it supports the Group, SJPUK and SJPI Audit Committees. The function operates in accordance with the standards of the Institute of Internal Auditors and, in the UK, complies with the provisions of the Code of Conduct for Effective Internal Audit in the Financial Services Sector (2021).

To ensure its independence, Internal Audit does not have managerial responsibilities for any entity within the Group. The impartiality of judgements provided to senior management are safeguarded by the Internal Audit Director's direct reporting line to the Chair of the Group Audit Committee, direct access to the Chairs of the SJPUK and SJPI Audit Committees, an operational reporting line to the Chief Executive, and unrestricted access to senior management and the Board.

The powers of the Internal Audit Division are formally outlined in the Audit Charter which is reviewed annually by the audit committees and constitutes the Audit Policy of the Group.

Information about the performance of the Internal Audit Division can be found in the Report of the Group Audit Committee on pages 128 to 130 of the Group Report & Accounts.

B.6 Actuarial function

Most of the actuarial work for the Group is undertaken by a centralised team, which produces results for all entities. However, the regulatory responsibility is fulfilled by a named individual for each of the relevant jurisdictions.

The Chief Actuary for the Group and SJPUK is directly employed and reports to the Chief Financial Officer, but has direct access to the Group Board, reporting regularly to the Group Audit and Risk Committees. He is also a Director of SJPUK. The Director of Actuarial Reporting, who reports to the Chief Actuary for the Group, is a Non-Executive Director of SJPI.

The Head of Actuarial Function role for SJPI is outsourced to Milliman, an actuarial consultancy firm based locally in Dublin, who reports regularly to the SJPI Audit and Risk Committees. This also provides access to local professional knowledge and experience.

In all jurisdictions, the Actuarial Function is linked with the Risk Function, providing support and advice, as well as assistance in generating quantitative analysis to support investigations of financial sensitivities, projections and scenarios.

B) System of Governance continued

B.7 Outsourcing

The Group outsources the majority of its fund management, back office and administration processes to reputable third parties in order to focus on its core competencies, and will continue to do so provided that the arrangements do not:

a) materially impair the quality of the system of governance of the Group;

b) unduly increase operational risk;

c) impair the ability of the supervisory authorities to monitor the compliance of the Group with its obligations; and/or

d) undermine continuous and satisfactory service to clients.

The Group's Outsourcing and Supplier Management Policy sets out our minimum standards in relation to the selection, contracting, due diligence and on-going management of outsourcing relationships. The policy is maintained by the Third Party Management & Oversight Team and is reviewed on a three-yearly cycle by a cross-functional panel and was last amended in March 2023. All new material outsource contracts are subject to approval by Group Legal, Group Risk, the Group Board and the Board or Executive Committee of any relevant contracting entity in addition to the business function managing the outsourcer.

The policy sets out requirements for a named Business Owner and Executive Owner for each contract, with these individuals holding responsibility for ensuring appropriate oversight frameworks and safeguards are in place to manage operational and regulatory risks. Senior managers within the Group (Executive Owners) remain ultimately accountable for the performance of any key function which is outsourced within their directorate, alongside named key individuals within each outsourcer who are responsible for performance of the contract.

Outsourcing of fund management is managed through our Investment Management Approach (IMA). More information about the IMA and the process of selecting fund managers is provided on page 20 of the Group Report & Accounts and also in the Report of the Investment Committee that can be found at: **www.sjp.co.uk/advice-and-products/investments/investment-management-approach**.

The details of our key external outsourcing arrangements as at 31 December 2023 are listed in the tables below:

Back-office and administration service providers

Service Provider	Nature of Outsourced Service	Jurisdiction
Amazon Web Services, Inc.	IT Hosting Services	USA
Citibank	Custodian and Dealing Services	UK
SS&C Financial Services International Limited	Administration Services	UK
SS&C International Managed Services Ltd	Administration Services	Ireland
Intellect Design Arena Ltd	IT Development Services	UK
Milliman	Head of Actuarial Function	Ireland
NatWest Trustee & Depositary Services Ltd	Trustee Services	UK
State Street Bank and Trust Company	Custodian, Trustee Services and Fund Administration Services	UK
Exponential-e	Management Services	UK
Microsoft Ireland Operations Ltd	Software Services	Ireland
Objectway	Back-Office Platform Services	UK
Salesforce	Customer Relationship Management Services	UK
Unit4	Enterprise Resource Planning Services	UK
Zoom	Telephony and Call Recording Services	UK

Fund management (IMA)

Service Provider	Nature of Outsourced Service	Jurisdiction
Aikya Investment Management Ltd	Fund Management	UK
Amundi (UK) Limited	Fund Management	UK
Arga Investment Management LP	Fund Management	USA
Aristotle Capital Management LLC	Fund Management	USA
Artemis Investment Management LLP	Fund Management	UK
Artisan Partners Limited Partnership	Fund Management	USA
Axiom Investor LLC	Fund Management	USA

B) System of Governance continued

B.7 Outsourcing continued

Fund management (IMA) continued

Service Provider	Nature of Outsourced Service	Jurisdiction
Baillie Gifford Investment Management (Europe) Ltd	Fund Management	UK
BlackRock Investment Management (UK) Ltd	Fund Management	UK
BlueBay Asset Management LLP	Fund Management	UK
Burgundy Asset Management Ltd	Fund Management	Canada
Capital Four Management Fondsmæglerselskab A/S	Fund Management	Denmark
Comgest Asset Management International Limited	Fund Management	Ireland
Dalton Investments, Inc	Fund Management	USA
EdgePoint Investment Group, Inc.	Fund Management	Canada
First Sentier Investments (Hong Kong) Limited	Fund Management	Hong Kong
Fulcrum Asset Management LLP	Fund Management	UK
GLC Partners LP	Fund Management	UK
Grantham, Mayo, Van Otterloo & Co. LLC	Fund Management	USA
Impax Asset Management Limited	Fund Management	UK
Invesco Asset Management Ltd	Fund Management	UK
J O Hambro Capital Management Limited	Fund Management	UK
JP Morgan Asset Management (UK) Limited	Fund Management	UK
Kohlberg Kravis Roberts & Co. L.P.	Fund Management	USA
Lazard Asset Management Limited	Fund Management	UK
Loomis, Sayles & Company, LP	Fund Management	USA
Los Angeles Capital Management and Equity Research Inc	Fund Management	USA
MidOcean Credit Fund Management LP	Fund Management	USA
Northern Trust Global Investments Ltd	Fund Management	UK
Ninetyone UK Limited	Fund Management	UK
Numeric Investors LLC	Fund Management	USA
Oaktree Capital Management, LP	Fund Management	USA
Orchard Street Investment Management LLP	Fund Management	UK
Payden & Rygel	Fund Management	USA
Pzena Investment Management LLC	Fund Management	USA
RWC Partners Ltd	Fund Management	UK
Sanders Capital LLC	Fund Management	USA
Sands Capital Management LLC	Fund Management	USA
Schroder Investment Management Ltd	Fund Management	UK
Select Equity Group, Inc.	Fund Management	USA
State Street Global Advisors Limited	Fund Management	UK
Threadneedle Asset Management Ltd	Fund Management	UK
TwentyFour Asset Management LLP	Fund Management	UK
Wasatch Advisors, Inc.	Fund Management	USA
Wellington Management Company LLP	Fund Management	USA

C) Risk Profile

Information about the risk profile of the business, and the principal risks and uncertainties that are inherent within both the Group's business model and the market in which we operate, is included on pages 74 to 85 of the Group Report & Accounts, in the Risk Management section. These are the risks which could have a material impact on the key strategic outcomes.

Against each of the risks, consideration is given to the level of exposure (likelihood and impact) and the extent to which the risk can be mitigated. This is recorded through local level risk registers and aggregated into a Group-level 'Principal Risks'. The Group Report & Accounts set out the principal risks, the key strategic areas on which they impact, and the high-level controls to mitigate them.

The principal risks to our business largely remain the same, but the controls and mitigations are under constant review. Throughout 2023, we continued to see a complex and rapidly evolving macroeconomic risk picture, which has been exacerbated in the UK by political uncertainty. We expect to see challenges at a national level as people and businesses continue to adjust to a higher interest rate environment and higher cost of living, albeit there are strong indications at the beginning of 2024 that inflation is returning towards the Bank of England's target and interest rates are expected to reduce over time. We are mindful of potential longer-term risks relating to changes in tax policy which could change the amount our clients have available to save and how much tax they pay on investments. With UK elections happening in 2024, we don't envisage tax to rise further in the very short term. We also however recognise an opportunity for our advisers, through ongoing financial advice, to support clients in managing their financial affairs in a volatile market; to combat the effects of inflation on the standard of living they are aiming for in retirement; and, to remain tax efficient in their savings as the tax landscape changes. We are also mindful of the potential for geopolitical tensions to escalate, which could have relevance to the Group through the impacts on financial markets and through heightened cyber risk. Although new challenges have been introduced, the key risks were familiar to our risk framework and the Group's performance throughout this time has reflected the stability, consistency and resilience of the Group's business model.

The Group's stress and scenario testing conducted as part of the ORSA, which include the new charging structure changes announced in 2023, demonstrates that the business is resilient to changes in both interest rates and inflation.

The design of the Group's product offering on a unit-linked basis was conceived from outset as an attractive client proposition, but also a risk management opportunity. In combination with the corporate investment strategy of fully matching our liabilities to clients with the relevant assets, all material risks are greatly reduced from this business, apart from operational risk. More information about our Investment Management Approach can be found here **www.sjp.co.uk/products-and-services/investment/investment-management-approach**.

The governance framework we have implemented is designed to mitigate risk and ensure that assets held within each fund are appropriate for the risk profile and scope of the investment mandate. We also ensure that our investment proposition remains appropriately positioned to meet the requirements of our clients. The comprehensive governance framework includes, amongst other components:

- an Investment Committee comprising both executive and non-executive expertise,
- an internal Investment Operations Committee which provides oversight of fund operations,
- an internal team dedicated to the monitoring of the investment risk aspects of our third-party fund managers; and
- the retained services of a range of specialist independent investment consultants.

Outside the unit-linked funds, the vast majority of shareholder assets above those required to meet client liabilities (and those for related advice fees) are invested in highly rated and highly liquid sterling denominated cash-type investments, such as short-dated government securities, AAA-rated money market funds and bank deposits. Minimum credit ratings, and diversification and liquidity requirements are managed through a Group Credit Risk Policy and a Group Liquidity Risk Policy.

Collectively, this oversight and governance also gives the Group comfort in continued adherence to the prudent person principle.

More information about the Financial Risks in our business can be found in Note 20 of the Group Report & Accounts.

C) Risk Profile continued

C.1 Underwriting risk

The unit-linked nature of our products in both SJPUK and SJPI is designed to mitigate the impact of underwriting risks on the business.

a) Retention

The Group's ability to retain funds under management may be impacted by changes in the economic climate, poor investment performance, competitor activity, or reputational damage to the Group. Higher levels of lapses, whether from a one-off event or from an increase to our assumptions of long-term experience, would reduce the Group's future profitability. However, the unit-linked nature of our business means that the impact on the Group's solvency position is limited, since technical provisions, Own Funds and capital requirements would all move broadly in line with the lower level of business.

The following table shows the impact of a 10% increase in the assumed level of future lapses:

10% increase in lapses

	SJPUK		SJPI		Group	
Percentage change in:	**2023**	2022	**2023**	2022	**2023**	2022
Solvency Capital Requirement (SCR)	(6%)	(7%)	(6%)	(4%)	(6%)	(7%)
Own Funds	(12%)	(4%)	(5%)	(1%)	(10%)	(4%)
Base Solvency Ratio	179%	139%	171%	179%	191%	155%
Scenario Solvency Ratio	168%	143%	173%	184%	182%	160%

The table shows that increasing the assumed level of future lapses leads to a decrease in the Group's current solvency ratio, (albeit counterintuitively, there is a small increase in the SJPI solvency ratio). The change in sensitivity to lapse rates, compared to prior year, is an effect of the change in charging structure and (for Group and SJPUK) the change in risk margin methodology.

b) Expenses

Changes in expenses, particularly administration costs, would impact on the Group's future profits. Increasing our long-term assumption of expense levels would increase both our technical provisions and our capital requirements.

The following table shows the impact of a 10% increase in the assumed level of per policy expenses:

10% increase in per-policy expenses

	SJPUK		SJPI		Group	
Percentage change in:	**2023**	2022	**2023**	2022	**2023**	2022
Solvency Capital Requirement (SCR)	0%	0%	0%	0%	(0%)	(0%)
Own Funds	(2%)	(1%)	(3%)	(3%)	(2%)	(1%)
Base Solvency Ratio	179%	139%	171%	179%	191%	155%
Scenario Solvency Ratio	177%	137%	166%	174%	189%	153%

The table shows that an increase in per-policy expenses would lead to a small reduction in the Group's solvency ratio. A similar effect is seen in both SJPUK and SJPI.

c) Mortality and Morbidity

The insurance subsidiaries have only small legacy portfolios of protection business. The level of mortality and morbidity risk relating to this business is therefore immaterial.

Information about insurance risks in our group, including underwriting and reinsurance, is included in Note 17 of the Group Report & Accounts.

C) Risk Profile continued

C.2 Market risk

The unit-linked nature of the Group's products, and our matching strategy, means our corporate exposure to market risk is small and second-order. Similarly, our investment policy for shareholder assets also substantially mitigates market risk.

a) Funds under management

Adverse market movements would reduce the Group's future profitability through lower levels of annual management charges. However, the impact on the Group's ability to meet client liabilities would be limited, due to the unit-linked nature of the Group's business.

The impact of market movements on the Group's solvency ratio (and that of SJPUK and SJPI) is counterintuitive, as increases in FUM may lead to a temporary reduction in the solvency ratio (which would be expected to unwind over time). Similarly, reductions in FUM can lead to a temporary increase in the solvency ratio. These effects arise mainly due to the 'symmetric adjustment' used within the Standard Formula, which tends to increase the capital requirements for equity investments in rising markets (and conversely to reduce them in falling markets).

The following tables show the impact of a 10% reduction or 10% increase in current funds under management (including allowance for the knock-on impact on the symmetric adjustment):

10% decrease in FUM

	SJPUK		SJPI		Group	
Percentage change in:	2023	2022	2023	2022	2023	2022
SCR	(20%)	(18%)	(15%)	(13%)	(18%)	(17%)
Own Funds	(12%)	(9%)	(7%)	(7%)	(10%)	(8%)
Base Solvency Ratio	179%	139%	171%	179%	191%	155%
Scenario Solvency Ratio	196%	153%	187%	191%	209%	171%

10% increase in FUM

	SJPUK		SJPI		Group	
Percentage change in:	2023	2022	2023	2022	2023	2022
SCR	20%	18%	13%	15%	18%	17%
Own Funds	12%	9%	7%	7%	10%	8%
Base Solvency Ratio	179%	139%	171%	179%	191%	155%
Scenario Solvency Ratio	168%	128%	163%	167%	179%	142%

Note: The impact of future market shocks may vary from those shown, depending on the level of the symmetric adjustment prior to the shock.

Following strong market performance over the year, the symmetric equity adjustment published by the PRA increased from (2.90)% at 31 December 2022 to (0.06)% at 31 December 2023 (with an equivalent increase from (3.02)% to 1.46% in the rates published by EIOPA, which applies to the valuation of SJPI). As the symmetric adjustment is limited to a maximum of 10% and a minimum of (10)%, this affects the relative impact of the sensitivities shown in 2022 and 2023.

C) Risk Profile continued

C.2 Market risk continued

b) Risk-free rate

Given the nature of the Group's business, changes to the risk-free rate have only a second-order impact on our client liabilities. However, a reduction in the risk-free rate would place more value on future expenses, leading to an increase in technical provisions and capital requirements.

The following table shows the impact of a 1% reduction in the risk-free rate:

1% reduction in risk-free rates

	SJPUK		SJPI		Group	
Percentage change in:	2023	2022	2023	2022	2023	2022
SCR	0%	0%	0%	0%	(0%)	0%
Own Funds	(3%)	(1%)	(5%)	(3%)	(3%)	(1%)
Base Solvency Ratio	179%	139%	171%	179%	191%	155%
Scenario Solvency Ratio	175%	136%	162%	173%	186%	152%

Note: This table ignores any knock-on effect of lower market rates on the Group's funds under management.

C.3 Credit risk

In relation to our unit-linked funds credit risk exposure also sits with individual clients, with our oversight functions ensuring that exposures remain within the parameters of the relevant investment mandates. Our investment policy for shareholder assets also means credit risk is minimised (through investing in highly rated and highly liquid assets, such as government securities, AAA-rated money market funds and bank accounts).

Both SJPUK and SJPI have small legacy books of protection business, partially covered by quota share reinsurance with a low level of retention. The Group uses highly rated reinsurers, and monitors their credit ratings and the level of reinsurance balances in order to minimise the associated credit risk.

C.4 Liquidity risk

Typically, our unit-linked funds are invested in deep and liquid markets, meaning client encashments can easily be matched by underlying asset realisation. However, in stressed scenarios some asset types can become illiquid and have the potential to impact our ability to meet client encashments immediately. Although policy terms and conditions typically include clauses allowing deferral of the encashment, which provides a window for the Group to be able to manage a more orderly solution to clients' encashment requests, our aim is to manage this risk to minimise the need for deferrals. Such circumstances, where usually liquid asset types become illiquid, are rare and so the level of liquidity risk in relation to the unit-linked business is typically very low. The Group monitors its liquidity position and performs stress and scenario testing to ensure liquidity risk remains within the Group's risk appetite.

A small proportion of the linked funds is invested in less liquid asset types, including property and alternative assets. The additional liquidity risk associated with these funds is communicated clearly to clients, and mitigants are in place to manage the liquidity risk.

Our investment policy for shareholder assets also means liquidity risk is minimised and comprehensive cashflow forecasting is conducted continuously to monitor cashflow over the short and medium term, and funding requirements over the long term.

The level of expected profit included in the future premiums within the valuation of technical provisions is zero.

C) Risk Profile continued

C.5 Operational risk

Many of the principal risks for the Group, identified on pages 79 to 81 of the Group Report & Accounts are operational risks, reflecting the inherently low risk nature of our unit-linked insurance business, particularly in relation to typical insurance and economic risks.

In relation to our operations, a key feature of our business model is outsourcing of a number of important elements. Whilst outsourcing changes the characteristics of the 'gross' operational risk, our robust governance framework for oversight of material outsourcing arrangements mitigates this exposure, bringing the 'net' exposure in line with our corporate risk appetite.

C.6 Other material risks

All other material risks are described on pages 79 to 84 of the Group Report & Accounts.

C.7 Any other information

As part of the Group's ongoing risk management approach we perform a range of stress and scenario tests, reporting on the output as part of the Group ORSA. The Group's stress and scenario testing comprises two elements:

- Sensitivity and stress testing of the financial and capital position to changes in key modelling assumptions – for the most part these changes have limited impact on solvency ratios as the insurance assets and liabilities move in line with each other.
- Exploration of plausible adverse scenarios that may arise in the normal course of business – where possible the Group undertakes quantitative analysis of solvency and profit and loss impacts, augmented with qualitative analysis if modelling is not appropriate. This scenario testing also includes analysis of new risks emerging in the business and our programme of reverse stress testing.

D) Valuation for Solvency Purposes

Under the definition set out in Article 212 1(f) of Directive 2009/138/EC (the Directive), SJP plc is an 'insurance holding company', at the head of an insurance group. The Group valuation exercise therefore reflects the following assessments:

- Valuations for each of the 'solo' insurance entities, SJPUK and SJPI, using the SII methodology and basis in line with the SII Regulations; and
- Valuations of other regulated Group companies in line with the appropriate sectoral rules for Own Funds and capital requirement.

The Group result has been prepared using the Accounting Consolidation-based method – Method 1 – as set out in Article 230 of the Directive which means the consolidated balance sheet of the Group has been prepared in accordance with SII Regulations.

IFRS 17 'Insurance contracts', effective from 1 January 2023, is purely an accounting change and does not impact our solvency approach which has remained unchanged. In general, the valuation method is aligned with IFRS and so the basis of preparation aligns with the accounting policies outlined in Notes 1 and 2 of the Group Report & Accounts. Exceptions to these methods are outlined in the relevant sections below.

D.1 Assets

Group

Assets	Statutory accounts value (IFRS)	Reallocations	Reassessment of Participations	Accounting Policy Differences	Solvency II value (31/12/2023)	Solvency II value (31/12/2022)
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Goodwill	33.6	–	–	(33.6)	–	–
Deferred acquisition costs	304.4	–	7.7	(312.1)	–	–
Intangible assets	36.0	–	–	(36.0)	–	–
Deferred tax assets	36.5	(36.5)	–	–	–	–
Property, plant & equipment held for own use	153.1	–	(151.1)	(1.9)	0.1	0.2
Property (other than for own use)	1,110.3	(1,110.3)	–	–	–	–
Participations	10.2	–	14.2	10.0	34.4	321.9
Equities – listed	116,761.5	(116,761.5)	–	–	–	–
Government bonds	6,883.6	(6,875.3)	–	(1.3)	7.0	5.8
Corporate bonds	20,361.1	(20,361.1)	–	–	–	–
Collective Investments Undertakings	13,967.5	(12,513.1)	44.7	–	1,499.1	1,335.6
Derivatives	3,420.6	(3,420.6)	–	–	–	–
Assets held for index-linked and unit-linked contracts	–	124,620.9	(783.8)	–	123,837.1	107,308.1
Reinsurance recoverables on technical provisions	13.0	–	–	(13.3)	(0.3)	35.7
Insurance and intermediaries receivables	157.7	–	–	–	157.7	126.7
Reinsurance receivables	6.7	–	–	–	6.7	5.6
Receivables (trade, not insurance)	2,833.0	(846.8)	(1,172.6)	1.2	814.8	628.8
Cash and cash equivalents	6,204.3	(5,918.9)	(133.1)	–	152.3	134.8
Total assets	**172,293.1**	**(43,223.2)**	**(2,174.0)**	**(387.0)**	**126,508.9**	**109,903.2**

D.1 Assets continued

SJPUK

Assets	Statutory accounts value (IFRS) £'Million	Reallocations £'Million	Reassessment of Participations £'Million	Accounting Policy Differences £'Million	Solvency II value (31/12/2023) £'Million	Solvency II value (31/12/2022) £'Million
Deferred acquisition costs	179.9	–	–	(179.9)	–	–
Property (other than for own use)	1,110.3	(1,110.3)	–	–	–	–
Participations	17.1	–	3.1	–	20.2	18.6
Equities – listed	2,962.2	(2,962.2)	–	–	–	–
Government bonds	–	–	–	–	–	–
Collective Investments Undertakings	108,863.5	(107,610.3)	–	–	1,253.2	1,115.9
Assets held for index-linked and unit-linked contracts	–	112,458.5	–	–	112,458.5	97,178.4
Reinsurance recoverables on technical provisions	12.3	–	–	(2.5)	9.8	46.1
Insurance and intermediaries receivables	152.9	–	–	–	152.9	120.8
Reinsurance receivables	1.4	–	–	–	1.4	0.5
Receivables (trade, not insurance)	716.3	(356.2)	–	–	360.1	278.6
Cash and cash equivalents	299.6	(200.0)	–	–	99.6	103.2
Total assets	**114,315.5**	**219.5**	**3.1**	**(182.4)**	**114,355.7**	**98,862.1**

SJPI

Assets	Statutory accounts value (IFRS) £'Million	Reallocations £'Million	Reassessment of Participations £'Million	Accounting Policy Differences £'Million	Solvency II value (31/12/2023) £'Million	Solvency II value (31/12/2022) £'Million
Deferred acquisition costs	48.3	–	–	(48.3)	–	–
Deferred tax asset	1.0	(1.0)	–	–	–	–
Property, plant & equipment held for own use	0.1		–	–	0.1	0.2
Equities – listed	106.2	(106.2)	–	–	–	–
Government bonds	9.1	(0.8)	–	(1.3)	7.0	5.8
Collective Investments Undertakings	11,185.2	(10,939.3)	–	–	245.9	219.6
Derivatives	–	–	–	–	–	–
Assets held for index-linked and unit-linked contracts	–	11,378.6	–	–	11,378.6	10,129.7
Reinsurance recoverables on technical provisions	–	–	–	(10.1)	(10.1)	(10.4)
Insurance and intermediaries receivables	4.8	–	–	–	4.8	6.0
Reinsurance receivables	5.3	–	–		5.3	5.2
Receivables (trade, not insurance)	87.8	(54.6)	–	4.1	37.3	7.6
Cash and cash equivalents	333.5	(280.7)	–	–	52.8	31.5
Total assets	**11,781.3**	**(4.0)**	**–**	**(55.6)**	**11,721.7**	**10,395.2**

D) Valuation for Solvency Purposes continued

D.1 Assets continued

Valuation methodology

Assets are valued in line with the accounting policies set out in the Group Report & Accounts in Note 1, with the following exceptions:

(A) Participations

Investment in related undertakings (subsidiaries and associates) are valued on an adjusted equity method based on Solvency II valuation of underlying net assets or, for related undertakings other than insurers where this is not practicable, based on IFRS with the deduction of goodwill and intangibles.

(B) Intangible assets

Deferred acquisition costs (DAC) balances and goodwill are valued at zero under SII Regulations and are effectively removed in the preparation of the SII balance sheet.

Intangible assets, other than goodwill, are recognised in the SII balance sheet at a value other than zero only if they can be sold separately and it can be demonstrated that there is a value for the same or similar assets that has been derived from quoted market prices in active markets.

Bespoke computer software tailored to the needs of the company and 'off the shelf' software licences that cannot be sold to another user are valued at zero.

(C) Deferred Tax

Deferred taxes are recognised for SII purposes following the recognition principles in IAS 12. This means that for temporary differences the deferred taxes are based on the difference between the value of assets and liabilities on the SII balance sheet and the value of assets and liabilities for tax purposes (tax base).

Deferred taxes that arise from carry-forwards of unused tax credits or tax losses are valued at the value as measured in the IFRS balance sheet and not the SII basis. Further details are included in Note 10 of the Group Report and Accounts.

(D) Ineligible Assets

In certain circumstances assets may be deemed ineligible under SII, for example due to asset inadmissibility rules under the respective entity sectoral regulatory regimes, and are assessed at zero value. These items have been adjusted for under 'Accounting policy differences'.

(E) Reinsurance Assets

The reinsurance asset reflects any beneficial impact of reinsurance in reducing the technical provisions. The SII valuation reflects the methods used to value the underlying technical provisions. More detail is provided in Section D.2.

There has been no change to the recognition of assets compared to the previous valuation.

Assumptions and judgements

The uncertainty of asset valuations and judgements are as set out in Note 2 of the Group Report & Accounts. More information about the financial risk of these assets including estimation and uncertainty can be found in Note 20 of the Group Report & Accounts. Identification of assets' fair value measurement by level can also be found in the same Note.

D) Valuation for Solvency Purposes continued

D.1 Assets continued

Reconciliation of Statutory valuation of assets to SII valuation

The following points are the key differences between the statutory and SII valuations:

- **Consolidation of presentation of assets backing unit-linked contracts:** The IFRS basis of preparation adopted in our Group accounts requires detailed analysis on the balance sheet of assets backing unit-linked contracts between different asset types. This approach is not required for SII. The impact is simply a re-presentation of the net assets (i.e. overall impact is neutral), mainly affecting the presentation of the assets with offsetting adjustments to other liabilities.
- **Reassessment of participations:** As noted in (A) above, SII requires that subsidiaries are valued using the equity method. In practice this results in a consolidation of more detailed information presented under IFRS. Once the accounting policy differences have been applied to the non-insurance subsidiary companies, there is a resultant overall negative outcome from the reassessment of participations.
- **Accounting policy differences:** As noted in (B) and (C) above, Goodwill, DAC, Deferred Tax Assets and other Intangible Assets are reassessed at zero value under SII. The associated impact on Deferred Tax is reflected in other liabilities.

  As noted in (D) above, certain assets may be treated as ineligible under SII and assessed at zero.

  As noted in (E) above, the valuation of the reinsurance asset is aligned with the SII valuation of the technical provisions.

There has been no change to the recognition and valuation bases used for assets compared to the previous valuation.

D.2 Technical provisions

Under SII the investment contract benefits and insurance contract liabilities required by IFRS are replaced by an assessment of the technical provisions, comprising the Best Estimate Liability (BEL) and the Risk Margin. This is further split into separate provisions for Unit-linked business and Life and Health. The approach to assessing the technical provisions on a SII basis, together with information about the key sensitivities, are set out below:

Group

Technical provisions	Statutory accounts value (IFRS) £'Million	Reallocations £'Million	Reassessment of Participations £'Million	Accounting Policy Differences £'Million	Solvency II value (31/12/2023) £'Million	Solvency II value (31/12/2022) £'Million
Unit-linked technical provisions	123,603.2	(176.7)	(297.2)	(123,129.3)	–	–
– BEL	–	–	–	120,154.4	120,154.4	100,503.1
– Risk Margin	–	–	–	316.5	316.5	1,515.1
Life & health technical provisions	42.6	–	–	(42.6)	–	–
– BEL	–	–	–	64.0	64.0	60.9
– Risk Margin	–	–	–	1.9	1.9	1.3
Total technical provisions	**123,645.8**	**(176.7)**	**(297.2)**	**(2,635.1)**	**120,536.8**	**102,080.4**

SJPUK

Technical provisions	Statutory accounts value (IFRS) £'Million	Reallocations £'Million	Reassessment of Participations £'Million	Accounting Policy Differences £'Million	Solvency II value (31/12/2023) £'Million	Solvency II value (31/12/2022) £'Million
Unit-linked technical provisions	112,148.3	(164.5)	–	(111,983.8)	–	–
– BEL	–	–	–	109,013.8	109,013.8	90,670.3
– Risk Margin	–	–	–	253.1	253.1	1,440.5
Life & health technical provisions	60.9	–	–	(60.9)	–	–
– BEL	–	–	–	60.4	60.4	57.5
– Risk Margin	–	–	–	1.7	1.7	1.1
Total technical provisions	**112,209.2**	**(164.5)**	**–**	**(2,715.7)**	**109,329.0**	**92,169.4**

D) Valuation for Solvency Purposes continued

D.2 Technical provisions continued

SJPI

Technical provisions	Statutory accounts value (IFRS) £'Million	Reallocations £'Million	Reassessment of Participations £'Million	Accounting Policy Differences £'Million	Solvency II value (31/12/2023) £'Million	Solvency II value (31/12/2022) £'Million
Unit-linked technical provisions	11,298.2	(12.2)	–	(11,286.0)	–	–
– BEL	–	–	–	11,140.6	11,140.6	9,832.9
– Risk Margin	–	–	–	63.4	63.4	74.7
Life & health technical provisions	(6.7)	–	–	6.7	–	–
– BEL	–	–	–	3.6	3.6	3.4
– Risk Margin	–	–	–	0.1	0.1	0.1
Total technical provisions	**11,291.5**	**(12.2)**	**–**	**(71.6)**	**11,207.7**	**9,911.1**

The Technical Provisions have increased over 2023, reflecting strong investment markets and the impact of changes to our charging structure. These increases are partially offset by a reduction in the risk margin, resulting from the change in the calculation methodology enacted in December.

Valuation methodology

Under SII, the technical provisions comprise a Best Estimate Liability (BEL) and a Risk Margin (RM). The valuation methodology is outlined below, and is followed by commentary on the key judgements and assumptions, and on the sensitivity of the valuation to changes in these assumptions.

BEL

The BEL is determined as the discounted value of the projected monthly cashflows involved in fulfilling the liabilities under the in-force business. Broadly, these cashflows comprise:

- Benefit Outgo: Projected gross of reinsurance payments to clients on death, illness, surrender, withdrawal or maturity (including unit-related payments, net of client charges).
- Expense outgo: The expenses incurred in fulfilling the contracts, including investment advice fees and policy commission.
- Taxation payments: Allowance is included within the BEL for tax paid on behalf of clients, e.g. for client tax in the Life Fund in SJPUK, but not for shareholder tax on profits (which is included on the balance sheet as a deferred tax liability instead).
- Premium payments: Future premiums (and the additional obligations that they generate) are included in the projected cashflows only if they fall within the 'boundary' of the existing business. Future premiums have only been included within the valuation for the Group's protection business; premiums on investment business, including pensions and the International Regular Investment Plan, are assumed to cease immediately.

In July 2023, SJP announced a reduction to its ongoing product charges for onshore bonds and pensions after the 10th policy anniversary.

In October 2023, SJP announced planned changes to the 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 the exit from the early withdrawal period or 1 July 2025.

The projected monthly cashflows used in the year-end 2023 results reflect both these changes.

Projected cashflows are determined at plan level, or at the more detailed tranche level where this is necessary to capture the policy charges correctly; there is no grouping or aggregation of the input files. No significant simplifications have been used.

The BEL is determined gross of amounts recoverable from reinsurance contracts. The projected amounts recoverable from reinsurance (net of reinsurance premiums) are valued separately, using the same methodology and assumptions as for the BEL, and are held separately on the balance sheet as 'Reinsurance recoverables on technical provisions'. Allowance is included in the valuation of the reinsurance recoverables for the risk of default of the Group's reinsurers.

In 2013 SJPUK entered an arrangement with Swiss Re, transferring all residual insurance risk on SJPUK's closed protection portfolio. This treaty sat on top of, and absorbed the balance of, SJPUK's retention under the first layer treaties, making the portfolio effectively wholly reinsured. With effect from 1 July 2023, the treaty has been recaptured. This has been reflected within the SJPUK year-end 2023 valuation.

There is no minimum restriction on the amount of the BEL; policy level liabilities may be less than the current surrender value, and in some cases may be negative where future charges are expected to exceed outgo.

No allowance has been included in the BEL for any of the transitional adjustments set out in the Delegated Acts i.e. matching or volatility adjustments to the risk-free rate, or transitional adjustments to the overall technical provisions.

D) Valuation for Solvency Purposes continued

D.2 Technical provisions continued

Risk Margin

The Risk Margin is determined as the cost of holding the Solvency Capital Requirement (SCR) over the lifetime of the insured portfolio. This cost is determined by applying a prescribed cost of capital rate to each year's projected SCR, and then discounting these amounts at the risk-free rate.

The Insurance and Reinsurance Undertakings (Prudential Requirements) (Risk Margin) Regulations 2023 came into force on 31 December 2023. These amend the Commission Delegated Regulation (EU) 2015/35 with a substitute formula for the calculation of the Risk Margin for UK regulatory reporting. This change reduces the cost of capital rate from 6% to 4% and introduces a tapering factor into the formula for calculating the Risk Margin. The calculation of the Risk Margin for SJPUK has been updated accordingly at 31 December 2023.

At this time EIOPA has not changed the calculation of the Risk Margin and so the prescribed cost of capital rate for SJPI continues to be 6% without a tapering factor.

The Group Risk Margin is calculated as the sum of the entity Risk Margins without amendment.

The projected SCR figures have been determined using the 'Standard Formula' basis, consistent with the calculation of the initial SCR, but only allowing for risks that are deemed to be non-hedgeable. The Group views the market risk arising from fluctuations in the value of its linked funds as being hedgeable, and therefore no allowance has been made for market risk within the projection of the SCR.

Judgements

The projection of the monthly cashflows used in the assessment of the technical provisions and risk margin requires management to make judgements. The key judgements are:

Future charge structure changes

SJP has announced its intention to revise client charges for existing SJPUK and SJPI business excluding Asia clients, with effect from 1 July 2025. While details of the product structures to be adopted are still to be finalised and approved by Boards, a best estimate view of the changes is reflected at 31 December 2023.

Contract Boundaries

The Group's product range includes some products where premiums are paid on a regular basis. Where the purpose of a product is predominantly savings-related and future premiums would typically increase the Own Funds available to meet the SCR, they are treated as being outside the boundary of the existing plans and are not reflected in the valuation. Where the product offers more significant insurance benefits, future premiums, and associated benefits, are assumed to be within the boundary of the existing plans.

Projection of SCR for Risk Margin

The calculation of the Risk Margin requires a projection of the SCR. Reflecting the relatively simple nature of the business and risks, a simplified method has been adopted in line with 'Method 1' outlined in Guideline 62 of EIOPA's guidelines on the valuation of technical provisions (i.e. the methodology involving the least simplifications). This uses a series of 'risk drivers' to project how each component of the initial SCR runs off over the lifetime of the portfolio. Separate drivers are used for each risk, selected in each case such that they reflect the expected movement in the underlying capital requirement, as follows:

Risk module	Risk driver	Rationale
Lapse risk	Sum at risk on surrender[1]	Mimics the impact of the 'mass lapse' scenario, which is the most onerous lapse scenario
Expense risk	Discounted future maintenance expenses	Expense risk capital relates to increased maintenance expenses
Operational risk	Annualised non-acquisition expenses	Operational risk capital is broadly equal to 25% of the annualised non-acquisition expenses

1 Adjusted to allow for the impact of reinsurance recoveries in the event of a 'mass lapse' scenario occurring.

Assumptions and Uncertainty

The projection of the monthly cashflows used in the assessment of the technical provisions and risk margin requires management to make assumptions. In general assumptions are based on historical experience, expected future experience, and various other factors that are believed to be reasonable under the circumstances. The assumptions are reviewed on an ongoing basis. The key assumptions are as follows:

Economic assumptions

The assumptions about the risk-free interest rate for all durations are prescribed by the PRA (or by the European Insurance and Occupational Pensions Authority (EIOPA) for the valuation of SJPI). Full details of the Sterling interest rate curves prescribed for use at 31 December 2023 can be found at:

- **www.bankofengland.co.uk/prudential-regulation/key-initiatives/solvency-ii/technical-information**, for the valuation of SJPUK and SJP plc, and
- **www.eiopa.europa.eu/tools-and-data/risk-free-interest-rate-term-structures_en**, for the valuation of SJPI.

These rates are used throughout our valuation.

D) Valuation for Solvency Purposes continued

D.2 Technical provisions continued

The inflation assumption is required to be consistent with the risk-free rate and to use market data where it is available. We therefore use the implicit price inflation curve published by the Bank of England, available here **www.bankofengland.co.uk/statistics/yield-curves**. This curve is then increased to reflect our own expectation of higher increases in earnings related expenses.

Sample spot rates for 10-year terms are set out below:

	Rate 2023	Rate 2022
Risk free rate SJPUK	3.28%	3.71%
Risk free rate SJPI	3.28%	3.71%
Inflation rate (10 yrs)	3.43%	3.38%

A 1% decrease in the risk-free curve used at all durations would increase the Group technical provisions by £102.5 million (2022: £98.5 million) as there is a higher value placed on future expenses. Group excess of SII assets over technical provisions and SCR (SII free assets) would reduce by £81.5 million (2022: £81.9 million). The sensitivities in each of the insurance entities is shown in the table below:

1% reduction in discount rate	Sensitivities (£'Million) 31 December 2023			Sensitivities (£'Million) 31 December 2022		
	SJPUK	SJPI	Group	SJPUK	SJPI	Group
Technical provisions	85.6	16.8	102.4	86.1	12.4	98.5
Solvency II free assets	(66.8)	(14.7)	(81.5)	(70.7)	(11.2)	(81.9)

Persistency (and other Decrement) assumptions

The principal decrement assumptions are for persistency experience. Mortality and morbidity assumptions do not materially impact the valuation, not least due to the high level of reinsurance.

The persistency assumptions are derived from the Group's own experience and reflect our best estimate of experience over the long-term. Where sufficient data does not exist, external industry experience may be used.

The persistency rates are unchanged from the previous valuation with the exception of those for the offshore insurance bonds.

Sample rates for key terms are set out below:

Products (Duration-based)	2023		2022	
	10-year full lapse rate	10-year partial lapse rate	10-year full lapse rate	10-year partial lapse rate
Unit-linked insurance bonds	3.80%	1.28%	3.80%	1.28%
Unit-linked offshore insurance bonds	3.75%	2.30%	4.50%	2.60%

Products (Age-based)	2023			2022		
	Age 40	Age 60	Age 80	Age 40	Age 60	Age 80
Unit-linked pensions – pre crystallisation[1]	3.5%	12.0%	15.0%	3.5%	12.0%	15.0%
Unit-linked pensions – post crystallisation	7.5%	4.3%	21.3%	7.5%	4.3%	21.3%

1 Rates for pensions include transfers and, where relevant, crystallisations.

In addition to these assumptions about clients' 'occasional' behaviour, regular withdrawals are also modelled, based on the amount shown on the policy record. It is also assumed that the whole of the projected investment income is paid out where a client has elected to receive distributions from underlying funds.

A 10% increase in the lapse assumptions used would increase the Group technical provisions by £415.2 million (2022: £248.8 million). However, the Group SII free assets would decrease by £232.5 million (2022: £37.5 million) due to reduced capital requirements as the business runs-off more quickly. The sensitivities in each of the insurance entities is shown in the table below:

10% increase in lapses	Sensitivities (£'Million) 31 December 2023			Sensitivities (£'Million) 31 December 2022		
	SJPUK	SJPI	Group	SJPUK	SJPI	Group
Technical provisions	397.4	17.8	415.2	245.7	3.1	248.8
Solvency II free assets	(228.3)	(4.2)	(232.5)	32.5	5.1	37.5

Expense assumptions

The expense assumptions include allowance for both third-party administration costs and corporate overhead costs incurred in respect of covered business. The corporate costs have been apportioned so that the total maintenance cost represents the anticipated ongoing expenses, including systems development costs, which are expected to arise in future years in meeting the policy servicing requirements of the in-force business. Sample rates per plan are set out below:

Product	Renewal expense (£ p.a.) 2023	Renewal expense (£ p.a.) 2022
Unit-linked bonds	78.93	81.39
Unit-linked pensions – pre crystallisation	71.22-85.21	72.32-90.26
Unit-linked pensions – post crystallisation	88.74	89.11
Unit-linked offshore bonds	136.66	133.22

D) Valuation for Solvency Purposes continued

D.2 Technical provisions continued

A 10% increase in the maintenance expense assumptions used would increase the Group technical provisions by £65.2 million (2022: £71.1 million) and Group SII free assets would reduce by £45.6 million (2022: £54.9 million). The sensitivities in each of the insurance entities is shown in the table below:

	Sensitivities (£'Million) 31 December 2023			Sensitivities (£'Million) 31 December 2022		
10% increase in maintenance expenses	**SJPUK**	**SJPI**	**Group**	SJPUK	SJPI	Group
Technical provisions	54.2	11.0	65.2	60.3	11.4	71.7
Solvency II free assets	(36.7)	(9.0)	(45.6)	(45.3)	(9.6)	(54.9)

D.3 Other liabilities

Group

	Statutory accounts value (IFRS)	Reallocations	Reassessment of Participations	Accounting Policy Differences	Solvency II value (31/12/2023)	Solvency II value (31/12/2022)
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Provisions other than technical provisions	991.6	–	(520.0)	(471.6)	–	–
Deferred tax liabilities	411.7	(36.5)	–	577.4	952.6	1,147.1
Derivatives	3,073.0	(3,073.0)	–	–	–	–
Debts owed to credit institutions	251.4	–	(251.4)	–	–	–
Insurance & intermediaries payables	347.0	1,212.9	–	–	1,559.9	1,122.1
Reinsurance payables	1.3	–	–	–	1.3	7.8
Payables (trade, not insurance)	2,051.3	(613.4)	(1,295.7)	–	142.2	86.8
Any other liabilities, not elsewhere shown	40,536.5	(40,536.5)	–	–	–	–
Total other liabilities	**47,663.8**	**(43,046.5)**	**(2,067.1)**	**105.8**	**2,656.0**	**2,363.8**

SJPUK

	Statutory accounts value (IFRS)	Reallocations	Reassessment of Participations	Accounting Policy Differences	Solvency II value (31/12/2023)	Solvency II value (31/12/2022)
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Provisions other than technical provisions	224.1	–	–	(224.1)	–	–
Deferred tax liabilities	409.3	–	–	522.9	932.2	1,118.2
Insurance & intermediaries payables	137.3	1,212.8	–	–	1,350.1	1,019.3
Reinsurance payables	0	–	–	–	–	6.3
Payables (trade, not insurance)	961.7	(828.8)	–	–	132.9	76.8
Total other liabilities	**1,732.4**	**384.0**	**–**	**298.8**	**2,415.2**	**2,220.6**

SJPI

	Statutory accounts value (IFRS)	Reallocations	Reassessment of Participations	Accounting Policy Differences	Solvency II value (31/12/2023)	Solvency II value (31/12/2022)
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Provisions other than technical provisions	117.9	–	–	(117.9)	–	–
Deferred tax liabilities	1.1	1.1	–	18.2	20.4	28.9
Derivatives	1.4	(1.4)	–	–	–	–
Insurance & intermediaries payables	130.2	79.5	–	–	209.7	102.7
Reinsurance payables	0.7	0.6	–	–	1.3	1.5
Payables (trade, not insurance)	75.5	(71.6)	–	–	3.9	6.3
Total other liabilities	**326.8**	**8.2**	**–**	**(99.7)**	**235.3**	**139.4**

D) Valuation for Solvency Purposes continued

D.3 Other liabilities continued

Valuation methodology

Other liabilities are valued in line with the accounting policies set out in Note 1 of the Group Report & Accounts, with the following exceptions:

(F) Deferred income reserve

Deferred income reserve (DIR) balances have a value of zero in the SII balance sheet.

Assumptions and judgements

The uncertainty of liability valuations and judgements are as set out in Note 2 of the Group Report & Accounts. More information about the financial risk of these liabilities including estimation and uncertainty can be found in Note 20 of the Group Report & Accounts.

Reconciliation of Statutory valuation to SII valuation

The following points are the key differences between the statutory and SII valuations:

- **Consolidation of presentation of assets backing unit-linked contracts:** As in the valuation of assets, the IFRS basis requires detailed analysis of assets backing unit-linked contracts between different asset types. This approach is not required for SII and the overall impact on the net assets across both assets and liabilities is neutral.
- **Reassessment of participations:** The IFRS basis of valuation of the assets requires consolidation of subsidiaries and unit trusts where the Group has a 'controlling interest'. This is not required under SII. Once the accounting policy differences have been applied to the non-insurance subsidiary companies, there is a resultant overall negative outcome from the reassessment of participations.
- **Accounting policy differences:** As noted in (F) above, the DIR balance included in the statutory valuation is reassessed at zero value under SII. The associated impact on deferred tax is reflected in the net deferred tax movement below.
- **Deferred tax:** As noted in (C) in the valuation of assets, whilst the deferred tax policy is unchanged between the statutory valuation and SII, the impact of accounting policy differences on the valuation, not least the revaluation of the technical provisions, feeds through into a revised deferred tax assessment. In general, in moving to SII there is an increase in the level of net assets, and therefore there is an increase in the deferred tax liability.

There has been no change to the recognition and valuation bases used for Other Liabilities compared to the previous valuation.

D.4 Alternative methods of valuation

Investment properties are stated at fair value, based upon 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 marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

The fair values of private credit investments recognised within fixed income securities are principally determined using a combination of: 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 public credit rating in the loan market; and 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, which is taken to be the fair value.

The fair values of private equity investments are principally determined using a market approach with reference to suitable market comparatives and an income approach using discounted cash flow analysis, which assesses the fair value of each asset based upon its expected future cash flows.

The output of each method for both the private credit and private equity investments results in a range of values, from which the mid-point is selected to be the fair value in the majority of cases. The mid-point would not be selected if further information is known about an investment which cannot be factored into the valuation method used. A weighting is assigned to the values determined following each method to determine the final valuation.

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.

Renewal income assets held by the Group are valued using a discounted cash flow technique and historic lapse rates. No renewal income assets are held by the insurance entities (SJPUK and SJPI).

Details of the assumptions used in arriving at the valuations and their sensitivities, together with other valuation information on Level 2 and 3 Equities and Fixed Interest Securities, are set out in detail in Note 20 of the Group Report & Accounts.

D.5 Any other information

There are no differences between the valuation bases, methods and assumptions applied at the group level, and those applied at the solo level.

E) Capital Management

E.1 Own Funds

Our Group Capital Management policy requires that each regulated entity should hold Own Funds at least equal to the following:

Company Type	Capital Requirement
UK Insurance companies	SJPUK – 130% of Standard Formula SCR (and an underpin of 100% of the capital identified under the Group's Own Solvency Assessment).
EU Insurance companies	SJPI – 130% of Standard Formula SCR (and an underpin of 100% of the capital identified under the Group's Own Solvency Assessment).
Other regulated companies	A multiple of the regulated capital requirement in a range from 150% to 400%.

This capital management approach reflects the wealth management nature of our business, and our strategy of matching unit-linked liabilities. The capital requirements set out above have been assessed through our ORSA process as being sufficient to meet the management risk appetite, which is to hold a margin above the minimum regulatory requirement in all reasonably foreseeable circumstances. The simple nature of the capital requirement means it can be monitored regularly.

The composition of the Own Funds across the three entities is as follows:

	31 December 2023			31 December 2022		
	SJPUK	SJPI	Group	SJPUK	SJPI	Group
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Ordinary share capital	110.0	15.6	82.3	110.0	15.6	81.6
Share premium accounts	–	–	233.9	–	–	227.8
Surplus funds	–	–	–	–	–	–
Reconciliation reserve	2,241.5	262.2	2,955.2	4,047.1	283.3	4,946.4
Other financial sectors (unaudited)	–	–	(40.9)	–	–	(342.0)
Net deferred tax assets	–	–	–	–	–	–
Adjustment for ineligible assets	(15.5)	–	(15.5)	(14.3)	–	(14.3)
Basic Own Funds	**2,336.0**	**277.8**	**3,215.0**	4,142.8	298.9	4,899.5
Other financial sectors (unaudited)	–	–	40.9	–	–	342.0
Total eligible Own Funds to meet Group SCR	**2,336.0**	**277.8**	**3,255.9**	4,142.8	298.9	5,241.5
Foreseeable dividend	260.0	–	43.9	315.0	45.0	202.4
Solvency II Own Funds[1]	**2,596.0**	**277.8**	**3,299.8**	4,457.8	343.9	5,443.9
Adjustment for ineligible assets	15.5	0.9	16.4	14.3	0.8	15.1
Solvency II excess of assets over liabilities	**2,611.5**	**278.7**	**3,316.2**	4,472.1	344.7	5,459.0

1 Before payment of final dividends, as presented in Group Report & Accounts.

The reconciliation reserve in each entity is mostly comprised of the value of future profits expected to emerge from the in-force business.

E) Capital Management

E.1 Own Funds continued

The table below reconciles the equity in the financial statements and the SII excess over liabilities:

	31 December 2023			31 December 2022		
	SJPUK	SJPI	Group	SJPUK	SJPI	Group
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Statutory accounts excess of assets over liabilities	373.9	163.0	983.5	429.0	170.1	1,260.4
Reassessment of participations	3.1	–	190.4	1.5	–	1.1
Accounting policy differences:						
– Assets	(182.4)	(55.6)	(387.0)	(223.2)	(61.8)	(436.2)
– Technical Provisions	2,715.7	71.6	2,635.1	4,976.4	145.1	5,121.5
– Other Liabilities	(298.8)	99.7	(105.8)	(711.6)	91.3	(487.8)
Solvency II excess of assets over liabilities	**2,611.5**	**278.7**	**3,316.2**	4,472.1	344.7	5,459.0

Further information on these differences is in sections D.1, D.2 and D.3 of this report.

The only changes in the insurance entities' Own Funds were due to emergence of profit, offset by a dividend of £315 million (2022: £280 million) settled from SJPUK to the Group and a dividend of £45.0 million (2022: £nil) settled from SJPI to the Group during the year.

The Own Funds of the Group were impacted by the emergence of profit from Group companies during the year and also by the payment of dividends totalling £289.9 million (2022: £303.9 million) during the year and exercise of share options.

Our insurance entities hold only Tier 1 funds and so there are no restrictions on the availability or fungibility of the Own Funds to meet liabilities, and there is no reliance on related undertakings. The Group Own Funds also comprises only Tier 1.

For the non-insurance companies in the Group that are also subject to financial regulation, only surplus assets above the regulatory capital requirement will be fungible. However, as noted above, management has established an additional capital requirement which acts as a further constraint on distribution of capital from these entities. There are no other restrictions on fungibility or transferability of assets between group companies.

The whole amount of the Own Funds, which is all Tier 1, is eligible to cover the SCR and the MCR.

There are no amounts within the Own Funds that arise from transitional arrangements, and no ancillary Own Funds.

E) Capital Management continued

E.2 Solvency Capital Requirement & Minimum Capital Requirement

The SCRs and Minimum Capital Requirements (MCRs) for the regulated insurance undertakings (SJPUK and SJPI) have been determined using the 'standard formula' approach set out in the Directive. No material simplified methods or undertaking specific parameters have been used in this assessment.

The Group result has been prepared using the Accounting Consolidation-based method – Method 1 – as set out in Article 230 of the Directive which means the consolidated capital requirement of the Group has been prepared in accordance with SII Regulations.

The assessment of equity risk has been based on the change in the net asset value arising from the prescribed stress test, with no credit taken for the transitional provisions applying to equities purchased before 1 January 2016.

The resulting capital requirements at 31 December 2023 are summarised in the following table:

	Capital Requirements (£'Million)				
	SJPUK	SJPI	Other	Group Diversification	Group
Market Risks					
Interest Rate Risk	14.8	–	–	–	14.8
Spread Risk	104.5	11.9	–	–	116.4
Equity Risk	865.9	97.6	–	–	963.5
Property Risk	–	–	–	–	–
Currency Risk	529.1	54.4	–	–	583.5
Diversification	(315.4)	(32.2)	–	(0.1)	(347.7)
Total Market Risk Capital	**1,198.9**	**131.7**	**–**	**(0.1)**	**1,330.5**
Counterparty Default Risk Capital	**23.7**	**6.6**	**–**	**–**	**30.3**
Life & Health Underwriting Risk					
Mortality Risk	38.1	7.4	–	–	45.5
Disability-Morbidity Risk	4.2	1.0	–	–	5.2
Lapse Risk	999.7	81.8	–	–	1,081.5
Expenses Risk	146.0	27.0	–	–	173.0
Catastrophe Risk	7.4	0.9	–	–	8.3
Diversification	(109.4)	(18.6)	–	(0.9)	(128.9)
Total Life & Health Underwriting Risk Capital	**1,086.0**	**99.5**	**–**	**(0.9)**	**1,184.6**
Diversification	(494.9)	(51.9)	–	(0.2)	(547.0)
Basic SCR	**1,813.7**	**185.9**	**–**	**(1.2)**	**1,998.4**
Operational Risk	31.4	4.0	–	–	35.4
Loss absorbing capacity of deferred taxes	(394.9)	(27.7)	–	0.3	(422.3)
Sectoral Requirement for Non-Insurance (unaudited)	–	–	116.2	–	116.2
Total SCR	**1,450.2**	**162.2**	**116.2**	**(0.9)**	**1,727.7**
Total MCR	652.6	73.0	–	–	725.6
MCR as % of SCR	45%	45%			42%

E) Capital Management continued

E.2 Solvency Capital Requirement & Minimum Capital Requirement continued

For comparison, the capital requirements at 31 December 2022 were as follows:

	Capital Requirements (£'Million)				
	SJPUK	SJPI	Other	Group Diversification	Group
Market Risks					
Interest Rate Risk	73.7	4.3	–	–	78.0
Spread Risk	251.6	15.0	–	–	266.6
Equity Risk	1,828.9	102.5	–	(0.2)	1,931.2
Property Risk	1.9	–	–	–	1.9
Currency Risk	1,156.1	65.7	–	–	1,221.8
Diversification	(725.3)	(41.3)	–	–	(766.6)
Total Market Risk Capital	**2,586.9**	**146.2**	**–**	**(0.2)**	**2,732.9**
Counterparty Default Risk Capital	**19.1**	**2.7**	**–**	**–**	**21.8**
Life & Health Underwriting Risk					
Mortality Risk	70.9	7.4	–	–	78.3
Disability-Morbidity Risk	0.5	1.0	–	–	1.5
Lapse Risk	2,351.3	111.6	–	–	2,462.9
Expenses Risk	137.3	23.2	–	–	160.5
Catastrophe Risk	11.8	1.0	–	–	12.8
Diversification	(142.9)	(18.2)	–	(1.1)	(162.2)
Total Life & Health Underwriting Risk Capital	**2,428.9**	**126.0**	**–**	**(1.1)**	**2,553.8**
Diversification	(1,062.9)	(58.6)	–	0.2	(1,121.3)
Basic SCR	**3,972.0**	**216.3**	**–**	**(1.1)**	**4,187.2**
Operational Risk	29.5	3.8	–	–	33.3
Loss absorbing capacity of deferred taxes	(788.8)	(27.5)	–	0.2	(816.1)
Sectoral Requirement for Non-Insurance (unaudited)	–	–	118.1	–	118.1
Total SCR	**3,212.7**	**192.6**	**118.1**	**(0.9)**	**3,522.5**
Total MCR	803.2	69.5	–	–	872.7
MCR as % of SCR	25%	36%			25%

The Group SCR has a floor equal to the sum of the MCR of the 2 insurance entities of £725.6 million (2022: £872.2 million).

The inputs used to calculate the MCR and the floor of the MCR for the solo entities can be found in the QRTs in the appendix.

An assessment of the Loss-absorbing capacity of deferred tax (LACDT) is carried out each year, separately for SJPUK and SJPI, to ensure that it can be supported by deferred tax liabilities on the Solvency II balance sheet and, if necessary, a prudent assessment of tax balances expected to arise from future new business. The change in the LACDT over 2023 reflects the movement in the underlying SCR.

The LACDT in both SJPUK and SJPI at 31 December 2023 is fully supported by deferred tax liabilities on the Solvency II balance sheet at that date.

There are no material diversification effects at Group level as SJPUK dominates the consolidated result and the risk profiles of SJPUK and SJPI are similar. Neither the Group nor either of the UK/EU insurance subsidiaries is subject to any level of supervisory capital add-on.

In general, SJPUK's Market Risk Capital requirements move in line with FUM. However, in 2023 the results have also been impacted by the exceptional charge change announced in Q3. The PRA's 'symmetric adjustment' included in the Standard Formula equity stress impacts the capital requirement. This tends to be higher after sustained periods of market growth and lower after market falls, and following market gains in 2023, it had increased from (2.90)% at 31 December 2022 to 0.06% at 31 December 2023.

Similarly, SJPI's Market Risk Capital is impacted by the change in EIOPA's 'symmetric adjustment', which increased from (3.02)% at 31 December 2022 to 1.46% at 31 December 2023.

The final amount of the SCR is subject to supervisory assessment.

E) Capital Management continued

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

The duration based equity risk sub module has not been used in the calculation of the SCR for either the Group or the individual subsidiaries.

E.4 Difference between Standard Formula and any internal model used

No internal or partial internal model has been used in the calculation of the SCR.

E.5 Non-compliance with the MCR and non-compliance with the SCR

The Group and the individual subsidiaries have maintained Own Funds in excess of the MCR and SCR throughout the period.

Appendix: Quantitative Reporting Templates

The following pages contain QRTs for the Group, SJPUK and SJPI.

All figures are presented in thousands of Pounds with the exception of ratios that are in decimal. Please note that totals may differ from the component parts due to rounding. All items disclosed are consistent with the information provided to the regulators privately.

The following Group QRTs are provided:

(a) S.02.01.02, balance sheet information

(b) S.05.01.02, information on premiums, claims and expenses, using the valuation and recognition principles used in the consolidated financial statements

(c) S.23.01.22, information on Own Funds, including basic Own Funds

(d) S.25.01.22, specifying information on the SCR, calculated using the standard formula

(e) S.32.01.22, information on the undertakings in the scope of the Group

S.05.02.01, information on premiums, claims and expenses by country is not required as more than 90% is written in the UK.

The following Solo QRTs are provided:

(f) S.02.01.02, balance sheet information

(g) S.05.01.02, information on premiums, claims and expenses, using the valuation and recognition principles used in the consolidated financial statements

(h) S.05.02.01, information on premiums, claims and expenses by country for SJPI only

(I) S.12.01.02, information on the technical provisions relating to life insurance and health insurance

(J) S.23.01.22, information on Own Funds, including basic Own Funds

(K) S.25.01.22, information on the SCR, calculated using the standard formula

(L) S.28.01.01, specifying the MCR for insurance

SJP Group – Balance sheet

S.02.01.02

		Solvency II value
Assets		C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	85
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,540,503
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	34,416
Equities	R0100	0
Equities – listed	R0110	0
Equities – unlisted	R0120	0
Bonds	R0130	6,982
Government Bonds	R0140	6,982
Corporate Bonds	R0150	0
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	1,499,105
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	123,837,114
Loans and mortgages	R0230	0
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	(273)
Non-life and health similar to non-life	R0280	0
Non-life excluding health	R0290	0
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	15,203
Health similar to life	R0320	16,463
Life excluding health and index-linked and unit-linked	R0330	(1,260)
Life index-linked and unit-linked	R0340	(15,476)
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	157,733
Reinsurance receivables	R0370	6,709
Receivables (trade, not insurance)	R0380	814,662
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	152,342
Any other assets, not elsewhere shown	R0420	0
Total assets	R0500	126,508,875

SJP Group – Balance sheet continued

S.02.01.02

		Solvency II value
Liabilities		C0010
Technical provisions – non-life	R0510	0
Technical provisions – non-life (excluding health)	R0520	0
TP calculated as a whole	R0530	0
Best Estimate	R0540	0
Risk margin	R0550	0
Technical provisions – health (similar to non-life)	R0560	0
TP calculated as a whole	R0570	0
Best Estimate	R0580	0
Risk margin	R0590	0
Technical provisions – life (excluding index-linked and unit-linked)	R0600	65,818
Technical provisions – health (similar to life)	R0610	28,716
TP calculated as a whole	R0620	6,594
Best Estimate	R0630	21,129
Risk margin	R0640	993
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	37,102
TP calculated as a whole	R0660	0
Best Estimate	R0670	36,244
Risk margin	R0680	858
Technical provisions – index-linked and unit-linked	R0690	120,470,899
TP calculated as a whole	R0700	123,274,759
Best Estimate	R0710	(3,120,367)
Risk margin	R0720	316,508
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	952,551
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	1,559,858
Reinsurance payables	R0830	1,283
Payables (trade, not insurance)	R0840	142,342
Subordinated liabilities	R0850	0
Subordinated liabilities not in BOF	R0860	0
Subordinated liabilities in BOF	R0870	0
Any other liabilities, not elsewhere shown	R0880	0
Total liabilities	R0900	123,192,751
Excess of assets over liabilities	R1000	3,316,124

SJP Group – Premiums, claims and expenses by line of business

S.05.01.02

		Line of Business for: life insurance obligations						Life reinsurance obligations		Total
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	5,742	0	11,813,088	3,835	0	0	0	0	11,822,665
Reinsurers' share	R1420	3,349	0	(24,485)	3,927	0	0	0	0	(17,209)
Net	R1500	2,392	0	11,837,573	(92)	0	0	0	0	11,839,874
Premiums earned										
Gross	R1510	5,742	0	11,813,088	3,835	0	0	0	0	11,822,665
Reinsurers' share	R1520	3,349	0	(24,485)	3,927	0	0	0	0	(17,209)
Net	R1600	2,392	0	11,837,573	(92)	0	0	0	0	11,839,874
Claims incurred										
Gross	R1610	6,619	0	7,501,408	2,343	0	0	0	0	7,510,370
Reinsurers' share	R1620	4,197	0	8,369	2,786	0	0	0	0	15,351
Net	R1700	2,423	0	7,493,039	(443)	0	0	0	0	7,495,019
Changes in other technical provisions										
Gross	R1710	(58)	0	6,935	(1,608)	0	0	0	0	5,269
Reinsurers' share	R1720	338	0	(258)	42,907	0	0	0	0	42,987
Net	R1800	(396)	0	7,192	(44,515)	0	0	0	0	(37,719)
Expenses incurred	R1900	734	0	483,941	827	0	0	0	0	485,502
Other expenses	R2500									1,254
Total expenses	R2600									486,756

SJP Group – Own Funds

S.23.01.22

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector						
Ordinary share capital (gross of own shares)	R0010					
Non-available called but not paid in ordinary share capital at group level	R0020	82,291	82,291		0	
Share premium account related to ordinary share capital	R0030	0	0		0	
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040	233,880	233,880		0	
Subordinated mutual member accounts	R0050	0			0	
Non-available subordinated mutual member accounts at group level	R0060	0		0	0	0
Surplus funds	R0070	0				
Non-available surplus funds at group level	R0080	0	0			
Preference shares	R0090	0				
Non-available preference shares at group level	R0100	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Non-available share premium account related to preference shares at group level	R0120	0		0	0	0
Reconciliation reserve	R0130	0				
Subordinated liabilities	R0140	2,955,193				
Non-available subordinated liabilities at group level	R0150	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	0				0
The amount equal to the value of net deferred tax assets not available at the group level	R0170	0				0
Other items approved by supervisory authority as basic own funds not specified above	R0180	0				0
Non available own funds related to other own funds items approved by supervisory authority	R0190	0	0	0	0	0
Minority interests (if not reported as part of a specific own fund item)	R0200	0	0	0	0	0
Non-available minority interests at group level	R0210	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	15,544				
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	40,937	40,937	0	0	
whereof deducted according to art 228 of the Directive 2009/138/EC	R0240	0	0	0	0	
Deductions for participations where there is non-availability of information (Article 229)	R0250	0	0	0	0	0
Deduction for participations included by using D&A when a combination of methods is used	R0260	0	0	0	0	0
Total of non-available own fund items	R0270	0	0	0	0	0
Total deductions	R0280	40,937	40,937	0	0	0
Total basic own funds after deductions	R0290	3,214,883	3,214,883	0	0	0

SJP Group – Own Funds continued

S.23.01.22

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360					
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	
Non available ancillary own funds at group level	R0380	0			0	0
Other ancillary own funds	R0390	0			0	0
Total ancillary own funds	R0400	0			0	0
Own funds of other financial sectors						
Reconciliation reserve	R0410	50,505	50,505	0	0	
Institutions for occupational retirement provision	R0420	0	0	0	0	0
Non regulated entities carrying out financial activities	R0430	(9,568)	(9,568)	0	0	
Total own funds of other financial sectors	R0440	40,937	40,937	0	0	
Own funds when using the D&A, exclusively or in combination of method 1						
Own funds aggregated when using the D&A and combination of method	R0450	0	0	0	0	0
Own funds aggregated when using the D&A and a combination of method net of IGT	R0460	0	0	0	0	0
Total available own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0520	3,214,883	3,214,883	0	0	0
Total available own funds to meet the minimum consolidated group SCR	R0530	3,214,883	3,214,883	0	0	
Total eligible own funds to meet the consolidated group SCR (excluding own funds from other financial sector and from the undertakings included via D&A)	R0560	3,214,883	3,214,883	0	0	0
Total eligible own funds to meet the minimum consolidated group SCR	R0570	3,214,883	3,214,883	0	0	
Minimum consolidated Group SCR (Article 230)	R0610	725,584				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	4.43				
Total eligible own funds to meet the group SCR (including own funds from other financial sector and from the undertakings included via D&A)	R0660	3,255,821	3,255,821	0	0	0
Group SCR	R0680	1,727,702				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	1.88				

SJP Group – Own Funds continued

S.23.01.22

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	3,316,124
Own shares (included as assets on the balance sheet)	R0710	0
Foreseeable dividends, distributions and charges	R0720	43,888
Other basic own fund items	R0730	316,171
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	871
Other non available own funds	R0750	0
Reconciliation reserve before deduction for participations in other financial sector	R0760	2,955,193
Expected profits		
Expected profits included in future premiums (EPIFP) – Life business	R0770	0
Expected profits included in future premiums (EPIFP) – Non-life business	R0780	0
Total EPIFP	R0790	0

SJP Group – Solvency Capital Requirement – for Groups on Standard Formula

S.25.01.22

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	1,330,463		0
Counterparty default risk	R0020	30,315		
Life underwriting risk	R0030	1,180,609	None	0
Health underwriting risk	R0040	3,961	None	0
Non-life underwriting risk	R0050	0	None	0
Diversification	R0060	(547,004)		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	1,998,343		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	35,436
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	(422,325)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency Capital Requirement excluding capital add-on	R0200	1,611,454
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	1,727,702
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0
Minimum consolidated group solvency capital requirement	R0470	725,584
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	116,248
Capital requirement for other financial sectors (Non-insurance capital requirements) – Credit institutions, investment firms and financial institutions, alternative investment funds managers, UCITS management companies	R0510	116,248
Capital requirement for other financial sectors (Non-insurance capital requirements) – Institutions for occupational retirement provisions	R0520	0
Capital requirement for other financial sectors (Non-insurance capital requirements) – Capital requirement for non-regulated entities carrying out financial activities	R0530	0
Capital requirement for non-controlled participation requirements	R0540	0
Capital requirement for residual undertakings	R0550	0
Overall SCR		
SCR for undertakings included via D and A	R0560	0
Solvency capital requirement	R0570	1,727,702

SJP Group – Undertakings in the scope of the group

S.32.01.22

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	Criteria of influence: % voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Inclusion in the scope of group supervision: YES/NO	Date of decision if art. 214 is applied	Group solvency calculation: Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	LEI/213800M993ICXOMBCP87	1	St. James's Place plc	5	Company limited by shares	2								1		1
GB	LEI/2138007RJEYMIRQUPU71	1	St. James's Place DFM Holdings Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800E4P2X6XP3EDH05	1	St. James's Place Wealth Management Group Limited	5	Company limited by shares	2		100	100	100		1	100	1		1
GB	LEI/5493000HHTSNKGSUQ052	1	St. James's Place Unit Trust Group Limited	14	Company limited by shares	2	Financial Conduct Authority	100	100	100		1	100	1		4
GB	LEI/213800ZSX8888YLFDT35	1	St. James's Place Management Services Limited	11	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800Z89PD9785M2507	1	St. James's Place (PCP) Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800SE354FHWHSU658	1	St. James's Place Wealth Management plc	8	Company limited by shares	2	Financial Conduct Authority	100	100	100		1	100	1		4
GB	LEI/213800F2JSQE4INK8U17	1	St. James's Place Partnership Services Limited	8	Company limited by shares	2	Financial Conduct Authority	100	100	100		1	100	1		4
GB	LEI/213800INN2FJ6B5QHK30	1	St. James's Place Investment Administration Limited	8	Company limited by shares	2	Financial Conduct Authority	100	100	100		1	100	1		4
GB	LEI/2138007OMI4NYJVPJP98	1	St. James's Place Nominees Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/2138003VFM6NBR3QYX84	1	St. James's Place International Distribution Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
SG	LEI/21380082WXRIU8F8HQ39	1	St. James's Place Wealth Management International Private Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
HK	LEI/213800ZCMQSD73ZNU996	1	St. James's Place (Hong Kong) Limited	8	Company limited by shares	2	Securities & Futures Commission (Hong Kong)	100	100	100		1	100	1		4
HK	LEI/2138005ZP85CZ7VP8D44	1	St. James's Place Wealth Management (Shanghai) Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
CN	LEI/21380034K7ADDNL8L847	1	St. James's Place (Shanghai) Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
SG	LEI/213800EJRZMJNPPPPO19	1	St. James's Place (Singapore) Private Limited	8	Company limited by shares	2	Monetary Authority Singapore	100	100	100		1	100	1		4

SJP Group – Undertakings in the scope of the group continued
S.32.01.22

Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	Criteria of influence % voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	Inclusion in the scope of group supervision YES/NO	Date of decision if art. 214 is applied	Group solvency calculation Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
HK	LEI/213800FFMSWE5MRAV272	1	St. James's Place International (Hong Kong) Limited	1	Company limited by shares	2	Insurance Authority Hong Kong	100	100	100		1	100	1		4
GB	LEI/213800L98SQXRLVQG933	1	St. James's Place Corporate Secretary Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/2138001Y9D3PSWSOTY57	1	M.H.S. (Holdings) Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800I5L9L35Q55YA83	1	St. James's Place UK plc	1	Company limited by shares	2	Financial Conduct Authority & Prudential Regulation Authority	100	100	100		1	100	1		1
IE	LEI/635400ZM7HW3CXPHA583	1	St. James's Place International plc	1	Company limited by shares	2	Central Bank of Ireland	100	100	100		1	100	1		1
GB	LEI/213800RMAYTO31ALZM30	1	St. James's Place Acquisition Services Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800ZZGN6RLGBOC848	1	Tring Financial Management Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800SWJTLN4L478F37	1	Perennial Financial Management Limited	8	Company limited by shares	2	Financial Conduct Authority	100	100	100		1	100	1		4
GB	LEI/21380033PI5ZKUMI2139	1	Technical Connection Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800DCAW5B2YSG4I24	1	Reflect Financial Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800634G6XYRXBYD32	1	Rowan Dartington Holdings Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800NBLW23U8EIO650	1	Stafford House Investments Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800W3IZHLDE8G3K71	1	Dartington Portfolio Nominees Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800GNWV78RLQIDZ94	1	Cabot Portfolio Nominees Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GG	LEI/213800QAGVXJ2VNTJE58	2	The SJP Employees' Share Trust	99	Trust	2			100	100		1	100	1		3
GB	LEI/213800LW4J68M4B3GR20	1	Rowan Dartington & Co. Limited	8	Company limited by shares	2	Financial Conduct Authority	100	100	100		1	100	1		4
GB	LEI/213800C3DJKZ6DQA1407	1	Linden House Financial Services Limited	8	Company limited by shares	2	Financial Conduct Authority	100	100	100		1	100	1		4
GB	LEI/213800UMGJVNZYB3OX71	1	Future Proof Limited	99	Company limited by shares	2		100	100	100		1	100	1		3

SJP Group – Undertakings in the scope of the group continued

S.32.01.22

											Criteria of influence				Inclusion in the scope of group supervision		Group solvency calculation
Country	Identification code of the undertaking	Type of code of the ID of the undertaking	Legal name of the undertaking	Type of undertaking	Legal form	Category (mutual/non mutual)	Supervisory Authority	% capital share	% used for the establishment of accounting consolidated accounts	% voting rights	Other criteria	Level of influence	Proportional share used for group solvency calculation	YES/NO	Date of decision if art. 214 is applied	Method used and under method 1, treatment of the undertaking
C0010	C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0180	C0190	C0200	C0210	C0220	C0230	C0240	C0250	C0260
GB	LEI/213800Z3PWSEGEILCH67	1	SJP Partner Loans No.1 Limited	99	Company limited by shares	2			100	100		1	100	1		3
GB	LEI/2138006GLDRH94HIWY67	1	Baxter Holding Company Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800B8KAR2FRCZBO73	1	Baxter & Lindley Financial Services Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/9845004ED065S7CF6529	1	CGA Financial & Investment Services Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800TFIRI1SBFLS583	1	SJP Legacy Holdings Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800YGMX7BH9PHLR86	1	Virtue Money Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800EXZ26BC79XOT50	1	Policy Services Limited	8	Company limited by shares	2	Financial Conduct Authority	100	100	100		1	100	1		4
HK	LEI/213800SEAP7QARSGL223	1	Capstone Financial (HK) Limited	8	Company limited by shares	2	Securities & Futures Commission (Hong Kong)	100	100	100		1	100	1		4
GB	LEI/98450089C8C60A4D7411	1	Lewington Wealth Management Limited	99	Company limited by shares	2		75	75	100		1	100	1		3
GB	LEI/9845007D4C00BAACD961	1	Richard Barnes Wealth Management Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/9845005Y7G67C9CC7171	1	JEWM Ltd	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800OOBLCB1TF66S87	1	Thompson Private Clients	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800K3K5L36QOS9N77	1	Tivoli Private Clients Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/984500VB04E74FB0F015	1	Ian Cockbain Wealth Management Limited	99	Company limited by shares	2		100	100	100	0	1	100	1	0	3
UAE	LEI/213800YAYBC9ZNB6IW44	1	St James's Place (Middle East) Limited	99	Company limited by shares	2		100	100	100	0	1	100	1	0	3

SJPUK – Balance sheet

S.02.01.02

		Solvency II value
Assets		C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	0
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,273,285
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	20,109
Equities	R0100	0
Equities – listed	R0110	0
Equities – unlisted	R0120	0
Bonds	R0130	0
Government Bonds	R0140	0
Corporate Bonds	R0150	0
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	1,253,176
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	112,458,543
Loans and mortgages	R0230	0
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	9,834
Non-life and health similar to non-life	R0280	0
Non-life excluding health	R0290	0
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	15,283
Health similar to life	R0320	16,543
Life excluding health and index-linked and unit-linked	R0330	(1,260)
Life index-linked and unit-linked	R0340	(5,449)
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	152,945
Reinsurance receivables	R0370	1,423
Receivables (trade, not insurance)	R0380	360,081
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	99,554
Any other assets, not elsewhere shown	R0420	0
Total assets	R0500	114,355,665

SJPUK – Balance sheet continued

S.02.01.02

		Solvency II value
Liabilities		C0010
Technical provisions – non-life	R0510	0
Technical provisions – non-life (excluding health)	R0520	0
TP calculated as a whole	R0530	0
Best Estimate	R0540	0
Risk margin	R0550	0
Technical provisions – health (similar to non-life)	R0560	0
TP calculated as a whole	R0570	0
Best Estimate	R0580	0
Risk margin	R0590	0
Technical provisions – life (excluding index-linked and unit-linked)	R0600	62,078
Technical provisions – health (similar to life)	R0610	24,976
TP calculated as a whole	R0620	2,901
Best Estimate	R0630	21,231
Risk margin	R0640	844
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	37,102
TP calculated as a whole	R0660	0
Best Estimate	R0670	36,244
Risk margin	R0680	858
Technical provisions – index-linked and unit-linked	R0690	109,266,910
TP calculated as a whole	R0700	111,980,809
Best Estimate	R0710	(2,967,017)
Risk margin	R0720	253,118
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	932,184
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	1,350,143
Reinsurance payables	R0830	0
Payables (trade, not insurance)	R0840	132,889
Subordinated liabilities	R0850	0
Subordinated liabilities not in BOF	R0860	0
Subordinated liabilities in BOF	R0870	0
Any other liabilities, not elsewhere shown	R0880	0
Total liabilities	R0900	111,744,204
Excess of assets over liabilities	R1000	2,611,461

SJPUK – Premiums, claims and expenses by line of business

S.05.01.02

		Line of Business for: life insurance obligations						Life reinsurance obligations		
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	5,329	0	10,923,336	3,835	0	0	0	0	10,932,500
Reinsurers' share	R1420	3,008	0	(33,889)	3,927	0	0	0	0	(26,955)
Net	R1500	2,322	0	10,957,225	(92)	0	0	0	0	10,959,455
Premiums earned										
Gross	R1510	5,329	0	10,923,336	3,835	0	0	0	0	10,932,500
Reinsurers' share	R1520	3,008	0	(33,889)	3,927	0	0	0	0	(26,955)
Net	R1600	2,322	0	10,957,225	(92)	0	0	0	0	10,959,455
Claims incurred										
Gross	R1610	5,544	0	6,810,428	2,343	0	0	0	0	6,818,314
Reinsurers' share	R1620	3,492	0	2,941	2,786	0	0	0	0	9,218
Net	R1700	2,052	0	6,807,487	(443)	0	0	0	0	6,809,096
Changes in other technical provisions										
Gross	R1710	(58)	0	6,935	(1,608)	0	0	0	0	5,269
Reinsurers' share	R1720	338	0	(258)	42,907	0	0	0	0	42,987
Net	R1800	(396)	0	7,192	(44,515)	0	0	0	0	(37,719)
Expenses incurred	R1900	661	0	418,371	827	0	0	0	0	419,859
Other expenses	R2500									1,254
Total expenses	R2600									421,113

Life and Health SLT Technical Provisions

S.12.01.02

			Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)	Health insurance (direct business)			Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees					Contracts without options and guarantees	Contracts with options or guarantees			
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	R0010	0	111,980,809			0			0	0	111,980,809	2,901			0	0	2,901
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	R0020	0	0			0			0	0	0	0			0	0	0
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	R0030	0		(2,967,017)	0		0	36,244	0	0	(2,930,773)		0	21,231	0	0	21,231
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	0		(5,449)	0		0	(1,260)	0	0	(6,709)		0	16,543	0	0	16,543
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	R0090	0		(2,961,568)	0		0	37,504	0	0	(2,924,064)		0	4,688	0	0	4,688
Risk Margin	R0100	0	253,118			858			0	0	253,976	844			0	0	844
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	R0110	0	0			0			0	0	0	0			0	0	0
Best estimate	R0120	0		0	0		0	0	0	0	0		0	0	0	0	0
Risk margin	R0130	0	0			0			0	0	0	0			0	0	0
Technical provisions – total	R0200	0	109,266,910			37,102			0	0	109,304,012	24,976			0	0	24,976

SJPUK – Own Funds

S.23.01.01

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	110,000	110,000		0	
Share premium account related to ordinary share capital	R0030	0	0		0	
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Surplus funds	R0070	0	0			
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Reconciliation reserve	R0130	2,241,461	2,241,461			
Subordinated liabilities	R0140	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	15,544				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	
Total basic own funds after deductions	R0290	2,335,917	2,335,917	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
Other ancillary own funds	R0390	0			0	0
Total ancillary own funds	R0400	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	2,335,917	2,335,917	0	0	0
Total available own funds to meet the MCR	R0510	2,335,917	2,335,917	0	0	
Total eligible own funds to meet the SCR	R0540	2,335,917	2,335,917	0	0	0
Total eligible own funds to meet the MCR	R0550	2,335,917	2,335,917	0	0	
SCR	R0580	1,450,201				
MCR	R0600	652,590				
Ratio of Eligible own funds to SCR	R0620	1.61				
Ratio of Eligible own funds to MCR	R0640	3.58				

SJPUK – Own Funds continued

S.23.01.01

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	2,611,461
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	260,000
Other basic own fund items	R0730	110,000
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	0
Reconciliation reserve	R0760	2,241,461
Expected profits		
Expected profits included in future premiums (EPIFP) –		0
Life business	R0770	0
Expected profits included in future premiums (EPIFP) –		0
Non-life business	R0780	0
Total Expected profits included in future premiums (EPIFP)	R0790	0

SJPUK – Solvency Capital Requirement – for undertakings on Standard Formula

S.25.01.21

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	1,198,853		0
Counterparty default risk	R0020	23,681		
Life underwriting risk	R0030	1,082,269	None	0
Health underwriting risk	R0040	3,730	None	0
Non-life underwriting risk	R0050	0	None	0
Diversification	R0060	(494,924)		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	1,813,609		

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	31,436
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	(394,844)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency Capital Requirement excluding capital add-on	R0200	1,450,201
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	1,450,201
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	No

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
LAC DT	R0640	(394,844)
LAC DT justified by reversion of deferred tax liabilities	R0650	(394,844)
LAC DT justified by reference to probable future taxable economic profit	R0660	0
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	(394,844)

SJPUK – Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

S.28.01.01

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	767,883

		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
		C0050	C0060
Obligations with profit participation – guaranteed benefits	R0210	0	
Obligations with profit participation – future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	109,019,241	
Other life (re)insurance and health (re)insurance obligations	R0240	45,093	
Total capital at risk for all life (re)insurance obligations	R0250		5,430,493

Overall MCR calculation

		C0070
Linear MCR	R0300	767,883
SCR	R0310	1,450,201
MCR cap	R0320	652,590
MCR floor	R0330	362,550
Combined MCR	R0340	652,590
Absolute floor of the MCR	R0350	3,233
Minimum Capital Requirement	R0400	652,590

SJPI – Balance sheet

S.02.01.02

		Solvency II value
Assets		C0010
Intangible assets	R0030	0
Deferred tax assets	R0040	0
Pension benefit surplus	R0050	0
Property, plant & equipment held for own use	R0060	85
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	252,911
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	0
Equities	R0100	0
Equities – listed	R0110	0
Equities – unlisted	R0120	0
Bonds	R0130	6,982
Government Bonds	R0140	6,982
Corporate Bonds	R0150	0
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	245,929
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	11,378,570
Loans and mortgages	R0230	0
Loans on policies	R0240	0
Loans and mortgages to individuals	R0250	0
Other loans and mortgages	R0260	0
Reinsurance recoverables from:	R0270	(10,107)
Non-life and health similar to non-life	R0280	0
Non-life excluding health	R0290	0
Health similar to non-life	R0300	0
Life and health similar to life, excluding health and index-linked and unit-linked	R0310	(80)
Health similar to life	R0320	(80)
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	(10,028)
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	4,788
Reinsurance receivables	R0370	5,286
Receivables (trade, not insurance)	R0380	37,348
Own shares (held directly)	R0390	0
Amounts due in respect of own fund items or initial fund called up but not yet paid in	R0400	0
Cash and cash equivalents	R0410	52,779
Any other assets, not elsewhere shown	R0420	0
Total assets	R0500	11,721,661

SJPI – Balance sheet continued

S.02.01.02

		Solvency II value
Liabilities		C0010
Technical provisions – non-life	R0510	0
Technical provisions – non-life (excluding health)	R0520	0
TP calculated as a whole	R0530	0
Best Estimate	R0540	0
Risk margin	R0550	0
Technical provisions – health (similar to non-life)	R0560	0
TP calculated as a whole	R0570	0
Best Estimate	R0580	0
Risk margin	R0590	0
Technical provisions – life (excluding index-linked and unit-linked)	R0600	3,740
Technical provisions – health (similar to life)	R0610	3,740
TP calculated as a whole	R0620	3,693
Best Estimate	R0630	(102)
Risk margin	R0640	148
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	0
TP calculated as a whole	R0660	0
Best Estimate	R0670	0
Risk margin	R0680	0
Technical provisions – index-linked and unit-linked	R0690	11,203,989
TP calculated as a whole	R0700	11,293,950
Best Estimate	R0710	(153,351)
Risk margin	R0720	63,390
Contingent liabilities	R0740	0
Provisions other than technical provisions	R0750	0
Pension benefit obligations	R0760	0
Deposits from reinsurers	R0770	0
Deferred tax liabilities	R0780	20,367
Derivatives	R0790	0
Debts owed to credit institutions	R0800	0
Financial liabilities other than debts owed to credit institutions	R0810	0
Insurance & intermediaries payables	R0820	209,715
Reinsurance payables	R0830	1,283
Payables (trade, not insurance)	R0840	3,894
Subordinated liabilities	R0850	0
Subordinated liabilities not in BOF	R0860	0
Subordinated liabilities in BOF	R0870	0
Any other liabilities, not elsewhere shown	R0880	0
Total liabilities	R0900	11,442,988
Excess of assets over liabilities	R1000	278,673

SJPI – Premiums, claims and expenses by line of business

S.05.01.02

			Line of Business for: life insurance obligations					Life reinsurance obligations		
		Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations	Health reinsurance	Life reinsurance	Total
		C0210	C0220	C0230	C0240	C0250	C0260	C0270	C0280	C0300
Premiums written										
Gross	R1410	412	0	889,752	0	0	0	0	0	890,164
Reinsurers' share	R1420	342	0	9,404	0	0	0	0	0	9,746
Net	R1500	71	0	880,348	0	0	0	0	0	880,419
Premiums earned										
Gross	R1510	412	0	889,752	0	0	0	0	0	890,164
Reinsurers' share	R1520	342	0	9,404	0	0	0	0	0	9,746
Net	R1600	71	0	880,348	0	0	0	0	0	880,419
Claims incurred										
Gross	R1610	1,076	0	690,980	0	0	0	0	0	692,056
Reinsurers' share	R1620	705	0	5,428	0	0	0	0	0	6,133
Net	R1700	371	0	685,552	0	0	0	0	0	685,924
Changes in other technical provisions										
Gross	R1710	0	0	0	0	0	0	0	0	0
Reinsurers' share	R1720	0	0	0	0	0	0	0	0	0
Net	R1800	0	0	0	0	0	0	0	0	0
Expenses incurred	R1900	73	0	65,570	0	0	0	0	0	65,643
Other expenses	R2500									0
Total expenses	R2600									65,643

SJPI – Premiums, claims and expenses by country

S.05.02.01

		Home Country	Top 5 countries (by amount of gross premiums written) – life obligations					Total Top 5 and home country
		C0150	C0160	C0170	C0180	C0190	C0200	C0210
	R1400		GB	SG	–	–	–	
		C0220	C0230	C0240	C0250	C0260	C0270	C0280
Premiums written								
Gross	R1410	0	760,108	101,369	0	0	0	861,477
Reinsurers' share	R1420	0	9,720	0	0	0	0	9,720
Net	R1500	0	750,388	101,369	0	0	0	851,757
Premiums earned								
Gross	R1510	0	760,108	101,369	0	0	0	861,477
Reinsurers' share	R1520	0	9,720	0	0	0	0	9,720
Net	R1600	0	750,388	101,369	0	0	0	851,757
Claims incurred								
Gross	R1610	0	563,678	42,622	0	0	0	606,300
Reinsurers' share	R1620	0	6,133	0	0	0	0	6,133
Net	R1700	0	557,545	42,622	0	0	0	600,167
Changes in other technical provisions								
Gross	R1710	0	(27,960)	0	0	0	0	(27,960)
Reinsurers' share	R1720	0	0	0	0	0	0	0
Net	R1800	0	(27,960)	0	0	0	0	(27,960)
Expenses incurred	R1900	0	53,465	9,129	0	0	0	62,594
Other expenses	R2500							0
Total expenses	R2600							62,594

SJPI – Life and Health SLT Technical Provisions

S.12.01.02

			Index-linked and unit-linked insurance			Other life insurance						Health insurance (direct business)					
		Insurance with profit participation		Contracts without options and guarantees	Contracts with options or guarantees		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)		Contracts without options and guarantees	Contracts with options or guarantees	Annuities stemming from non-life insurance contracts and relating to health insurance obligations	Health reinsurance (reinsurance accepted)	Total (Health similar to life insurance)
		C0020	C0030	C0040	C0050	C0060	C0070	C0080	C0090	C0100	C0150	C0160	C0170	C0180	C0190	C0200	C0210
Technical provisions calculated as a whole	0	0	11,293,950			0			0	0	11,293,950	3,693			0	0	3,693
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole	0	0	0			0			0	0	0	0			0	0	0
Technical provisions calculated as a sum of BE and RM																	
Best Estimate																	
Gross Best Estimate	0	0		(153,351)	0		0	0	0	0	(153,351)		(102)	0	0	0	(102)
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	0	0		(10,028)	0		0	0	0	0	(10,028)		(80)	0	0	0	(80)
Best estimate minus recoverables from reinsurance/SPV and Finite Re – total	0	0		(143,323)	0		0	0	0	0	(143,323)		(22)	0	0	0	(22)
Risk Margin	0	0	63,390			0			0	0	63,390	148			0	0	148
Amount of the transitional on Technical Provisions																	
Technical Provisions calculated as a whole	0	0	0			0			0	0	0	0			0	0	0
Best estimate	0	0		0	0		0	0	0	0	0		0	0	0	0	0
Risk margin	0	0	0			0			0	0	0	0			0	0	0
Technical provisions – total	0	0	11,203,989			0			0	0	11,203,989	3,740			0	0	3,740

SJPI – Own Funds

S.23.01.01

		Total	Tier 1 – unrestricted	Tier 1 – restricted	Tier 2	Tier 3
		C0010	C0020	C0030	C0040	C0050
Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35						
Ordinary share capital (gross of own shares)	R0010	15,585	15,585		0	
Share premium account related to ordinary share capital	R0030	0	0		0	
Initial funds, members' contributions or the equivalent basic own – fund item for mutual and mutual-type undertakings	R0040	0	0		0	
Subordinated mutual member accounts	R0050	0		0	0	0
Surplus funds	R0070	0	0			
Preference shares	R0090	0		0	0	0
Share premium account related to preference shares	R0110	0		0	0	0
Reconciliation reserve	R0130	262,217	262,217			
Subordinated liabilities	R0140	0		0	0	0
An amount equal to the value of net deferred tax assets	R0160	0				0
Other own fund items approved by the supervisory authority as basic own funds not specified above	R0180	0	0	0	0	0
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds						
Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	R0220	0				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	
Total basic own funds after deductions	R0290	277,802	277,802	0	0	0
Ancillary own funds						
Unpaid and uncalled ordinary share capital callable on demand	R0300	0			0	
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual – type undertakings, callable on demand	R0310	0			0	
Unpaid and uncalled preference shares callable on demand	R0320	0			0	0
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	R0330	0			0	0
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	R0340	0			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			0	
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0360	0			0	
Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	R0370	0			0	0
Other ancillary own funds	R0390	0			0	0
Total ancillary own funds	R0400	0			0	0
Available and eligible own funds						
Total available own funds to meet the SCR	R0500	277,802	277,802	0	0	0
Total available own funds to meet the MCR	R0510	277,802	277,802	0	0	
Total eligible own funds to meet the SCR	R0540	277,802	277,802		0	
Total eligible own funds to meet the MCR	R0550	277,802	277,802			
SCR	R0580	162,209				
MCR	R0600	72,994				
Ratio of Eligible own funds to SCR	R0620	1.71				
Ratio of Eligible own funds to MCR	R0640	3.81				

SJPI – Own Funds continued

S.23.01.01

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	278,673
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	0
Other basic own fund items	R0730	15,585
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	871
Reconciliation reserve	R0760	262,217
Expected profits		
Expected profits included in future premiums (EPIFP) – Life business	R0770	0
Expected profits included in future premiums (EPIFP) – Non-life business	R0780	0
Total Expected profits included in future premiums (EPIFP)	R0790	0

SJPI – Solvency Capital Requirement – for undertakings on Standard Formula

S.25.01.21

		Gross solvency capital requirement	USP	Simplifications
		C0110	C0090	C0100
Market risk	R0010	131,709		0
Counterparty default risk	R0020	6,633		
Life underwriting risk	R0030	99,249	None	0
Health underwriting risk	R0040	251	None	0
Non-life underwriting risk	R0050	0	None	0
Diversification	R0060	(51,903)		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	185,940		

Calculation of Solvency Capital Requirement

		D0100
Operational risk	R0130	4,000
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	(27,731)
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC	R0160	0
Solvency Capital Requirement excluding capital add-on	R0200	162,209
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	162,209
Other information on SCR		
Capital requirement for duration-based equity risk sub-module	R0400	0
Total amount of Notional Solvency Capital Requirements for remaining part	R0410	0
Total amount of Notional Solvency Capital Requirements for ring fenced funds	R0420	0
Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios	R0430	0
Diversification effects due to RFF nSCR aggregation for article 304	R0440	0

Approach to tax rate

		Yes/No
		C0109
Approach based on average tax rate	R0590	No

Calculation of loss absorbing capacity of deferred taxes

		LAC DT
		C0130
LAC DT	R0640	(27,731)
LAC DT justified by reversion of deferred tax liabilities	R0650	(20,367)
LAC DT justified by reference to probable future taxable economic profit	R0660	(7,364)
LAC DT justified by carry back, current year	R0670	0
LAC DT justified by carry back, future years	R0680	0
Maximum LAC DT	R0690	(27,731)

SJPI – Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

S.28.01.01

Linear formula component for life insurance and reinsurance obligations

		C0040
MCRL Result	R0200	78,447

		Net (of reinsurance/ SPV) best estimate and TP calculated as a whole	Net (of reinsurance/ SPV) total capital at risk
		C0050	C0060
Obligations with profit participation – guaranteed benefits	R0210	0	
Obligations with profit participation – future discretionary benefits	R0220	0	
Index-linked and unit-linked insurance obligations	R0230	11,150,627	
Other life (re)insurance and health (re)insurance obligations	R0240	3,671	
Total capital at risk for all life (re)insurance obligations	R0250		451,313

Overall MCR calculation

		C0070
Linear MCR	R0300	78,447
SCR	R0310	162,209
MCR cap	R0320	72,994
MCR floor	R0330	40,552
Combined MCR	R0340	72,994
Absolute floor of the MCR	R0350	3,233
Minimum Capital Requirement	R0400	72,994

Glossary of Terms

Best estimate liabilities (BEL)
The expected, or 'best estimate', value of the Group's obligations to clients under the Solvency II regulations.

Central Bank of Ireland (CBI)
The CBI is responsible for the prudential regulation of deposit taking institutions, insurers and major investment firms registered in Ireland, including St. James's Place International plc.

Deferred acquisition costs (DAC)
An intangible asset required to be established through the application of IFRS to our long-term business. Under the SII regulations, intangible assets such as the DAC asset are removed.

Deferred Income (DIR)
Deferred income which arises from the requirement that initial charges on long-term financial instruments should only be recognised over the lifetime of the business. Under the SII regulations, intangible liabilities such as the DIR asset are removed.

Funds under management (FUM)
Represents all assets actively managed or administered by or on behalf of the Group.

Group
The Group refers to St. James's Place plc, together with its subsidiaries as listed in Note 23 of the Group Report & Accounts.

International Financial Reporting Standards (IFRS)
These are the accounting regulations designed to ensure comparable preparation and disclosure of statements of financial position, and are the standards that all publicly listed companies in the UK and European Union are required to use.

Investment Management Approach (IMA)
The IMA is how the Group manages clients' investments.

It is managed by the St. James's Place Investment Committee, which in turn is advised by respected independent investment research consultancies. The Investment Committee is responsible for identifying fund managers for our funds, selecting from fund management firms all around the world. They are also responsible for monitoring the performance of our fund managers and, if circumstances should change and it becomes necessary, then they are responsible for changing the fund manager as well.

Minimum Capital Requirement (MCR)
The MCR is the minimum level of security required under the Solvency II regulations for UK and EU insurance entities.

Own Risk and Solvency Assessment (ORSA)
The ORSA is a comprehensive risk assessment, bringing together an understanding of the risks that the Group faces, and how these risks may change in the future. It also includes quantitative analysis of the capital required, and how it might develop over our planning period (5 years).

Prudential Regulatory 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 primary 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 insurance policyholders.

The PRA is the lead supervisor for the Group in the United Kingdom.

Quantitative Reporting Templates (QRT)
Standardised templates providing data relating to the Group's business and to the Solvency II valuation, including data relating to the assessment of technical provisions and capital requirements as well as the Solvency II Balance Sheet.

Risk Margin
The Risk Margin is determined as the cost of holding the Solvency Capital Requirement (SCR) over the lifetime of the insured portfolio.

Senior Managers and Certification Regime (SM&CR)
The SM&CR applies to all PRA and FCA regulated firms within the Group.

This regime sets out minimum standards of individual behaviour that apply in the financial services sector, as well as more specific requirements for senior managers and other employees who have key roles within the organisation.

Solvency Capital Requirement (SCR)
The SCR is the amount of risk-based capital required under the Solvency II regulations to ensure that the insurance entities can meet their obligations over the next 12 months with a probability of at least 99.5% (i.e. a 1 in 200-year scenario).

Solvency II (SII)
Insurance regulations designed to harmonise EU insurance regulation, which became effective on 1 January 2016, and were subsequently onshored in the UK following the UK's exit from the EU. 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.

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