St. James's Place Group
Solvency and Financial Condition Report 2021

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 A00003533 granted by the PRA with effect from 1 January 2022.

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. 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
- 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 2021 (the Report & Accounts), a copy of which can be found at **www.sjp.co.uk/shareholders/reports-presentation-and-webcasts/2022**. 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 2021, 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 an award-winning wealth management company. Clients of St. James's Place have access to a range of financial solutions, including the provision of funds and expert advice regarding building investment portfolios, retirement planning, managing intergenerational wealth and ensuring financial protection. Advice is provided by the St. James's Place Partnership, a 4,556-strong force of self-employed advisers, with whom we enjoy a close relationship.

We aim to be the most trusted brand in UK wealth management, and focus on doing 'the right thing' for our clients.

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 Dublin. The Group also provides insurance-based investment products to a small but growing number of clients, mainly ex-patriates, in Asia through a branch of SJPI based in Singapore and a subsidiary of SJPUK based in Hong Kong.

The Group also provides unit trusts and discretionary fund management.

Our Business

After the challenges of 2020, the operating environment in 2021 proved to be far more favourable for our business as global economies returned to growth, investments markets responded by registering positive gains, and consumer confidence recovered.

Our business performed strongly against this backdrop, with client retention rates at all-time highs for the Group, net inflows totalled £11.0 billion (2020: £8.2 billion) equivalent to 9% (2020: 7%) of opening funds under management. This new business performance, together with the positive impact of investment markets, resulted in funds under management closing at a record £154.0 billion (31 December 2020: £129.3 billion), up 19% year-on-year.

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.

Although the COVID-19 pandemic has had far-reaching consequences for the Group, the local and worldwide economy and the environment in which the Group operates, the risk landscape has improved considerably over the last 12 months following the successful rollout of vaccinations in the UK. However, we remain mindful of the risk posed by emerging mutations of the virus, which may be vaccine resistant, reduce the efficacy of the vaccines going forward and/or result in the re-imposition of certain restrictions.

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

Insurance Funds Under Management (FUM) in the Group and individual entities grew over the year as follows:

	SJP Group		SJPUK[1]		SJPI	
£'Billion	**2021**	2020	**2021**	2020	**2021**	2020
Opening Insurance FUM	93.51	84.06	84.52	75.78	8.99	8.28
Gross inflows	12.50	10.16	11.44	9.46	1.06	0.70
Outflows	(5.00)	(4.09)	(4.54)	(3.72)	(0.46)	(0.37)
Investment return	9.77	3.38	8.80	3.00	0.97	0.38
Closing Insurance FUM	**110.78**	93.51	**100.22**	84.52	**10.56**	8.99

1 Figures for SJPUK include closing funds under management of £0.25 billion (2020: £0.18 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, which are substantially reinsured with highly-rated UK and EU-based reinsurance companies.

The Group has an additional £43.21 billion (2020: £35.81 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 emergence and impact of COVID-19 has been a major external risk event. No event of this nature can be precisely forecasted and planned for. However, through our approach to the fundamentals of risk management the Group continues to be able to demonstrate resilience, from a financial and operational perspective, against COVID-19. 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:** Losses from operational risk events, such as a product failure, failure of a Third-Party Administrator or a significant cyber attack could result in one-off operational losses reducing future profits, 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 clients' investments, 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 the business.

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 clients' unit liabilities, 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 regulatory basis, known as 'Solvency II', is shown in the following table:

	SJP Group		SJPUK		SJPI	
Solvency (£'Million)	**2021**	2020	**2021**	2020	**2021**	2020
Solvency II Own Funds (A)[1]	5,262.5	4,617.3	4,390.4	3,824.7	299.4	218.7
Solvency Capital Requirement (B)	3,939.1	3,506.6	3,634.2	3,256.8	201.0	155.6
Solvency II Free Assets (A – B)	1,323.4	1,110.7	756.2	567.9	98.4	63.1
Solvency ratio (A/B)	**134%**	132%	**121%**	117%	**149%**	141%
Foreseeable dividend (C)	218.4	267.0	280.0	220.0	–	–
Post-dividend solvency ratio (A-C)/B	**128%**	124%	**113%**	111%	**149%**	141%

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

Summary continued

Our Solvency Position and Capital Management continued

The COVID-19 pandemic has led to significant volatility in risk-free interest rates, upon which the Solvency II valuation is based, with 10-year spot rates falling by over 60 basis points during 2020 to just 0.3% at the end of the year. Over 2021, these rates have increased to 0.9%, with corresponding increases in market expectations of future inflation.

The unit-linked nature of the Group's business limits its exposure to such movements, however more frequent updates on the financial position of SJPUK and SJPI have been provided to the relevant Board(s) and to the Group's regulators to provide additional reassurance through the pandemic.

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. Following consideration of the Group's stress and scenario testing work in 2021 (including capital and liquidity projections, as well as operational risk events), the Board decided to pay the part of the year-end 2019 dividend which had been retained in light of the emerging pandemic (£60 million) in addition to the year-end 2020 dividend.

The Group's business model is focussed on wealth management, and so the overwhelming majority of its insurance business is unit-linked investment and pensions business. The Group has fully reassured, with external reassurers, the legacy protection business in SJPUK, and the level of reassurance in SJPI exceeds 80%. This limits the Group's exposure to the potential for higher levels of claims arising from COVID-19.

During 2021 SJPUK entered into a reassurance 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 has reduced (as a proportion of the FUM).

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 Manager & Certification Regime (SM&CR). There have been no material changes in the system of governance during the year.

More information about our system of governance, 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 so to comply, and will continue so to comply in future.

By Order of the Board

Craig Gentle, Chief Financial Officer
23 February 2022

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 2021:

- The 'Valuation for solvency purposes' and 'Capital Management' sections of the Single Group-Wide Solvency and Financial Condition Report of the Company as at 31 December 2021, (**'the Narrative Disclosures subject to audit'**); and
- Group templates S.02.01.02, S.23.01.22, S.25.01.22 and S.32.01.22 (**'the Group Templates subject to audit'**).
- Company templates S.02.01.02, S.12.01.02, S.23.01.01, S.25.01.21 and S.28.01.01 in respect of 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 2021 is prepared, in all material respects, in accordance with the financial reporting provisions of the PRA Rules and Solvency II regulations on which they are based, as modified by relevant supervisory modifications.

Basis for opinion

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

Conclusions relating to going concern

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

- Obtained management's assessment of the going concern of the Company, and challenged the appropriateness of the assumptions used by utilising our knowledge of the Company gained throughout the audit and obtaining further corroborative audit evidence.
- Considered the results of management's analysis of the relevant solvency requirements and liquidity position of the Company, including forward looking scenarios within the Group's Own Risk and Solvency Assessment.
- Considered information obtained through review of regulatory correspondence, minutes of meetings of the Board, Audit and 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.

Auditors' Report and Opinion continued

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.

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.

Auditors' Report and Opinion continued

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:

- Enquiries of compliance, risk, internal audit, and the Company's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reading key correspondence with the Prudential Regulation Authority and the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewing relevant meeting minutes including those of the Board, Audit Committee and Risk Committee;
- Reviewing data regarding policyholder 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;
- Procedures relating to the valuation of technical provisions and investments with a judgmental valuation, being investment properties and level 3 investments in the Diversified Assets Fund;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management; 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 Andrew Moore.

PricewaterhouseCoopers LLP
Chartered Accountants
London

23 February 2022

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.

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 (CBoI).

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

The CBoI 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 19 on pages 228 to 230 in the Report & Accounts.

Auditors

As reported in the Report & Accounts, the Group's external auditor is PricewaterhouseCoopers LLP, 7 More London Riverside, London SE1 2RT. PricewaterhouseCoopers LLP is also the external auditor for SJPUK.

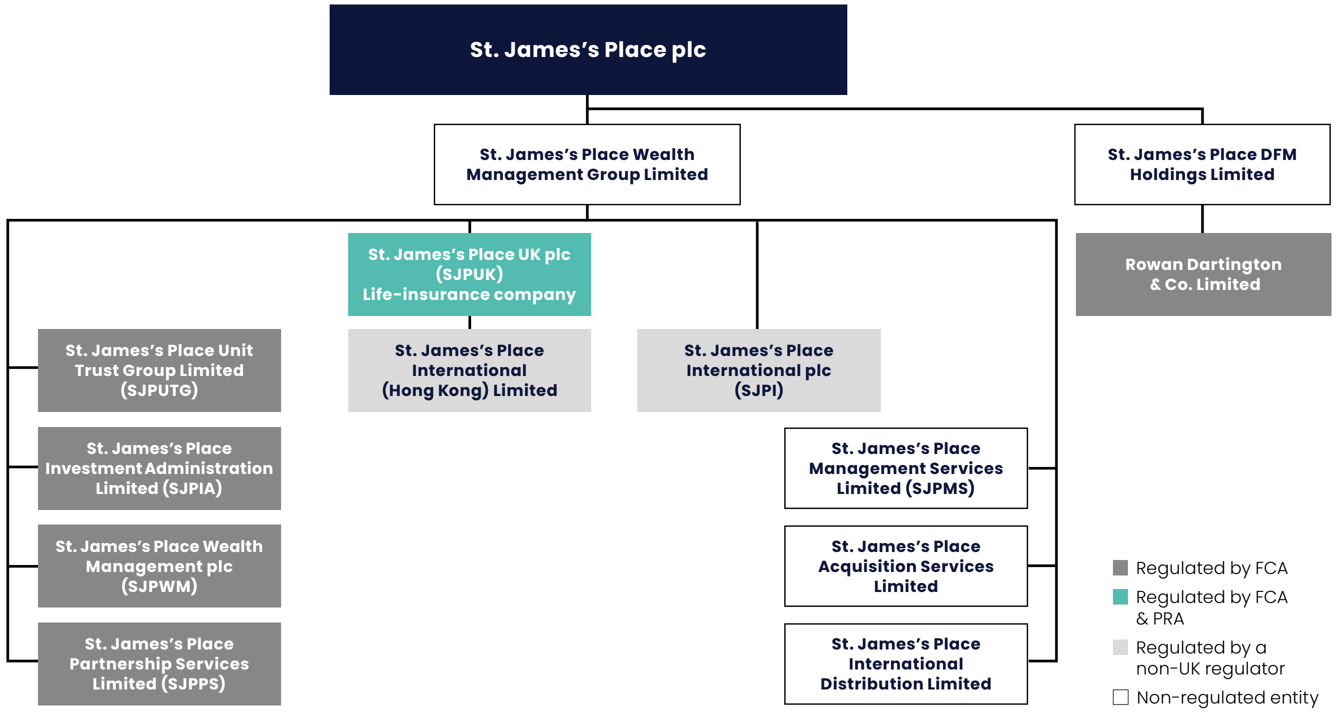
Grant Thornton, 13–18 City Quay, Dublin 2, D02 ED70, Ireland is the external auditor for SJPI.

Group Ownership and Structure

More information about the Group is included in the Report & Accounts in Note 23 on pages 237 to 240.

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 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 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 Report & Accounts on pages 22 to 61. The business of each of the insurance subsidiaries is predominantly provision of unit-linked savings contracts to retail clients.

A.2 Underwriting performance

Our business model is focussed on wealth management, and so the overwhelming majority of our insurance business is unit-linked investment and pensions business. This business has very low levels of insurance risk. Further, we have fully reassured, with external reassurers, the legacy protection business in SJPUK, and the level of reassurance in SJPI exceeds 80%. As a result, the IFRS net insurance liability exposure for the Group at 31 December 2021 (excluding the unit-linked element and reassurance) was only £2.1 million (2020: £4.2 million). 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 14 on pages 211 to 213 of the 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 client unit-liabilities, 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 on page 197 of our 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 annual management charges. 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, due to strong net inflows and positive investment performance in the unit-linked funds over 2021. This has resulted in increased levels of AMC income compared to the prior year.

Detailed information about the development of FUM in the Group can be found on page 67 of the Report & Accounts, and analysis of how this translates into the performance of the business is expounded on pages 66 to 68 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 10 on pages 203 and 204 of the Report & Accounts.

B) System of Governance

B.1 General information on the system of governance

The Group

The Group is vertically integrated, allowing it to benefit from the synergies of combining funds management with the provision of advice.

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), in conjunction with its Executive Board Committee (ExBo), sets the strategic direction for, and risk appetite of, the Group. The Board has delegated certain responsibilities to board committees, whose members are non-executive. The Board reserves certain matters to itself but delegates other matters to ExBo, which is responsible for the Group's operational matters. Each member of ExBo has individual responsibility for a number of divisions within the Group, providing smooth and effective reporting structures and delegations of authority.

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 98 to 119 and the Report of the Remuneration Committee on pages 140 to 163 in the Report & Accounts.

In line with the Group governance structure, the key functions are organised as Group functions (recognising specific local requirements as appropriate – see 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 Risk and/or Audit Committees, 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 reports into the Chief Executive Officer, but, in line with best practice, has direct access to the Audit Committee and the Audit Committee chair.

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).

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 complemented by support from 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 ExBo 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, giving good access to the Board to ensure operational independence. 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:

- Paul Manduca was appointed to join the SJP plc Board as a Non-executive Director on 1 January 2021 and became Chair of the Board in May 2021.
- Tony O'Riordan was appointed as an Independent Non-executive Director to the Board of SJPUK in July 2021.
- John Hitchins was appointed to join the SJP plc Board as a Non-executive Director in November 2021.
- Kilian Colleran was appointed to join the Board of SJPI as an Independent Non-executive Director on 6 January 2021 and became SJPI Risk Committee Chair and a member of the SJPI Audit Committee on 5 December 2021.
- Simon Jeffreys was appointed as a Non-executive Director and Chair of the SJPI Board on 1 September 2021.
- Ian MacKenzie was appointed as Chief Executive Officer of SJPUK and SJPIA, replacing Andrew Croft, who has stepped down from the SJPUK and SJPIA Boards.

During 2022, it is anticipated that the members of the Group Audit Committee will be appointed to the SJPUK Board, and that a dedicated SJPUK Audit Committee will be formally set up to consider matters relating to SJPUK (which are currently considered by the Group Audit Committee).

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.

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 Pre-appointment 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 Board's 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 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. Appointments to the role of director and PCF role holder in SJPI are subject to approval by the SJPI board and the CBoI.

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 117 to 119 of the Report & Accounts.

B) System of Governance continued

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 86 to 95 of the Report & Accounts. Additional information on the activity of the Board's Risk Committee can be found on pages 129 to 135.

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 Board's Risk Committee, ExBo, the boards of SJPUK and SJPI, and SJPI's Risk Committee.

The Own Risk and Solvency Assessment (ORSA) process is described on page 88 of the 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 within this. More information on this can be found on page 133 of the 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 planning period (five years).

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 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 to actual comparisons. 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 Report & Accounts on page 86, with an evaluation of the system included in the Report of the Audit Committee on pages 127 and 128.

For most Group subsidiaries, oversight of internal controls is delegated to the Board's Audit Committee. In line with the stand-alone governance that is required SJPI has a separate audit committee reporting to its board, which maintains oversight of SJPI internal controls. From March 2022, oversight of SJPUK internal controls will similarly be transferred from the Group Audit Committee to a dedicated SJPUK 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.

B) System of Governance continued

B.4 Internal control system continued

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:

- **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;
- **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;
- **Compliance Assurance** to conduct themed reviews and checks across all divisions to provide assurance that compliant implementation has been maintained; and
- **Financial Promotions** to check the adherence of all financial promotions to the relevant regulatory requirements.

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:

- **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 Partner 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 Board 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) System of Governance continued

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 Board's Audit Committee and SJPI's Audit Committee. 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 (2017). The Internal Audit Director reports to the Group Chief Executive and has direct access to the Chairman of the Board's Audit Committee and the Chairman of the SJPI Audit Committee. The powers of the Internal Audit Division are formally outlined in the Audit Charter which is reviewed annually by both 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 Audit Committee on pages 126 and 127 of the 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 Board's Audit and Risk Committees. He is also a Director of SJPUK and SJPI.

The Head of Actuarial Function role for SJPI is outsourced to Milliman, an actuarial consultancy firm based locally in Dublin. 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.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 Material Outsourcing Policy sets out our minimum standards in relation to the selection, due diligence and on-going management of outsourcing relationships.

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 28 of the Report & Accounts and also in the Report of the Investment Committee that can be found at **www.sjp.co.uk/products-and-services/investment-management-approach**.

The details of our key external outsourcing arrangements as at 31 December 2021 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 Life and Pensions Services Ltd	Administration Services	Ireland
Intellect Design Arena Ltd	IT Development Services	UK
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
Node 4	Connectivity Services	UK
Objectway	Back-Office Platform Services	UK
Salesforce	Customer Relationship Management Services	UK
Unit4	Enterprise Resource Planning Services	UK

B) System of Governance continued

B.7 Outsourcing continued

Fund management (IMA)

Service Provider	Nature of Outsourced Service	Jurisdiction
Aristotle Capital Management LLC	Fund Management	USA
Artemis Investment Management LLP	Fund Management	UK
Artisan Partners Limited Partnership	Fund Management	USA
AXA Investment Managers UK Ltd	Fund Management	UK
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
EdgePoint Investment Group, Inc.	Fund Management	Canada
First Sentier Investments (Hong Kong) Limited	Fund Management	Hong Kong
Grantham, Mayo, Van Otterloo & Co. LLC	Fund Management	USA
Impax Asset Management Limited	Fund Management	UK
Invesco Asset Management Ltd	Fund Management	UK
Jennison Associates LLC	Fund Management	USA
J O Hambro Capital Management Limited	Fund Management	UK
Kohlberg Kravis Roberts & Co. L.P.	Fund Management	USA
Loomis, Sayles & Company, LP	Fund Management	USA
Los Angeles Capital Management and Equity Research Inc	Fund Management	USA
Man GLG	Fund Management	UK
Man Numeric	Fund Management	USA
MidOcean Credit Fund Management LP	Fund Management	USA
Ninetyone UK Limited	Fund Management	UK
Nippon Value Investors	Fund Management	Japan
Oaktree Capital Management, LP	Fund Management	USA
Orchard Street Investment Management LLP	Fund Management	UK
Paradice Investment Management Pty Ltd	Fund Management	USA
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
Somerset Capital Management	Fund Management	UK
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 86 to 95 of the 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 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. The emergence and subsequent impact of COVID-19 was the crystallisation of a low probability but high impact risk event. The uncertainty caused by this has been significantly reduced through the successful rollout of vaccinations in the UK, which has also resulted in restrictions being lifted. However, we remain mindful of the risk posed by emerging mutations of the virus, which may be vaccine resistant, reduce the efficacy of the vaccines going forward and/or result in the re-imposition of certain restrictions. 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.

In the UK, as in many countries, we are starting to see higher than expected levels of inflation which may lead to future increases in interest rates. However, the Group's stress and scenario testing conducted as part of the ORSA 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 all client liabilities 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-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 Risk 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 17 on pages 216 to 227 of the 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:	2021	2020	2021	2020	2021	2020
Solvency Capital Requirement (SCR)	(7)%	(6)%	(7)%	(7)%	(7)%	(6)%
Own Funds	(4)%	(4)%	(1)%	1%	(4)%	(3)%
Base Solvency Ratio	121%	117%	149%	141%	134%	132%
Scenario Solvency Ratio	124%	120%	158%	152%	138%	135%

The table shows that increasing the assumed level of future lapses (normally considered a negative result) would counterintuitively lead to a small increase in the Group's current solvency ratio. A similar effect is seen in both SJPUK and SJPI, although the effect is more pronounced in SJPI (reflecting differences in the emergence of profits from the underlying products).

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:	2021	2020	2021	2020	2021	2020
Solvency Capital Requirement (SCR)	0%	0%	0%	1%	0%	0%
Own Funds	(1)%	(1)%	(5)%	(8)%	(2)%	(2)%
Base Solvency Ratio	121%	117%	149%	141%	134%	132%
Scenario Solvency Ratio	119%	116%	141%	128%	132%	130%

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, although the effect is more pronounced in SJPI (again reflecting differences in the emergence of profits from the underlying products).

c) Mortality and Morbidity

The insurance subsidiaries have only small legacy portfolios of protection business which are substantially (or wholly in the case of SJPUK) reassured. The level of mortality and morbidity risk relating to this business is therefore immaterial, and the Group has limited financial exposure to increased claims arising from COVID-19.

Information about insurance risks in our group, including underwriting and reinsurance, is included in Note 14 on pages 211 to 213 of the 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:	2021	2020[1]	2021	2020[1]	2021	2020[1]
SCR	(17)%	(14)%	(15)%	(12)%	(17)%	(14)%
Own Funds	(11)%	(11)%	(8)%	(10)%	(9)%	(10)%
Base Solvency Ratio	121%	117%	149%	141%	134%	132%
Scenario Solvency Ratio	130%	121%	160%	144%	145%	138%

10% increase in FUM

	SJPUK		SJPI		Group	
Percentage change in:	2021	2020	2021	2020	2021	2020
SCR	15%	15%	13%	13%	15%	14%
Own Funds	11%	11%	8%	10%	10%	10%
Base Solvency Ratio	121%	117%	149%	141%	134%	132%
Scenario Solvency Ratio	116%	114%	143%	136%	127%	126%

Notes:

1 Figures in our previous SFCR reports were shown excluding the knock-on impact of market falls on the symmetric adjustment. Figures for 2020 have been restated to include this effect.

2 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 had increased from (0.48)% at 31/12/2020 to 7.09% at 31/12/2021 (with an equivalent increase from (0.48)% to 6.88% 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)%, the impact of a 10% reduction in FUM has a proportionately larger effect at the end of 2021 than a corresponding increase in FUM.

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:	2021	2020	2021	2020	2021	2020
SCR	0%	0%	(1)%	2%	0%	0%
Own Funds	(3)%	(3)%	(8)%	(16)%	(3)%	(3)%
Base Solvency Ratio	121%	117%	149%	141%	134%	132%
Scenario Solvency Ratio	117%	114%	138%	116%	130%	128%

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, which are substantially reinsured. 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. While the SJP Property Funds were suspended in March 2020 this was related to a Material Valuation Uncertainty as a consequence of the COVID-19 lockdown as opposed to any liquidity concerns in the funds. The Property Funds were unsuspended in September 2020 and have maintained healthy liquidity levels since then.

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 90 to 92 of the 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 90 to 95 of the 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.

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 on pages 182 to 192 of the 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 (31/12/2021)	Solvency II value (31/12/2020)
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Goodwill	29.6	–	–	(29.6)	–	–
Deferred acquisition costs	379.6	–	(6.2)	(373.4)	–	–
Intangible assets	41.4	–	–	(41.4)	–	–
Deferred tax assets	20.6	(20.6)	–	–	–	–
Property, plant & equipment held for own use	154.5	–	(152.9)	(1.3)	0.3	0.2
Property (other than for own use)	1,568.5	(1,568.5)	–	–	–	–
Participations	1.4	–	302.4	15.7	319.5	(60.7)
Equities – listed	106,782.3	(106,782.3)	–	–	–	–
Government bonds	7,719.9	(7,712.0)	–	(2.2)	5.7	5.2
Corporate bonds	21,586.0	(21,586.0)	–	–	–	–
Collective Investments Undertakings	5,513.2	(3,795.6)	(231.3)	–	1,486.3	1,200.3
Derivatives	1,094.6	(1,094.6)	–	–	–	–
Assets held for index-linked and unit-linked contracts	–	111,454.7	(466.8)	–	110,987.9	93,860.4
Reinsurance recoverables on technical provisions	82.4	–	–	(33.6)	48.8	52.0
Insurance and intermediaries receivables	104.2	–	–	–	104.2	95.9
Reinsurance receivables	9.9	–	–	–	9.9	6.0
Receivables (trade, not insurance)	2,808.9	(1,332.5)	(915.8)	(1.2)	559.4	1,367.5
Cash and cash equivalents	7,832.9	(7,587.2)	(110.8)	–	134.9	150.1
Total assets	**155,729.9**	**(40,024.6)**	**(1,581.4)**	**(467.0)**	**113,656.9**	**96,676.9**

D) Valuation for Solvency Purposes continued

D.1 Assets continued

SJPUK

Assets	Statutory accounts value (IFRS) £'Million	Reallocations £'Million	Reassessment of Participations £'Million	Accounting Policy Differences £'Million	Solvency II value (31/12/2021) £'Million	Solvency II value (31/12/2020) £'Million
Deferred acquisition costs	236.0	–	–	(236.0)	–	–
Property (other than for own use)	1,568.5	(1,568.5)	–	–	–	–
Participations	17.1	–	0.7	–	17.8	15.3
Equities - listed	3,049.2	(3,049.2)	–	–	–	–
Government bonds	233.0	(233.0)	–	–	–	–
Collective Investments Undertakings	96,225.7	(94,940.4)	–	–	1,285.3	1,012.3
Assets held for index-linked and unit-linked contracts	–	100,384.0	–	–	100,384.0	84,817.4
Reinsurance recoverables on technical provisions	82.4	–	–	(22.1)	60.3	66.4
Insurance and intermediaries receivables	101.5	–	–	–	101.5	92.1
Reinsurance receivables	1.0	–	–	–	1.0	2.1
Receivables (trade, not insurance)	482.8	(206.8)	–	–	276.0	314.7
Cash and cash equivalents	344.8	(243.3)	–	–	101.5	126.6
Total assets	**102,342.0**	**142.8**	**0.7**	**(258.1)**	**102,227.4**	**86,446.9**

SJPI

Assets	Statutory accounts value (IFRS) £'Million	Reallocations £'Million	Reassessment of Participations £'Million	Accounting Policy Differences £'Million	Solvency II value (31/12/2021) £'Million	Solvency II value (31/12/2020) £'Million
Deferred acquisition costs	49.7	–	–	(49.7)	–	–
Deferred tax asset	1.3	(1.3)	–	–	–	–
Property, plant & equipment held for own use	0.3	–	–	–	0.3	0.2
Equities – listed	66.7	(66.7)	–	–	–	–
Government bonds	35.4	(27.6)	–	(2.1)	5.7	5.2
Collective Investments Undertakings	10,434.8	(10,233.7)	–	–	201.1	188.0
Assets held for index-linked and unit-linked contracts	–	10,603.9	–	–	10,603.9	9,043.1
Reinsurance recoverables on technical provisions	–	–	–	(11.5)	(11.5)	(14.4)
Insurance and intermediaries receivables	2.7	–	–	–	2.7	3.8
Reinsurance receivables	8.9	–	–	–	8.9	3.9
Receivables (trade, not insurance)	52.0	(50.0)	–	–	2.0	1.1
Cash and cash equivalents	261.7	(228.2)	–	–	33.5	23.4
Total assets	**10,913.5**	**(3.6)**	**–**	**(63.3)**	**10,846.6**	**9,254.3**

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 Report & Accounts in Note 1 on pages 182 to 190, 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 7 of the Report and Accounts on pages 198 to 201.

(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) Reassurance Assets

The reassurance asset reflects any beneficial impact of reassurance in reducing the technical provisions. The SII valuation reflects the methods used to value the underlying technical provisions. More detail is provided in section D2.

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 Report & Accounts on pages 191 and 192. More information about the financial risk of these assets including estimation and uncertainty can be found in Note 17 of the Report & Accounts on pages 216 to 227. 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, is set out below:

Group

Technical provisions	Statutory accounts value (IFRS) £'Million	Reallocations £'Million	Reassessment of Participations £'Million	Accounting Policy Differences £'Million	Solvency II value (31/12/2021) £'Million	Solvency II value (31/12/2020) £'Million
Unit-linked technical provisions	110,967.2	(129.7)	(245.0)	(110,592.5)	–	–
- BEL	–	–	–	103,934.4	103,934.4	88,125.2
- Risk Margin	–	–	–	1,621.5	1,621.5	1,356.0
Life & health technical provisions	84.5	–	–	(84.5)	–	–
- BEL	–	–	–	78.2	78.2	86.1
- Risk Margin	–	–	–	1.4	1.4	1.5
Total technical provisions	**111,051.7**	**(129.7)**	**(245.0)**	**(5,041.5)**	**105,635.5**	**89,568.8**

SJPUK

Technical provisions	Statutory accounts value (IFRS) £'Million	Reallocations £'Million	Reassessment of Participations £'Million	Accounting Policy Differences £'Million	Solvency II value (31/12/2021) £'Million	Solvency II value (31/12/2020) £'Million
Unit-linked technical provisions	100,185.7	(129.7)	–	(100,056.0)	–	–
- BEL	–	–	–	93,611.3	93,611.3	79,314.5
- Risk Margin	–	–	–	1,543.6	1,543.6	1,279.4
Life & health technical provisions	90.2	–	–	(90.2)	–	–
- BEL	–	–	–	73.7	73.7	81.8
- Risk Margin	–	–	–	1.2	1.2	1.2
Total technical provisions	**100,275.9**	**(129.7)**	**–**	**(4,916.4)**	**95,229.8**	**80,676.9**

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 (31/12/2021) £'Million	Solvency II value (31/12/2020) £'Million
Unit-linked technical provisions	10,536.5	–	–	(10,536.5)	–	–
- BEL	–	–	–	10,323.2	10,323.2	8,810.7
- Risk Margin	–	–	–	77.8	77.8	76.6
Life & health technical provisions	(5.7)	–	–	5.7	–	–
- BEL	–	–	–	4.5	4.5	4.3
- Risk Margin	–	–	–	0.2	0.2	0.3
Total technical provisions	**10,530.8**	**–**	**–**	**(125.1)**	**10,405.7**	**8,891.9**

The Technical Provisions have increased over 2021, mainly due to the strong new business levels and positive investment returns (partially offset by client withdrawals).

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 reassurance 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.

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 reassurance 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 (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.

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).

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 of 6% p.a. to each year's projected SCR, and then discounting these amounts at the risk-free rate.

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.

There has been no change to the recognition of liabilities in the Best Estimate Liabilities or Risk Margin compared to the previous valuation.

D) Valuation for Solvency Purposes continued

D.2 Technical provisions continued

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:

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, 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 2021 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.

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 (2021)	Rate (2020)
Risk free rate SJPUK	0.95%	0.29%
Risk free rate SJPI	1.11%	0.29%
Inflation rate	3.94%	3.26%
Expense inflation SJPUK	4.35%	3.67%
Expense inflation SJPI	4.74%	4.05%

A 1% decrease in the risk-free curve used at all durations would increase the Group technical provisions by £178.9 million (2020: £160.9 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 £149.1 million (2020: £142.7 million). The sensitivities in each of the insurance entities is shown in the table below:

1% reduction in discount rate	Sensitivities (£'Million) 31/12/2021			Sensitivities (£'Million) 31/12/2020		
	SJPUK	SJPI	Group	SJPUK	SJPI	Group
Technical provisions	150.9	27.9	178.9	122.5	38.4	160.9
Solvency II free assets	(125.8)	(23.3)	(149.1)	(105.2)	(37.4)	(142.7)

D) Valuation for Solvency Purposes continued

D.2 Technical provisions continued

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 reassurance.

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 assumptions for onshore bonds and pension business, and offshore protection business, have been updated during 2021 to better reflect the Group's experience over recent years and its expectation of future experience. Rates for all other classes of business are unchanged from the previous valuation.

Sample rates for key terms are set out below:

Products (Duration-based)	2021 10-year full lapse rate	2021 10-year partial lapse rate[1]	2020 10-year full lapse rate	2020 10-year partial lapse rate[1]
Unit-linked insurance bonds	3.8%	1.5%	4.3%	1.5%
Unit-linked offshore insurance bonds	4.5%	2.7%	4.5%	2.7%

1 During 2021 the Group refined its modelling of partial lapses on insurance bonds to incorporate a fixed minimum withdrawal amount for each transaction. The table shows the average rates for each product type, which are broadly unchanged from the previous year.

Products (Age-based)	2021			2020		
	Age 40	Age 60	Age 80	Age 40	Age 60	Age 80
Unit-linked pensions – pre crystallisation[1]	3.5%	12.0%	15.0%	3.0%	12.5%	15.0%
Unit-linked pensions – post crystallisation	7.5%	4.3%	21.3%	7.5%	5.0%	25.0%

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 £240.2 million (2020: £177.3 million). However, the Group SII free assets would increase by £65.1 million (2020: £49.1 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) 31/12/2021			Sensitivities (£'Million) 31/12/2020		
	SJPUK	SJPI	Group	SJPUK	SJPI	Group
Technical provisions	236.5	3.8	240.2	178.4	(1.1)	177.3
Solvency II free assets	54.4	10.7	65.1	36.9	12.2	49.1

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.) 2021	Renewal expense (£ p.a.) 2020
Unit-linked bonds	74.01	69.09
Unit-linked pensions - pre crystallisation	64.30–79.97	62.92–72.03
Unit-linked pensions – post crystallisation	79.18	72.72
Unit-linked offshore insurance bonds	142.74	145.55

A 10% increase in the maintenance expense assumptions used would increase the Group technical provisions by £95.5 million (2020: £86.4 million) and Group SII free assets would reduce by £74.6 million (2020: £68.4 million). The sensitivities in each of the insurance entities is shown in the table below:

10% increase in maintenance expenses	Sensitivities (£'Million) 31/12/2021			Sensitivities (£'Million) 31/12/2020		
	SJPUK	SJPI	Group	SJPUK	SJPI	Group
Technical provisions	76.7	18.8	95.5	65.6	20.8	86.4
Solvency II free assets	(58.8)	(15.8)	(74.6)	(49.3)	(19.2)	(68.4)

D) Valuation for Solvency Purposes continued

D.3 Other liabilities

Group

	Statutory accounts value (IFRS)	Reallocations	Reassessment of Participations	Accounting Policy Differences	Solvency II value (31/12/2021)	Solvency II value (31/12/2020)
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Provisions other than technical provisions	606.7	–	(64.5)	(542.2)	–	–
Deferred tax liabilities	649.8	(20.6)	–	955.9	1,585.1	835.4
Derivatives	1,019.5	(1,019.5)	–	–	–	–
Debts owed to credit institutions	433.0	–	(433.0)	–	–	–
Financial liabilities other than debts owed to credit institutions	–	–	–	–	–	–
Insurance & intermediaries payables	166.5	859.1	–	–	1,025.6	1,104.2
Reinsurance payables	8.4	–	–	–	8.4	9.8
Payables (trade, not insurance)	2,306.1	(1,344.9)	(840.0)	–	121.2	529.4
Any other liabilities, not elsewhere shown	38,369.0	(38,369.0)	–	–	–	–
Total other liabilities	**43,559.0**	**(39,894.9)**	**(1,337.5)**	**413.7**	**2,740.3**	**2,478.8**

SJPUK

	Statutory accounts value (IFRS)	Reallocations	Reassessment of Participations	Accounting Policy Differences	Solvency II value (31/12/2021)	Solvency II value (31/12/2020)
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Provisions other than technical provisions	270.3	–	–	(270.3)	–	–
Deferred tax liabilities	645.8	–	–	913.6	1,559.4	817.2
Insurance & intermediaries payables	108.8	807.0	–	–	915.8	983.8
Reinsurance payables	7.7	–	–	–	7.7	9.1
Payables (trade, not insurance)	641.1	(534.5)	–	–	106.6	123.8
Total other liabilities	**1,673.7**	**272.5**	**–**	**643.3**	**2,589.5**	**1,933.9**

SJPUK

	Statutory accounts value (IFRS)	Reallocations	Reassessment of Participations	Accounting Policy Differences	Solvency II value (31/12/2021)	Solvency II value (31/12/2020)
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Provisions other than technical provisions	120.3	–	–	(120.3)	–	–
Deferred tax liabilities	–	(1.3)	–	26.9	25.6	18.1
Derivatives	0.7	(0.7)				
Insurance & intermediaries payables	57.9	51.9	–	–	109.8	120.3
Reinsurance payables	0.7	–	–	–	0.7	0.7
Payables (trade, not insurance)	58.1	(53.4)	–	–	4.7	3.7
Total other liabilities	**237.7**	**(3.5)**	**–**	**(93.4)**	**140.8**	**142.8**

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 on pages 182 to 190 of the 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 Report & Accounts on pages 191 and 192. More information about the financial risk of these liabilities including estimation and uncertainty can be found in Note 17 of the Report & Accounts on pages 216 to 227.

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 17 of the Report & Accounts on pages 216 to 227.

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 – 110% of Standard Formula SCR (subject also to holding assets of £180 million (2020: £180 million), in excess of current unit-linked liabilities, 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 (subject also to holding assets of £175 million for SJPI (2020: £165 million) in excess of current unit-linked liabilities, 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:

	31/12/2021			31/12/2020		
	SJPUK	SJPI	Group	SJPUK	SJPI	Group
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Ordinary share capital	110.0	15.6	81.1	110.0	15.6	80.6
Share premium accounts	–	–	213.8	–	–	185.3
Surplus funds	–	–	–	–	–	–
Reconciliation reserve	4,018.1	283.8	4,767.1	3,506.1	203.1	4,095.7
Other financial sectors (unaudited)	–	–	(338.5)	–	–	(104.2)
Net deferred tax assets	–	–	–	–	–	–
Adjustment for ineligible assets	(17.8)	–	(17.8)	(11.4)	–	(11.4)
Basic Own Funds	**4,110.3**	**299.4**	**4,705.6**	3,604.7	218.7	4,246.0
Other financial sectors (unaudited)	–	–	338.5	–	–	104.2
Total eligible own funds to meet Group SCR	**4,110.3**	**299.4**	**5,044.1**	3,604.7	218.7	4,350.2
Foreseeable dividend	280.0	–	218.4	220.0	–	267.1
Solvency II Own Funds[1]	**4,390.3**	**299.4**	**5,262.5**	3,824.7	218.7	4,617.3
Adjustment for ineligible assets	17.8	0.7	18.5	11.4	0.7	12.2
Solvency II excess of assets over liabilities	**4,408.1**	**300.1**	**5,281.1**	3,836.1	219.4	4,629.5

1 Before payment of final dividends, as presented in Group Report and 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 continued

E.1 Own Funds continued

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

	31/12/2021			31/12/2020		
	SJPUK	SJPI	Group	SJPUK	SJPI	Group
	£'Million	£'Million	£'Million	£'Million	£'Million	£'Million
Statutory accounts excess of assets over liabilities	392.4	144.9	1,119.2	415.2	118.1	1,112.1
Reassessment of participations	0.7	–	1.1	(1.8)	–	(0.1)
Accounting policy differences:						
- Assets	(258.1)	(63.3)	(467.0)	(300.2)	(66.1)	(522.4)
- Technical Provisions	4,916.4	125.1	5,041.5	3,880.5	70.0	3,950.5
- Other Liabilities	(643.3)	93.4	(413.7)	(157.6)	97.4	89.4
Solvency II excess of assets over liabilities	**4,408.1**	**300.1**	**5,281.1**	3,836.1	219.4	4,629.5

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 £220 million (2020: £200 million) settled from SJPUK 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 £329.9 million (2020: £107.1 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 2021 are summarised in the following table:

	Capital Requirements (£million)				
	SJPUK	SJPI	Other	Group Diversification	Group
Market Risks					
Interest Rate Risk	57.9	–	–	(8.6)	49.3
Spread Risk	310.7	15.3	–	–	326.0
Equity Risk	2,329.2	125.2	–	(0.3)	2,454.1
Property Risk	8.1	–	–	–	8.1
Currency Risk	1,154.3	66.7	–	–	1,221.0
Diversification	(772.2)	(40.1)	–	7.7	(804.6)
Total Market Risk Capital	**3,088.0**	**167.1**	**–**	**(1.2)**	**3,253.9**
Counterparty Default Risk Capital	**22.3**	**1.9**	**–**	**–**	**24.2**
Life & Health Underwriting Risk					
Mortality Risk	70.2	6.1	–	–	76.3
Disability-Morbidity Risk	0.6	1.0	–	–	1.6
Lapse Risk	2,418.3	88.4	–	–	2,506.7
Expenses Risk	203.4	41.2	–	–	244.6
Catastrophe Risk	12.1	0.9	–	–	13.0
Diversification	(172.0)	(21.6)	–	(3.8)	(197.4)
Total Life & Health Underwriting Risk Capital	**2,532.6**	**116.0**	**–**	**(3.8)**	**2,644.8**
Diversification	(1,180.0)	(58.5)	–	0.8	(1,237.7)
Basic SCR	**4,462.9**	**226.5**	**–**	**(4.2)**	**4,685.2**
Operational Risk	25.8	3.2	–	–	29.0
Loss absorbing capacity of deferred taxes	(854.6)	(28.7)	–	0.8	(882.5)
Sectoral Requirement for Non-Insurance (unaudited)	–	–	107.4	–	107.4
Total SCR	**3,634.1**	**201.0**	**107.4**	**(3.4)**	**3,939.1**
Total MCR	908.6	72.9	–	–	981.5
MCR as % of SCR	25%	36%			25%

E) Capital Management continued

E.2 Solvency Capital Requirement & Minimum Capital Requirement continued

For comparison, the capital requirements at 31 December 2020 were as follows:

	Capital Requirements (£million)				
	SJPUK	SJPI	Other	Group Diversification	Group
Market Risks					
Interest Rate Risk	49.5	0.6	–	(13.0)	37.1
Spread Risk	263.9	13.3	–	–	277.2
Equity Risk	1,661.5	77.1	–	(0.1)	1,738.5
Property Risk	31.8	0.1	–	–	31.9
Currency Risk	1,105.0	59.2	–	–	1,164.2
Diversification	(680.9)	(32.3)	–	10.9	(702.3)
Total Market Risk Capital	2,430.8	118.0	–	(2.2)	2,546.6
Counterparty Default Risk Capital	11.1	1.1	–	–	12.2
Life & Health Underwriting Risk					
Mortality Risk	53.1	5.8	–	–	59.0
Disability-Morbidity Risk	0.7	1.2	–	–	1.8
Lapse Risk	2,099.0	71.6	–	–	2,170.6
Expenses Risk	166.2	44.7	–	–	210.9
Catastrophe Risk	10.2	0.8	–	–	11.0
Diversification	(137.1)	(21.0)	–	(5.7)	(163.8)
Total Life & Health Underwriting Risk Capital	2,192.1	103.1	–	(5.7)	2,289.5
Diversification	(973.5)	(47.0)	–	1.8	(1,018.7)
Basic SCR	3,660.5	175.2	–	(6.1)	3,829.6
Operational Risk	26.0	2.6	–	–	28.6
Loss absorbing capacity of deferred taxes	(429.7)	(22.2)	–	0.7	(451.2)
Sectoral Requirement for Non-Insurance (unaudited)	–	–	99.6	–	99.6
Total SCR	3,256.8	155.6	99.6	(5.4)	3,506.6
Total MCR	814.2	62.3	–	–	876.5
MCR as % of SCR	25%	40%			25%

The Group SCR has a floor equal to the sum of the MCR of the 2 insurance entities of £981.5 million (2020: £876.5 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 increase in LACDT over 2021 reflects growth in the underlying SCR together with an increase in the rate of UK corporation tax which will apply from April 2023 from 19% to 25%.

The LACDT in SJPUK at 31 December 2021 is fully supported by deferred tax liabilities on the Solvency II balance sheet at that date. For SJPI, the assessment also includes an allowance for projected tax balances arising from up to 5 years future new business. For prudence, the volumes of business included in this assessment are restricted to 60% of current levels.

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 2021 the results have been impacted by the change over the year in the PRA's 'symmetric adjustment' included in the Standard Formula equity stress. This tends to be higher after sustained periods of market growth and lower after market falls, and following strong market growth in 2021, it had increased from (0.48)% at 31 December 2020 to 7.09% at 31 December 2021.

Similarly, SJPI's Market Risk Capital is impacted by the change in EIOPA's 'symmetric adjustment', which increased from (0.48)% at 31 December 2020 to 6.88% at 31 December 2021.

During 2021 SJPUK entered into a reassurance 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 has reduced (as a proportion of the FUM).

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	290
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	1,811,484
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	319,504
Equities	R0100	0
Equities – listed	R0110	0
Equities – unlisted	R0120	0
Bonds	R0130	5,696
Government Bonds	R0140	5,696
Corporate Bonds	R0150	0
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	1,486,284
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	110,987,893
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	48,806
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	65,205
Health similar to life	R0320	19,224
Life excluding health and index-linked and unit-linked	R0330	45,980
Life index-linked and unit-linked	R0340	(16,399)
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	104,171
Reinsurance receivables	R0370	9,942
Receivables (trade, not insurance)	R0380	559,283
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	135,008
Any other assets, not elsewhere shown	R0420	0
Total assets	R0500	113,656,877

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	79,600
Technical provisions – health (similar to life)	R0610	32,579
TP calculated as a whole	R0620	7,779
Best Estimate	R0630	23,718
Risk margin	R0640	1,083
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	47,021
TP calculated as a whole	R0660	0
Best Estimate	R0670	46,665
Risk margin	R0680	356
Technical provisions – index-linked and unit-linked	R0690	105,555,940
TP calculated as a whole	R0700	110,584,831
Best Estimate	R0710	(6,650,370)
Risk margin	R0720	1,621,478
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	1,585,091
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	1,025,552
Reinsurance payables	R0830	8,378
Payables (trade, not insurance)	R0840	121,168
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	108,375,729
Excess of assets over liabilities	R1000	5,281,148

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	6,753	0	12,391,125	4,491	0	0	0	0	12,402,370
Reinsurers' share	R1420	5,147	0	13,729	4,353	0	0	0	0	23,228
Net	R1500	1,606	0	12,377,397	139	0	0	0	0	12,379,142
Premiums earned										
Gross	R1510	6,753	0	12,391,125	4,491	0	0	0	0	12,402,370
Reinsurers' share	R1520	5,147	0	13,729	4,353	0	0	0	0	23,228
Net	R1600	1,606	0	12,377,397	139	0	0	0	0	12,379,142
Claims incurred										
Gross	R1610	7,261	0	5,655,414	3,092	0	0	0	0	5,665,767
Reinsurers' share	R1620	4,591	0	15,138	(2,822)	0	0	0	0	16,908
Net	R1700	2,670	0	5,640,276	5,914	0	0	0	0	5,648,860
Changes in other technical provisions										
Gross	R1710	5,884	0	(20,024)	4,449	0	0	0	0	(9,691)
Reinsurers' share	R1720	5,522	0	175	4,201	0	0	0	0	9,899
Net	R1800	362	0	(20,200)	247	0	0	0	0	(19,590)
Expenses incurred	R1900	569	0	440,736	532	0	0	0	0	441,837
Other expenses	R2500									22,943
Total expenses	R2600									464,781

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	81,080	81,080		0	
Non-available called but not paid in ordinary share capital at group level	R0020	0	0		0	
Share premium account related to ordinary share capital	R0030	213,825	213,825		0	
Iinitial 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
Non-available subordinated mutual member accounts at group level	R0060	0		0	0	0
Surplus funds	R0070	0	0			
Non-available surplus funds at group level	R0080	0	0			
Preference shares	R0090	0		0	0	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	4,767,071	4,767,071			
Subordinated liabilities	R0140	0		0	0	0
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	0	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	17,862				
Deductions						
Deductions for participations in other financial undertakings, including non-regulated undertakings carrying out financial activities	R0230	338,532	338,532	0	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	338,532	338,532	0	0	0
Total basic own funds after deductions	R0290	4,705,581	4,705,581	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			0	
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	R0350	0			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
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	362,641	362,641	0	0	
Institutions for occupational retirement provision	R0420	0	0	0	0	0
Non regulated entities carrying out financial activities	R0430	(24,110)	(24,110)	0	0	
Total own funds of other financial sectors	R0440	338,532	338,532	0	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	4,705,581	4,705,581	0	0	0
Total available own funds to meet the minimum consolidated group SCR	R0530	4,705,581	4,705,581	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	4,705,581	4,705,581	0	0	0
Total eligible own funds to meet the minimum consolidated group SCR	R0570	4,705,581	4,705,581	0	0	
Minimum consolidated Group SCR (Article 230)	R0610	981,476				
Ratio of Eligible own funds to Minimum Consolidated Group SCR	R0650	4.79				
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	5,044,113	5,044,113	0	0	0
Group SCR	R0680	3,939,118				
Ratio of Eligible own funds to group SCR including other financial sectors and the undertakings included via D&A	R0690	1.28				

SJP Group – Own Funds continued

S.23.01.22

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	5,281,148
Own shares (included as assets on the balance sheet)	R0710	0
Forseeable dividends, distributions and charges	R0720	218,428
Other basic own fund items	R0730	294,904
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring fenced funds	R0740	745
Other non available own funds	R0750	0
Reconciliation reserve before deduction for participations in other financial sector	R0760	4,767,071
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	3,253,853		0
Counterparty default risk	R0020	24,252		
Life underwriting risk	R0030	2,643,152	None	0
Health underwriting risk	R0040	1,640	None	0
Non-life underwriting risk	R0050	0	None	0
Diversification	R0060	(1,237,710)		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	4,685,187		

Calculation of Solvency Capital Requirement		C0100
Operational risk	R0130	28,981
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	(882,493)
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	3,831,675
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	3,939,118
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	981,476
Information on other entities		
Capital requirement for other financial sectors (Non-insurance capital requirements)	R0500	107,443
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	107,443
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	3,939,118

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	Criteria of influence: % capital share	% used for the establishment of accounting consolidated accounts	% 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/213800G78Z1OPO6ZG620	1	SJP AESOP Trustees Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
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/2138001NN2FJ6B5QHK30	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/2138007OM14NYJVPJP98	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

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	Criteria of influence: % capital share	Criteria of influence: % used for the establishment of accounting consolidated accounts	Criteria of influence: % voting rights	Criteria of influence: Other criteria	Criteria of influence: Level of influence	Criteria of influence: Proportional share used for group solvency calculation	Inclusion in the scope of group supervision: YES/NO	Inclusion in the scope of group supervision: 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
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
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/213800FV2IP7JQ5Y3A21	1	Cirenco Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
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

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	Criteria of influence: % capital share	Criteria of influence: % used for the establishment of accounting consolidated accounts	Criteria of influence: % voting rights	Criteria of influence: Other criteria	Criteria of influence: Level of influence	Criteria of influence: Proportional share used for group solvency calculation	Inclusion in the scope of group supervision: YES/NO	Inclusion in the scope of group supervision: 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/213800LW4J68M4B3GR20	1	Rowan Dartington & Co. Limited	8	Company limited by shares	2	Financial Conduct Authority	100	100	100		1	100	1		4
GB	LEI/213800KNP8KEB7FWDC62	1	Linden House Group Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
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/21380035924AWLF4BV78	1	M. S. Estates and Financial Services Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
GB	LEI/213800UMGJVNZYB3OX71	1	Future Proof Limited	99	Company limited by shares	2		100	100	100		1	100	1		3
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/213800JVSYANVF7UOX23	1	Arbor Wealth Management 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		100	100	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

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	1,303,024
Property (other than for own use)	R0080	0
Holdings in related undertakings, including participations	R0090	17,862
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	1,285,162
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	100,383,991
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	60,267
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	65,359
Health similar to life	R0320	19,379
Life excluding health and index-linked and unit-linked	R0330	45,980
Life index-linked and unit-linked	R0340	(5,093)
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	101,474
Reinsurance receivables	R0370	1,030
Receivables (trade, not insurance)	R0380	276,265
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	101,481
Any other assets, not elsewhere shown	R0420	0
Total assets	R0500	102,227,532

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	74,907
Technical provisions – health (similar to life)	R0610	27,886
TP calculated as a whole	R0620	3,086
Best Estimate	R0630	23,916
Risk margin	R0640	883
Technical provisions – life (excluding health and index-linked and unit-linked)	R0650	47,021
TP calculated as a whole	R0660	0
Best Estimate	R0670	46,665
Risk margin	R0680	356
Technical provisions – index-linked and unit-linked	R0690	95,154,892
TP calculated as a whole	R0700	100,052,990
Best Estimate	R0710	(6,441,730)
Risk margin	R0720	1,543,632
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	1,559,447
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	915,770
Reinsurance payables	R0830	7,689
Payables (trade, not insurance)	R0840	106,607
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	97,819,311
Excess of assets over liabilities	R1000	4,408,221

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	6,215	0	11,327,020	4,491	0	0	0	0	11,337,725
Reinsurers' share	R1420	4,851	0	5,666	4,353	0	0	0	0	14,869
Net	R1500	1,364	0	11,321,354	139	0	0	0	0	11,322,856
Premiums earned										
Gross	R1510	6,215	0	11,327,020	4,491	0	0	0	0	11,337,725
Reinsurers' share	R1520	4,851	0	5,666	4,353	0	0	0	0	14,869
Net	R1600	1,364	0	11,321,354	139	0	0	0	0	11,322,856
Claims incurred										
Gross	R1610	7,106	0	5,143,216	3,092	0	0	0	0	5,153,414
Reinsurers' share	R1620	4,740	0	5,910	(2,822)	0	0	0	0	7,828
Net	R1700	2,366	0	5,137,306	5,914	0	0	0	0	5,145,586
Changes in other technical provisions										
Gross	R1710	5,974	0	3,905	4,449	0	0	0	0	14,329
Reinsurers' share	R1720	5,522	0	175	4,201	0	0	0	0	9,899
Net	R1800	452	0	3,730	247	0	0	0	0	4,430
Expenses incurred	R1900	414	0	379,355	532	0	0	0	0	380,301
Other expenses	R2500									22,943
Total expenses	R2600									403,245

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	R0010	0	100,052,990			0			0	0	100,052,990	3,086			0	0	3,086
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		(6,441,730)	0		0	46,665	0	0	(6,395,065)		0	23,916	0	0	23,916
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	0		(5,093)	0		0	45,980	0	0	40,888		0	19,379	0	0	19,379
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	0		(6,436,638)	0		0	685	0	0	(6,435,953)		0	4,537	0	0	4,537
Risk Margin	R0100	0	1,543,632			356			0	0	1,543,988	883			0	0	883
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	95,154,892			47,021			0	0	95,201,913	27,886			0	0	27,886

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	
Iinitial 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	4,018,221	4,018,221			
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	17,862				
Deductions						
Deductions for participations in financial and credit institutions	R0230	0	0	0	0	0
Total basic own funds after deductions	R0290	4,110,359	4,110,359	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	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	4,110,359	4,110,359	0	0	0
Total available own funds to meet the MCR	R0510	4,110,359	4,110,359	0	0	
Total eligible own funds to meet the SCR	R0540	4,110,359	4,110,359	0	0	0
Total eligible own funds to meet the MCR	R0550	4,110,359	4,110,359	0	0	
SCR	R0580	3,634,159				
MCR	R0600	908,540				
Ratio of Eligible own funds to SCR	R0620	1.13				
Ratio of Eligible own funds to MCR	R0640	4.52				

SJPUK – Own funds continued

S.23.01.01

		C0060
Reconciliation reserve		
Excess of assets over liabilities	R0700	4,408,221
Own shares (held directly and indirectly)	R0710	0
Foreseeable dividends, distributions and charges	R0720	280,000
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	4,018,221
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

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	3,087,982		0
Counterparty default risk	R0020	22,332		
Life underwriting risk	R0030	2,531,111	None	0
Health underwriting risk	R0040	1,469	None	0
Non-life underwriting risk	R0050	0	None	0
Diversification	R0060	(1,179,986)		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	4,462,909		

Calculation of Solvency Capital Requirement

		C0100
Operational risk	R0130	25,827
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	(854,577)
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	3,634,159
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	3,634,159
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

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	661,287

		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	93,616,352	
Other life (re)insurance and health (re)insurance obligations	R0240	8,308	
Total capital at risk for all life (re)insurance obligations	R0250		8,283,509

Overall MCR calculation

		C0070
Linear MCR	R0300	661,287
SCR	R0310	3,634,159
MCR cap	R0320	1,635,371
MCR floor	R0330	908,540
Combined MCR	R0340	908,540
Absolute floor of the MCR	R0350	3,126
Minimum Capital Requirement	R0400	908,540

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	290
Investments (other than assets held for index-linked and unit-linked contracts)	R0070	206,818
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	5,696
Government Bonds	R0140	5,696
Corporate Bonds	R0150	0
Structured notes	R0160	0
Collateralised securities	R0170	0
Collective Investments Undertakings	R0180	201,122
Derivatives	R0190	0
Deposits other than cash equivalents	R0200	0
Other investments	R0210	0
Assets held for index-linked and unit-linked contracts	R0220	10,603,902
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	(11,461)
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	(155)
Health similar to life	R0320	(155)
Life excluding health and index-linked and unit-linked	R0330	0
Life index-linked and unit-linked	R0340	(11,306)
Deposits to cedants	R0350	0
Insurance and intermediaries receivables	R0360	2,697
Reinsurance receivables	R0370	8,912
Receivables (trade, not insurance)	R0380	2,046
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	33,465
Any other assets, not elsewhere shown	R0420	0
Total assets	R0500	10,846,668

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	4,694
Technical provisions - health (similar to life)	R0610	4,694
TP calculated as a whole	R0620	4,693
Best Estimate	R0630	(198)
Risk margin	R0640	199
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	10,401,048
TP calculated as a whole	R0700	10,531,842
Best Estimate	R0710	(208,640)
Risk margin	R0720	77,846
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	25,645
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	109,782
Reinsurance payables	R0830	689
Payables (trade, not insurance)	R0840	4,679
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	10,546,536
Excess of assets over liabilities	R1000	300,132

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	538	0	1,064,106	0	0	0	0	0	1,064,644
Reinsurers' share	R1420	296	0	8,063	0	0	0	0	0	8,359
Net	R1500	243	0	1,056,043	0	0	0	0	0	1,056,286
Premiums earned										
Gross	R1510	538	0	1,064,106	0	0	0	0	0	1,064,644
Reinsurers' share	R1520	296	0	8,063	0	0	0	0	0	8,359
Net	R1600	243	0	1,056,043	0	0	0	0	0	1,056,286
Claims incurred										
Gross	R1610	155	0	512,198	0	0	0	0	0	512,353
Reinsurers' share	R1620	(149)	0	9,229	0	0	0	0	0	9,080
Net	R1700	304	0	502,969	0	0	0	0	0	503,273
Changes in other technical provisions										
Gross	R1710	(90)	0	(23,930)	0	0	0	0	0	(24,020)
Reinsurers' share	R1720	0	0	0	0	0	0	0	0	0
Net	R1800	(90)	0	(23,930)	0	0	0	0	0	(24,020)
Expenses incurred	R1900	155	0	61,381	0	0	0	0	0	61,536
Other expenses	R2500									0
Total expenses	R2600									61,536

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	866,917	142,203	0	0	0	1,009,120
Reinsurers' share	R1420	0	8,338	0	0	0	0	8,338
Net	R1500	0	858,579	142,203	0	0	0	1,000,782
Premiums earned								
Gross	R1510	0	866,917	142,203	0	0	0	1,009,120
Reinsurers' share	R1520	0	8,338	0	0	0	0	8,338
Net	R1600	0	858,579	142,203	0	0	0	1,000,782
Claims incurred								
Gross	R1610	0	395,008	34,464	0	0	0	429,472
Reinsurers' share	R1620	0	9,080	0	0	0	0	9,080
Net	R1700	0	385,928	34,464	0	0	0	420,392
Changes in other technical provisions								
Gross	R1710	0	(23,826)	0	0	0	0	(23,826)
Reinsurers' share	R1720	0	0	0	0	0	0	0
Net	R1800	0	(23,826)	0	0	0	0	(23,826)
Expenses incurred	R1900	0	52,407	7,629	0	0	0	60,036
Other expenses	R2500							0
Total expenses	R2600							60,036

SJPI – Life and Health SLT Technical Provisions

S.12.01.02

		Insurance with profit participation	Index-linked and unit-linked insurance			Other life insurance			Annuities stemming from non-life insurance contracts and relating to insurance obligation other than health insurance obligations	Accepted reinsurance	Total (Life other than health insurance, incl. Unit-Linked)	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)
				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	10,531,842			0			0	0	10,531,842	4,693			0	0	4,693
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	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		(208,640)	0		0	0	0	0	(208,640)		(198)	0	0	0	(198)
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	R0080	0		(11,306)	0		0	0	0	0	(11,306)		(155)	0	0	0	(155)
Best estimate minus recoverables from reinsurance/SPV and Finite Re - total	R0090	0		(197,333)	0		0	0	0	0	(197,333)		(43)	0	0	0	(43)
Risk Margin	R0100	0	77,846			0			0	0	77,846	199			0	0	199
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	10,401,048			0			0	0	10,401,048	4,694			0	0	4,694

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	283,802	283,802			
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	0
Total basic own funds after deductions	R0290	299,387	299,387	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	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	299,387	299,387	0	0	0
Total available own funds to meet the MCR	R0510	299,387	299,387	0	0	
Total eligible own funds to meet the SCR	R0540	299,387	299,387	0	0	0
Total eligible own funds to meet the MCR	R0550	299,387	299,387	0	0	
SCR	R0580	200,951				
MCR	R0600	72,937				
Ratio of Eligible own funds to SCR	R0620	1.49				
Ratio of Eligible own funds to MCR	R0640	4.10				

SJPI – Own funds continued

S.23.01.01

		C0060	
Reconciliation reserve			
Excess of assets over liabilities	R0700	300,132	
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	745	
Reconciliation reserve	R0760	283,802	
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	167,131		0
Counterparty default risk	R0020	1,919		
Life underwriting risk	R0030	115,694	None	0
Health underwriting risk	R0040	304	None	0
Non-life underwriting risk	R0050	0	None	0
Diversification	R0060	(58,544)		
Intangible asset risk	R0070	0		
Basic Solvency Capital Requirement	R0100	226,504		

Calculation of Solvency Capital Requirement

		D0100
Operational risk	R0130	3,154
Loss-absorbing capacity of technical provisions	R0140	0
Loss-absorbing capacity of deferred taxes	R0150	(28,707)
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	200,951
Capital add-on already set	R0210	0
Solvency capital requirement	R0220	200,951
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

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	0

		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	10,334,508	
Other life (re)insurance and health (re)insurance obligations	R0240	4,649	
Total capital at risk for all life (re)insurance obligations	R0250		710,773

Overall MCR calculation

		C0070
Linear MCR	R0300	72,937
SCR	R0310	200,951
MCR cap	R0320	90,428
MCR floor	R0330	50,238
Combined MCR	R0340	72,937
Absolute floor of the MCR	R0350	3,126
Minimum Capital Requirement	R0400	72,937

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 (CBoI)
The CBoI 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 Report and Accounts (on pages 237 to 240).

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.

St. James's Place plc
St. James's Place House
1 Tetbury Road
Cirencester
Gloucestershire
GL7 1FP
T: 01285 640302

sjp.co.uk