Annual Report and Accounts 2024

BENEFACT GROUP

Together, building a Movement for Good

COVER IMAGE

Benefact Group colleagues volunteering at James Hopkins Trust.

The Benefact Group

We are a diverse group of 40 ambitious and specialist financial services businesses, united by a common purpose to give all available profits to charity and good causes. Ownership by a charity, the Benefact Trust, places good intentions at the foundations of the Benefact Group. We gauge our success by how much we can give to good causes.

And this year we are celebrating. This latest decade[1] of giving means we have reached the incredible milestone of donating £250m, making real impact to over 10,000 charities, countless communities and millions of lives.

This success in giving is a mirror to the success of our specialist insurance, asset management and broking and advisory businesses — providing our customers with products and services that help protect the past, pre-empt the possible and invest in a healthier financial future.

Our performance this year, our continuing ambition to do right by customers and our commitment to ambitious growth and even more giving provide tangible proof that better business can better lives.

[1]2014-2024

CELEBRATING £250M OF GIVING TO CHARITIES

BENEFACT GROUP

With deepest gratitude to customers, colleagues, brokers, partners and supporters who have helped us reach the incredible milestone of donating £250m to charity since 2014.

And to the beneficiary charities who do incredible work every day to help those in need — thank you.

Together, we are building a Movement for Good that is changing the world.

Contents

Section One
Strategic Report Contents

Section One
Strategic Report

The Strategic Report, Governance, Financial Statements and Other Information sections form the Benefact Group Annual Report and Accounts 2024. The Strategic Report contains information about the Group and how we run our businesses, our strategy, business model, key performance indicators, our approach to risk and the responsibilities we have to our people, communities and the planet.

The Strategic Report is only part of the Annual Report and Accounts which was signed on behalf of the Board of directors.

On behalf of the Board.

Mark Hews
Group Chief Executive
17 April 2025

Benefact Group at a glance

Best Ethical Investment Provider

Voted by the Financial Adviser community at the Moneyfacts Investment Life & Pensions Awards for 16 consecutive years (2009–2024).

EdenTree

Leading insurer for the Anglican Church

Ecclesiastical Insurance

A leading multi-faith insurer

Protecting churches, synagogues, mosques and Hindu, Sikh and Buddhist temples across our territories.

Specialist brokers provide tailored insurance products

particularly for customers in the high net worth, farming and rural estates, equine, animal trades and specialist motor insurance sectors.

£250m donated to charities since 2014

We're incredibly proud to have reached this giving milestone.

Ansvar Australia's Community Education Programme

has contributed over $15m to help over 300 different charities and not-for-profit organisations since 1994, supporting the education and life skill development needs of disadvantaged young Australians.

3rd largest UK corporate donor over a decade*

£77.6m profit before tax

(£34.4m in previous year)

£640.5m gross written premiums

(£615.2m in previous year)

£85.2m Broking and Advisory division revenue

(£55.5m in previous year)

98%+ UK overall customer satisfaction

across all the sectors we measure.**

Ecclesiastical Insurance

Movement for Good Awards 2024

– our biggest ever campaign helping more charities and good causes.

£515.8m gross flows for Asset Management division

(£736.2m in previous year)

Rated best insurer by UK Brokers

in 2023 and 2024 for charity, commercial, heritage and education maintaining for the 17th consecutive year in 2024.***

Ecclesiastical Insurance

In Canada, our Community Impact Grants

have distributed over 500 charitable grants totalling $5m to charities in support of transformational services that help communities in Canada thrive.

* Directory of Social Change's UK Guides to Company Giving 2017-26.

** Based on FY 2024 results for Home New Business and Renewals – Ecclesiastical UK; Church Renewals; Ecclesiastical claims; Risk Management; Ecclesiastical Financial Advisory Services (EFAS).

*** 17th consecutive year – 200 broker interviews (randomly selected from the British Insurance Brokers' Association (BIBA) approved panel) carried out by FWD Research – 2024.

“Benefact Group is an international commercial enterprise made up of 40 financial services businesses.”

Our businesses

Benefact Group is a diverse family of businesses that sit in three divisions — Specialist Insurance, Asset Management, Broking and Advisory — all of which are underpinned by specialist knowledge and a reputation for delivering outstanding service to customers and partners.

WORLD CLASS TO WORK FOR 2024
cert.b.co.uk

UK accreditation

SPECIALIST INSURANCE >	ecclesiastical UK	ecclesiastical Ireland	ecclesiastical Canada	ansvar UK	ansvar Australia	
BROKING AND ADVISORY >	access insurance	BOSHERS Insurance	BCD Business Choice Direct	Cliverton right for your insurance	De Novo	ecclesiastical Planning Services
	ecclesiastical Financial Advisory Services	Grout Insurance Brokers	Direct Corporate Risks	Lansdown Insurance Brokers	Lloyd & Whyte	Lloyd & Whyte Community Broking
	Lloyd & Whyte Heritage	Lloyd & Whyte FlexiPlan	Lycetts Insurance Brokers	Lycetts Financial Services	Mi Specialty	miab Expert Insurance
	Naturesave Insurance	NODA	Privilege plan	Provenance Insurance Brokers	PGI	RHA Insurance Services
	Salt Insurance	SEIB insurance brokers	Thatchline	WRS insurance brokers	ASSET MANAGEMENT >	edentree investment management

Specialist Insurance

Ecclesiastical in the UK, Ireland and Canada, Ansvar in the UK and Australia

With specialist insurance ranging from Home and Heritage, Art and Education, to Charity and Faith, the breadth of our expertise is matched only by the length of time we've been serving insurance customers — over 138 years.

It's always been about finding a better way to protect the things that matter most to people. For us that means going the extra mile, listening longer, innovating, helping to manage risk better, and when things inevitably happen, being the people to turn to.

Ecclesiastical UK

Ecclesiastical UK

5-Star Insurance Innovator for RMA Online in the Insurance Business Australia Awards

Business to Arts Winner of Judges' Special Recognition Award for Irish Museum of Doern Arts, Wexford Festival Opera Volunteer programme and Kid's Own Publishing

Inspired by **DSM FOUNDATION, UK**

Set up by Tim and Fiona Spargo-Mabbs, the Daniel Spargo-Mabbs Foundation is a dynamic drug and alcohol charity, supporting and educating young people across the country. Our grants have supported numerous education sessions in schools across the UK and helped deepen the foothold the Foundation has in Scotland, which has the highest drug-related deaths in Europe. Our support has also contributed towards the funding of the recently launched National Drug Education Forum.

Inspired by READING OUT OF POVERTY, AUSTRALIA

Reading Out Of Poverty work with children in disadvantaged suburbs in Victoria and other Australian communities. Our grant through the Ansvar Community Education Program supports the provision of books and other literacy resources, with the aim to help literacy skills to flourish, regardless of foundational circumstances or socio-economic backgrounds.

Broking and Advisory

Access Insurance Services

Ecclesiastical Financial Advisory Services (EFAS)

Ecclesiastical Planning Services (EPSL)

Lycetts Insurance Brokers (Lycetts)

Lycetts Financial Services

Lloyd & Whyte

Our specialist brokers provide tailored insurance products particularly for customers in the charity and community, healthcare professionals, specialist commercial and property owners, high net worth, farming and rural estates, equine, animal trades and specialist motor insurance sectors.

We understand that taking good advice comes from a place of trust. That's why all our businesses work to build relationships and provide the best advice possible for customers.

UK Broker Awards WINNER

ESG Broker Champion — Sustainability (Naturesave)

Asset Management

EdenTree Investment Management, EdenTree Asset Management (together 'EdenTree')

EdenTree is our award-winning asset management business with over 30 years' experience in responsible and sustainable investment. Our focus is transforming the way people invest to build a better tomorrow.

Our investment team are experts in managing sustainable and impact products for institutional customers, including the charity and faith markets, and to retail customers through the advisory and wealth management market. EdenTree also manages the majority of the Group's financial investments. This year, for the 16th consecutive year, EdenTree won 'Best Ethical Investment Provider' at the Moneyfacts Investment Life & Pensions Awards and Sustainable Investment Fund Management Group of the Year (AUM under £50bn) at the Investment Week Sustainable Investment Awards.

Investment Week Sustainable Investment Awards 2024 WINNER Sustainable Investment Fund Management Group of the Year (AUM under £50bn)

WINNER SIXTEEN TIMES Investment Life & Pensions Moneyfacts Awards 2009 -2024

Best Ethical Investment Provider

"With a strong capital position and an impressive growth trajectory, the future is bright for the Benefact Group."

Chair's Statement

It is with great pride that I reflect on another hugely successful year for Benefact Group.

As a charity-owned financial services group, we measure success with the impact we make. To that end, I'm delighted to say the Group has achieved its goal of giving £250m to good causes since 2014, helping to change millions of lives for the better in the UK and abroad.

When we set ourselves this target, we knew it was a lofty ambition for us as a Group, but throughout that time we have been laser focused on delivering results and growth to help us reach it.

This momentous achievement was made possible thanks to the Group's own giving, through initiatives like Movement for Good, and grants given to our charitable owner, Benefact Trust Limited, over the past decade. On behalf of the Board, I would like to thank all our supporters – colleagues, customers, brokers and partners – for helping us achieve this incredible milestone.

Benefact Group is a unique financial services organisation, with a purpose to contribute to the greater good of society, and I'm truly humbled by the difference our giving makes. I had the pleasure and privilege of seeing first-hand how our giving helps to change lives when I visited Ecclesiastical Ireland last October and visited an inspirational charity in Dublin called Children's Books Ireland, which aims to inspire and enable children and young people to become readers for life.

Results

Our businesses performed well in 2024, delivering on our strategy to grow more to give more. As a Group we reported a profit before tax of £77.6m, boosted by investment returns of £69.4m. This included an impressive insurance result, which saw underwriting profits[1] of £47.6m due to continued growth and a more stable claims environment.

This level of performance enabled us to contribute £33m, including £8m in respect of 2023 performance, to our owner, Benefact Trust Limited, one of the UK's leading grant-giving bodies that supports projects tackling social challenges in our communities.

Achievements and reflections

I visited several of our offices in 2024 and I was struck wherever I went – from Manchester, to Dublin, to Toronto – by the energy and enthusiasm of our brilliant people. I spent time with our sales teams, witnessing how they work with brokers and customers in a tripartite relationship to deliver innovative outcomes for our customers.

Across the Group, I'm delighted with the progress we're making as a business as we deliver on our strategy to grow more to give more. In General Insurance, our UK team continued its impressive growth by expanding into new sectors and growing in our specialist niches. We launched our new Office Professions product, for office-based businesses providing professional services, and widened our Leisure appetite, following a successful launch in 2023.

In Broking and Advisory, Lloyd & Whyte continued its strategy of acquiring brokers that reflect the Group's values. We welcomed five new brokers including specialist charity broker Access Insurance to the Benefact family, alongside Newcastle-based broker Cheviot Insurance Services.

EdenTree, our responsible and sustainable investment specialists, experienced a challenging year, alongside much of the asset management industry. Against this backdrop, however, it received significant industry recognition, including Moneyfacts Best Ethical Investment Provider for the 16th consecutive year. Efforts were focused towards the FCA's Sustainability Disclosure Requirements and EdenTree achieved an Impact label for four of its funds, including the first Impact label for a Fixed Income Fund.

Looking ahead

I'm excited by the opportunities ahead for Benefact Group. After an excellent 2024, we must keep up the momentum to deliver on our growth strategy so that we can give even more to good causes.

Across our businesses, we've got a strong sales pipeline providing opportunities for profitable growth. Alongside this, a key area of focus will be ensuring we drive growth while managing our costs effectively.

We will also continue to invest in our people as we seek to become a destination employer for people searching for a career with purpose.

Our focus will also turn to the next phase of our corporate strategy as we map how we can continue to build Benefact Group as the biggest supporter of charities.

Board activity

In 2024, we focused on reshaping the Boards of Ecclesiastical Insurance Office public limited company and Benefact Group plc to increase the independence of Ecclesiastical Insurance Office public limited company.

Angus Winther, Stephen Lamport and Francois-Xavier Boisseau stepped down from the Board accordingly. We welcomed David Paterson to the Board and said goodbye to Neil Maidment, who stepped down in December.

Jacinta Whyte resigned from the Benefact Group Board to focus her time on the Ecclesiastical Insurance Office Board. Denise Cockrem also stepped down from her role as Executive Director following her retirement as Chief Financial Officer in June 2024 and has joined the Benefact Trust Limited Board. I would like to thank Angus, Stephen, Francois, Neil, Jacinta and Denise for their valuable contribution.

The future

With a strong capital position and an impressive growth trajectory, the future is bright for the Benefact Group. Fuelled by the passion of our people and our incredible purpose to contribute to the greater good of society, we will pursue our goal to grow our business to give more, and in doing so help to transform lives for the better.

David Henderson
Chair

[1] The Group uses Alternative Performance Measures (APMs) to help explain performance. More information on APMs is included in note 41.

Inspired by **HOPE BLOOMS, CANADA**

Under the inspirational banner 'plant a seed — harvest a dream', Hope Blooms engages with young people in the high needs community of North End, Halifax in Canada. With 10,000 square feet of organic food gardens, the charity disrupts the cycle of poverty and mobilises positive change through innovative agricultural and culinary programmes. Our Community Impact Grant has supported their 'Green Labs' project, which provides after-school STEM workshops for schools in the community, teaching science, environment and health in an outdoor setting.

Chief Executive's Report

2024 was a record-breaking year for Benefact Group as we exceeded our profit targets, won more awards than ever before, and – most importantly – it enabled us to reach the fantastic milestone of donating £250m to good causes since 2014.

Through our giving, volunteering and charity support programmes, we helped change millions of lives for the better in communities across the UK, Ireland, Canada and Australia, providing vital support to those that need it most.

Who we are

Unlike many other companies, we're motivated and inspired to grow our business so that we can give more to the host of incredible charities and organisations that work tirelessly and selflessly day in, day out to improve the lives of those most in need.

Charities like Emily's Gift, a remarkable project supporting children with cancer in Gloucestershire. I recently joined founder and CEO Julie Kent to learn more about their impactful work, and how our donations have a made a difference to the charity – potentially saving lives, protecting more dreams and holding more families together.

I also had the privilege of hosting our first ever Benefact Group Charity Heroes Awards at the iconic Tower of London. This was a humbling, energising and inspiring event where we recognised unsung heroes in the charity sector, and we heard how they are changing the world in which we live.

Grow more to give more

Our giving wouldn't be possible without the continued success of our businesses, and I'm pleased to report the Group delivered an excellent result, posting a pre-tax profit of £77.6m.

In general insurance, we reported an underwriting profit[1] of £47.6m, up 94.3% on the previous year.

2024 was an exceptionally low year for claims, with no major losses and more benign weather experience in the UK compared to other territories. This is in stark contrast to 2023 when we suffered our largest-ever UK loss with the devastating fire at St Mark's Church in London. As the insurer of many iconic and irreplaceable buildings, a major loss or weather event can be a significant driver of our underwriting result. Australia reported a small underwriting loss impacted by several factors, including an adverse development in prior year liability claims. Canada's strong underwriting result highlighted the resilience of the portfolio and quality of underwriting action taken in recent years.

Gross written premiums[1] rose by 4.1% thanks to strong retention across our territories and excellent growth in the UK and Ireland, supported by good growth in existing customer segments and expansion into new sectors, including Office Professions.

We continued to grow our Broking and Advisory division in line with our strategy, including five new acquisitions in 2024 broadening our reach and expertise in the broking sector. We also increased focus on operational efficiency and effectiveness by leveraging our expertise and scale across the division. The division recorded a good performance, with reported income of £85.2m, up 53.4% on the previous year.

It was another challenging year for the asset management sector. Against a backdrop of high interest rates, demand for passive funds and a focus on US equities, EdenTree, our award-winning responsible and sustainable asset management firm, saw inflows weaken like the rest of the industry.

Image of The Critic © Patricio Cassinoni

Inspired by **WEXFORD FESTIVAL OPERA, IRELAND**

Set on the coast of South Eastern Ireland, Wexford Festival Opera is a venue of international renown. For over a decade, Ecclesiastical Ireland has been the proud sponsor of the Wexford Festival Opera Volunteer Programme, which supports a community of nearly 400 volunteers, working to bring the arts to life.

Additionally, the broader pushback against ESG investments, driven by concerns over green-washing and dubious badging of funds and styles, added to the complexity. We hope that the FCA's Sustainability Disclosure Requirements (SDRs) will address these issues and bring greater transparency and trust to the market. The team was heavily focused on the FCA's SDRs, and I'm delighted that EdenTree achieved an Impact label for four of its funds, including the first Impact label for a Fixed Income Fund. While markets can be affected by short-term volatility, the company takes a long-term approach to investing and continues to focus on growing its assets under management over time.

Building a Movement for Good

During the year we were able to give a record £36.7m to good causes. This includes amounts to our ultimate charitable owner, Benefact Trust Limited, of which £25.0m is in respect of 2024 performance and £8.0m in respect of 2023 performance.

This means we have achieved our ambition to give £250m to good causes since 2014. This is a remarkable achievement only made possible by the support of our customers, colleagues, brokers and partners. Thank you to everyone who has helped us to reach this giving milestone. Whether you realise it or not, you are supporting children with cancer, assisting the homeless, aiding those with mental health challenges, helping Ukrainian refugees, providing medical relief in Gaza, helping those suffering from climate change disasters, and so much more. In short, you are truly changing lives by doing business with us.

Delivering for our customers

Underpinning our charitable ethos is our unrelenting drive to do the right thing for our customers, and I'm incredibly proud that our specialist insurance businesses are recognised as leaders in their fields and are trusted by our customers.

In general insurance, our UK claims team was awarded Outstanding Service Quality Marque for the fourth consecutive year by Gracechurch, demonstrating our commitment to excellent service. Ecclesiastical UK also retained top spot in the Fairer Finance rankings for an incredible 20th consecutive time and remains the most trusted insurer in the UK, with the happiest customers. The home insurance business was also awarded a 'Which? Best Buy' for both buildings and contents insurance. Our UK Risk Management team was also named Risk Management Team of the Year at the CIR Risk Management Awards. Ecclesiastical Canada received the Excellence in Philanthropy & Community Service and P&C Insurer of the Year awards at Insurance Business Canada's Excellence Awards 2023.

And in Broking and Advisory, we won five awards including ESG Broker Champion (Naturesave Insurance, part of Lloyd & Whyte), Marketing & Customer Engagement (SEIB), and two Feefo Gold Trusted Service Awards (for both Access Insurance and Cliverton, part of Lycetts).

For the sixteenth consecutive year, EdenTree was named Best Ethical Investment Provider by Moneyfacts and took home three awards at the Sustainable Investment Awards.

We wouldn't achieve this recognition without the hard work of all our teams across our Group.

Section One | **Strategic Report**

There's no doubt it's been a demanding 12 months, but our colleagues have risen to the challenges head-on, and I want to extend my heartfelt thanks for all that they have accomplished.

Our Planet, Our Part

The threat from climate change is becoming ever greater. Last year was the hottest on record, surpassing the internationally agreed 1.5˚C limit for the first time. Extreme weather is now commonplace and last year saw wildfires, hurricanes, flooding and hailstorms across all the territories we insure. Despite the extreme events, there has been relatively benign claims experience, particularly in the UK. I was in Canada last July and witnessed first-hand the devastation caused by climate change, when deadly fires ripped through Jasper National Park in Alberta, destroying hundreds of buildings (including many that we insured) and forcing the evacuation of the town of Jasper. I'm pleased we have received very positive feedback on the support we provided to all those customers affected, and that Benefact Trust Limited made a substantial donation to the communities affected by this disaster.

As a responsible insurer, we know we have an important part to play in protecting our planet. We are seeking to respond to climate change by addressing our carbon impact, while supporting customers and communities to tackle their climate challenges too.

To achieve this, we're decarbonising where we can, challenging and influencing who we invest in, supporting the customers we insure to become more climate resilient, and giving to charities making a big difference in all aspects of climate from biodiversity restoration to education in schools.

The Group's Responsible & Sustainable Investment policy not only avoids investment in businesses that we believe cause social harm, such as fossil fuels, but also proactively seeks to invest in markets that have positive impacts, as well as considering environmental, social and governance factors in every investment case. Through our Climate Stewardship Plan we're also engaging with our highest emitters and holding companies to account by setting Science-Based Targets.

Alongside this, we don't underwrite businesses that are involved in the extraction, production or investment of fossil fuels, heavy industry or commercial aviation, and we don't invest our premiums in businesses that we believe cause social harm.

We're reducing the impact of our operations and investing in highly assured charitable offset projects to enable us to be 'net negative' for our direct impact. With focus and innovation, we'll continue to find ways to reduce our carbon emissions and support our customers on our journey to net zero by 2040.

Destination employer

Our ambition is to build a world-class team, and I'm delighted that we once again achieved market-leading employee engagement scores in our independently run B-Heard surveys.

Benefact Group plc maintained a two-star 'outstanding' rating and a three-star 'world-class' UK accreditation. It was also named among the Top 50 large companies to work for in the UK by Best Companies, moving from 47 to 41 in the rankings.

Ecclesiastical Canada was named a Greater Toronto Top Employer for the seventh consecutive year, while Ansvar Australia was named among the Top 50 workplaces for fathers in the Insurance Business Awards. Ecclesiastical Ireland received the Investors in Diversity Bronze Award.

As a charity-owned business with a unique and singular purpose to contribute to the greater good, we want to be a destination employer for people who want to make a difference in the world. A place where talented people work together in a collaborative and inclusive environment, helping to grow our business so that we can give more to good causes. A place where every colleague feels valued, respected and treated fairly. In short, we aim to provide life-changing careers that change lives.

Looking ahead

We delivered so much in 2024, and go into 2025 refreshed, with momentum, confidence and optimism. We have a real clarity of purpose as we push forward towards our strategic goals.

Inspired by the impact that our giving has on our beneficiaries, we are set to grow the business even further in 2025, with the aim of growing our giving.

We've got a strong sales pipeline across our businesses providing opportunity for profitable growth, and we're ambitious and hungry to win new business. 2025 will also be an important year for us as we work on framing our next strategic chapter.

This will see us continue our drive for profitable growth with stretching targets for our sales teams. In Ecclesiastical UK, we will develop our new sectors, Leisure and Office Professions, and it will be another exciting year for Ansvar UK following its brand refresh.

While we drive up sales, we'll also maintain our focus on efficiency and effectiveness, making continuous improvements to our processes, products and services for the benefit of our customers.

Join our Movement

As we celebrate the incredible milestone of giving £250m to good causes and set our ambitions for the future even higher, I want to say a heartfelt, sincere "thank you" to all our customers, business partners and dedicated colleagues for their exceptional support.

By doing business with our Group, you're helping us to grow so that we can give even more to good causes. I invite anyone reading this, whether as a potential colleague, customer or business partner, to come and join us and experience a different way of doing business. Together, with your support, we can build a Movement for Good and transform lives for the better.

Mark Hews
Group Chief Executive

[1] The Group uses Alternative Performance Measures (APMs) to help explain performance. More information on APMs is included in note 41.

Our business model and strategy

Benefact Group is a family of specialist financial services businesses, driven by a shared ambition to do right by our customers, clients and business partners, and united by a common purpose to give all available profits to charity and good causes.

The Benefact family donates all its available profits to charity and good causes in order to transform lives and communities. This commitment to philanthropy sets the Group apart from others in the financial services sector. Benefact Group exists to contribute to the greater good of society. We do this by managing a successful, ethically run portfolio of businesses and by using the profits that these businesses generate to help good causes through independent grants from our charitable owner (Benefact Trust) or via our own considerable donations.

The Group is organised on a divisional basis: our three divisions are Specialist Insurance, Asset Management and Broking and Advisory. The Group's overarching strategy brings alignment and strategic focus across all its businesses, including investment in systems and people to target further growth and drive increased charitable donations. Whether in specialist insurance, asset management, broking, or advisory, each business within the Benefact family is a specialist in its own field, built on genuine insight and ethics. Together, the Benefact family offers products and services that help to protect in the present, pre-empt the possible and invest in a healthier financial future. This is illustrated by three strategic aims:

to be the most trusted specialist insurer

We aim to be the most trusted specialist insurer in our chosen markets, operating with the highest ethical standards. We offer unrivalled expertise and knowledge, with appealing customer propositions and excellent service that meets the concerns and needs of our customers and business partners

to be the leader in responsible and sustainable asset management

We aim to be the best ethical asset manager and thought leader on socially responsible investment, building on our industry-leading reputation and consistent, proven approach to deliver long-term investment success. Building on an impressive track record, we will continue to enhance our proposition and our ethical credentials, leading the debate on the ethical investment issues that matter to our customers

to be the most trusted specialist adviser

We aim to be the most trusted specialist adviser in our chosen markets, delivering excellent service with long-term sustainable relationships with clients and insurer partners. Providing our customers with the best independent and impartial insurance or financial advice in order to meet their needs

We have a long-term outlook where sustainable value generation is prized over short-term results. This has created deep and long-standing relationships with our customers and brokers, as demonstrated by their elevated levels of trust, loyalty and engagement with our business. These enduring relationships have helped us build deep understanding and expertise within our sectors, enabling us to provide highly valued products and services that, in turn, support our sustainable giving.

These factors combine to support our drive to deliver sustainable and growing returns over the long-term, creating long-term value for our charitable owner and demonstrating that a distinctly ethical, specialist financial services group can succeed in competitive markets.

> "The Benefact family donates all its available profits to charity and good causes in order to transform lives and communities."

Section One | **Strategic Report**

Strategy in action

The Group's charitable purpose drives our strategic goal of being the most trusted and ethical business in our chosen markets.

It shapes the way we do business, particularly our focus on doing the right thing for our customers, clients and business partners. We have a long-term outlook where sustainable value generation is prized over short-term results.

The Group is delighted to continue to make significant contributions to good causes with a further £25m grant to our charitable owner, Benefact Trust, in 2024. This accomplishment has been made possible through the significant efforts of all the businesses across the Benefact Group, which have focused on meeting the needs of their customers, clients and business partners.

The Group's overarching strategy encompasses all divisions and businesses to ensure alignment and strategic focus. This strategy demonstrates our ambitions for the future, responding to global trends and the external market context, while building on our distinctive position in our chosen markets and our intent to have a positive impact on all communities that are important to us.

Throughout 2024, we continued to progress the key elements of this ambitious strategy, delivering value to our customers, clients and business partners, and enabling further investment in the Group's propositions, people and strategic systems. Highlights of the strategy in action are shown below:

Striving to be the most trusted and ethical business in our chosen markets

- Delivered a valued and trusted approach across our diverse family of specialist financial services businesses, driven by our shared ambition to do right by our customers and clients
- Continued to attract and retain prestigious customers across all divisions of the Group
- Achieved high levels of customer satisfaction exceeding market benchmarks in all divisions of the Group, with many of the Group's business units achieving 'world class' levels of customer advocacy
- Recognised for our distinctive approach with 30 awards across all three divisions including service quality, specialist expertise, customer engagement, and thought leadership
- Continued to enhance customer propositions with new products and fund launches including Business Office and Retail; Office Professions; Care & Welfare; refreshed Faith; and EdenTree Global Select Government Bond
- Offered added value including specialist advice tailored to customer needs, addressing issues such as sustainability, risk management and charity volunteering
- Supported customer communities including the Wexford Festival (Ireland), National Trust Canada's the Next Great Save (Canada), Anglicare Awards (Australia) and the Cheltenham Festivals (UK)

Seeking to be the most trusted specialist insurer, operating with the highest ethical standards

- Attracted and retained prestigious customers with strong retention levels across all segments and in all our geographies, supported by very strong levels of customer satisfaction
- Created a fresh, new brand for Ansvar UK, launched new products and established several new schemes to support customer needs
- Addressed customer needs by providing specialist risk management advice on diverse topics including *Filming in Heritage Buildings*; *Fire Safety in Kitchens*; and *Safe from Harm in Retirement Communities*, and launched an *Enterprise Risk Management self-assessment tool*, created by a joint UK and Australian team
- Offered guidance, support and webinars to churches and charities (UK, Ireland, and Canada) and built partnerships with charities important to local offices including *Bliss – for babies born premature or sick (Ecclesiastical UK); Canadian Osteogenesis Imperfecta Society (Ecclesiastical Canada); Cancer Council (Ansvar Australia); De Paul Ireland (Ecclesiastical Ireland); Francis House Children's Hospice (Ecclesiastical UK);* and *The Talk About Trust (Ansvar UK)*
- Continued to offer targeted support to broker partners including customer roadshows; specialist masterclasses held in Birr Castle (Ireland) and Chiswick House and Gardens (UK); tailored training including the Ecclesiastical Specialist School (Canada); and the 'Covered in 15' podcast addressing key issues for brokers such as "*Why is a Valuation important?*" and "*Growing your business*"
- Drove internal improvements including enhanced underwriting empowerment, strengthened underwriting oversight, refreshed distribution operating model in Canada and invested in target operating model in Australia
- Won 14 awards across all geographies including *5-Star Insurance Innovators* (Australia); *Caring Company Award* (Canada); *Business to Arts Special Recognition Award* (Ireland); and *Fairer Finance #1 for Home Insurance* for the nineteenth and twentieth consecutive times (Ecclesiastical UK)

Seeking to be the leader in responsible and sustainable asset management, building on our industry-leading reputation and consistent, proven approach to deliver long-term investment success

- Continued focus on Asset Management division's strategy for growth: deepening the client base, onboarding a suite of new clients in the IFA channel, and completed a series of compelling investment roadshows
- Achieved four FCA Sustainability Disclosure Requirement (SDR) Labels: three Sustainability Impact labels and one Sustainability Focus label – the only asset manager to achieve SDR labels across all asset classes
- Delivered three-year performance track record for the Green Future and Infrastructure funds
- Launched Global Select Government Bond investing in green, sociable, sustainable, or impact bonds
- Provided an expert voice with regular responsible investment insights and research published to the market including The Nuts and Bolts of SDR, and Beware the era of 'greenhushing', and issued our second Climate Stewardship Report which demonstrates our long-standing commitment to tackling climate risk
- Continued our partnership with Alice Dearing, Olympic marathon swimmer and the Black Swimming Association, to boost inclusion and swimming access in the Black community
- Won six industry awards including Best Sustainable Investment Fund Manager under £50bn; Best Ethical Investment Provider (for the sixteenth consecutive year); and Responsible Fund of the Year

Seeking to be the most trusted specialist adviser, providing excellent service with long-term sustainable relationships with clients and insurer partners

- Continued organic growth in line with agreed plans and divisional ambitions
- Additional growth delivered through highly targeted acquisitions – five broking businesses acquired in 2024 to strengthen propositions
- Increased focus on operational efficiency and effectiveness leveraging our expertise and scale
- Attracted and retained prestigious customers with exceptionally high levels of customer satisfaction and 'world class' net promoter scores (across measured businesses) and achieved two Feefo Gold Trusted Service Awards
- Secured new partnerships with trade bodies by combining specialisms in Broking and Advisory division, for example, appointed preferred provider to Charities Buying Group (with over 70,000 charity members)
- Worked in partnership with local charities and suppliers to support customer communities and build stronger community ties, including apprenticeships for young people, equine sports sponsorship, and volunteering and fundraising for local hospices including St. Margaret's in Taunton and St. Luke's in Basildon
- Won five awards including ESG Broker Champion (Naturesave Insurance, part of Lloyd & Whyte), Marketing & Customer Engagement (SEIB Insurance Brokers, part of Lloyd & Whyte), and two Feefo Gold Trusted Service Awards (for both Access Insurance, and Cliverton, part of Lycetts)

Developing the Benefact Group and its businesses

- Continued to embed the Benefact Group brand across the Benefact family, increasing breadth of reach of the Benefact brand including articulation of the 'Benefact difference' within sales processes
- Refreshed capital management plan for the Group and embedded strengthened investment strategy
- Agreed new Group Technology strategy and materially strengthened cyber technology provision and support across the Group
- Focused on targeting removing/reducing unnecessary processes to reduce complexity and drive continuous improvement, including testing new capabilities to trial robotics to create increased capacity and automate some manual administrative tasks
- Launched 'Our Planet, Our Part' climate strategy and outlined the Group's intention to commit to Science-Based Targets in 2025
- Completed first full screening of carbon footprint (including underwriting, and goods and services), and engaged with top five carbon emitters in the Group's equity portfolio to understand their approach to reducing emissions
- Reinforced positive climate position with top third result in revised ClimateWise framework

Section One | **Strategic Report**

Developing a world-class team

- Continued to invest in bringing the Benefact family closer together with global careers website, strengthening employer brand with rebranding of offer letters and job descriptions and a Group-wide colleague newsletter
- Made progress on roadmap towards becoming a 3* *World Class* employer across the Benefact Group, with 3* *World Class* accreditation for UK Insurance teams, Shared Services, and Ireland
- Awarded *Top 50 Best Large UK Company and Top 5 Insurance Company by Best Companies*
- Shifted Board governance structures for both Benefact Group plc and Ecclesiastical Insurance Office public limited company, further enhancing oversight and guidance
- Continued investing in leadership building across the Group's divisions and businesses, including appointments to key roles, materially strengthening the succession pipeline, and continuing to invest in leadership development through our Group-wide leadership programmes
- Further enhanced our Diversity Equity and Inclusion approach, moving us towards our aspiration to be a business where 'we all belong' through Group-wide communications, celebrations and colleague inclusion networks. We have also launched Inclusive Leadership Development and a flagship Women in Leadership programme
- Simplified values and performance management, creating greater alignment across the Group
- Embedded an improved and consistent learning platform to support development, talent and succession planning across all the Group's geographies
- Continued to refresh the Group's office portfolio, relocating Ansvar UK from Eastbourne to Brighton; moving to new offices in London (Lycetts), Manchester and Vancouver; and agreed strategy for business premises within the Broking and Advisory division
- Excellent people from across the Group were recognised with several awards including *Long Service Award (Volunteers)*, Chartered Institute of Insurance (Ecclesiastical UK); *Rising Star Sustainable Investment Champion*, Sustainable Investment Awards (EdenTree); and *Risk Professional of the Year*, Women in Insurance Awards (Ecclesiastical UK)

Continuing to be recognised for excellence

Benefact Group

- *Top 50 Large UK Company to work for*, Best Companies
- *Top 10 Insurance Company (third placed)*, Best Companies
- *In-house PR team of the Year*, Public Relations and Communications Association (South West)
- *Purpose Award*, Public Relations and Communications Association (South West)

Insurance division

Ansvar Australia

- *Australia's Best Workplace for Fathers 2024*, The Australian Fathering Awards
- *5-Star Insurance Innovators 2024*, Insurance Business Australia and New Zealand
- *Excellence Awardee for Community and Philanthropy*, Insurance Business Australia and New Zealand

Ecclesiastical Canada

- *Greater Toronto Top Employer 2024* (sixth consecutive year)
- *Caring Company Award* (fourth consecutive year), Imagine Canada

Ecclesiastical UK

- *Number 1 for Home Insurance*, Fairer Finance (nineteenth and twentieth consecutive times, over 10 years)
- *Best Buy Buildings Insurance*, and *Best Buy Contents Insurance*, Which?
- *Outstanding UK Claims Service Quality*, Gracechurch (fourth consecutive year)
- Rated *Excellent*, Trustpilot
- *Risk Management Team of the Year (Financial Sector)*, CIR Risk Management Awards
- *Long Service Award (Volunteers)*, Chartered Institute of Insurance
- *Risk Professional of the Year*, Women in Insurance Awards

Asset Management division

EdenTree Asset Management

- *Best Ethical Investment Provider*, Moneyfacts awards (sixteenth consecutive year)
- *Best Sustainable Investment Fund Manager <£50bn*, Sustainable Investment Awards
- *Best Sustainable European Equity Fund*, Sustainable Investment Awards
- *Responsible Fund of the Year*, RSMR Ratings
- *Rising Star Sustainable Investment* Champion, Sustainable Investment Awards
- *Highly commended for Most Effective Use of a Small Budget <£100k*, Awards for Marketing Effectiveness

Broking and Advisory division

Access Insurance

- *Gold Trusted Service Award*, Feefo

Lloyd & Whyte

- *ESG Broker Champion*, Insurance Age UK Broker Awards (for Naturesave Insurance)
- *Marketing & Customer Engagement*, Insurance Age UK Broker Awards (for SEIB Insurance Brokers)

Lycetts

- *Gold Trusted Service Award*, Feefo (for Cliverton)
- *Highly commended for Schemes Broker of the Year*, Insurance Age UK Broker Awards (for Cliverton)
- *Logan Prize for Advanced Diploma achievement*, Insurance Institute of Newcastle-upon-Tyne
- *Young Achiever Award*, Insurance Institute of Newcastle-upon-Tyne

Section One | **Strategic Report**

Responsible Business Report highlights

Socially positive

3rd largest UK corporate donor over a decade*

*Directory of Social Change's UK Guides to Company Giving 2017-26.

Achieved ambition to give £250m to charities since 2014

Award-winning across the Group

including Best Ethical Investment Provider for 16 consecutive years

£36.7m to charity which includes £8m in respect of 2023 performance

World-class company

demonstrating outstanding levels of colleague engagement – assessed by Best Companies

200+ leaders attended inclusive leadership training

Environmentally positive

New Brighton office reduces carbon footprint by over 70%

One of the first fund managers to comply with new sustainability labelling requirements

Setting standards with the launch of a Supplier Code of Conduct

Net zero commitment from 2023 for direct impact, 2040 for the Group

Carbon positive for direct impact

1,000 tonnes of carbon offset with charitable partner Cool Effect

ClimateWise member

Section One | **Strategic Report**

Socially positive

Charitable giving

Benefact Group has a unique purpose to give all available profits to good causes. Ranked as the UK's 3rd largest corporate donor over 10 years in the Directory of Social Change's Guide to UK Company Giving, £250m in donations have gone towards helping good causes since 2014. The following table summarises giving across the 'Benefact Group' which includes Ecclesiastical Insurance Office public limited company, its subsidiaries and the subsidiaries of the Benefact Group. This table also summarises giving from the 'Benefact Trust', the ultimate parent undertaking of Benefact Group plc.

Introduction

This Responsible Business Report is a summary of positive social and environmental impact. It covers social impact including approach to diversity, equity and inclusion, colleague wellbeing and charitable giving. It also summarises climate impact and is supported by a separate report featuring full disclosure in line with the Taskforce on Climate-related Financial Disclosures (TCFD), which is published on the Company's website. A separate report enables the Benefact Group to explain climate-related disclosures in much more detail for the benefit of an increasing range of interested stakeholders.

Giving via	**Benefact Trust –** ambition to be one of the UK's most impactful Christian grant-making charities	**Benefact Group –** Group-led giving programmes designed to achieve maximum reach and impact	**Businesses –** giving led by subsidiary businesses of the Benefact Group focused on customers and communities	**Colleagues –** enabling Benefact Group colleagues to give to causes they care about and doubling their efforts
Highlights	• In 2024, Benefact Trust awarded a record £25.5m in grants, the highest level of giving since the Trust was founded • 1,400+ grants awarded and expected to reach over five million people • Benefact Trust awarded its largest-ever grant of £1.5m to support churches to reach net zero • Eight crisis response grants, totalling £750,000, were awarded (including humanitarian aid relief in Sudan, Gaza and Lebanon) • In 2024, Benefact Trust's cumulative giving in Ireland exceeded £10m	• The £1m+ Movement for Good programme continues to award small donations and large grants • It generated over 1.3 million nominations for charities from supporters • Hundreds of charities benefited from £1,000 donations • £500,000 in large grants • £250,000+ to climate/environmental projects • A range of resources provided to support the charity sector including a new podcast and 3,000+ attendees of free webinars • Inaugural Charity Heroes Awards held at the Tower of London	• £100,000+ to charities UK insurance brokers care about • Ansvar Australia celebrated 30 years of its Community Education Programme • EdenTree ran its second 'Swim with Alice' challenge, supporting the Girls Network • Lycetts supported The King's Foundation Build A Legacy Award • 100+ bookings at Ansvar UK's new community hub, providing free office space for charities	• Over £650,000 given in total • Highest-ever level of colleague fundraising – over £300,000 which was 100% matched by Benefact Group • 550+ volunteering days • Nearly £300,000 in personal grants to colleagues' charities of choice • Retained gold payroll giving standard • Internal giving celebration week focused on climate charities – over 350 colleagues gave or volunteered • 50+ colleagues went out to visit Movement for Good winning charities
Further info	Visit **www.benefacttrust.com**	Visit **www.benefactgroup.com**	See Group company websites	

Section One | **Strategic Report**

Giving via	**Benefact Trust –** ambition to be one of the UK's most impactful Christian grant-making charities	**Benefact Group –** Group-led giving programmes designed to achieve maximum reach and impact	**Businesses –** giving led by subsidiary businesses of the Benefact Group focused on customers and communities	**Colleagues –** enabling Benefact Group colleagues to give to causes they care about and doubling their efforts
Highlights	The Benefact Trust is the proud owner of the Benefact Group. In 2024, the Trust continued to distribute grants through a number of programmes, supporting church organisations and Christian charities. Community Impact Grants supported charities helping some of the most vulnerable people in society including survivors of human trafficking, people experiencing homelessness, those living in poverty, children with disabilities and families in crisis. Other grants helped churches to conserve their buildings, make their spaces more accessible for the wider community, and funded students in the UK and Ireland to learn specialist heritage skills. Through their Crisis Response programme, the Trust responded proactively to emerging issues at home and abroad. This included grants to provide life-saving support in Sudan and Gaza and support in Jasper, Canada, as families rebuilt their lives following devastating wildfires. The Trust pledged £1.5 million to the Church of England to support a major climate project. The funding will enable 60 demonstrator churches to achieve net zero with the knowledge gained thereby being shared across all denominations.	Movement for Good is the Group's largest giving initiative and continues to deliver huge breadth of reach, depth and impact. Small donations reach a diversity of predominantly small charities across the UK and Ireland. Large grants benefit causes close to the Group's customers and communities such as the rural community, schools and heritage. Giving to climate and environment charities continued to grow in 2024, with over £250,000 donated to projects ranging from nature restoration to river health. The Group's giving goes beyond financial donations – a range of support was provided to charities including free webinars, masterclasses and in-person forums. A new podcast was launched discussing challenges for the sector with expert guests, plus a new e-Bulletin shared the latest information and resources with charities. The inaugural Benefact Group Charity Heroes Awards were launched in 2024, celebrating and showcasing amazing charities and individuals. As well as receiving donations, the winners and runners up attended an awards event at the Tower of London.	• The Benefact Group is a growing family of specialist financial services businesses each proud of how close it is to customers and communities. Business giving programmes provide the opportunity to target the charities customers and partners care most about. • For example, our Closer to You broker programme gives brokers working with Ecclesiastical UK the chance to choose charities. Specialist investment business EdenTree continues to support causes aligned with positive investment themes, such as the Girls Network. Brokers Lycetts are totally connected to their communities, funding research into regenerative agriculture through FarmEd for example. Ecclesiastical Ireland provides funding, time and skills to DePaul, who support people facing homelessness. In Australia, the Community Education Programme continues to support the education and life skills development of disadvantaged Australians under the age of 25. • 2024 saw Ansvar UK open a community hub in its new Brighton office, providing free flexible workspace and meeting rooms for charities which were used over 100 times.	Giving colleagues the opportunity to support causes they care about continues to be the foundation of the Group's giving approach. In 2024, colleague giving scheme 'MyGiving' continued to offer colleagues small grants to give to any cause they care about, flexible volunteering time and 100% matching of fundraising and Payroll Giving. In 2024, colleagues raised more for good causes than ever before, supporting charities with vital funds. In June, the Group celebrated its annual giving week, in which colleagues took part in a range of activities focused on giving nature a helping hand. The biggest fundraisers were celebrated with special recognition and a 'MyGiving Superstar' award. The Charity Heroes Awards also recognised and celebrated colleagues who went above and beyond for charities. Volunteering projects were widespread and diverse including mentoring young people and cleaning up green spaces. Colleagues were encouraged and supported to visit charities and award them donations from the Group.
Further info	Visit **www.benefacttrust.com**	Visit **www.benefactgroup.com**	See Group company websites	

Section One | **Strategic Report**

Colleagues

Colleagues across the Benefact Group are united by our purpose to give to good causes. Each business within the Group is specialist and expert in its field, with an engaged global team of colleagues driving growth and success.

Health and wellbeing

Employee health and wellbeing continued to be a key focus for the Group in 2024. Learning resources and communications were expanded including virtual sessions on understanding the menopause and a menopause conversation guide for people leaders. Men's mental health was spotlighted in November, with personal stories and resources shared. A range of tools provided across the Group bring physical, mental and financial wellbeing support together for employees and their families.

Investment in great workplaces continued in 2024. This included Ansvar UK moving to modern premises in the heart of Brighton. Integral to the move was the new Community Hub, providing a free flexible workspace for local charities. The building is also built to a BREEAM Excellent sustainability standard, putting it in the top 10% of UK new non-domestic buildings for sustainability.

Engagement

An independent assessment of engagement levels was benchmarked through the B-Heard survey provided by Best Companies. With almost 2,000 responses, the survey is now a well-established way to listen and celebrate. The Group overall maintains a two-star 'outstanding' rating, a three-star 'world class' UK accreditation and is ranked as one of the UK's Top 50 best large companies to work for.

A new communication, The Link, was launched to keep colleagues connected across all three continents the Group operates in. Colleagues were also brought together at 'Make It Happen' events in the UK, where they collaborated to find solutions to real business problems.

Diversity and inclusion

The Group continued its strong commitment to diversity, equity and inclusion. Group-wide inclusion networks grew, including the LGBTQ+ and Women's Network.

Over 200 leaders attended Leading Inclusively training, now a core element of the People Leader's Journey programme. The Group's attraction and recruitment processes were reviewed and updated to ensure inclusivity, and inclusive hiring training will be rolled out to all recruiting managers in the UK and Ireland in 2025. A new Women in Leadership programme was launched, targeted at developing senior female leaders from businesses across the Group. The first cohort of 13 leaders completed the programme in 2024, with plans for global rollout in 2025.

A number of events brought people together, notably a Women in Leadership panel discussion which welcomed over 80 attendees from businesses and the community, and raised several thousand pounds for charity. Colleagues celebrated Pride month in June, including the LGBTQ+ network and allies who represented Benefact Group at Gloucester Pride.

The Group's investment business EdenTree worked with a number of partners including the Girls Network and Blind in Business to provide mentoring, work experience placements, insight days, training and raised awareness in the wider investment industry. In March, EdenTree took part in the London city-wide 'We Can Be' initiative, supporting an event where over 200 young women from underrepresented backgrounds were welcomed to the City and introduced to financial services.

Key employee statistics

Gender by level 2024

	Male No.	Female No.	Total No.
Group Management Board	7	1	8
Senior Leader	141	63	204
Manager	300	241	541
Team Member	695	958	1,653
Grand Total The Board split is Male:Female 5:1	1,143	1,263	2,406

Gender pay gap

	2024	2023
Fixed pay gap mean/median	26.4/19.5	26.3/19.4
Bonus pay gap mean/median	55.6/31.2	54.4/27.0

The gender pay gap is calculated as the difference between average hourly earnings (excluding overtime) of men and women as a proportion of men's average hourly earnings (excluding overtime). The table above shows median and mean gender pay gap for fixed pay and bonuses paid to men and women, in relation to the 2024 performance year. For more detail see our annual Gender Pay Gap Report available on our website.

Ethnicity 2024

White	Prefer not to say	BME
No.	No.	No.
1,425	896	85

Section One | **Strategic Report**

Leadership and development

The Group continued to focus on investment in leadership and development for everyone. The 'Benefact Emerging Talent Programme' and 'Benefact Leadership Development Programme' welcomed new cohorts who developed their leadership skills, connected with colleagues around the Group, tackled business challenges and applied their creative thinking to support charity partners. A new People Leaders Journey launched in the UK and Ireland with global rollout planned.

Eight new apprentices were recruited, meaning there are now 17 apprentices on programmes across the Group. A new global Purpose Pathways Network was launched to connect all of our interns, graduates and apprentices. The network has over 50 members who connected via online groups, attended learning workshops together and heard from senior leaders at events.

A new global careers website was launched, showcasing our people, culture and excellence as an employer. With over 40,000 visits to the site in 2024, it is playing a key role in attracting the best talent and supporting growth. We also launched our global Group Induction programme in 2024 for new colleagues. Inductions have brought together 220 new colleagues to learn about the Group's purpose, values and strategy.

Customers and partners

2024 marked another year of extraordinary giving – enabling us to reach our target a year early to give £250m to charity since 2014, supporting over 10,000 good causes. This is an incredible achievement and is thanks to everyone who has been part of this journey – colleagues, customers, partners, supporters, charities and their beneficiaries.

Supporting customers and partners

The Group continued to grow in specialist markets and expanded further with acquisitions of insurance brokers in the Broking and Advisory division and new insurance products. EdenTree's range of impact funds continued to attract investors, and it was one of the first fund managers to achieve labelling of funds under the new Sustainability Disclosure Requirements. Understanding customers' concerns is a focus in every part of the Group. Regular customer research and insight programmes on topics such as climate awareness and risk management enabled our businesses to build their expert advice and support.

Charitable giving from the Group's Movement for Good programme reaches causes close to customers, partners and communities. Large grants were awarded to charities reflecting the Group's commitment to customers. For example, partnerships with heritage charities English Heritage and Historic Royal Palaces enabled research on the climate impact on historic properties and support for young people to access heritage sites. Climate and environment charities were supported to restore wetlands, rewild farmland, clean up rivers and educate schoolchildren on climate. Other projects supported drugs education and the mental wellbeing of schoolchildren, engaged young people in one of the largest literature festivals in Europe and provided vital bereavement support.

The Group's giving extended beyond funding with a range of advice and support to enable charities to be more successful and sustainable. Free webinars, dedicated forums, masterclasses and training programmes gave charities the skills and confidence to succeed whilst enabling them to network. In total more than 3,000 charities were supported through the programme. A new podcast series was launched, discussing hot topics and challenges for the sector with experts and special guests. The inaugural Benefact Group Charity Heroes' Awards were held in November, celebrating and spotlighting charities and individuals. The awards were developed with input from charities at every step, with seven categories each supported and judged by a business within the Group.

Suppliers and partners are key to the Group's sustainable success. To ensure the highest social and environmental standards are upheld, a supplier code of conduct has been developed outlining key expectations. The Group continues to submit a Modern Slavery Act declaration and suppliers paid within 30 days remained high at 85% under the Payment Practices and Performance Reporting (2023: 86%). Robust risk management, employee code of conduct and employee regulatory training ensure high standards are upheld regarding human rights, anti-corruption and anti-bribery. One hundred percent of our people complete an annual code of conduct attestation.

Awards and recognition

External awards reinforced the Group's outstanding levels of support for customers. Ecclesiastical UK's home insurance business continued to top the tables – being placed first for a record-breaking 20th year in the Fairer Finance Home Insurance league. EdenTree's unprecedented run of recognition at the Moneyfacts Investment Life and Pensions awards was extended to 16 years as they were once again named Best Ethical Investment Provider. EdenTree also took home three awards at the Investment Week Sustainable Investment Awards including Sustainable Investment Fund Management Group of the Year.

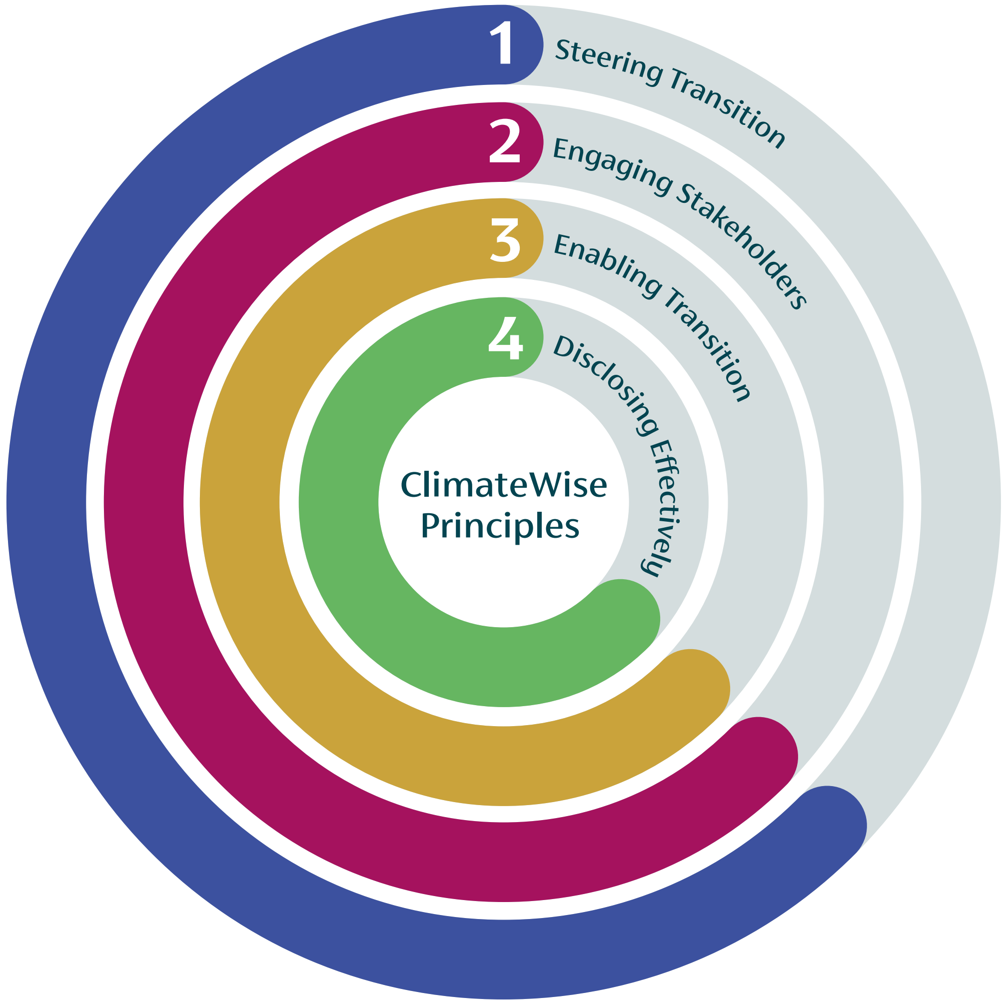
Ecclesiastical Canada was awarded Property and Casualty Insurer of the Year at the Insurance Business Canada Awards, as well as being highly regarded in the Excellence in Philanthropy & Community Service category. Two of the Group's brokers were recognised at the Insurance Age Awards, with Naturesave winning the ESG Broker Champion Sustainability Award and SEIB Insurance Brokers securing the Marketing and Customer Engagement Award. Ecclesiastical's Irish business was also awarded the Judges Special Recognition Award at the Business to Arts Awards, recognising the business's leadership in supporting the arts in Ireland.

Individuals and teams were also recognised, with Sarah Pearson at Ecclesiastical UK announced as Risk Professional of the Year at the Women in Insurance Awards; Carlota Esquevillas at EdenTree winning Rising Star Sustainable Investment Champion; and Risk Management Team of the Year at the CIR Risk Management Awards bestowed upon Ecclesiastical UK.

Section One | **Strategic Report**

Environmentally positive

This report is a summary of the Group's climate response. A fuller report featuring governance, strategy, risk, metrics and targets in line with the Taskforce on Climate-related Financial Disclosures (TCFD) is published on the Company's website. The Group continues to develop its climate and sustainability reporting in line with regulatory requirements and best practice.



Developing the Group's climate story

In 2024, the Group consulted widely on its climate position in order to communicate its beliefs, commitments and progress. 'Our Planet. Our Part' focuses on the part the Group can play and is structured around four key pillars: how we invest, how we insure, how we give and our direct impact.

Building engagement in climate

Building understanding and confidence in the Group's climate position and progress has been a key focus throughout 2024. Briefing sessions for leaders and all colleagues were held to share the Group's climate position. Climate plans and performance were reported to the Board and training on the climate crisis was organised and delivered by an external expert.

External challenge and assurance

Benefact Group continues to be an active and committed member of ClimateWise, a group of insurers most ambitious and committed to positive climate action. In 2024, the ClimateWise framework was relaunched to accommodate current and future regulatory reporting and rapidly developing best practice and expectations. This sets a new bar for climate performance and continues to be an effective way for the Group to hold itself to account and drive performance. Membership of ClimateWise requires an annual report which is independently assessed by risk consultants Crowe. In the first year of a new framework, Benefact continued to perform positively, in the top third of reporting companies.

How we invest

We don't invest in the most climate-harming industries and we're influencing companies to make better decisions.

How the Group invests will continue to be its most material opportunity to create positive climate impact. The Group's funds are managed by specialist responsible and sustainable investor EdenTree and footprinted annually to track performance. The Group has a responsible and sustainable investment policy in place which excludes investment in fossil fuels, heavy industry and aviation and encourages investment and stewardship which delivers positive climate impacts.

Influencing through investments

In 2024, EdenTree published its second Climate Stewardship Report. The report outlines EdenTree's commitment to influencing the companies it invests in. The funds EdenTree invests in, which include the Group's investments, are aligned to the Paris Agreement. It continues to challenge companies it invests in and its range of impact funds promotes positive climate solutions. The Climate Stewardship Plan targets engagement with the highest emitters in the portfolio and challenges them to set Science-Based Targets.

Championing transparency in sustainability

The Group's asset management business EdenTree can trace its roots back to the founding of responsible and sustainable investment. It's still at the forefront of this movement, playing a leading role in consulting with the FCA on the Sustainability Disclosure Requirement (SDR) labelling of funds. EdenTree was one of the first managers to label one of its funds under the new system. Alongside its active approach to influencing investee companies, EdenTree also campaigns on key issues including just climate transition, water stress and social and financial inclusion.

How we insure

We don't underwrite the most climate-harming industries and we're working to help our customers decarbonise.

The Group's second-biggest source of climate impact is the financing of customers through the provision of insurance. The Group has specialist insurance businesses in the UK, Ireland, Canada and Australia, each with their unique climate challenges. The Group made significant progress in 2024 by footprinting its underwriting emissions for the first time. The Group's underwriting businesses also remain focused on providing outstanding advice and support to customers, helping them manage climate risk as it continues to develop.

Measuring the impact of insurance

The Group became a member of the Partnership for Carbon Accounting Financials (PCAF) in 2024 in order to baseline the carbon impact of underwriting for the first time. The Group doesn't underwrite high carbon-emitting FTSE-Listed industries and therefore data on its customers is hard to find at best. Calculations therefore use proxy values, but they still give some essential insight into the highest emitting customers and sectors. The Group will use this understanding in 2025 and beyond to build engagement with customers.

Climate advice and support for customers

A range of climate advice and support is being shared across the Group's insurance businesses. Ansvar Australia has launched a guide for boards and senior managers on 'governing climate risk' for example as part of its climate action plan. Ecclesiastical Canada has launched a 'green assist' service to help customers understand their carbon footprint. Ecclesiastical in the UK has produced a 'green guide' for churches. Helping customers and partners understand and respond to challenging and developing climate risks will continue to be a key focus.

How we give

We give to environment and climate charities tackling a wide range of issues from biodiversity to transition

The Group has a special and unique opportunity to support charities tackling climate crisis. In 2024, giving focused in this area continued to grow, with the Group giving over £250,000. The Benefact Trust has also increased its giving to climate causes. Charities supported are intentionally broad, tackling a wide range of issues from wetlands restoration to biodiversity and climate education in schools.

Building climate education and awareness

A number of charities the Group supports have a mission to improve climate awareness and education. For example, the InterClimate Network gives young people a voice through events and activities including mock UN-style Conference of Parties (COP) events for schoolchildren. Another community organisation funded in 2024, FarmEd, is leading thinking in regenerative agriculture. Based at a former family farm in the Cotswolds, FarmEd's mission is to promote learning and research about our food system.

Developing deep partnerships

English Heritage has been a partner for a number of years and the Group is funding its research into the impact of climate on historic properties. This new understanding has already been shared with experts in the heritage sector and with the Group's colleagues. The Benefact Trust is giving its largest-ever grant to the Church of England to support its net zero programme and demonstrator church project to showcase how churches can decarbonise.

Our direct impact

We're committed to decarbonising our direct operations – offices, travel and working to influence our supply chains

The Group continues to report its direct footprint in line with Streamlined Energy and Carbon Reporting requirements (SECR). Although direct impact isn't as material as financing through investment and insurance, the Group has a responsibility to decarbonise and influence its partners and suppliers. The Group has achieved net zero for its direct operations, by virtue of decarbonising year-on-year, but mainly offsetting with a highly assured charitable partner delivering positive social and climate impact.

Setting standards for suppliers

In 2024, the Group Procurement and Impact teams worked together to publish a supply chain code of conduct which sets clearer expectations of social and climate performance. It outlines what the Group is committed to, and what it expects from suppliers. In 2024, a footprint of goods and services spend across the Group was completed in order to identify the most material sources of carbon and focus action.

Sustainable offices and travel

The Group continued to invest in its premises to provide modern and flexible working environments which also reduce impact on the planet. All of the Group's larger offices have high sustainability standards and have dramatically reduced the Group's footprint. In 2024, the latest business to make a move was Ansvar UK who moved to a new office space in Brighton. The new office is smaller in size, but provides higher-quality, more flexible office space, including a dedicated space for charities. Consequently, the move has reduced Ansvar's footprint by over 70%. Various initiatives supported more sustainable travel, including a salary sacrifice electric vehicle scheme, incentives for cycling, a personal carbon calculator and a Group-wide commuting survey.

Section One | **Strategic Report**

Direct footprint reporting

The following table provides details of the carbon associated with the direct operation of businesses that are part of the Benefact Group. This information is presented in line with the Streamlined Energy and Carbon Reporting (SECR) requirements. This table does not include the emissions relating to our investment portfolio or our underwriting activity.

> "The Group offsets its Scope 1 and 2 emissions through highly assured charitable projects to achieve 'net negative' for its direct impact."

Emissions source	2024 UK tCO_2e	2024 Non-UK tCO_2e	2024 Total tCO_2e	2024 Scope 1 & 2 tCO_2e/ employee	2023 UK tCO_2e	2023 Non-UK tCO_2e	2023 Total tCO_2e	2023 Scope 1 & 2 tCO_2e/ employee
Scope 1: fuel, fluorinated gas losses and fuel combustion in offices and company fleet	116	15	131		142	7	149	
Scope 2: electricity and cooling in premises (location based)[1]	591	149	740		696	84	780	
Scope 2: electricity and cooling in premises (market based)[2]	109	146	255		97	75	172	
Scope 3: business travel[3], waste, water use	538	269	807		439	568	1007	
Total tCO_2e (market-based electricity)*	763	430	1,193	0.51*	678	650	1,328	0.56*

tCO_2e is tonnes of CO_2 and equivalent gases.

[1] The average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data)

[2] Emissions based on how an organisation buys its energy

[3] Air, rail, bus, taxi, ferry, car rental and vehicles owned and driven by an employee, driven for business purposes (grey fleet)

* Scopes 1, 2 (market based) and scope 3

In 2024, total energy use is 4,570,001 kWh of which 3,841,221 is UK and 728,780 kWh is non-UK based. In 2023, total energy use was 4,153,784 kWh of which 3,962,931 kWh was UK and 190,853 kWh was non-UK based. Scope 3 emissions reported as part of SECR mostly comprise business travel. A data discrepancy in 2023 contributed to an overstatement in reported emissions.

Methodology

The Benefact Group has reported on all emission sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

The reporting year runs from 1 September 2023 to 31 August 2024. The emissions reporting boundary is defined as all entities and facilities either owned by or under operational control of the Benefact Group of companies, that is, emissions relating to our premises and associated travel by staff in the UK, Ireland, Australia and Canada.

The reporting comprises:

- Scope 1: emissions from fluorinated gas losses, oil and gas used to heat our offices, and fuel used in company vehicles
- Scope 2: emissions from electricity, cooling, heat and steam used in our offices
- Scope 3: emissions from business travel, waste and water use in our offices

Calculating emissions from electricity Scope 2 emissions is done in two ways:

- Location-based reporting calculates emissions based on the average emission intensity of the local power grid, regardless of what electricity contracts are in place
- Market-based reporting reflects emissions from the specific electricity contract/s purchased

Location-based electricity use shows emissions from physical consumption while market-based reporting reflects decisions made to purchase electricity on a zero carbon tariff.

The above emissions are displayed in tonnes of carbon dioxide and equivalent gases (tCO_2e), have all been calculated using UK Government Greenhouse Gas reporting emission factors 2024 (Department for Environment, Food and Rural Affairs), and independently verified according to ISO – 14064-1 Specifications with Guidance for the Validation and Verification of Greenhouse Gas Statements.

Section One | **Strategic Report**

Key performance indicators

Financial

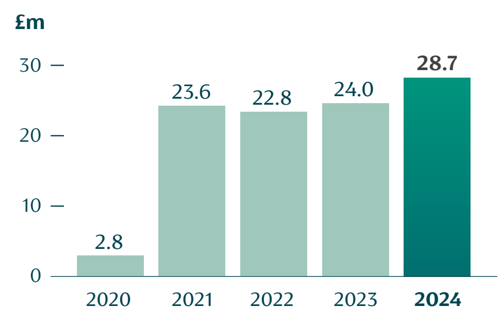
Measure | **Performance**

Donations

The amount donated by Benefact Group to charities, including our charitable owner, each year. This is the main measure of our ambition, which was to exceed £250m in charitable giving by the end of 2025. This has now been achieved.

Strong investment returns and a robust underwriting performance enabled us to maintain a high level of charitable giving at £28.7m. This includes grants of £25m to our charitable owner, Benefact Trust, in respect of the Group's 2024 performance, and a further £3.7m to good causes.

Note: 2023 giving includes £8m paid in 2024.



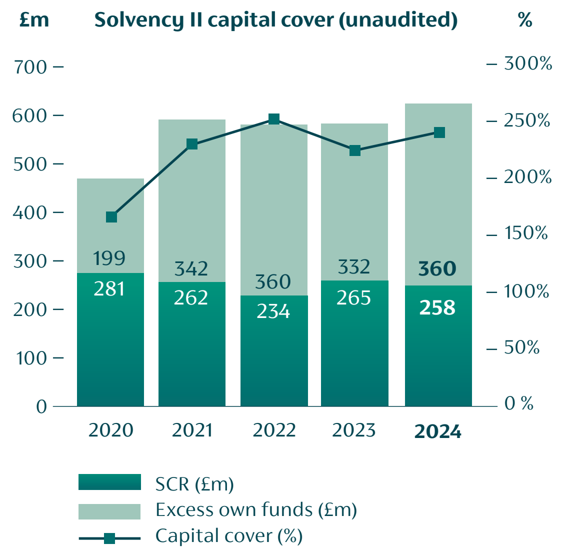
Regulatory capital

The Group's regulatory capital requirements are defined under the Solvency II directive as issued by the European Union and adopted by the Prudential Regulation Authority (PRA).

The Solvency Capital Requirement (SCR) is a risk-based statistical calculation that quantifies risks specific to our business. The Group sets a target level of capital that is in excess of the SCR to ensure ongoing compliance.

Benefact Group's capital cover under Solvency II has improved.

During 2024, own funds have increased principally from IFRS total comprehensive income. The solvency ratio has increased due to the decrease in the SCR, driven by the changes in economic environment, with higher expected investment returns and further de-risking of the Pension Fund from a position of strong surplus in particular driving a reduction. Our Solvency II regulatory capital position remains above regulatory requirements and risk appetite.



Profit or loss before tax

The Group's profit before deduction of tax.

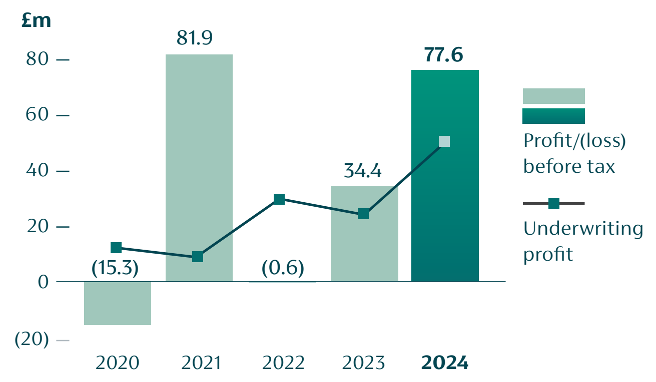
Each year, refreshed targets are set in relation to the Group's business plans for profit before tax. Details of the target that was set for 2024 can be found in the Group Remuneration Report. Our short-term target is to generate sufficient profit to enable us to meet our targets for charitable donations.

The Group reported a profit before tax in 2024 of £77.6m (2023: £34.4m) driven by a strong insurance service result and net investment result.

Improved results were seen within all three divisions of the Group – Specialist Insurance, Asset Management and Broking and Advisory.

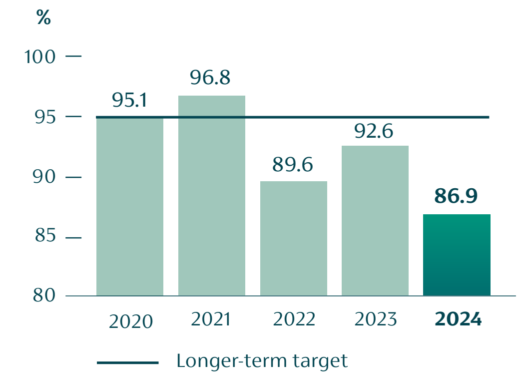
More information on underwriting performance is given below.

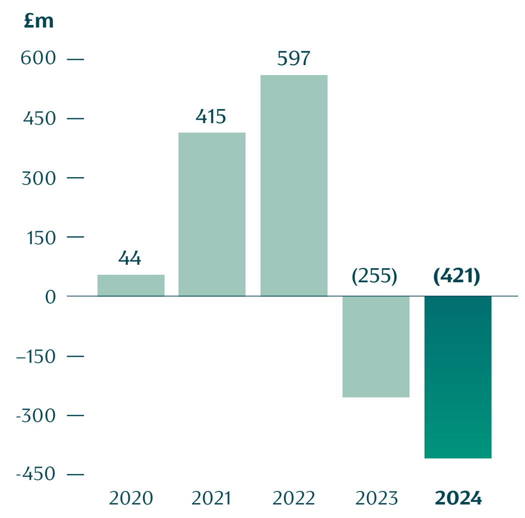
See the Chief Financial Officer's Report within the Strategic Report for more details.



Section One | **Strategic Report**

Measure	Performance
Combined operating ratio (COR) The sum of Ecclesiastical's general insurance incurred losses and expenses divided by earned premiums for each financial year. Each year, refreshed targets are set in relation to the Group's business plans for the Group COR. Details of the target that was set for 2024 can be found in the Group Remuneration Report. Our target over the longer term is to achieve 95% COR.	Our COR decreased in 2024. This reflects benign weather conditions and a more stable claims environment. The Group continues to keep underwriting and pricing discipline at the centre of its strategy, prioritising profit over growth in the competitive business environment. There has been sustained growth in premiums, and a further launch of the office professions product. For a breakdown of how COR is calculated, see note 41 to the financial statements. See the Chief Financial Officer's Report within the Strategic Report for more details.
Net flows (Asset Management) Net flows are the difference between the funds invested and the funds withdrawn during the period by third parties in the range of funds our Asset Management division offers. Net flows contribute to funds under management which is a key driver of the division's revenue. Each year, refreshed targets are set which take into account current market conditions and potential new initiatives.	Net outflows of £421m reflected the persistently challenging market and in line with wider market trends. The Group's asset management business, EdenTree, maintained investment into growing the business, through growing its distribution capability and with a widening of its product range.





Key performance indicators

Non-financial

We place equal importance on financial and non-financial key performance indicators. Details of the non-financial performance indicators can be found within our Strategy in action section and our Responsible Business Report.

Section One | **Strategic Report**

Chief Financial Officer's Report

I am pleased to present my first financial review since becoming Group Chief Financial Officer and delighted to be able to outline an outstanding set of results. The Group is reporting a profit before tax for 2024 of £77.6m (2023: £34.4m), which represents a stronger performance than expected and continued progress in the delivery of the Group's strategy.

Critically, these results support our ambition to give more to good causes and we've now surpassed our target of giving £250m since 2014. The results were driven by an excellent performance within the Specialist Insurance division (Ecclesiastical Insurance Office Group), reporting a profit before tax of £46.1m (2023: £25.0m), together with increased profits within the Broking and Advisory division of £6.1m (2023: £0.6m loss). The Asset Management division reported a loss for the year of £4.9m (2023: £6.5m).

Within the Specialist Insurance division, the insurance service result of £88.7m (2023: £72.8m) benefitted from particularly benign weather claims and a more stable claims environment. A strong net investment result of £69.4m (2023: £51.7m) was underpinned by positive market returns. Gross written premiums[1] increased by 4.1% to £640.5m (2023: £615.2m) as a result of new business and rate improvements. The Group recognised a net insurance financial loss of £7.2m (2023: £16.9m loss) due to the impact of discount rate unwinding, partly offset by gains as a result of increased discount rates.

The performance of the Group's Asset Management division was relatively resilient, given the challenging market conditions faced by the industry as investors turned to passive funds. Assets under management of £3.2bn were down slightly on 2023 and the division reported a loss of £4.9m (2023: £6.5m loss), which was an improvement on the prior year. In common with many asset managers, and in line with 2023, net new money in 2024 was negative.

Within the Group's Broking and Advisory division, which reported a £6.1m profit (2023: £0.6m loss), there was continued growth from our broking businesses with income up 53.5% to £85.2m driven by both organic and inorganic growth. 2024 included a profit on disposal of £5.2m for the financial services business of the Lloyd & Whyte Group. The division's earnings before interest, tax, depreciation and amortisation increased significantly to £21.4m (2023: £7.5m) as a result of a strong trading performance and growth.

The Group's strong credit ratings with both Moody's (A2 with stable outlook) and AM Best (A with stable outlook) were reaffirmed during the year and our Solvency II regulatory capital position remains well above both regulatory requirements and our risk appetite.

General insurance

The Group's underwriting businesses achieved strong results in the year and continued to grow insurance revenue, building on the strength of our position in core segments and recent product launches in the UK. The increase in gross written premiums[1] of 4.2% to £640.6m (2023: £615.0m) reflected excellent new business wins and rate strengthening. Underwriting experience has benefitted from particularly benign weather claims and a more stable claims environment, resulting in an insurance service result of £72.7m (2023: £56.2m) and a Group Combined Operating Ratio (COR)[1] of 86.9% (2023: 92.6%).

Our ongoing investment programme, with a strong emphasis on advancing our technology platforms and supporting our colleagues, remains a key focus. These technological investments are crucial for driving our business growth and meeting our customers' long-term needs.

Investments

The Group's net investment result for the year was £69.4m (2023: £51.7m), as markets were generally more positive compared to 2023. The Group remains committed to its long-term investment philosophy, with a well-diversified and appropriately matched portfolio.

Investment income of £47.8m (2023: £42.7m) remained strong, while fair value gains on financial instruments of £21.3m (2023: £15.6m) benefitted from gains on an unlisted equity instrument and fair value gains on listed equities, partly offset by fair value losses on government bonds as interest rates increased.

The Group's investment approach is a key part of our climate strategy, and you can find out more in our Responsible Business Report.

Asset management

The Group's asset management business, EdenTree, reported gross inflows of £515.8m (2023: £736.2m) and net outflows, excluding group flows, of £421.3m (2023: £254.7m). This reflected a relatively resilient result in the face of a persistently challenging asset management market. Investor sentiment continued to impact the business throughout 2024, as investors turned from active to passive funds. The division reported a loss before tax for the year of £4.9m (2023: £6.5m loss) driven by the reduction in assets under management to £3.2bn (2023: £3.6bn) and therefore revenues.

EdenTree continues to be well positioned for a return in favour to active and impact investment, as interest rates fall in the period ahead. During the year, EdenTree achieved three FCA 'impact' labelled funds and one FCA 'focus' labelled fund, the only asset manager to achieve Sustainability Disclosure Requirement labels across all asset classes. In 2024, EdenTree continued to be recognised for excellence and won Sustainable Investment Fund Management Group of the Year (under £50bn) at the

"The Group is committed to sustainable growth, supported by the inherent resilience of our businesses and well-established strategies in place."

Sustainable Investment Awards as well as Best Ethical Investment Provider at the Moneyfacts awards for the 16th consecutive year.

Broking and advisory

The overall result of a profit before tax of £6.1m (2023: £2.1m loss) included £5.2m profit from the sale of the financial services division within our broker, Lloyd & Whyte. Increased income was primarily driven by acquisitions made within the division in 2023 and 2024 as well as continued organic growth despite the impact of competition in some markets.

The Group's pre-paid funeral planning business reported a small loss before tax of £0.2m (2023: £2.1m loss), which was a significant improvement on the prior year due to continued growth and ongoing actions taken to manage new regulation.

On 6 February 2024, the division welcomed the insurance broker Access Underwriting Limited to the Group. This was acquired for a consideration of £15.8m. The Group recognised certain intangible assets related to the books of businesses acquired which, like other businesses in the Group, reflects the deep specialist expertise and strong ethical approach to serving customers.

On 28 June 2024, the division acquired a further 15% share in the broker group, Lloyd & Whyte, increasing its ownership to just over 65%. As a consequence, the Group recognised a gain directly in equity of £1.9m on the acquisition to adjust the non-controlling interest.

Long-term business

Our life business, Ecclesiastical Life Limited, provides products backing policies sold by the Group's pre-paid funeral plan business as well as a legacy book of life insurance business which remains closed to new business.

The loss before tax was £1.6m for the year (2023: £0.5m profit), driven by investment losses. Assets and liabilities in relation to the life insurance business remain well matched.

Outlook

Given ongoing geopolitical tensions and global uncertainty, including that arising from recently announced trade tariffs, market volatility is expected to continue. Changes from the new US administration in trade and tariff policies are not expected to directly impact the Group's businesses. These policy changes however may have implications for inflation and interest rate decisions.

Notwithstanding this, moderate growth and reducing inflation seem likely to improve market conditions over time. In this context, the Group is committed to sustainable growth, supported by the inherent resilience of our businesses and well-established strategies in place. Our commitment to a resilient and long-term strategy underscores our dedication to delivering consistent value to our customers, even amidst market uncertainties.

Balance sheet and capital position

Profits and investment returns were in part offset by £33.0m of charitable donations paid to the Company's ultimate shareholder, Benefact Trust Limited, of which £8.0m was in relation to 2023 performance. The Benefact Group has now achieved its ambition of giving £250m, which is a remarkable milestone in the Group's charitable objectives.

Our capital position remains robust with Solvency II capital ratio cover for the Group increasing to 240% from 225%. In the year, total shareholders' equity increased by £19.0m to £685.6m.

Mark Bennett
Group Chief Financial Officer

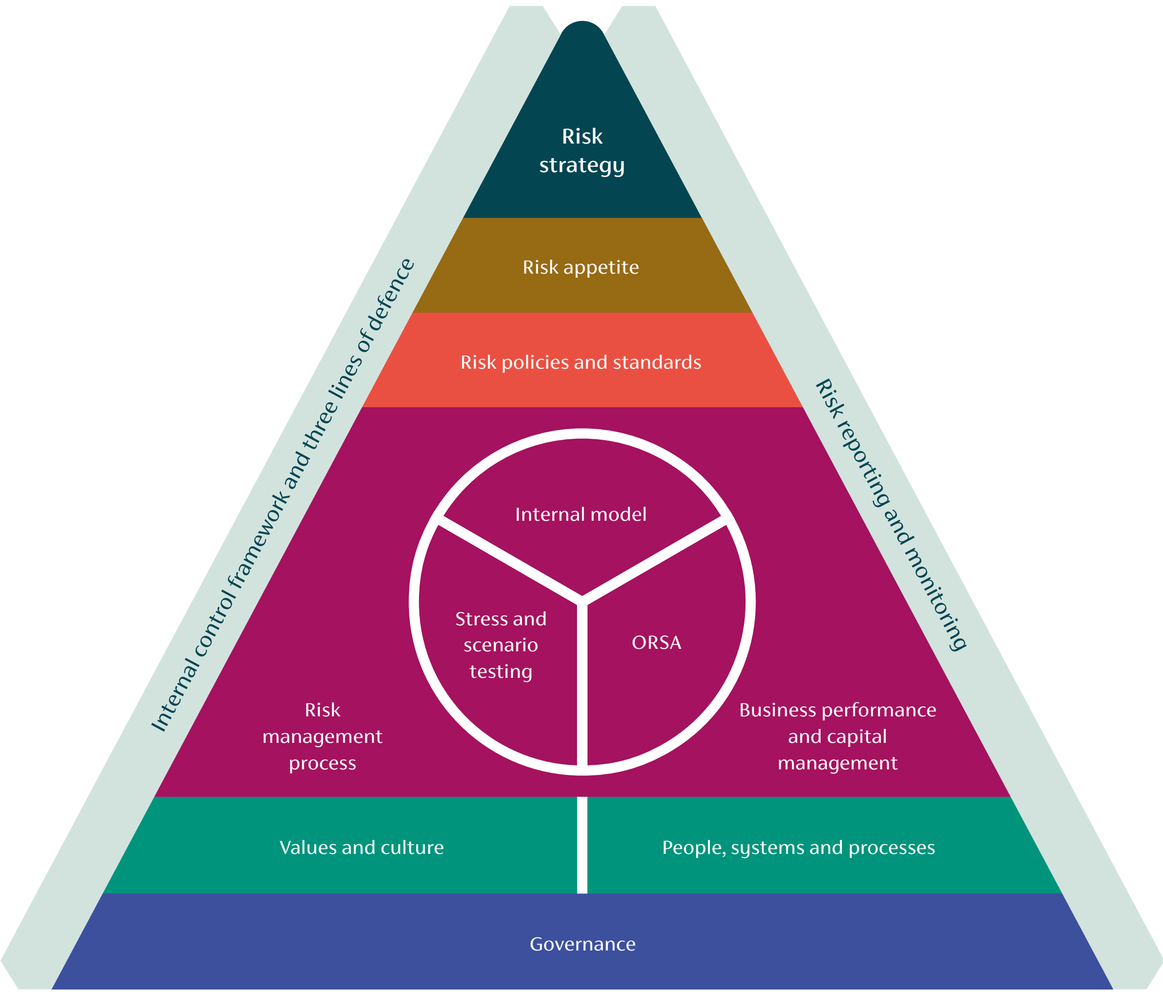
[1] The Group uses Alternative Performance Measures (APMs) to help explain performance. More information on APMs is included in note 41.

Section One | **Strategic Report**

Risk Management Report

Introduction

Strong governance is fundamental to what we do and drives the ongoing embedding of our Risk Management Framework. This provides the tools, guidance, policies, standards and defined responsibilities that enable us to achieve our business strategy and objectives, whilst ensuring that individual and aggregated risks to our objectives are identified and managed on a consistent basis.



Section One | **Strategic Report**

The Risk Management Framework is integrated into the culture of the Group and is owned by the Board. Each division has its own Risk Management Framework that operates within the Framework of the Group. Responsibility for facilitation of the implementation and oversight is delegated via the Group Chief Executive to the Group Risk Function, led by the Group Chief Risk and Compliance Officer. With governance changes made within the Group in 2024 to increase the separation of Benefact Group plc and Ecclesiastical Insurance Office public limited company, the Risk Management Framework and tools used to identify and manage risks is under review and will be finalised in 2025.

The Risk Management process demands accountability and is embedded in performance measurement and reward, thus promoting clear ownership for risk and operational efficiency at all levels. On an annual basis, the Audit & Risk Committee (ARC), on behalf of the Board, carries out a formal review of the Group's key strategic risks with input from the Group Management Board (GMB). The ARC allocates responsibility for each of the risks to individual members of the GMB. Formal monitoring of the key strategic risks is undertaken quarterly, which includes progress of Risk Management actions and is overseen by Divisional Risk Committees.

The Group's Risk Management Framework is part of a wider Internal Control Framework. Systems of internal control are designed to manage rather than eliminate the risk of failure to achieve business objectives, and provide reasonable, but not absolute, assurance as to the prevention and detection of financial misstatements, errors, fraud or violation of law or regulations.

Key to the successful operation of the internal control framework is the deployment of a strong Three Lines Model whereby:

- 1st Line (Business Management) is responsible for strategy execution, performance and identification and management of risks and application of appropriate controls;
- 2nd Line (Reporting, Oversight and Guidance) is responsible for assisting the Board in formulating risk appetite, establishing minimum standards, developing appropriate risk management tools, providing oversight and challenge of risk profiles and risk management activities within each of the business units and providing risk reporting to Executive Management and the Board.
- 3rd Line (Assurance) provides independent and objective assurance of the effectiveness of the Group's systems of internal control. This activity principally comprises the Internal Audit function, which is subject to oversight and challenge by the Group Audit & Risk Committee.

The Group Risk Appetite clearly defines the levels of risk exposure that the Group wishes, or is willing, to have in pursuit of its strategic objectives. Following the legal entity restructure and part of the Risk Management Framework refresh, the current Group Risk Appetite ports over for use by Benefact Group into H1 2025. The risk appetite is formally reviewed annually with approval and sign-off by the Board and there are ongoing assessments to ensure its continued appropriateness for the business.

The Own Risk and Solvency Assessment (ORSA) process is carried out at least once a year and is a key part of the business management and governance structure. This integrates the risk management, business planning and capital management activities and ensures that risk, capital and solvency considerations are built into the development and monitoring of the Group's business strategy and plans and all key decision-making.

Risk environment

The Risk environment is monitored on an ongoing basis and key areas of concern are escalated to the Benefact Group Audit and Risk Committee.

The Group has undergone internal governance changes which has brought a significant amount of change to the governance and risk environment of the Group, clarifying and aligning local line one risk management and line two risk management oversight.

Global instability affects interest rates and inflation which can impact the businesses within the Group and the impact from the markets within which we operate. Against this backdrop, for our reinsurance placement, we have been able to use our strong, long-term relationships in a hardening market to ensure we continue to meet our capacity requirements at the appropriate reinsurance cost. Cyber-attacks remain a significant risk, and internal controls, including maintaining employee awareness and vigilance, are continually being enhanced to protect the Group against cyber-attacks, whilst working towards achieving compliance with operational resilience regulation.

The Group has a stated risk appetite to seek to take market risk on its non-core assets with a view to generating investment returns. The Group has expressed a low risk appetite for market risk in relation to its core assets, i.e. those that support the asset-liability matching of its insurance business. This position is well understood and closely monitored and managed by management and the Board. EdenTree's aim is to continue to lead the way in Responsible and Sustainable investing. Even with market volatility, we have maintained our investment approach and hold a diversified mix of assets.

Regulatory change remains a key priority for the Group, including Operational Resilience in the UK and Digital Operational Resilience Act (DORA) in the EU, along with changes to the Corporate Governance Code due to take effect from the financial period 1 January 2026.

The Group aims to be the most trusted, specialist financial services provider and therefore maintaining a positive reputation is critical. Our reputation could potentially be damaged as a result of a range of factors including poor business practices and behaviours. High standards of conduct are a core part of the Group's brand, values and culture and there is an ongoing focus on ensuring this is maintained in line with the Consumer Duty.

"The Group aims to be the most trusted, specialist financial services provider and therefore maintaining a positive reputation is critical."

Section One | **Strategic Report**

Principal risks

Benefact Group plc is a holding company primarily engaged in the ownership and management of investments. The Benefact Group is organised into the divisions Specialist Insurance, Asset Management, and Broking and Advisory.

This section sets out both the risks that are specific to the Holding Company as a stand-alone legal entity and those risks and uncertainties that are prevalent across the Group's global operations. Given the nature and size of the insurance business within the Group, the key risks that are relevant to Ecclesiastical Insurance Office public limited company and this sub-group of companies remain highly relevant to the overall risk exposure.

There is an ongoing risk assessment process which has identified the current principal risks to Benefact Group plc as a holding company as follows:

Group risk

The risk that arises from the Benefact Group being the holding company of a diverse portfolio of businesses operating within the regulated financial services sector across multiple territories

Risk detail	Key mitigants	Change from last year
Group risk There is a risk that divisions do not manage themselves in line with the overall Benefact Group strategy or vision, or that issues within a division spread to other business units due to the interconnected nature of the Group structure	• Clear roles and responsibilities laid out in job descriptions, regulatory role holders (where applicable) and through Terms of References • Conflicts of interest within the Group are identified and monitored • Committee and Board structures are in place where management information and key risks are reviewed, discussed and escalated where needed • Business strategy and plans are aligned to Group strategies and priorities and subject to Group oversight • Business recovery and contingency plans are in place with clear limits and actions in place • Contracts in place with key suppliers and regular supplier management taking place • Policies in place setting the Group's expectations of the businesses within the divisions	A new risk for Benefact Group given the divisional, entity and governance changes made during the previous periods
Strategic risk The risk that key strategic goals are not realised or that acquisitions or divestiture decisions create inefficiencies, unintended consequences or financial strain	• Integrated Group and strategic business unit (SBU) strategy annually reviewed and refreshed • Ongoing monitoring of external environment and industry bodies, as well as insights provided by the Insight Team on broker feedback • Ongoing internal monitoring and reporting of key strategic goals, including change projects, operations and financials • Three-year business plan cycle undertaken for all businesses • Dedicated strategy sessions with Board and Senior Leadership	This risk, and key mitigants, remains unchanged to the previous year

Risk detail	Key mitigants	Change from last year
Legal and regulatory risk The risk that operating across several different regulatory territories and legal landscapes is not managed effectively, leading to inefficiencies, errors, non-compliance with regulation or applicable laws, or acts giving rise to legal liability	• A policy framework is in place across the Group to ensure a consistent approach to regulatory and legal requirements • Benefact Group and its divisions have second-line functions to monitor regulatory developments • Reporting of the regulatory and legal landscapes via the Chief Risk Officer reports • Regulatory Change portfolio in place, managed by a dedicated regulatory change team with input from small and medium-sized enterprises (SMEs) • Senior Managers Certification Regime (SMCR), or equivalent, in place with regulatory role holders identified where required	The markets within which we operate remain unchanged; however, there continues to be a significant volume of regulatory change, and therefore the level of risk remains unchanged to last year

Financial risks

The risk that proceeds from financial assets that are not sufficient to fund the obligations arising from insurance contracts

Risk detail	Key mitigants	Change from last year
Economic and market risk There is a risk of financial loss due to changes in economic conditions. This includes a fall in the value of investments held, as well as the impact of movements in interest rates	• Investment Risk Policy is in place and in line with the PRA's Prudent Person Principle • The suitability of the Investment Strategy is formally considered at least annually and kept under review by Market and Investment Risk Executive Meeting (MIREM) • Risk appetites are approved and monitored quarterly by the Group and divisional Boards • Risk monitoring is undertaken against performance and risk indicators • Risk quantification is assessed through the Internal Model and scenarios are conducted as part of the annual ORSA process	Overall market risk has increased, and we remain invested for the long term. We continue to monitor market conditions and the geopolitical and socio-political environment

Risk detail	Key mitigants	Change from last year
Capital adequacy & allocation risk There is a risk that one or more areas of the Group is unable to maintain adequate capital levels or that capital is allocated inefficiently resulting in lost opportunities	• Internal model is used within the Group to assess the Solvency Capital Requirements for areas of the Group that fall within the model • Governance arrangements are in place to oversee the use and calibration of the Internal Model • Second Line Internal Model Validation Programme is in place • Local regulatory capital requirement assessments are completed to comply with local regulation across the Group • Solvency risk appetites are set by the Group and divisions	There have been no material changes to this risk since last year and remains a high risk to the Group

Reputational risk

The risk that our actions lead to reputational damage in the eyes of customers, brokers or other key stakeholders

Risk detail	Key mitigants	Change from last year
Brand and reputation risk There is a risk of reputational damage or damage to the Benefact Group brand owing to activities at the holding company or from within one or more of the divisions	• Processes in place to respond to emerging incidents or threats that could damage the brand • There is a dedicated marketing and PR function responsible for the implementation of the marketing and communication strategy which is aligned to the business strategies within the Group • Ongoing monitoring of various media platforms is in place to ensure appropriate responses	Maintaining a positive reputation is critical to the Group's vision of being the most trusted and ethical specialist financial services group and the risk remains unchanged to last year. Risks to our brand and reputation are inherently high in an increasingly interconnected environment, with the risks of external threats such as cyber security attacks, and viral campaigns through social media always present

Section One | **Strategic Report**

The significant risks that span across all three divisions within Benefact Group are as follows:

Regulatory risk

The risk of loss arising from inadequate or failed internal processes, people and systems, or from external events

Risk detail	Key mitigants	Change from last year
Regulatory risk Failure to comply with regulatory obligations or to engage appropriately with the different regulatory bodies	• Monitoring of regulatory developments and feeding into the Group's Emerging Risks process and relevant local actions to address • Policy Framework in place with Committees to support • Compliance monitoring across 3 Lines of Defense (LOD), between local management, 2LOD and 3LOD • Review of regular MI to understand key regulatory challenges • Appropriate regulatory role holders (as applicable to each business) in place to ensure direction and challenge	This risk remains unchanged from previous years and is relevant across all divisions of the Benefact Group
Climate change The financial risks arising through climate change. The key impacts for the Company are physical risks (event-driven or longer-term shifts), the transition risks of moving towards a lower-carbon economy and liability risks associated with the potential for litigation arising from an inadequate response	• Catastrophe risk is managed through reinsurance models • The Group considers flood risk and other weather-related risk factors in insurance risk selection • There is an ESG overlay on the Investment Strategy • The Group actively manages exposures and is up to date on market developments	Whilst there is now more awareness of the challenges faced as a result of climate change, there have been no material changes to this risk since last year. A programme of work continues to fully analyse the impact on the Group and to develop appropriate risk management responses
Conduct risk The risk of unfair outcomes arising from the Group's conduct in the relationship with customers, or in performing our duties and obligations to our customers. Customers are placed at the centre of the business, ensuring good customer outcomes, while safeguarding the interests of all other key stakeholders	• There is ongoing staff training to ensure that customer outcomes are fully considered in all business decisions • Customer charters have been implemented in all SBUs • Conduct Risk Reporting to relevant governing bodies is undertaken on a regular basis • Customer and conduct measures are used to assess remuneration	The Group remains committed to placing customers at the centre of our practices and decision-making, demonstrated by our wide-ranging industry awards and customer satisfaction scores. Overall the level of this risk is unchanged from the prior year

Operational risk

The risk of loss arising from inadequate or failed internal processes, people and systems, or from external events

Risk detail	Key mitigants	Change from last year
Cyber risk The risk of criminal or unauthorised use of electronic information, either belonging to the Company or its stakeholders for example customers, employees, cyber security threats from malicious parties continue to increase in both number and sophistication across all industries and remains the Company's highest-rated risk	• A number of security measures are deployed to ensure protected system access • Security reviews and assessments are performed on an ongoing basis • There is ongoing maintenance and monitoring of our systems and infrastructure in order to prevent and detect cyber security attacks • There is an ongoing information security training and awareness programme	Cyber risk remains a constantly evolving threat, with malicious threat attackers continuing to seek to exploit businesses. Employee awareness and vigilance is therefore highly important at this time, which is continuing to be proactively managed
Data governance (inc. management and protection) The risk that the confidentiality, integrity and/or availability of data held across the Group is compromised, or data is misused. The Group holds significant amounts of customer and financial data and there could be significant implications if this is compromised or is found to be inaccurate	• A Group Data Committee is in place which is responsible for the Group Data Strategy and ensuring effective data governance • Group data governance and Group data management and information security policies are in place • Data is managed by Data Owners and Stewards, and supported by Data teams for technical support and oversight	Enhancements continue to be made to the governance, management, use and control of data, in order to meet the evolving requirements, and remains a key focus
Critical Supplier risk Poor customer service or disruption to the business caused by supplier failure (including data or regulatory breach) or inadequate contractual arrangements, due diligence and ongoing supplier management	• Pre-defined contingency/exit plans in place with business-critical services • Regular credit checking and financial monitoring of suppliers' financial status • Ongoing and specialist due diligence and ongoing monitoring, including cyber security and business continuity, prioritising tier 1 and 2 suppliers	The risk remains unchanged, with action underway to continue to enhance oversight of the high-risk suppliers

Section One | **Strategic Report**

The significant risks associated with Ecclesiastical Insurance Office public limited company are as follows:

Insurance risk

The risk that arises from the fluctuation in the timing, frequency and severity of insured events relative to the expectations of the firm at the time of underwriting.

Risk detail	Key mitigants	Change from last year
Underwriting risk The risk of failure to price insurance products adequately and failure to establish appropriate underwriting disciplines. The premium charged must be appropriate for the nature of the cover provided and the risk presented to the Group. Disciplined underwriting is vital to ensure that only business within the Company's risk appetite and desired niches is written	• A robust pricing process is in place • The underwriting licensing process has been refreshed • A documented underwriting strategy and risk appetite is in place together with standards and guidance and monitored by Strategic Business Units (SBUs) • This is supported by formally documented authority levels for all underwriters which must be adhered to. Local checking procedures ensure compliance • Monitoring of rate strength compared with technical rate is undertaken on a regular basis within SBUs • There are ongoing targeted underwriting training programmes in place • A portfolio management framework is in place to ensure clear understanding and allow targeted actions to be taken • Group Underwriting Audits are carried out across General Insurance Businesses	There have not been material changes to this risk during the year
Latent claims The risk of financial loss arising from the deterioration of reserves held for causes of claim that typically have long latent periods prior to reporting	• Full review of Physical and Sexual Abuse (PSA) claims utilising the stochastic reserving model for all territories • Actuarial Function Holder review of Technical Provisions with an opinion report provided to the Board • Robust management of claims including investigation and justification • Reserving Team training and understanding of the risk to ensure recommendation of appropriate reserves	During 2024 there has been a material strengthening of reserves to reflect the emerging experience relating to latent claims. Oversight of physical and sexual abuse claims continues across all territories

Section One | **Strategic Report**

Risk detail	Key mitigants	Change from last year
Catastrophe risk The risk of large scale extreme events giving rise to significant insured losses. Through our general insurance business, we are exposed to significant natural catastrophes in the territories in which we do business	• Modelling and exposure monitoring is undertaken to understand the risk profile and inform the purchase of reinsurance • Local risk appetite limits have been established to manage concentrations of risk and these are monitored by SBUs • There is a comprehensive reinsurance programme in place to protect against extreme events. All placements are reviewed and approved by the Group Reinsurance Board • Processes in place to provide oversight and sign off of reinsurance modelling and exposure management across the company • The Risk Appetite specifies the reinsurance purchase levels and retention levels for such events	There have been no material changes to this risk during the year
Reinsurance risk The risk of failing to access and manage reinsurance capacity at a reasonable price. Reinsurance is a central component of our business model, enabling us to insure a portfolio of large risks in proportion to our capital base	• We take a long-term view of reinsurance relationships to deliver sustainable capacity • A well-diversified panel of reinsurers is maintained for each element of the programme • A General Insurance Reinsurance Executive Meeting approves all strategic reinsurance decisions	The level of this risk has remained broadly similar since last year. We continue to take a long-term approach to our reinsurance relationships

Other risks

Other significant risks faced by Ecclesiastical Insurance Office public limited company

Risk detail	Key mitigants	Change from last year
Market and investment risk The risk of financial loss due to changes in economic conditions. This includes a fall in the value of investments held, as well as the impact of movements in exchange rates and discount rates on insurance and pension liabilities	• An investment strategy is in place which is reviewed at least annually and signed off by the Market and Investment Risk Executive Meeting. This includes consideration of the Group's liabilities and capital requirements • A Market and Investment Oversight Meeting is in place and provides oversight and challenge of these risks and the agreed actions. There is a formalised escalation process to the Group Management Board and MIREM in place • There are risk appetite metrics in place which are agreed by the Board and include limits on asset / liability matching and the management of investment assets • Derivative instruments are used to hedge elements of market risk, notably currency. Their use is monitored to ensure effective management of risk • There is tracking of risk metrics to provide early warning indicators of changes in the market environment Further information on this risk is given in note 4 to the financial statements.	Overall market risk has increased, and we remain invested for the long term. We continue to monitor market conditions and the geopolitical and socio-political environment

Section One | **Strategic Report**

Non-financial and Sustainability Information statement

The Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006 are addressed below. Non-financial and environmental, social and governance (ESG) information is integrated across the Strategic Report, in particular in the Responsible Business Report.

Non-financial information	Disclosure	Section	Pages
Business model	Our business model and information on how we do business differently	Strategic report – Our Business model and strategy	13-16
Key performance indicators (KPIs)	Our KPIs set out how we are doing against our strategic goal	Strategic report – Strategy in action	25-26
Principal risks	Our key risks and their management	Strategic report – Principal risks	30-33
Environmental, social matters, colleagues, human rights, financial crime and corruption	Statements of our policy and practice in these areas	Primarily included in the Responsible Business Report but also outlined below.	18-24

Our key policies/statements of intent

We have a range of policies and guidance in place to support the key outcomes for our stakeholders. These also ensure consistent governance on climate and environmental matters, our employees, social matters, human rights and anti-bribery and corruption.

Climate and environmental matters

As a diverse financial services business, the Group is exposed to climate risk primarily through investments and insurance. It also has a responsibility to reduce its operational impact and can achieve positive impact through its charitable giving.

A separate report in line with the Taskforce for Climate-related Financial Disclosure (TCFD) requirements is published on the Group's website at benefactgroup.com, but the following provides a summary of key considerations:

Governance

- The Board has overarching responsibility for overseeing response to climate change – but due to the cross-cutting nature of climate risk the Board has delegated responsibility to the Audit and Risk Committee. Across the business various committees, management functions and a core climate strategy function lead, develop and deliver the Group's response
- The Group is a member of voluntary climate action initiative ClimateWise, which drives best practice and provides independent assessment

Strategy

- The Group has a robust strategy review and evaluation process. In particular, scenario analysis is used as a key tool for assessing and understanding climate risk

Testing risks through scenarios

Insurance	Investment
• Focusing on worst-case scenario: the assessment of insurance underwriting risk has focused on the worst-case scenario of the Bank of England's three Climate Biennial Exploratory Scenarios (CBES) (the No Additional Action scenario) because this enables identification of the most extreme outcomes, therefore the greatest risks to the business, particularly over the medium to long term. The scenarios have been used primarily in a qualitative nature to identify the types of perils that are most likely to affect the current insured portfolio. We have also looked at other, less harmful scenarios to understand a range of feasible outcomes and so the difference in expected impact that would result from positive climate mitigation actions • Considering socio-economic impacts: besides considering the direct impact of weather events, the economic and social impact on key customers were also considered, in this case also using the scenarios whereby Paris-aligned targets are met, to identify some of the issues they likely face in the various circumstances. This analysis is being used to inform customer propositions and how the Group might work with and support customers to manage and mitigate climate risk • The process has been used to assess the Group's insurance footprint in various geographies, for example assessing wildfires in Canada, temperature rises in Australia and windstorm and flood in the UK. For example, in the UK a tool for flood and storm mapping, Mapview, is used to manage individual and accumulated local exposures	• Property investments continue to be assessed for climate impact using a Real Estate Environmental Benchmark (REEB), Energy Performance Certificate (EPC) schedule priority, physical and climate risk assessments and Scope 1, 2 and 3 data completion, it also included emissions reduction targets and a decarbonisation plan • Footprinting: tools used by EdenTree, which is part of the asset management division of the Group, enable the Group to view its investments from various perspectives. These include the portfolio emission pathway vs climate scenario budgets (and whether it is overshooting) and the associated temperature increase • Based on current targets, equity investments are expected to be aligned with the Sustainable Development Scenario by 2050, representing a potential temperature increase of 1.5°C by 2050 compared to 2.9°C for the benchmark • This figure is tracked annually to ensure continued alignment. This temperature alignment score is based on the ISS-ESG methodology and shows the estimated temperature increase which the portfolio is associated with by 2050 • The current proportion of holdings that have adopted a Science-Based Target (SBT) are also tracked. Increasing this is a key part of our engagement work to support the decarbonisation of our portfolio

Section One | **Strategic Report**

Risk management

- The Enterprise Risk Management process provides the tools, guidance, policies, standards and defined responsibilities to enable the Group to achieve its strategy and objectives whilst ensuring that risks to objectives are identified and managed
- The Group's risk management process is a structured and iterative method for identifying, assessing, responding and monitoring risk on an ongoing basis
- Risk management is integrated into the way the Group works with each business unit and significant business areas using this process, producing risk registers and feeding into reporting shared with the Group Risk function and ultimately the Audit and Risk Committee
- The principal climate risks faced by the Group are:

Risk	Nature of risk	Time horizon	Actions being taken to understand and mitigate impact on business, strategy and planning
Physical	Direct damage to assets both owned and insured and indirect impacts from supply chain disruption. The main physical risk exposures stem from its property underwriting portfolio and from its investment assets.	There are acute, event-driven risks which can occur over all time horizons, and chronic risks, which are typically longer-term.	• We have partnered with a third-party expert to quantify exposures on our insured portfolio across territories where we operate using models based on a range of scenarios. This will be used to inform capital, pricing and underwriting strategy • Mapping technology has also been used in the UK to identify concentration of risks in the most flood-prone areas • We continue to work with our reinsurance partners to ensure that our risk mitigation remains appropriate for our current risk exposures and to learn from their expertise • The Group is a member of the Partnership for Carbon Accounting Financials (PCAF) and has completed an initial assessment of the carbon impact of its underwriting portfolios in the UK, Ireland, Australia and Canada. This will inform strategy for engagement and decarbonisation • As part of its investment process, EdenTree assesses a company's exposure to climate risk (including physical risk). Where this is deemed to be material or poorly managed, a company will not be included in the portfolio
Transition	Relates to financial risks resulting from transitioning to a low-carbon economy. They arise from policy, technology and market disruption. Additional implications include the subsequent changes to consumer expectations, demand and behaviour. The main exposure to transition risks is on the value of its investment assets through the impact of changes to a low-carbon economy on investee companies.	Short to medium term	• Funds are invested with a responsible and sustainable policy which excludes fossil fuel exploration and production, thermal coal extraction and eschews investment in high-carbon emitters (automotive, aviation and heavy industry) • Across EdenTree's Funds, we also invest in companies providing solutions that will enable the low-carbon transition alongside providing a compelling investment case • The Group's asset manager EdenTree has established a Climate Stewardship Plan which engages investee companies and targets improvement • Climate change is also a permanent pillar of EdenTree's engagement strategy, and they have supported various initiatives over the years. They have contributed for seven consecutive years to the CDP's non-disclosure campaign. They supported the Paris Pledge for Action in 2015 and are a signatory to the TCFD Framework. EdenTree also maintain memberships including the UK Sustainable Investment and Finance Association, UN Principles for Responsible Investment and the Institutional Investors Group on Climate Change • The Group also footprints its property portfolio annually, to understand both physical and transition risks, inform investment strategies and understand energy performance
Liability	Stems from the potential for litigation if entities and boards do not adequately consider or respond to the impacts of climate change.	Short term	• Each territory assesses exposure to the potential for receiving future liability claims relating to climate-related litigation arising from customers' activities. Each territory will also continue to track the potential for insured customers to be exposed to liability risks and the evolving legal environment

- A full overview of actions taken to understand and mitigate impact on business, strategy and planning is included in the full TCFD report. Actions include mapping technology to identify concentration of insurance risks and a responsible and sustainable investment policy

Metrics and targets

- The Group has committed to Net Zero targets over the short and long-term. Net Zero progress and ClimateWise performance are integrated into our long-term incentive plan for senior leaders
- A wide range of metrics and targets are used across the Group's climate programme (fully outlined in the TCFD report). They include fund alignment with a 1.5-degree pathway, underwriting footprint calculated to the Partnership on Carbon Accounting Financials methodology, amount of giving to climate charities and carbon intensity per employee
- The Group does not have a suite of key performance indicators specifically in relation to measuring climate change, but this is monitored through investment performance

Taskforce on Climate-related Financial Disclosures (TCFD) compliance summary

Climate reporting is included in the Strategic Report (in particular in the Responsible Business Report section) and a separate TCFD report published on benefactgroup.com. The following table is produced to highlight the TCFD pillars, recommended disclosures and where this information can be found across the Strategic Report and separate TCFD report.

TCFD pillars	TCFD recommended disclosures	Section of the Strategic report, that disclosures are included in, in compliance with the Companies Act	Section of the TCFD Disclosure report with further details, in compliance with the Listing Rules TCFD report reference – available at
Governance Disclose the organisation's governance around climate-related issues and opportunities	• Describe the Board's oversight of climate-related risks and opportunities • Describe management's role in assessing and managing climate-related risks and opportunities	• Non-financial and sustainability information statement (page 34) • Section 172 statement (page 38)	• Governance structure overview (page 4) • Examples of climate topics discussed/decisions made at various governance forums including Board Committees and management groups (page 5)
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy and financial planning where such information is material	• Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term • Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning • Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degree or lower scenario	• Climate strategy overview in the Group Chief Executive's Review (page 12) • Non-financial and sustainability information statement (page 34) • Principal risks (page 30)	• Strategy overview (page 6) • How climate is embedded in how the Group operates (page 6) • Climate risk and opportunity consideration (page 7) • Physical, transition and liability risks outlined, time horizons considered and actions being taken to understand and mitigate impact outlined (page 8) • Using scenario analysis to understand and test climate risk (page 9)
Risk management Disclose how the organisation identifies, assesses and manages climate-related risks	• Describe the organisation's processes for identifying and assessing climate-related risks • Describe the organisations processes for managing climate-related risks • Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	• Non-financial and sustainability information statement (page 34)	• Risk management framework and process overview (page 10) • Overview of how the risk management process and risk management tools are used to capture, assess and respond to risk, but also to monitor and report (page 10).

Section One | **Strategic Report**

TCFD pillars	TCFD recommended disclosures	Section of the Strategic report, that disclosures are included in, in compliance with the Companies Act	Section of the TCFD Disclosure report with further details, in compliance with the Listing Rules TCFD report reference – available at
Metrics and targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	• Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process • Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas emissions (GHG), and the related risks • Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	• Climate strategy overview in the Chief Executive's Review (page 12) • Non-financial and sustainability information statement (page 34) • Direct footprint reporting in line with SECR requirements (page 24)	• Overview of Net Zero targets set over the short and long term (page 11) • Overview of approach to key metrics against each pillar of climate strategy (page 12)

Colleagues

- The Group's Code of Conduct policy is centred on 'Doing the right thing' and sets the standards of conduct and behaviour expected from employees.
- The Board aims to ensure it is comprised of persons who are fit and proper to direct the business. The Board's diversity policy sets out the approach to diversity in the leadership population.
- Other information on our commitments to supporting diversity and development is included in the Responsible Business Report on page 20. Also included within the Corporate Governance report on page 44 is information about the composition and diversity of the Board.

Social matters

- The Group was founded with a charitable purpose and this remains what motivates us today. We believe business has a social responsibility and should give more to support charities and communities. More information about how we support our communities can be found in the Responsible Business Report on page 18. The Group does not make political donations.
- The Group's tax strategy supports our group strategy and the ethical way we do business. We are committed to managing all aspects of tax transparently and in accordance with current legislation. We work to achieve the spirit of legislation and not just the letter of the law in each tax jurisdiction. Our tax strategy is available on www.benefactgroup.com.

Human rights, anti-bribery and anti-corruption

- The Board is committed to operating with honesty and integrity in all of our business activities and promoting an anti-bribery and corruption culture across the Group.
- The Group has established and upholds good practices regarding human rights, anti-corruption and anti-bribery through a range of measures including robust risk management, employee Code of Conduct and employee training on topics such as data protection and vulnerable customers.
- The Group complies with relevant legislation concerning supply chain – the Modern Slavery Act 2015 and the Payment Practices and Performance regulations – to drive good practice and transparency.
- The Responsible Business Report contains more information including our commitment to putting customers and partners at the heart of everything we do, focusing on good governance, service and support.

Section One | **Strategic Report**

Section 172 Statement

The directors confirm that during 2024 and to the date of this Report, they have acted to promote the success of the Company for the benefit of its members as a whole and considered the matters as set out in section 172(1)(a) to (f) of the Companies Act 2006. This section describes how the directors have had regard to those matters when performing their duties.

Our approach to the long-term success of the Company

The directors recognise that the long-term success of the Company, and therefore our ability to continue to help people, charities and good causes is dependent on having regard to the interests of its stakeholders at its heart. In order to achieve our strategic ambitions the Board understands how important it is to listen and respond to the needs of our stakeholders.

As a global financial services group driven by the ambition of transforming lives and communities, we are continually striving to do the right thing at all times. However, there are occasions where the needs of different stakeholder groups may not always be aligned. On these occasions, the Board attempts to balance the conflicting interests and impacts of our stakeholders in their decision-making.

Our stakeholders

Colleagues

The Board recognises that colleagues are the Group's greatest asset given their specialist skills and knowledge and propensity to go above and beyond.

What matters to them?

- Culture and purpose
- Fair pay and reward
- Flexible working practices
- Making a positive impact on society
- Health and wellbeing
- A diverse, equitable and inclusive workplace
- Training, development and progression

Communities

The Board is committed to ensuring its operating subsidiaries do business differently and build a Movement for Good across society, transforming lives and communities.

What matters to them?

- Charitable giving
- Health and Safety
- Employment, economic and societal contribution
- Environmental impact of operations

Regulators

The Board recognises the importance of open and honest dialogue with the Group's Regulators (including those in the UK, Australia, Canada and the Republic of Ireland) and expects its subsidiaries to comply with applicable legislation and regulation in order to maintain standards of business conduct.

What matters to them?

- Outcomes for customers
- Operational and financial resilience
- Openness and transparency
- Compliance with legislation and regulation.

Shareholder

The Board understands the need to maintain a close and open relationship with the Company's shareholder characterised by transparency and mutual understanding.

What matters to them?

- Financial performance and returns
- Strategy and business model
- Environmental, social and governance (ESG) performance
- Reputation
- Strong leadership

Stakeholder engagement

Below is an overview of our approach to stakeholder engagement and outcomes (with more detailed information provided in the Responsible Business Report).

Key stakeholders	Methods of engagement and outcomes
Colleagues	Members of the management team and subject matter experts are invited to Board and Committee meetings to present on items and input into discussion. During the year, the Group Chief People Officer provided an update on the Group People Strategy. Directors visit subsidiaries, businesses and project teams to gain a good understanding of colleagues' views. In order to engage, involve and inform colleagues, a range of methods as set out below are used: • Sir Stephen Lamport, as the designated Non-Executive Director of Ecclesiastical Insurance Office public limited company for employee engagement, is briefed on associated survey results and findings are reported to the Board • A variety of communication channels including intranet, all colleague newsletter (The Link), all colleague emails (including weekly news, results, achievements and changes), briefings, conferences and publishing of financial reports and feedback and discussion is adopted (including to make colleagues aware of financial and economic factors affecting the performance of the Company) • Colleague engagement surveys adopting the B-Heard Survey provided by an external partner, Best Companies • During the year colleagues undertake training to support the accessibility and understanding of our whistleblowing policy, procedure and approach to ensure they feel safe to speak up and challenge when needed • Direct engagement and consultation through colleague representative forums including the Group's recognised Union (Unite) and Employee Networks such as the DEI working Group, Women's Network and Neurodiversity Network • 'Town Hall' meetings are hosted virtually by senior management where colleagues can ask questions and provide feedback • A performance-related bonus scheme is operated, which directly links individual objectives and business performance to encourage employees to participate in the overall financial success of the Company and the Benefact Group; and a range of training, development and volunteering activities are available to colleagues, including technical courses, mentoring, coaching and community opportunities.
Communities	We are a financial services group owned by a charity, with a unique purpose to contribute to the greater good of society. All of our available profits are donated to good causes and we are the third largest UK corporate donor over a decade. During the year, the Board has received regular updates on charitable giving and areas of focus (including our fundraising service for charities and the annual Big Give Back week held to boost colleague awareness of the Group's giving, volunteering and personal grants). In addition, directors have also had the opportunity to visit beneficiaries of the Group's charitable giving to see first-hand their work which has enabled a better understanding of needs.

Section One | **Strategic Report**

Key stakeholders	Methods of engagement and outcomes
Regulators	The Board (via its Committees) receives regular reports detailing the Group's regulatory interactions. Regular reports are also received on the evolving legal and regulatory landscape incorporating a detailed impact and progress assessment.
Shareholder	Benefact Trust Limited owns the entire issued Ordinary share capital of Benefact Group plc with whom the Board has an open and constructive relationship. Protocols for the exchange of information between Benefact Trust Limited and Benefact Group plc and its subsidiaries (including Ecclesiastical Insurance Office public limited company) are in place and cover performance, operations and financial position. There is at least one 'Common Director' (i.e. a Director who is a member of the Boards of Benefact Trust Limited, Benefact Group plc and Ecclesiastical Insurance Office public limited company) who is expected to attend every Board meeting. The Common Directors present a summary of highlights from Benefact Trust Limited Board meetings to the Directors. There is also engagement between respective Board and Committee Chairs and the Group Chief Executive Officer. Regular dialogue takes place on Benefact Trust Limited's expectations of the Group, strategy for the development of the business and the grant from the Group. This ensures that the views of Benefact Trust Limited are communicated to the Board as a whole. In turn, the Common Directors are able to support the directors of Benefact Trust Limited to understand the performance and strategic issues faced by the Company. A conflict of interest policy which sets out how actual and perceived conflicts of interest between the two companies are managed is in place.

Consideration of environmental and climate change matters

The Benefact Group remain committed to playing our part in making our planet a better place for future generations. Therefore, we have developed a roadmap to become a net zero company by 2040. The Board received an update on the Group's climate positioning during the year. The presentation included input from internal subject matter experts and insights from the Benefact Leadership Development Programme.

Stakeholder engagement in decision-making

The Board adopts a range of approaches to engage with stakeholders and recognises that the importance of a stakeholder group may differ depending on the matter being considered. The Board sometimes engages directly with stakeholders and also understands that it may be more appropriate for engagement to be undertaken at an operational subsidiary level.

The Board considers a variety of information to understand the interests and views of key stakeholders. A one-year rolling plan of business for discussion is agreed annually to ensure that the Board is focused on the right issues at the right time and sufficient time is allowed for appropriate consideration and debate. Information is provided to Directors in papers in advance of each meeting. Subject matter experts from the Company's subsidiaries are invited to attend meetings to provide insight into key matters and developments. At each Board meeting, the Directors discuss strategic, financial and governance matters and other relevant issues that arise. In addition, the Chair of each Committee provides a verbal report to the Board on proceedings of those meetings including areas of discussion and any recommendations. Because of this, the Board has an appreciation of engagement with stakeholders and other relevant matters, which enables the Directors to comply with their legal duties.

Below is an example of a key decisions made by the Board with more information on Board activity set out in the Corporate Governance Report:

Refreshed approach to governance

In 2023, the Ecclesiastical Insurance Office public limited company and Benefact Group plc Board restructured its businesses, with the Benefact Group plc repositioning itself as a holding company, overseeing the three distinct businesses which it owns being Specialist Insurance (Ecclesiastical Insurance Office public limited company), Asset Management (EdenTree Holdings Limited) and Broking and Advisory (Benefact Broking & Advisory Holdings Limited). In 2024 and, as a consequence of this, the Board focused on increasing independence between the Boards of Benefact Group plc and Ecclesiastical Insurance Office public limited company. The intention was to move away from the common directorship model. This was agreed in Q1 2024, following which a working group was established comprising the Group Company Secretary and a number of Non-Executive Directors from both Benefact Group plc and Ecclesiastical (the Working Group). The objective of the Working Group was to progress development of a refreshed governance framework, that would reflect the new approach.

A consequence of the decision to separate the Boards was the need to refresh the composition of the Ecclesiastical Board of Directors, to ensure independence from that of its parent Board. For a more detailed overview of the appointment process, please see the Nominations Committee Report.

As detailed within the Corporate Governance Report, it was agreed that Benefact Group plc should have an Audit and Risk Committee. Additionally, Ecclesiastical would have an independent Audit Committee and a separate Risk Committee which had historically been joint committees with Benefact Group plc. These were established during the year and the existing Group Audit Committee, Group Risk Committee and Group Finance & Investment Committees (which were joint with Ecclesiastical Insurance Office public limited company) were all disbanded and their duties allocated between the Board and its new Committees.

The revised Governance Framework, including the Audit and Risk Committee's Terms of Reference, was approved by the Board in September 2024. Additionally, the composition of the Audit and Risk Committee was also agreed.

During its decision-making process throughout the year, the Board had regular contact with the Regulator and incorporated any feedback received as necessary. Additionally, the Board held open dialogue with the Benefact Trust to ensure that the revised Governance Framework reflected its strategic ambitions for the Group. As a responsible financial services group company that is committed to helping transform lives, the Board are confident that this refreshed approach is in the best interest of Benefact Group plc and has positioned the Group to continue building our Movement for Good, for the benefit of our customers and communities.

Section Two
Governance Contents

Board of Directors

The directors of the company who were in office during the year and up to the date of signing of the financial statements were as follows:

David Henderson (a) (b)
Chair, Independent Non-Executive Director

David Henderson was appointed to the Board in April 2016. David began his career specialising in personal tax and UK trusts. He spent ten years as a banker with Morgan Grenfell and, following that, 11 years in financial services executive recruitment with Russell Reynolds Associates. He joined the Board of Kleinwort Benson Group plc as Personnel Director in 1995. He was appointed Chief Executive of Kleinwort Benson Private Bank Ltd (now Kleinwort Benson) in June 1997. He was Chairman of Kleinwort Benson from 2004 to 2008 and a Senior Adviser to the Bank until 2019. He holds several external Non-Executive Directorships.

Mark Hews
Group Chief Executive

Mark Hews was appointed Group Chief Executive in May 2013 and was previously Group Chief Financial Officer. He was appointed to the Board in June 2009 and appointed to the Board of MAPFRE RE in December 2013. He also became a Trustee of The Windsor Leadership Trust in November 2017. He was formerly a Director of HSBC Life and Chief Executive of M&S Life. Prior to this he was Finance Director at Norwich Union Healthcare. He started his financial career at Deloitte (formerly Bacon and Woodrow) as a consultant and actuary.

Key to membership of Group Board Committees
(a) Group Nominations Committee (joint with Ecclesiastical Insurance Office public limited company)
(b) Group Remuneration Committee (joint with Ecclesiastical Insurance Office public limited company)
(c) Audit and Risk Committee

Section Two | **Governance**

Mark Bennett

Group Chief Financial Officer

Mark Bennett was appointed Group Chief Financial Officer in January 2025, having progressed his career within the organisation since 2007. He is a member of the Group Management Board, reporting directly to the Group CEO, and is a member of the Ansvar Australia Board. After working at an actuarial consultancy firm in London, Mark began his career at Benefact Group and qualified as an Actuary in 2009. Mark was appointed Group Chief Actuary in 2018 and became Acting CFO in July 2024, before taking on the role permanently in January 2025.

Chris Moulder (a) (c)

Senior Independent Non-Executive Director, Audit and Risk Committee Chair

Chris was appointed to the Board in September 2017. Chris is also a Director of the Insurance Board of Lloyds Banking Group and Tokio Marine Kiln. Chris retired in 2017 after five years at the Bank of England as Director of General Insurance at the Prudential Regulation Authority. Prior to this he had spent 26 years with KPMG as a partner in its Financial Sector practice.

Key to membership of Group Board Committees

(a) Group Nominations Committee (joint with Ecclesiastical Insurance Office public limited company)
(b) Group Remuneration Committee (joint with Ecclesiastical Insurance Office public limited company)
(c) Audit and Risk Committee

Rita Bajaj (b) (c)

Independent Non-Executive Director

Rita was appointed to the Board in July 2021. She is a Chair, Senior Independent Director, Non-Executive Director and Board member with over 30 years' broad investment markets experience on a number of financial services firms. Previously, she held senior investment positions at Global and UK Asset Managers in the UK & US, was EMEA CAO at a US custody bank and is a former FCA regulator.

Currently, Rita is the Audit, Risk & Compliance Chair and Senior Independent Director of Fidelity International Life Limited and the Chair of Threadneedle Investment Services Limited. She holds a Non-Executive Directorship for Wesleyan Assurance and is a board member for the London Pension Fund Authority. In addition, Rita is an Independent Member for Hargreaves Lansdown's workplace SIPP IGC committee. She is also Non-Executive Director of EdenTree Holdings Limited and EdenTree Asset Management Limited.

David Paterson

Independent Non-Executive Director

Appointed to the Board in June 2024, David is also a Trustee of the Benefact Trust Limited (appointed in October 2022). He is also a Non-Executive Director of the R&A Group and a Trustee of the Fairtrade Foundation. He is a former Trustee of Christian Aid Kenya and until December 2023 was a member of the Advisory Panel to the Financial Reporting Council. A Solicitor by background, David was a partner for 24 years at Herbert Smith Freehills, a global law firm based in London. Practising in corporate finance, board advisory and governance matters.

S. Jacinta Whyte resigned from the Board on 21 March 2024 to focus her time on the Ecclesiastical Insurance Office Board. Denise Cockrem retired from the Board on 30 June 2024. Additionally, Francois-Xavier Boisseau, Sir Stephen Lamport and Angus Winther retired from the Board on 24 September 2024. Neil Maidment stepped down from the Board on 31 December 2024.

Section Two | **Governance**

Directors' Report

The Directors present their report and the audited consolidated financial statements for the year ending 31 December 2024.

Information incorporated by reference

The Directors' Report required under Companies Act 2006 comprises this report and other disclosures contained in the Strategic and Governance Reports and the Notes to the consolidated financial statements is incorporated by reference and includes the following information:

Information	Reported in
Business model	Strategic Report
Corporate Governance Statement	Corporate Governance Report
Financial instruments	Note 4
Important events since 31 December 2024	Strategic Report
Future developments	Strategic Report
Research and development	Strategic Report
Employee engagement	Strategic Report
Stakeholder engagement	Strategic Report Corporate Governance Report
Greenhouse gas emissions and energy consumption	Strategic Report
Going Concern Statement	Directors' Report
Diversity and Inclusion	Strategic Report
Section 172 Statement	Strategic Report
Principal risks and uncertainties	Strategic Report Note 3

Company status and branches

Benefact Group plc is incorporated and domiciled in England and Wales (registration number 01718196). The registered address of the Company is Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester GL3 4AW.

Principal activities

The principal activity of the Company is that of an investment holding company. Its principal subsidiary is Ecclesiastical Insurance Office public limited company, which heads a group which operates principally as a provider of general insurance, with offices in the UK and Ireland, Canada and Australia. Details of the subsidiary undertakings of the Company are shown in note 39 to the financial statements.

Ownership

At the date of this report the entire issued equity capital of the Company was owned by Benefact Trust Limited.

Directors and their interests

The Directors of the Company who were in office during the year and up to the date of signing the financial statements are set out on pages 40 to 41 alongside the biographies of those Directors currently serving on the Board.

As set out in the Notice of Meeting, all Directors who have served since the last AGM will be proposed for re-election, with the exception of Denise Cockrem who retired from the Board on 5 July 2024; Francois-Xavier Boisseau, Sir Stephen Lamport and Angus Winther who stepped down from the Board on the 24 September 2024. Additionally, Neil Maidment who stepped down from the Board on 21 March 2024, was reappointed on 25 June 2024. Neil subsequently resigned from the Board with effect from 31 December 2024.

"The Benefact Group is dedicated to nurturing a culture and work environment where all colleagues can reach their potential."

Section Two | **Governance**

All Directors seeking re-election were subject to a formal and rigorous performance evaluation, further details of which can be found on pages 49 and 50 in the Nominations Committee Report. Details of Directors' service contracts are set out in the Directors' Remuneration Report. In addition, David Paterson and Mark Bennett who were appointed since the AGM, will seek election at the AGM.

Neither the directors nor their connected persons held any beneficial interest in any Ordinary shares of the Company during the year ended 31 December 2024 and to the date of this report.

The interests of the Directors and their connected persons in the preference shares in the capital of Ecclesiastical Insurance Office public limited company as at 31 December 2024 and to the date of this report are shown below:

Director	Nature of interest	Number of Non-Cumulative Irredeemable Preference Shares held
Mark Hews	Connected person	75,342

The Board has a documented process in place in respect of conflicts.

No contract of significance existed during or at the end of the financial year in which a director was or is materially interested, with the exception of a non-interest-bearing loan to a director.

Indemnities and insurance

In accordance with the Company's Articles and qualifying third-party indemnity provisions (as defined by Section 234 of the Companies Act 2006) the Company indemnifies each of its directors and directors of any associated company against certain liabilities that may be incurred because of their positions. These provisions were in force during the course of the financial year ended 31 December 2024 and also at the date of signing of the financial statements, for the benefit of the directors of the company and that of any associated company. In addition, the Company maintains directors' and officers' liability insurance. Neither our indemnity nor the insurance provides cover in the event that a director is proven to have acted dishonestly or fraudulently.

Employees

The Benefact Group is dedicated to nurturing a culture and work environment where all colleagues can reach their potential. Our Diversity, Equity and Inclusion Standard and Guidance sets our commitment to creating and sustaining an open and inclusive workplace where we all belong, and we place the care and wellbeing of all our colleagues at the heart of our employment policies. Throughout the colleague lifecycle, from recruitment onwards, we consider adjustments to our processes and practices to remove barriers for colleagues with disabilities.

We engage with third-party and occupational health specialists to provide expert advice and ensure we offer the best support possible. Our adjusted work approach creates an environment where colleagues with additional needs can fully participate in all opportunities provided by the Benefact Group, including continued employment, training, job moves and promotions. We offer various support options to help colleagues maintain a healthy work-life balance, including flexible working practices, a virtual GP service, an employee assistance programme, flu vaccinations, eye tests and a wide range of flexible benefits such as dental care and critical illness insurance and inclusive colleague networks.

Information on employee engagement and wellbeing is provided in the Responsible Business Report section of the Strategic Report.

Dividends

The Directors do not recommend the payment of a dividend for the year ended 31 December 2024 (2023: £nil).

Important events since 31 December 2024

Other than the appointment of Mark Bennett as Director on 1 January 2025, there have been no other significant events or transactions since 31 December 2024.

Going concern

The financial performance and principal risks and uncertainties section of the Strategic Report starting on page 30 provide a review of the Group's business activities and disclose the Group's principal risks and uncertainties, including exposures to insurance, financial, operational and strategic risk.

The Group has considerable financial resources: financial investments of £1,444.5m, 77% of which are liquid (2023: financial investments of £1,412.7m, 81% liquid) and cash and cash equivalents of £136.7m (2023: £148.3m) to withstand economic pressures. Liquid financial investments consist of listed equities and open-ended investment companies, government bonds and listed debt.

The Group has a strong risk management framework and solvency position, is well placed to withstand significant market disruption and has proved resilient to stress testing. The Group has considered its capital position, liquidity and expected performance. The Group and its businesses have sufficient levels of cash and other liquid resources and has expectations it can meet its cash commitments over its planning horizon. The Group and its businesses expect to continue to meet regulatory requirements.

Despite economic pressures and challenges, given the Group's operations, robust capital strength, liquidity and in conjunction with forecast projections and stress testing, the directors have a reasonable expectation that the Group has adequate resources and is well placed to manage its risks successfully and continue in operational existence for at least 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Political donations

No political donations were made in the year (2023: £nil). The Group policy is that no political donations be made or expenditure incurred.

External auditor

Prior to its disbandment, the Group Audit Committee, and subsequently the Benefact Group Audit and Risk Committee is responsible for overseeing the relationship with and performance of the external auditor. This includes making the recommendation on the appointment, reappointment and removal of the external auditor, assessing their independence on an ongoing basis and for agreeing the audit fee.

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that Pricewaterhouse-Coopers LLP be reappointed as auditor of the Group will be put to the forthcoming AGM.

Disclosure of information to the auditor

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information that the auditor is unaware, that could be needed by the auditor in order to prepare their report.

Having made enquiries of fellow Directors and the Group's auditor, each director has taken all the steps that they ought to have taken as a Director, in order to make themselves aware of any relevant audit information, and to establish that the auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Annual General Meeting

A copy of the Notice for the 2024 AGM is available on the Company's website.

Statement of Directors' Responsibilities for the Annual Report and the financial statements

The Directors are responsible for preparing the 2024 Annual Report and Accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with UK-adopted International Accounting Standards (UKIAS).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- state whether applicable UKIAS have been followed, subject to any material departures disclosed and explained in the financial statements
- make judgements and accounting estimates that are reasonable and prudent and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

The Directors consider that the 2024 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and Company's position and performance, business model and strategy. Each of the Directors, whose names and functions are listed on pages 40 and 41 confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities and financial position of the Group and Company, and of the profit of the Group and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

On behalf of the Board.

David Henderson
Group Chair
17 April 2025

Mark Hews
Group Chief Executive
17 April 2025

Corporate Governance Report

Introduction from the Chair

Dear Stakeholder,

I am delighted to introduce the Corporate Governance Report. I firmly believe that good corporate governance is essential in assisting us to deliver our ambitions and to continue supporting our stakeholders.

During 2024 and, because of the restructure commenced the previous year, the Benefact Group plc Board's primary area of focus was on making the Boards of Benefact Group plc and Ecclesiastical Insurance Office public limited company more independent and have therefore moved away from a common directorship model. The Board refresh has enabled the Benefact Group plc Board to become smaller, comprising a majority of independent Non-Executive Directors, and as such more focused upon overseeing its subsidiaries. Whereas the Ecclesiastical Insurance Office public limited company Board is able to oversee its insurance-focused group of companies. The refresh of the Benefact Group plc and Ecclesiastical Boards, to reduce commonality of membership, was agreed at the September meeting of the Boards.

It was also agreed that Benefact Group plc should have a combined Audit and Risk Committee. Historically, Benefact Group plc had a joint Audit Committee and Risk Committee with Ecclesiastical Insurance Office public limited company. The Audit and Risk Committee was established during the year and the existing Group Audit Committee, Group Risk Committee and Group Finance & Investment Committees (which were joint with Benefact Group plc) were all disbanded and their duties allocated between the Board and its new Committee. Any references to the Audit and Risk Committee shall also include the Group Audit Committee and the Group Risk Committee respectively.

The decision has also been taken to retain the Group Nominations Committee and Group Remuneration Committee, which are joint Committees with the Ecclesiastical Insurance Office public limited company board.

During the year we took the opportunity to strengthen our governance structure to ensure that we have a governance framework in place that empowers and supports the Benefact Group's strategic ambitions. In 2024, as a consequence of the separation of the Boards, Benefact Group plc adopted a refreshed governance framework which facilities the effective and dynamic management and oversight of the Benefact Group, delivering long-term value for its Shareholder, assisting the Board to discharge its duties effectively whilst maintaining a focus on an appropriate culture aimed at delivering the right outcomes for all Stakeholders.

Our approach to governance

As a Board, we are committed to applying the highest standards of corporate governance and believe that the affairs of the Company should be conducted in accordance with best business practice. Consequently, although the Company does not have shares with a main market listing on the London Stock Exchange, we have chosen to voluntarily comply with the Principles and Provisions of the 2018 UK Corporate Governance Code (the Code) where possible. A copy of the Code can be found on the FRC's website. I am pleased to report that, we are fully compliant with the principles and provisions of good governance contained in the Code with the following exceptions:

Provision	Current status / Explanation
4: When 20 per cent or more of votes have been cast against the Board recommendation for a resolution, the Company should explain, when announcing voting results, what actions it intends to take to consult shareholders in order to understand the reasons behind the result.	Given Benefact Trust Limited owns the entire issued Ordinary share capital of the Company, there is no need to comply with the provisions relating to outcomes from shareholder votes
10: The Board should identify in the Annual Report each Non-Executive Director it considers to be independent. Circumstances which are likely to impair, or could appear to impair, a Non-Executive Director's independence include, but are not limited to, whether a director: • holds cross-directorships or has significant links with other directors through involvement in other companies or bodies. Where any of these or other relevant circumstances apply, and the Board nonetheless considers that the Non-Executive Director is independent, a clear explanation should be provided.	To increase the independence of the Benefact Group plc and its insurance subsidiary, Ecclesiastical Insurance Office public limited company, a number of directors were asked to resign to reduce commonality of membership. David Paterson is also a Non-Executive Director of the Company's parent, Benefact Trust Limited and Rita Bajaj is a Non-Executive Director of EdenTree Holdings Limited. As explained in the Group Nominations Committee Report, the Board believes all Non-Executive Directors are deemed independent in character and judgement.
38: Remuneration schemes should promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests.	Given the Company does not have listed equity shares we are unable to comply with the shareholding requirements for Executive Directors.

Areas of Board and Committee focus

2024 was another challenging year given the backdrop of uncertain economic conditions. We looked to demonstrate our resilience and commitment to our stakeholders as detailed below. The Board's main focus during the year has been the review of the Board and the implementation of the new governance structure and framework. More information of the Board's activities and key decisions can be found on page 38 within our Section 172 Statement and stakeholder engagement disclosures.

AGM and re-election of directors

This year our AGM will be taking place on 26 June 2025. A copy of the Notice for the AGM is available on the Company's website.

In accordance with the Code and as set out in the Notice of Meeting, all directors who have served since the last AGM will be proposed for re-election (with the following exceptions: Denise Cockrem who retired from the Board on 5 July 2024; Francois-Xavier Boisseau, Sir Stephen Lamport and Angus Winther who stepped down from the Board on the 24 September 2024 and Neil Maidment who stepped down from the Board with effect from 31 December 2024).

David Paterson and Mark Bennett, being Directors appointed since the last AGM, will stand for election at the forthcoming AGM.

I can confirm that all directors seeking re-election were subject to a formal and rigorous performance evaluation.

Board leadership and Company purpose

The role of the Board

The Board is responsible to the Company's shareholder for the long-term success of the Group, its purpose, values, strategy, culture and its governance. Great importance is placed on a well-informed and decisive Board, and Board meetings are scheduled and held regularly throughout the year.

"Every colleague contributes to building and sustaining our culture through the way we behave with each other, our business partners, clients, customers and communities."

The Board sets annual objectives for each year in addition to setting the Group's strategic direction. These are implemented through approval and regular assessment of the business plan and strategy process.

It is the Board's policy to record any unresolved concerns about the running of the Company or any proposed action in the Board minutes. During 2024, no Director had any such concerns.

Purpose, values and strategy

The Group's purpose is to contribute to the greater good of society. In particular, the Group strives to improve the lives of customers, beneficiaries and society as a whole. This is achieved by managing a portfolio of businesses that operates to the highest ethical principles. It seeks to diversify and bring an ethical dimension to all aspects of society; and all its businesses need to set a high bar, putting its customers first and setting an example to others.

As a unique Group, with a unique purpose, we know that our success is not just about what we do, it's how we do it that makes the real difference. The way that we work is based upon our values. They underpin our vision, ambition and strategy and they are the common thread that binds our family of businesses together.

Please also see the Strategic Report for more details.

Culture

The Board is responsible for setting the right values and culture within the Group and ensuring the fair treatment of customers. During 2024, a simplified and refreshed set of values were launched which inform the culture across the wider Benefact Group, as described below:

COLLABORATING

We're a family of diverse businesses united by our culture of inclusion and our commitment to the value, energy and fun of working together.

AMBITIOUS

Our growth is empowered by our ability to be confident, bold and agile. We actively listen, learn and innovate whilst maintaining a consistent focus on delivering the highest standards for our customers and clients.

RESPONSIBLE

We stake our reputation on integrity, ethical principles and commitment to building a responsible and sustainable legacy.

EXPERT

We nurture our colleagues with opportunities for growth, trusting each other's specialist expertise, knowledge and experience to deliver the best outcomes for our customers, clients and beneficiaries.

SUPPORTING

Our purpose is at the heart of everything we do, bringing us together to build a movement for good.

Section Two | **Governance**

Every colleague contributes to building and sustaining our culture through the way we behave with each other, our business partners, clients, customers and communities. Our values are embedded throughout the Group's colleague lifecycle, from recruitment and performance management to our behaviour model, personal development and communications. The culture of the wider Benefact Group is monitored and assessed through employee survey results and individual performance evaluations, including delivery of objectives and demonstration of behaviours, which also inform reward outcomes.

Board activities in 2024

The key activities considered by the Board and links to stakeholders during the year are set out below.

Stakeholders for this purpose are defined as [1]customers; [2]colleagues; [3]communities; [4]shareholders and investors; [5]suppliers (including brokers); [6]regulators and governments; and [7]the environment.

Strategy and performance

CEO's Report[1,2,3,4,5,6,7]

The CEO led discussions on general business performance, key strategic initiatives

Benefact Trust Updates[4]

Received regular reports from the Shareholder

Business updates[1,2,4,5,6]

Received business and performance updates from business areas including Australia, Canada (including earthquake risk), Ireland and Ansvar UK

Strategic reviews

At each meeting, the Board had focused discussions on matters of strategic significance to evaluate progress, provide insight and where necessary take appropriate action as shown below:

EdenTree Review[1,2,4]

Discussed EdenTree's performance, its strategic outlook and future opportunities and challenges

Broking & Advisory[1,2,4]

Broker and Advisory – Summary of Strategy and Priorities for 2025

Discussed Lycett's performance, its strategic outlook, future opportunities and challenges.

Climate change[1,3,7]

- Received regular sustainability champion updates
- ClimateWise Reporting update

Financial

CFO's Report[4]
- The CFO led discussions on financial performance across the Group including rating agency considerations and IFRS 17
- Approved the Group Tax Strategy

Investments, capital, costs and budget[4]
- Agreed the Group Corporate Strategy and Business Plans 2025-27
- Reviewed the loan agreement between the Company and Ecclesiastical Insurance Office public limited company
- Considered and responded to the ROCE Letter from Benefact Trust Limited

Cashflow and dividends[4]

Agreed that no dividend payment would be paid on the Ordinary Share capital for the financial year ended 31 December 2024.

Results and Regulatory Disclosures[1, 2, 4, 5, 6]
- Reviewed and approved the Annual Report and Accounts and full year results
- Reviewed and approved the Solvency and Financial Condition Report (SFCR)
- Reviewed the going concern assessment and viability statement
- Reviewed the Modern Slavery Act Statement

Subsidiary Matters[3]
- Approved the adoption of the exemption from audit under Section 479A of the Companies Act 2006 and parental guarantees for qualifying subsidiaries

Governance, legal and regulatory

Board succession and diversity[3, 4, 6]
- On recommendation from the Group Nominations Committee, assessed the independence of the Non-Executive Directors
- Approved the separation of the Ecclesiastical and Benefact Group Boards and changes to Board composition including the appointment of a new Non-Executive Director
- Approved changes to the Committee structures and composition

Board Effectiveness[1, 3, 4, 5, 6]
- Approved objectives for 2024 and monitored progress during the year
- Approved changes to its Committees' terms of reference

Governance, legal and regulatory[1, 2, 3, 4, 5, 6, 7]
- Approved the resolutions to be put to the Shareholder at the AGM
- Considered Directors' Conflicts of Interest
- Approved a new Governance Framework, Board Charter, Matters Reserved for the Board and Group Authorities Framework
- Considered the actions arising from the PRA PSM letter

Colleagues, culture and values

Colleagues[2]
- Considered updates on people, engagement and performance
- Reviewed the annual Health and Safety report

Global people strategy[2]

Considered the Group's aspirations to be the best employer

Charitable purpose[2]

Considered regular updates on the charitable purpose and mission (including consideration of the Grant Policy in Canada and Australia)

Risk management

Group ORSA

Approved the Own Risk and Solvency Assessment

Effectiveness of Internal Controls

Supported by the Group Audit Committee (and later the Audit and Risk Committee) reviewed the internal controls in place across the Group and determined its effectiveness

Group Risk Appetite

Approved the Group Risk Appetite

Continuous Professional Development, training and site visits

Board CPD sessions

During the year, the Board received dedicated sessions on Diversity, Inclusion and Unconscious Bias, Cyber Risk, Internal Model, IFRS17, Investment Strategy and Rating Agencies, Climate Change and Sustainability and Sustainability Disclosure Requirements.

Site visits

In 2024, Directors undertook a number of site visits to enable them to deepen their knowledge and understanding of the Group. Sites visited during the year included Australia, Canada, Ireland and Lloyd & Whyte.

Whistleblowing

Prior to being disbanded, the Group Audit Committee had responsibility for reviewing the Benefact Group's Whistleblowing Policy and Procedures. This is now overseen by the Audit and Risk Committee.

Conflicts of Interest

A Register of Directors' conflicts is maintained by the Group Company Secretary to monitor and manage any actual or potential conflicts of interest. Training on the Companies Act 2006 has been given to all Directors who are regularly reminded of their duties.

Any conflicts are declared at the first Board meeting at which the Director becomes aware of an actual or potential conflict and then recorded in the conflicts register. The Board considers all conflicts in line with the provisions set out in the Company's Articles. The directors are required to review their interests recorded in the conflicts register on a biannual basis.

In addition, the Board oversees the procedure for managing actual and potential conflicts of interest in the trading relationship with brokers and the general insurance business. It is underpinned by the desire to put the customer interest at the forefront of their dealings and seek to deliver the best customer outcome.

Division of responsibilities

There is a division of responsibilities between non-executive and executive roles to ensure appropriate oversight and accountability. These roles and responsibilities are clearly defined, set out in writing, and reviewed by the Board. The roles of the Chair and Group Chief Executive are undertaken by separate individuals as set out in the Governance Structure chart.

David Henderson met with the Non-Executive Directors without the Executive Directors present on a number of occasions throughout the year. Mark Hews regularly meets with the Group Management Board to attend to the operational management of the Group. Any matters of significance are communicated to Directors outside of the Board meeting schedule.

Section Two | **Governance**

An overview of the Board composition and its governance structure as at 17 April 2025 is set out below:

Governance structure

Documents available at www.benefactgroup.com

- Articles of Association
- Matters Reserved to the Board
- Committee Terms of Reference

The Board

Benefact Group plc's Governance Framework facilitates transparency, accountability and effective decision-making within a framework of prudent and effective controls. Benefact Group's Governance Framework applies to each of Benefact Group plc, the Divisional Holding Companies (including Ecclesiastical Insurance Office public limited company, Benefact Broking & Advisory Holdings Limited, EdenTree Holdings Limited) and, to the extent relevant, all subsidiaries.

The Board's role is to provide entrepreneurial leadership of the Group within the approved framework of prudent and effective controls which enables the risks which the Group faces to be assessed and managed. The Board sets the Group's high-level strategic aims, ensures that the necessary financial and human resources are in place for it to meet its objectives and reviews management performance. The Board sets the Group's values and standards and ensures that its obligations to its customers, its shareholders and other stakeholders are understood and met.

Chair, David Henderson

The Chair is responsible for the active leadership of the Board, ensuring its effectiveness in all aspects of its role. The Chair is pivotal in creating the conditions for overall Board and individual Director effectiveness, setting clear expectations concerning the style and tone of Board discussions, ensuring the Board has effective decision-making processes and applies sufficient challenge to major proposals.

Senior Independent Director, Chris Moulder

The Senior Independent Director supports and acts as a sounding board for the Chair and is responsible for overseeing the governance practices of the Company and leading the Directors in their appraisal of the Chair. Along with the Chair, the Senior Independent Director is the primary contact for the Shareholder and they meet regularly with the Shareholder to share and understand views.

Non-Executive Directors, Rita Bajaj, Chris Moulder and David Paterson

Non-Executive Directors have a responsibility to uphold high standards of integrity and probity including acting as both internal and external ambassadors of the Company. As part of their role as members of a unitary board, Non-Executive Directors should constructively challenge and help develop proposals on strategy.

The Board delegates certain matters to its three principal committees, which reports to the Board after each meeting

Audit and Risk Committee

The Audit and Risk Committee assists the Board in discharging its responsibilities for monitoring the integrity of the financial statements of Benefact Group plc and the effectiveness of the systems of internal controls and to monitor the effectiveness, performance and objectivity of the internal and external auditors.

It also provides oversight and advice to the Board in relation to the current and future risk exposures of the Group, by reference to strategic developments, including determination of risk appetite and tolerance and desired risk culture. The Audit and Risk Committee exercises its duties over all risks contained within the Group's risk appetite and the desired risk management approach set out in the Benefact Group plc's Risk Management Framework.

Group Nominations Committee

This a joint committee with Ecclesiastical Insurance Office public limited company. The Group Nominations Committee ensures that there is an appropriate balance of skills, knowledge and experience on the Board, its committees and within the Group's subsidiary companies.

Group Remuneration Committee

The Group Remuneration Committee is a joint committee with Ecclesiastical Insurance Office public limited company. It determines the Group's Remuneration Policy and ensures there is alignment between performance and reward.

Group Chief Executive, Mark Hews

The Board delegates the execution of the Company's strategy and day-to-day management of the business to the Chief Executive, assisted by members of the Group Management Board (GMB).

Deputy Group Chief Executive, Jacinta Whyte

The Deputy Group Chief Executive is accountable to the Group Chief Executive for leading the general insurance businesses.

Group Chief Financial Officer, Mark Bennett

The Group Chief Financial Officer is accountable to the Group Chief Executive for the financial management of the Group and for ensuring that it complies with its statutory and regulatory reporting requirements.

Group Company Secretary, Rachael Hall

The Company Secretary is responsible for compliance with Board procedures, advising the Board on all governance matters, supporting the Chair and helping the Board and its Committees to function efficiently. All Directors have access to the advice of the Company Secretary.

Attendance at meetings

In 2024, the Board held five scheduled meetings and one Away Day. In addition, the Board participated in regular training sessions. Below is a record of the Directors' attendance for Board meetings during 2024. Details of committee attendance can be found in the individual committee reports, with the exception of the Group Finance and Investment Committee, which was disbanded in September 2024. The details of attendance at the Group Finance and Investment Committee meetings during the year are detailed below.

Where a Director was unable to attend a particular meeting, meeting papers were issued to them in advance and they had the opportunity to provide comments to the Chair of the Board or to the relevant Committee Chair.

Director's Name	Director since	Board Meetings attended /eligible to attend	Finance and Investment Committee Meetings attended /eligible to attend
Executive Director			
Mark Hews	June 2009	6/6	–
Former Executive Directors			
Denise Cockrem[1]	September 2019	3/3	–
S. Jacinta Whyte[2]	July 2013	2/2	–
Non-Executive Directors			
David Henderson	April 2016	6/6	4/4
Rita Bajaj	July 2021	6/6	4/4
Chris Moulder	September 2017	6/6	–
David Paterson[3]	June 2024	3/3	–
Former Non-Executive Directors			
Francois-Xavier Boisseau[4]	March 2019	3/3	4/4
Sir Stephen Lamport[5]	23 February 2020	3/3	–
Neil Maidment[6]	25 June 2024	6/6	–
Angus Winther[7]	March 2019	3/3	4/4

1 Denise Cockrem retired from the Board on 25 June 2024
2 Jacinta Whyte stepped down from the Board on 21 March 2024
3 David Paterson was appointed to Board on 25 June 2024
4 Francois-Xavier Boisseau stepped down from the Board on 24 September 2024
5 Sir Stephen Lamport stepped down from the Board on 24 September 2024
6 Neil Maidment stepped down from the Board on 21 March 2024 and was then reappointed on 9 July 2024. He then retired from the Board on 31 December 2024
7 Angus Winther stepped down from the Board on 24 September 2024

David Henderson
Chair
17 April 2025

Benefact Group **Annual Report and Accounts 2024**

Section Two | **Governance**

Group Nominations Committee Report

Dear Stakeholder,

I am pleased to present the Group Nominations Committee's Report for the year-ending 31 December 2024. This is a joint committee with Ecclesiastical Insurance Office public limited company (EIO). I sit on the Benefact Group plc (BG) Board as Non-Executive Director and Senior Independent Director and Chair the Group Nominations Committee on behalf of both Boards.

During the year, we focused on making the Boards of EIO and BG more independent following the organisational restructure of the Group into three distinct divisions in 2023. We reviewed the skills, experience and diversity on the BG Board, its Committees and subsidiaries and led the process for the appointment of three new Non-Executive Directors for EIO and one new Non-Executive Director for BG. In addition, we established an independent Audit Committee and a separate Risk Committee for EIO and a separate Audit & Risk Committee for BG.

Chris Moulder
Group Nominations Committee's Chair
17 April 2025

Composition of the Board and senior management

Following the organisational restructure of the Group undertaken in 2023, the Committee reviewed the composition of the Boards of EIO and Benefact Group plc which had historically consisted of a common directorship model. The aim of the review was to establish an EIO Board comprising a majority of independent non-executive directors and a smaller BG Board. The review included consideration of skills, knowledge, experience, length of tenure, independence, and diversity in the context of EIO's and BG's long term strategic priorities. In addition, it was agreed that EIO should have an independent Audit Committee and a separate Risk Committee and BG would have a combined Audit & Risk Committee. These were created during the year. As part of this review, three new non-executive directors were appointed to the EIO Board during the year and one- new non-executive director was appointed to the BG Board. A number of directors resigned from the EIO and BG Board to assist with the separation of the Boards.

Directors' Length of Service

The Committee monitors the length of tenure of all directors.

Director's independence and time commitments

Independence is reviewed as part of each director's annual appraisal, considered by the Committee and agreed by the Board annually. The Committee has considered the circumstances and relationships of all Non-Executive Directors and, following rigorous review, the Committee confirmed to the Board that a majority of its Non-Executive Directors remained independent in character and judgement. No individual participated in the discussions relating to their own independence. Two Non-Executive Directors (and two Executive Directors) remain directors of EIO and are not deemed to be independent.

David Paterson is also a director on the Board of Benefact Trust Limited and the Company ('a common director'). Sir Stephen Lamport was also a common director with Benefact Trust Limited until 5 March 2024 when he stepped down from the Board of Benefact Trust Limited. The common directorship model is regarded as good practice with a charity that owns a trading subsidiary and these common directors enable the Trust to gain a thorough understanding of its subsidiary company's performance and the strategic issues it faces, and for the subsidiary to understand the expectations of its parent company. A joint Company and Benefact Trust Limited Nominations Committee Meeting is held annually, amongst other things to consider the appointment of common directors.

"In support of the strategy to build a world class team, the Committee reviewed the talent, succession, and leadership activities across the Benefact Group."

Committee member	Member since	Meetings attended
Chris Moulder (Chair)	November 2019	3/3
David Henderson	January 2018	3/3
Angus Winther	May 2021	3/3

Section Two | **Governance**

The Committee evaluates the time non-executive directors spend on the Company's business annually and is satisfied that in 2024 the Non-Executive Directors continued to be effective and fulfilled their time commitment as stated in their letters of appointment.

External directorships are considered to be valuable in terms of broadening the experience and knowledge of Executive Directors, provided there is no actual or potential conflict of interest, and the commitment required is not excessive.

All appointments are subject to approval by the Board, and the Conflicts Register maintained by the Group Company Secretary is used to monitor external interests. Any monetary payments received by Executive Directors from outside directorships are paid over to and retained by the Company.

Succession planning and talent development

The composition of the Board and senior management is informed by plans for orderly, rigorous and a phased approach to succession and to reflect the Company's strategic ambitions, opportunities and challenges faced.

In respect of each leadership role, emergency, short-term and long-term succession plans are considered and challenged by the Committee to ensure that appropriate skills are in place to support the Company's strategy and ensure a diverse pipeline of talent is in place. This is supported by a robust skills analysis which is conducted for all directors annually. During 2024, the assessment demonstrated that all directors had the required skills, expertise and knowledge the Board believes are necessary to drive the Company forward.

In support of the strategy to build a world class team, the Committee reviewed the talent, succession, and leadership activities across the Benefact Group.

Board Appointments

During the year David Paterson was appointed to the Benefact Group plc Board. Mr Paterson is a common director with Benefact Trust Limited.

Chair of the Audit & Risk Committee

The Group Audit Committee and the Group Risk Committee, joint Committees with EIO were disbanded during the year.

Following the creation of a new BG Audit & Risk Committee, Chris Moulder was appointed to chair the newly formed Committee.

Group Chief Financial Officer

Denise Cockrem retired from her role as an Executive Director and Group Chief Financial Officer on 30 June 2024. The search for a new Group Chief Financial Officer resulted in the appointment of Mark Bennett with effect from 1st January 2025. Russell Reynolds assisted the Company with the recruitment.

Other Changes to the Board

As a result of the review of the Board, Neil Maidment and Jacinta Whyte resigned from the Board in March 2024. In addition, Angus Winther, Sir Stephen Lamport, and Francois-Xavier Boisseau resigned from the Board in September 2024. They remained on the Board of EIO. As the review progressed during the year Neil Maidment was re-appointed to the BG Board as a common director with EIO in June. He later resigned from the Board on 31 December 2024 due to a conflict of interest with a new role.

Induction and Training

All Directors undertake a formal, comprehensive and tailored induction upon joining the Board. This includes sessions with key SMEs across the Company.

In addition, the annual training schedule of the Board is developed in consultation with the Committee, the GMB and key SMEs around the Company before being approved by the Board. It is dynamic and can change to reflect the needs of the Board. Any Director may request further training to support their individual or collective needs. Throughout the year, the Board received training on Diversity, Inclusion and Unconscious Bias, Cyber Risk, Investment Strategy and Rating Agencies, Climate Change and Sustainability and Sustainability Disclosure Requirements.

The Group Company Secretary maintains annual Continuing Professional Development (CPD) records for all directors, which the Chair reviews as part of their annual appraisal.

Board evaluation and performance

All Directors receive an annual appraisal from the Chair. The Chair is appraised by the Board, in his absence led by the Senior Independent Director.

As explained in last's year's Committee report Stephenson Executive Search conducted the external Board Evaluation in late 2022 and early 2023. It had no connection to the Group or its directors beyond Tim Stephenson, Stephenson Executive Search's Chair supporting David Henderson in relation to Non-Executive Director assignments. The Board was content that Mr Stephenson provided an independent view on the performance of the Board, its committees and individual directors. Mr Stephenson observed Board and Committee meetings and conducted a series of interviews with each director, the Group Company Secretary, the Group Chief Actuary and the Group Chief Risk and Compliance Officer. The outcome of the evaluation was considered by the Board in March 2023. The main recommendations arising from the Board Evaluation related to the Board Succession planning which has been addressed. The next evaluation is due in 2026.

Changes to Immediate Subsidiary Boards

As a result of the review of the Boards, three new Non-Executive Directors were appointed to the EIO Board during the year and three directors resigned from the Board. In addition, Denise Cockrem, the Group CFO retired from the Board in June 2024 and was succeeded by Mark Bennett who was appointed on 1 January 2025.

There were no changes to the Board of EdenTree Holdings Limited (an immediate subsidiary of BG) during the year.

One new Non-Executive Director was appointed to the Board of Benefact Broking and Advisory Holdings Limited during the year and one Non-Executive Director resigned during the year, due to a conflict of interest.

Details of all the changes in Board membership of the subsidiary boards can be found in their individual Annual Report and Accounts.

Section Two | **Governance**

Audit & Risk Committee Report

Dear Stakeholder,

I am pleased to present this report, the first as Chair of the Audit and Risk Committee (the Committee).

The Committee was established by the Board on 24 September 2024. Prior to this, the Committee's role in:

- monitoring the integrity of the Group's financial and regulatory reporting; internal controls processes; and internal and external audit arrangements was performed by the Group Audit Committee, a joint committee of the Benefact Group plc and Ecclesiastical Insurance Office public limited company Boards; and
- monitoring the risk management framework; management of capital; Internal Model scope, use, governance and validation; operational resilience; and other material risks, paying close attention to impacts from the internal and external environments was overseen by the Group Risk Committee, a joint committee of Benefact Group plc and Ecclesiastical Insurance Office public limited company Boards.

On 24 September 2024, the Group Audit Committee and the Group Risk Committee were disbanded.

I take this opportunity to thank Neil Maidment for chairing the Group Risk Committee until it was disbanded.

This report describes the work undertaken by the Group Audit Committee, the Group Risk Committee and the Committee in respect of the 2024 financial year.

The Committee also play a key role in challenging and monitoring the integrity of the Group's financial reporting, ensuring the Annual Report and Accounts are prepared using appropriate judgements and are a fair reflection of the Group's performance and position. The significant accounting and reporting issues considered in detail by the Committees are set out in this report. The Committee oversees and reviews the Group's internal financial control and internal control systems, ensuring they operate effectively and provide stakeholders with confidence in the accuracy and reliability of financial information. The Committee also plays a key role in providing oversight and advice to the Board on the current and future risk exposures, by reference to strategic developments, including determining risk appetite, tolerances and culture. The Committee also oversees risk and compliance monitoring; monitors operational, conduct, reputational, market and prudential risks; and oversees the Group's exposure to the financial and reputational risks arising from climate change.

The Committee continues to monitor external factors to ensure reporting and controls take into consideration, and respond to, emerging developments and external risks.

The Board has voluntarily chosen to include this report in addition to the disclosures in the Risk Management Report and Principal Risks sections. The latter sets out the principal risks and uncertainties. The Committee has reviewed these in detail and is comfortable that the business has addressed them appropriately within its ongoing operating model and strategic priorities.

The role of the Committee in the Group's Governance Framework is vital, providing independent challenge and oversight across financial reporting and internal control procedures. The Committee ensures the interests of our shareholders are protected by providing independent scrutiny and challenge to ensure the Group always presents a true and fair view of its performance, with a focus on the accuracy, integrity and communication of its financial reporting. The Committee also examines the Group's control environment and strategies for risk management, providing assurance these are managed appropriately. We remain satisfied that the business has maintained a robust risk management and internal controls culture, supported by strong overall governance processes.

Chris Moulder
Chair of the Audit and Risk Committee

"The Committee continues to monitor external factors to ensure reporting and controls take into consideration, and respond to, emerging developments and external risks."

Group Risk Committee member	Member since	Meetings attended
Neil Maidment (Chair)[1]	March 2020	5/5
Rita Bajaj[2]	September 2023	5/5
Francois-Xavier Boisseau[3]	April 2019	5/5
Chris Moulder[4]	September 2017	4/5
Sir Stephen Lamport[5]	November 2020	5/5

Group Audit Committee member	Member since	Meetings attended
Chris Moulder (Chair)[4]	September 2017	6/6
James Coyle[6]	May 2024	1/1
Francois-Xavier Boisseau[3]	March 2019	6/6
Neil Maidment[1]	March 2020	5/6

Benefact Group plc Audit and Risk Committee member	Member since	Meetings attended
Chris Moulder (Chair)[4]	September 2024	1/1
Rita Bajaj[2]	September 2024	1/1
Neil Maidment[1]	September 2024	1/1
David Paterson[7]	September 2024	1/1

1 On 24 September 2024, Neil Maidment stepped down as the Group Risk Committee Chair and as a Group Audit Committee member when the Committees were disbanded. He was unable to attend one meeting of the Group Audit Committee due to a prior professional commitment. He was appointed a member of the Benefact Group plc Audit and Risk Committee on the same day until 31 December 2024 when he resigned from the Board.

2 Rita Bajaj stepped down as a Group Risk Committee member on 24 September 2024. She was appointed a member of the Benefact Group plc Audit and Risk Committee on the same day.

3 Francois-Xavier Boisseau stepped down as a member of the Group Risk Committee and the Group Audit Committee on 24 September 2024.

4 Chris Moulder stepped down as the Group Audit Committee Chair and a Group Risk Committee member on 24 September 2024. On the same day, he was appointed Chair of the Benefact Group plc Audit and Risk Committee. He was unable to attend one meeting of each committee due to professional commitments arranged before the meetings were confirmed.

5 Stephen Lamport stepped down as a member of the Group Risk Committee on 24 September 2024.

6 James Coyle stepped down as a member of the Group Audit Committee on 24 September 2024.

7 David Paterson joined the Benefact Group plc Audit and Risk Committee on 24 September 2024.

Members of the Committee

Committee members are Non-Executive Directors and bring a wide range of financial, risk, control and commercial expertise, with a particular depth of experience in the insurance sector that are necessary to fulfil the Committee's duties and enable the Committee to challenge and scrutinise management's work. The Board considers that the Committee has recent and relevant financial experience and accounting competence and that the Committee as a whole is appropriately competent in the sectors in which the Group operates.

Committee meetings

In addition to the members of the Committee, regular attendees of Committee meetings included the Chair of the Board, Group Chief Executive Officer, Deputy Group Chief Executive, Group Chief Financial Officer, Group Chief Risk and Compliance Officer, Group Chief Internal Auditor, Group Chief Actuary and the external auditors. Other subject matter experts are invited to attend certain meetings in order to provide insight into key issues and developments.

In 2024, PricewaterhouseCoopers (PwC) attended six Group Audit Committee meetings before it disbanded and one meeting of the Committee. During the year, the Group Audit Committee met privately with the Group's external auditors without management present.

The Group Audit Committee's and the Committee's key responsibilities and activities include:

- scrutinising the financial statements and reviewing accounting policies and significant judgements and estimates;
- reviewing the content of financial reporting and advising the Board whether, taken as a whole, they are fair, balanced and understandable;
- reviewing the going concern basis of preparation of the financial statements and statements on viability for recommending to the Board;
- reviewing climate and non-financial metrics reporting;
- reviewing tax strategy and policies;
- reviewing the Group's whistleblowing arrangements;
- overseeing the Group's audit arrangements, both externally and internally; and
- reviewing the effectiveness of the Group's systems of internal controls and the management of financial risks.

A summary of the main activities of the Group Audit Committee and the Committee during the year is set out below:

Auditor appointment and tenure, independence and non-audit services

Prior to its disbandment, the Group Audit Committee, and subsequently the Committee, is responsible for overseeing the relationship with and performance of the external auditor. This includes making the recommendation on the appointment, reappointment and removal of the external auditor, assessing their independence on an ongoing basis and for agreeing the audit fee.

PwC has acted as the Group's external statutory auditor following appointment at the Company's Annual General Meeting in June 2020. The Group's policy for auditor rotation follows regulatory requirements and PwC will be required to be rotated after no more than 20 years, and an audit tender held after no more than 10 years. Gary Shaw of PwC became the Group's senior statutory auditor for the financial year 2024. Gary Shaw's term as senior statutory auditor cannot exceed a maximum duration of five years. The Group's previous senior statutory auditor, Sue Morling of PwC, led the Group's audit for four years.

The Company confirms that it complied with the provisions of the Competition and Markets Authority's Order for the financial year under review. Both the Board and the external auditor have safeguards in place to protect the independence and objectivity of the external auditor.

Until it was disbanded, the Group Audit Committee, and subsequently the Committee, is responsible for the development, implementation and monitoring of the Group's policy on the provision of non-audit services by the external auditor. The policy is reviewed annually by the Committee. The purpose of the policy is to safeguard the independence and objectivity of the external auditor and to comply with the ethical standards of the Financial Reporting Council (FRC).

The Committee oversees the plan for the external audit to ensure it is comprehensive, risk-based and cost-effective. The plan described the proposed scope of the work and the approach to be taken, and the proposed materiality levels to be used. In order to focus the audit work on the right areas, the auditors identify particular risk issues based on various factors, including their knowledge of the business and operating environment and discussions with management.

For the year ended 31 December 2024, the Group was charged £1,760,000 (ex VAT) by the Group auditor, PwC and component auditor, PKF – Littlejohn (PKF), for audit services. Non-audit fees for audit-related assurance services required by legislation and/or regulation amounted to £425,000, making total fees from PwC and PKF of £2,185,000. There were no other non-audit services provided by PwC during the financial year.

External audit effectiveness

The Committee assesses the effectiveness of the external auditor annually against several criteria including, but not limited to, accessibility and knowledgeability of audit team members, the efficiency of the audit process including the effectiveness of the audit plan, and the quality of improvements recommended.

The Group Audit Committee reviewed a report based on input from senior management, business unit leaders and those most involved in the external audit process, regarding the PwC 2023 statutory audit and audit-related assurance services. The Group Audit Committee recognised the strengths of the external auditor and that duties were performed independently and effectively.

Appropriateness of the Group's external financial reporting

The primary role of the Committee in relation to financial reporting is to review, challenge and agree the appropriateness of the half-year and annual financial statements and annual regulatory reporting under Solvency II, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial and regulatory reporting standards, and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been made or there has been discussion with the external auditor;
- whether the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy; and
- any correspondence from regulators in relation to financial reporting.

In respect of these annual financial statements the Committee paid particular attention to the significant judgements set out below, including a review of the corporate governance disclosures, monitoring of the external audit process and statements about going concern and viability. The Committee concluded that it remained appropriate to prepare the financial statements on a going concern basis and recommended the viability statement to the Board for approval.

The Group Audit Committee reviewed and challenged the annual regulatory submissions of Ecclesiastical Insurance Office public limited company and Ecclesiastical Life Limited under Solvency II focussing on the reporting requirements of the publicly filed Solvency and Financial Capital Report (SFCR) and Quantitative Reporting Templates (QRTs).

The significant areas of focus considered by the Group Audit Committee and the Committee in relation to 2024, and how these were addressed, are outlined below. These were discussed and agreed with management during the course of the year, and also discussed with the auditors.

Matter considered	Action
General insurance reserves The estimation of the ultimate liability arising from claims under general business insurance contracts is a critical accounting estimate. There is uncertainty as to the total number of claims on each class of business, the amounts that such claims will be settled for and the timings of any payments.	The Committees considered detailed reports provided by the Head of Group Reserving on the adequacy of the Group's general insurance reserves at the half year and discussed and challenged management across a wide range of assumptions and key judgements. This is a major area of audit focus, and the auditor also provided detailed reporting on these matters to the Committees. Key areas of focus for the Committees during 2024 have been the Group latent claim reserves, Australia general liability reserves, claims inflation including the implementation of the latest Judicial College Guidelines, the Ogden discount rate and weather events impacting Group companies. Following their reviews and discussions, the Committees' opinion was that the reserving process and outcomes were robust, applied consistently, were well managed and that the overall reserves set were reasonable as disclosed in note 30 of the financial statements. The Committees were satisfied that management have carried out a thorough review of the drivers of uncertainty and have arrived at an appropriate recommendation for the level of booked reserves including the risk adjustment.

Matter considered	Action
Life insurance reserves The calculation of the Group's life insurance reserves requires management to make significant judgements about bond yields, discount rates, credit risk, mortality rates and current expectations of future expense levels.	The Committees considered the key accounting judgements of Ecclesiastical Life Limited (ELL) (the Group's life business) which set out recommendations for the basis and methodology to apply for: • valuation of policy liabilities for inclusion in the report and accounts for ELL at 31 December 2024, and • the calculation of technical provisions in accordance with Solvency II regulations at 31 December 2024. The main areas of judgement reviewed by the Committees were the estimated future cash flows and the discount rate applied to future cash flows. The Committee also challenged the assumptions regarding mortality rates and future attributable expenses which impact the estimated future cashflows. The Committees reviewed the work done by the Chief Actuary to assess whether the methodology remained appropriate, with a particular focus on mortality assumptions, interest and inflation rate assumptions. Following its review, and after consideration of PwC's report, the Committees were satisfied that the assumptions proposed were appropriate and overall the judgements made in respect of the reserves were reasonable. The assumptions are disclosed in note 30 of the financial statements.

Section Two | Governance

Matter considered	Action
Pension scheme accounting The liabilities of the scheme are material in comparison to the Group's net asset and the valuation requires many actuarial assumptions, including judgements in relation to long-term interest rates, inflation, longevity and investment returns. Judgement is applied in determining the extent to which a surplus in the Group's defined benefit scheme can be recognised as an asset.	During 2024, the Committees received reports from management on the proposed approach to the valuation of the pension scheme. As the pension scheme is sensitive to changes in key assumptions, management completed an assessment as to the appropriateness of the assumptions used, taking advice from independent actuarial experts and including, where appropriate, benchmark data, and reported its findings to the Committee. Improvements in the pension actuary's models increased the accuracy, and also dynamically captured changes in the scheme's liability profile. Following the review, management concluded the future improvements in mortality table will be updated to the CMI 2023 table. It was deemed that mortality rates in 2022 and 2023 could be indicative of future mortality to some extent and that a default weighting of 15% should be applied to 2022 and 2023 mortality data in the CMI 2023 table. It was concluded that the salary assumptions remained consistent with long-term expectations. The best estimate multipliers for the post-retirement mortality tables were revised following input from the Scheme Actuary. The Committees considered the outcome of the Court of Appeal's judgement in the case of Virgin Media v NTL Trustees, which was released on 25 July 2024. The Committees considered the relevance and implications of this ruling, management's ongoing review and the related disclosures included within the financial statements. Following consideration, the Committees concluded that the assumptions proposed were appropriate. The impact of updating assumptions to reflect those in force at the balance sheet date on the valuation at 31 December 2024 is explained in note 20 to the financial statements.
Valuation of intangible assets The valuation and impairment reviews carried out over intangible assets, particularly software, is an area of focus for the Committees given the Group's investment in technology and the materiality of the balance.	The Group's significant investment in technology, together with fast-moving technology development and change, increases the importance of a detailed assessment of the value of assets and the implications of further investment. The Committees considered management's work to test and review the value of assets and any consequent impairments or changes to useful lives. The Committees concurred with management's conclusions that no impairment was required and that carrying values were appropriate.

Matter considered	Action
Valuation of unlisted equity This is an area of focus given the materiality and the subjectivity in deriving fair value. The judgements and estimates used to determine the value of the Group's interest in unlisted equity follow industry recognised fair value model techniques and the principles of IFRS 13 Fair Value Measurement. Judgements and estimates include the selection of the most appropriate valuation approach, the set of comparable companies, choice of valuation multiples and the setting of an illiquidity discount.	The Committees received information from management on the Group's unlisted equity investments and the model used to determine fair value of these investments, paying particular attention to the application of industry recognised valuation techniques and areas of the portfolio more susceptible to valuation uncertainty. When considering management's assessment of the fair value of unlisted equities, the Committee considered the fair value model and inputs used. Particular consideration was given to the judgements included within the model that management used to determine a valuation. This included the discount applied for illiquidity, the quantity and suitability of comparable companies used within the model and the use of any specific adjustments in response to market expectations of the valuation of fixed income securities held by comparable companies. Following consideration, the Committees concluded that the assumptions proposed were appropriate.
Carrying value of goodwill This is an area of focus for the Committees given the materiality of the Group's goodwill balances (£99.1m at 31 December 2024) and the inherent subjectivity in impairment testing. The judgements in relation to goodwill impairment continue to relate primarily to the assumptions underlying the calculation of the value in use of the business, being the achievability of the business plans and the macroeconomic and related modelling assumptions underlying the valuation process.	The Committees received detailed reporting from management and challenged the appropriateness of the assumptions made, including: • the consistent application of management's methodology; • the achievability of the business plans; • assumptions in relation to long-term growth in the businesses; and • the determination of a discount rate. The Committees paid particular attention to the business plans and management's proposed cashflows attributable to each cash-generating unit, and the determination of the discount rate used in the calculation. The Committees considered the proposal and provided robust challenge to the assumptions, notably the evidence to support the discount rate and the appropriateness of the future cashflow assumptions. After its reviews, the Committee concluded that the assumptions were reasonable. Goodwill is disclosed in note 19 of the financial statements.

Section Two | **Governance**

Matter considered	Action
Acquisition of Access This is an area of focus for the Committees given the materiality of Access to the Broking and Advisory division. The valuation of intangible assets, which is recognised separately from goodwill, requires judgements and estimates.	The Committees received detailed reporting from management related to the acquisition of Access, which included the identification of intangibles assets and cash-generating unit for allocation of goodwill. The Committees considered in particular the methodology applied to identify and value intangible assets and the suitability of their useful economic life. Following the review, the Committees concluded that the key inputs into the valuation of intangible assets were reasonable, and the useful economic life of these assets are appropriate.

Climate change risk and related disclosures

During the year the Committees continued to strengthen its understanding of the developments of disclosures regarding climate change and its impacts. The Committees discussed with management the continued development of the Group's disclosures regarding climate change risks and impacts which are included principally within the Annual Report and Accounts of the Group and supported by a separate report, published on the Company's website, featuring disclosures in line with the Task Force on Climate-Related Financial Disclosures. The Committees' review paid particular attention to the transparency of disclosure and alignment to Task Force on Climate-Related Financial Disclosures along with the challenges in working towards net zero. As the Group develops its response to the risks and impacts of climate change, the Committee expects to consider management's evaluation of the potential impact on the financial statements and the evolution of disclosure.

Fair, balanced and understandable

The Committee considered whether, in its opinion, the 2024 Annual Report and Accounts were fair, balanced and understandable and provided the information necessary for shareholders to assess the Group's position and performance, business model and strategy. The Committee provided feedback on early drafts of the Annual Report and Accounts, highlighting any areas where further clarity was required in the final version.

When forming its opinion, the Committee was satisfied that the disclosures in the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and represented the results and business performance for the year ended 31 December 2024.

Oversight of the Group's systems of internal control including the internal audit function

Assessment of internal controls

The Group's approach to internal control and risk management is set out in the Corporate Governance Report section of this Annual Report and Accounts.

In reviewing the effectiveness of the system of internal control and risk management during 2024, the Committees have:

- reviewed the findings arising from both external and internal audit reports issued during the year;
- monitored management's responsiveness to the findings and recommendations of the Group Chief Internal Auditor;
- met with the Group Chief Internal Auditor once during the year without management being present to discuss any issues arising from internal audits carried out; and
- considered a report prepared by the Group Chief Internal Auditor giving his assessment of the strength of the Group's internal controls based on internal audit activity during the year.

Internal control over financial reporting

Internal control over financial reporting is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of management and financial reporting in accordance with generally accepted accounting principles. Controls over financial reporting policies and procedures include controls to ensure that:

- through clearly defined role profiles and financial mandates, there is effective delegation of authority;
- there is adequate segregation of duties in respect of all financial transactions;
- commitments and expenditure are appropriately authorised by management;
- records are maintained which accurately and fairly reflect transactions;
- any unauthorised acquisition, use or disposal of the Group's assets that could have a material effect on the financial statements should be detected on a timely basis;
- transactions are recorded as required to permit the preparation of financial statements; and
- the Group is able to report its financial statements in compliance with IFRS.

Due to inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Risk management and control systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies. Through reviewing reports received from management, and the internal and external auditors, the Committees did not identify any material weaknesses in internal controls over financial reporting during the year. The financial systems are deemed to have functioned properly during the year under review, and there are no current indications they will not continue to do so in the forthcoming period.

Group Internal Audit (GIA)

GIA provides independent, objective assurance to the Board that the governance processes, management of risk and systems of internal control are adequate and effective to mitigate the most significant risks to the Group. GIA operate co-sourcing arrangements in the UK, Ireland and Canada where specialist resource is required to supplement existing Group resources. In addition, GIA oversees and monitors the outsourced internal audit arrangements in Australia.

The Committee oversees the annual internal audit plan to ensure that it is aligned to the Group's key risks. It also assesses the internal audit plan and reviews the findings of internal audit with management.

The Committee is satisfied that GIA has appropriate resources. The Group Chief Internal Auditor is accountable to the Chair of the Committee and reports administratively to the Group Chief Executive. They have access to the Chair of the Committee and the Chair of the Board. The function also has an extensive stakeholder management programme across the whole of the Group.

GIA's annual programme of work is risk based and designed to cover areas of higher risk or specific focus. The plan is approved annually in advance by the Committee and is regularly reviewed throughout the year to ensure that it continues to reflect areas of higher priority. Where necessary, changes to the agreed plan are identified as a consequence of the Group's changing risk profile. Throughout the year, GIA submitted quarterly reports to the Committees summarising findings from audit activity undertaken and the responses and action plans agreed with management. During the year, the Committees monitored

Benefact Group **Annual Report and Accounts 2024** | **55**

Section Two | **Governance**

progress of the most significant management action plans to ensure that these were completed in a timely manner and to a satisfactory standard.

Whistleblowing

Whistleblowing arrangements are managed by Group HR. Throughout the year, the Committees performed regular oversight of the Group's whistleblowing arrangements, which are the responsibility of the Board and overseen by Group HR. The focus has been on making sure everyone understands whistleblowing, talks about it openly, and feels positive about raising concerns and speaking up within the Benefact Group.

The Group has a yearly whistleblowing routine that includes training, communication and monitoring. Online training for all colleagues and managers covers whistleblowing and the code of conduct. Individual attestation and frequent communications help to maintain awareness and promote an open, positive culture. Whistleblowing procedures, policies and guides are reviewed and updated every year to make sure they're easy to access, understand and encourage potential whistleblowers to come forward with confidence.

Legal and regulatory developments

The Committees received and reviewed regular reports on the impact of legal and regulatory developments relevant to the Group.

The year ahead

The Committee remains vigilant in its commitment to promoting a culture of excellence in financial governance. The forward-looking perspective involves proactively addressing potential challenges. As new accounting standards emerge, these will be monitored, continuously adapting our practices to maintain compliance and transparency. Anticipating an acceleration in technological advancements, the Committee aims to harness these innovations. The focus will be on overseeing the implementation of new financial and operational systems that are designed to improve efficiency and accuracy in our reporting processes.

Given the dynamic nature of the global economic environment, the Committee will maintain close collaboration with management and stakeholders. This will enable early responses to changes that could affect our organisation. The effectiveness of our risk management processes will continue to be enhanced, ensuring they are aligned with our organisational objectives. Emphasising innovation, adaptability and the highest standards of financial stewardship will be central to our pursuit of excellence in financial governance and the sustained integrity of our corporate practices.

The Group Risk Committee's and the Committee's key responsibilities and activities include:

- overseeing the Group's risk management framework (including risk appetite and tolerance) and the Group's Risk and Compliance functions;
- reviewing conduct and prudential risk (including overseeing the Internal Model);
- considering the Group's exposure in managing financial risks to Climate Change;
- reviewing the Group's investment risk management policy;
- reviewing market risk appetites and Board approved limits relating to investment strategy and the suitability of market risk and investment exposure; and
- reviewing the suitability of non-traded assets and managing valuation uncertainty.

A summary of the main activities of the Group Risk Committee and the Committee during the year is set out below:

During the year, areas of focus for the Committee also included operational and financial resilience, and the capital and solvency positions and the Committee monitored the ongoing development, governance, methodology and calibration of the Internal Model; overseeing independent validation; reviewing profit and loss attribution; and recommending Model changes and management actions to the Board.

Updates were received from management particularly in light of direct and indirect impacts from the external environment which included adverse weather events, cyber risk and regulatory changes.

During the year, reports from the Actuarial Function on reinsurance, underwriting and pricing; the Money Laundering Reporting Officer; and the Data Protection Officer were reviewed.

Additionally, reports were received on risk appetite; risk and compliance monitoring and assurance; underwriting and insurance risk; market and investment risk; reinsurance; outsourcing and third-party risk; business continuity; climate change; cyber risk; and the Consumer Duty. Updates on the implementation of operational resilience regulatory requirements were also received.

The Group Risk Committee also reviewed the Own Risk and Solvency Assessment, recommending it to the Board.

The Group Chief Risk and Compliance Officer reports to the Committee and has direct access to the Committee Chair and the Non-Executive Directors. The Committee ensures that it meets with the Group Chief Risk and Compliance Officer at least annually without other management present.

Section Two | **Governance**

Group Remuneration Report

Group Remuneration Committee Chair's statement

As Chair of the Group Remuneration Committee (the Committee), I am pleased to introduce the Group Remuneration Report for 2024, which sets out the Directors' Remuneration Policy and highlights some of the key aspects of the Committee's work during the year. The Committee's principal aim remains to ensure that all colleagues are rewarded fairly according to their contribution to the success of the Group and the quality of their individual performance, keeping carefully in mind the relationship between reward, recruitment and retention.

2024 performance

The Group is reporting a profit before tax for 2024 of £77.6m (2023: £34.4m). The results were driven by an excellent result within the Specialist Insurance division (Ecclesiastical Insurance Office Group), reporting a profit before tax of £46.1m (2023: £25.0m), together with increased profits within the Broking and Advisory division of £6.1m (2023: £0.6m loss). The Asset Management division reported a loss for the year of £4.9m (2023: £6.5m).

Within the Specialist Insurance division, a strong net investment result of £69.4m (2023: £51.7m) was underpinned by positive market returns, and a robust insurance service result of £88.7m (2023: £72.8m). The division benefitted from particularly benign weather claims and a more stable claims environment. Gross written premiums increased by 4.1% to £640.5m (2023: £615.2m) as a result of new business and rate improvements.

The performance of funds within the Group's Asset Management division was positive given the challenging market conditions, with assets under management of £3.2bn down slightly on 2023. Overall, the division reported a loss of £4.9m (2023: £6.5m loss), an improvement on the prior year as investors turned to passive funds. In common with many asset managers, and in line with 2023, net new money in 2024 was negative.

Within the Group's Broking and Advisory division, which reported a profit of £6.1m (2023: £0.6m loss), there was continued growth from our broking businesses with income up 53.4% to £85.2m driven by both organic and inorganic growth. 2024 included a profit on disposal of £5.2m for the financial services business of the Lloyd & Whyte Group. The division's earnings before interest, tax, depreciation and amortisation increased significantly to £21.4m (2023: £7.5m) as a result of a strong trading performance and growth.

The Committee note with thanks the efforts of all our colleagues across the Group in continuing to deliver what matters most to the business: supporting our customers by providing excellent customer service, maximising our grant to our charitable shareholder, The Benefact Trust, and delivering on the Group's next chapter in our ambitious strategy for the future.

Incentive outcomes

In considering the annual bonus outcomes for Executive Directors, the Committee paid careful attention to the financial performance of the Group and its significant business units as outlined above, to the strategic and 'Greater Good' performance of the Group, to its solid performance against underwriting targets, and to its continuing strong delivery against the Group's strategic change programme and customer and conduct targets.

In its assessment of individual performance during the year, the Committee recognised the strong performance against Executive Directors' personal financial, strategic and wider objectives. The Committee considered that the annual bonus outcomes were a fair reflection of the overall performance achieved by both the Group and the individuals and, having considered all the relevant factors, determined that no discretionary adjustment of awards was necessary.

The annual bonus awards for 2024 of 90.6% of maximum for the Group Chief Executive; 90% for the Deputy Group Chief Executive; and 75% for the retiring Group Chief Financial Officer (with the award pro-rated for time up to her retirement) reflected the performance of the Group during the year. Further details of performance against the targets set for 2024 are disclosed in the Annual Report on Remuneration section of this report. One-third of the total bonus award will be deferred for three years.

The long-term incentive plan (LTIP) granted in 2022 vested at 49.5%, reflecting the Group's performance against the targets over the 2022-2024 period. The Committee considered that the LTIP vesting levels were a fair reflection of the overall performance achieved and, having considered all the relevant factors, determined that no discretionary adjustment of awards was necessary.

In line with the Committee's established practice, the Committee, supported by the Group Chief Risk and Compliance Officer, considered risk management outcomes across the Group as part of its deliberations, including how these had impacted individual performance assessments where relevant. Following this review, the Committee did not consider further risk adjustment of the awards was necessary.

"The Committee note with thanks the efforts of all our colleagues across the Group in continuing to deliver what matters most to the business: supporting our customers."

Section Two | **Governance**

Review of Group Remuneration Policy

The Committee has continued to review the Group Remuneration Policy and the design of its incentives, including the applicable performance measures and targets, in order to ensure these continue to drive the Group's strategy and long-term performance while maintaining the Group's high standards as an ethically and socially responsible business. The Committee is of the view that the Remuneration Policy operated as intended during the year, that the overarching remuneration framework continues to be appropriate taking into account both internal and external factors, and that it continues to support the Group's priorities. As a result, the Directors' Remuneration Policy remains unchanged for 2025, other than being updated for the incentive increases that were set out in the 2023 Directors' Remuneration Report. Our intention is that this policy should remain in place for the next three years. The Directors' Remuneration Policy is set out in full in this report.

Base salary

During the year the Committee undertook an extensive review of the Executive Directors' remuneration packages in the context of the increased size and complexity of the Group, the performance of the Group and the individuals, and external benchmarking data. Following this review, the Committee decided to make a one-off adjustment to the salary levels of two Executive Directors, further detail of which is set out later in this report. This recognises the complete transformation of the Group over the past ten years, as well as the fact that the overall compensation granted by the Company has not moved forward at the same rate as the market. We are also mindful of the need to recruit and retain the most talented individuals in the marketplace in order to secure the long-term future of the Group and the benefit of its impact on so many. As part of the review, we consulted with our shareholder, The Benefact Trust, who was supportive of the changes.

On this basis, the Committee determined that the base salaries for the Group Chief Executive increased to £650,000 (18.7% increase) and for the Deputy Group Chief Executive to £500,400 (13.4% increase), effective 1 September 2024.

CFO transition

As announced in February 2024, Denise Cockrem retired from the Board and the position of Group Chief Financial Officer on 28 June 2024. All leaving arrangements were in line with our Directors' Remuneration Policy. Mark Bennett was appointed to the Board and as Group Chief Financial Officer on 1 January 2025, subject to regulatory approval. He has been with the Group for 17 years and held the role of Group Chief Actuary prior to this. He had also been acting CFO since Denise Cockrem's retirement. All remuneration arrangements are in line with our Directors' Remuneration Policy. Mark has been appointed on a salary of £400,000, reflecting the calibre of the candidate and the market rate for the role, as well as an increase in the scope and responsibilities of the role. The pension contribution, annual bonus opportunity and LTIP opportunity for 2025 are in line with his predecessor. Further detail is set out later on in this Report.

Remuneration for 2025

The level of salary increases for UK Ecclesiastical employees is a key consideration in setting the level of any salary increase for Executive Directors. On this basis, the Committee determined that the base salaries of the Group Chief Executive and Deputy Group Chief Executive would be increased by 3.6% (effective 1 April 2025), which is in line with the wider employee population.

There are no proposed changes to the incentive opportunities, performance measures and weightings for 2025.

The Committee considered the Chair's fees as part of the regular review of Non-Executive Director (NEDs) fees. David Henderson took no part in the discussions on his fees, nor the NEDs in discussion of theirs.

Gender pay gap

The Group's gender pay report for 2024 showed our median gender pay gap slightly increased at 19.5% (2023: 19.1%) for EIO. The wider Group median pay gap has also slightly increased to 25.8% (2023: 25.7%) due to small changes in the composition of the senior leadership population. The Group continues to be committed to promoting inclusion and diversity through our business and to ensuring that all employees have a fair and equal pay opportunity appropriate to their role.

Committee member	Member since	Meetings attended
Sir Stephen Lamport (Chair)	June 2020	6/6
David Henderson	September 2016	6/6
Neil Maidment[1]	March 2020	6/6
Angus Winther[2]	April 2019	4/4
Rita Bajaj[3]	September 2024	2/2

[1] Neil Maidment resigned from the Board on 31 December 2024.
[2] Angus Winther retired from the Committee on 24 September 2024. He attended all eligible meetings during the year.
[3] Rita Bajaj was appointed to the Committee on 24 September 2024 and attended all eligible meetings during the year.

Conclusion

I value the continued support and counsel of our charitable owner and ultimate shareholder, Benefact Trust Limited, and reaffirm our responsibility to drive sustained, improved and responsible performance over the long-term through our remuneration strategy, policy and principles.

Sir Stephen Lamport
Chair of the Group Remuneration Committee
17 April 2025

Benefact Group **Annual Report and Accounts 2024** | **58**

Section Two | **Governance**

Group Remuneration Committee

Purpose and membership

The Committee is responsible for recommending to the respective boards of Ecclesiastical Insurance Office public limited company (EIO) and Benefact Group plc the Remuneration Policy for Executive Directors and for setting the remuneration packages for each Executive Director, members of the Group Management Board (GMB), Material Risk Takers (MRTs) and heads of strategic business units. None of the Executive Directors or other populations outlined above were involved in discussions relating to their own remuneration. The Committee also has overarching responsibility for the Group-wide Remuneration Policy.

All members are independent NEDs and have the necessary experience and expertise to meet the Committee's responsibilities. As a joint committee of EIO and Benefact Group plc, the membership comprises directors from both Boards to promote alignment of the Group's Risks and Remuneration Policies and consideration of risk management and outcomes in setting reward.

Remuneration Committee timetable

The table below sets out the key agenda items discussed at each Committee meeting during 2024.

Meeting	Key discussion points
January 2024	• 2024 annual bonus and 2024-2026 LTIP and CRO opinion on targets • 2023 Directors' Remuneration Report • 2023 Gender Pay Gap Reporting • Material Risk Takers list • Review of Committee Terms of Reference • 2023 Evaluation of Committee performance • 2024 Committee objectives
March 2024	• 2024 annual bonus and 2024-2026 LTIP • 2023 annual bonus and 2021-2023 LTIP outcomes • Review of 2024 salary proposals • 2023 Directors' Remuneration Report • Review of Remuneration Consultant's performance
July 2024	• Bonus levels – senior management below GMB level • Executive remuneration trends • Group Remuneration Policy review and Remuneration Policy Statements • Wider employee trends and policies • Annual review of Material Risk Taker list methodology • Update on Canada remuneration
August & September 2024	• Review of Benchmarking/Remuneration Proposals
November 2024	• Review of current approach to Bonus Schemes • Annual audit of EdenTree remuneration policy • Update on 2024 Executive Director pay outturns • Remuneration proposal for Group CFO • Wider employee remuneration trends and pay • Material Risk Taker list • 2024 Gender and Ethnicity Pay Gap Reporting • 2024 Directors' Remuneration Report • Review of Committee Terms of Reference

Advisers to the Committee

During the year, the Committee received external advice from Deloitte in relation to the Committee's activities. The Committee also had access to benchmarking reports from Willis Towers Watson and McLagan, which provided additional data to support the determination of pay and conditions throughout the Benefact Group.

Fees for professional advice to the Committee paid to Deloitte were £79,925 (2023: £115,650). Deloitte is a founding member of the Remuneration Consultants Group and, as such, voluntarily adheres to its Code of Conduct. The Committee is satisfied that the advice it received during 2024 from Deloitte was impartial.

To assist its work, during the year the Committee received input from the Group Chief Executive, Group Chief Financial Officer, Group Chief People Officer, Group Chief Actuary, Group Chief Risk and Compliance Officer and Group Reward Director. Such input, however, did not relate to their own remuneration.

Remuneration 'at a glance'

The table below summarises how key elements of the Remuneration Policy will be implemented in 2025 and key decisions taken by the Committee for the year ended 31 December 2024.

Element of pay	Group Chief Executive	Deputy Group Chief Executive	Group Chief Financial Officer
Base Salary (effective 1 April 2025)	£673,400	£518,415	£400,000
Pension	12% of salary (in line with wider employee population)		
Annual Bonus maximum opportunity	150% of salary	125% of salary	125% of salary
Annual Bonus other details	• Performance measures for 2025 include PBT (including and excluding fair value investment gains/losses); underwriting balanced scorecard; Asset Management[1] gross new money; Broking and Advisory turnover; strategy; Greater Good; and individual. • One-third of the total bonus paid is deferred for three years.		
LTIP maximum opportunity	200% of salary	150% of salary	150% of salary
LTIP other details	• Performance measures for 2025 include PBT (including fair value investment gains/losses; return on capital; underwriting profit; Asset Management[1] revenue; Broking and Advisory turnover; grant to Benefact Trust Limited; and environmental.		
Year-end outcomes			
2024 annual bonus	90.6% of maximum	90% of maximum	75% of maximum[2]
2022-24 LTIP	49.5% of maximum		

[1] Asset Management division was formerly termed EdenTree in previous Directors' Remuneration Reports.

[2] 2024 annual bonus outcome for the Group Chief Financial Officer is in respect of the retiring individual in the year.

Section Two | **Governance**

Directors' Remuneration Policy

The Directors' Remuneration Policy (the 'Policy') described in this part of the report is intended to apply for up to three years from January 2025.

The Group holds itself to the high standards of corporate behaviour as a trusted, ethical and socially responsible business and is mindful of the need to maintain and build on these standards, and to avoid risk of negative publicity or reputational damage to the Group and its charitable owner arising from the implementation of or outside perception of its Remuneration Policy.

The Committee reviews the Group's Remuneration Policy on a regular basis to ensure that it remains aligned with the needs of the Group and its longer-term strategy, and that it remains appropriately aligned with the external market. There have been no material changes to the previous Remuneration Policy. The incentive opportunities have been updated to reflect the changes that were set out in the 2023 Directors' Remuneration Report.

When determining the Remuneration Policy for Executive Directors, the Committee considers the factors of clarity, simplicity, risk, predictability, proportionality and alignment to culture as set out in the Corporate Governance Code, which are embedded in the Group's principles. Further details in respect of these factors can be found in the 2021 Policy Report.

The Policy is aligned to delivery of the Group's strategic objectives and establishes a set of principles which underpin the Group's reward structures for all Group employees. These principles include:

- Reward structures will promote the **delivery of long-term sustainable returns** and take into account the expectations of the shareholder.
- Incentive payments will be **performance-related**, reflecting individual and business performance against financial and non-financial measures, including both what has been delivered and the way in which such deliveries have been achieved.
- Reward structures will be **straightforward and transparent** for everyone to understand.
- Remuneration packages will be set by **reference to levels for comparable roles** in comparable organisations. However, benchmark data will be only one of a number of factors that will be used to determine remuneration packages.
- Reward structures will deliver an appropriate **balance of fixed to variable pay** in order to foster a performance culture, with the proportion of 'at risk' pay typically increasing with seniority.
- Reward structures will achieve a **balance between short and long-term incentives**, supporting the overall aim of the Group's Remuneration Policy of promoting the long-term success of the Group.
- The Group is committed to ensuring that all colleagues have a **fair and equal pay opportunity** appropriate to their role. The Group recognises the benefits of having a diverse community of colleagues and wishes to foster a culture which is inclusive, is recognised and allows all colleagues to contribute fully to business success.
- The Group will strive to adhere to the **highest standards** of remuneration-related regulatory compliance and best practice guidelines, while ensuring that the Group's remuneration policies are appropriately tailored to its circumstances, challenges and strategic goals.

Future Policy Table (Executive Directors)

Element of pay	Operation	Opportunity	Performance measures
Salary To support the attraction and retention of talent with the capability to deliver the Group's strategy and performance goals.	Salaries are normally reviewed annually with any changes normally taking effect from 1 April each year. Reviews can take place at other times of the year when considered appropriate by the Committee.	When the annual review is conducted various factors are taken into account, including Group and individual performance, any changes to the scope or responsibilities of the role, relevant market information and levels of pay increases in the wider UK or relevant territory population. Salary increases will normally be no more than the increase applied to the wider employee population, but higher salary increases can be awarded in certain circumstances such as (but not limited to) where there is an increase in scope of role or responsibility; due to performance in the role; or where there has been an increase in the size and/or complexity of the business.	Group and individual performance are taken into account when salary increases are determined.
Benefits To provide a market-competitive and cost-effective benefits package and promote the wellbeing of employees.	Benefits normally comprise of a car allowance, a private healthcare scheme, income protection and medical assessments. Executive Directors also receive life assurance cover on the same basis as the wider employee population and in the case of the Deputy Group Chief Executive, health and dental cover and accidental death and dismemberment cover on the same basis as the wider employee population in the Group's Canadian branch. Where appropriate, benefits may include any associated tax.	Benefits are set at a level taking into account benefit packages offered by comparable organisations for comparable roles; benefits offered to the wider employee population and with the overall objective of promoting the wellbeing of employees.	Not applicable

Section Two | **Governance**

Element of pay	Operation	Opportunity	Performance measures
Pension To provide market-competitive and cost-effective post-retirement benefits.	Executive Directors may receive contributions into a defined contribution pension scheme, a cash allowance, or other method of pension delivery of similar value, or a combination of the above.	The level of pension contribution is set at a level taking into account pension benefits offered by comparable organisations for comparable roles and benefits offered to the wider employee population. The employer contribution rate to the UK Defined Contribution Scheme for Executive Directors is currently 12% of salary, in line with the wider employee population. The employer contribution rate to the Canada Defined Contribution Pension plan is currently 12% of salary subject to the Government's annual contribution limits. Amounts in excess are currently contributed to a SERP.	Not applicable
Annual bonus scheme To incentivise delivery of the Group's key financial and strategic targets over the year. Deferral provides further alignment with shareholder interests and promotes retention.	This cash bonus is paid annually, normally shortly after the end of the financial year to which it relates. Targets are normally set annually and award levels are determined by the Committee based on performance against these targets. Currently, one-third of the total bonus earned is deferred over three years.	Maximum opportunity of 150% of salary. For 2025, the maximum opportunities will be 150% of salary for the Group CEO and 125% for other Executive Directors of which 50% is payable for a target level of performance.	The annual bonus may be subject to a range of financial, non-financial, and/or individual metrics linked to key strategic priorities. Normally the majority of the bonus will be based on financial measures. Details of the performance measures and weightings for the year are provided in the Annual Report on Remuneration.

Element of pay	Operation	Opportunity	Performance measures
Group LTIP To focus the executives and incentivise the achievement of the Group's long-term objectives; to align the Executive Directors' interests with those of the shareholder and to promote attraction and retention of talented individuals.	Cash awards under the Group LTIP typically vest dependent on the Committee's assessment of performance against the performance conditions over the relevant performance period (currently 3 years). Targets are normally set annually for each successive three-year LTIP period.	Maximum award value of 200% of salary. For 2025, the LTIP award value will be 200% of salary for the Group Chief Executive and 150% of salary for the other Executive Directors. Threshold performance currently results in 20% of the award vesting.	The Group LTIP may be subject to a range of financial and non-financial conditions linked to key strategic priorities. Normally the majority of the LTIP will be based on financial measures. Details of the performance measures and weightings for the year are provided in the Annual Report on Remuneration.

Notes to policy table:

Performance measures and targets

The Committee has continued to review the Group Remuneration Policy and incentive design, including the applicable performance measures and targets, in order to ensure these continue to drive the Group's strategy and long-term performance. The Committee selects performance conditions that are central to the Group's strategy and are key metrics used in measuring the performance of the Group. The Committee consults with the Group's charitable owner and ultimate shareholder Benefact Trust Limited where appropriate. The Committee additionally seeks input from the Group Chief Risk and Compliance Officer, in particular regarding the extent to which the revised schemes operate within the Group's risk appetite.

Performance conditions under annual bonus and LTIP schemes may be amended or substituted by the Committee if considered appropriate and the Committee determines that an amended or substituted performance condition would be more appropriate.

Section Two | **Governance**

Remuneration Committee discretion, malus and clawback provisions

The Group Remuneration Committee has discretion to adjust the amount of any short-term incentive and the extent to which any long-term incentive vests (including adjustment to zero) to reflect any fact or circumstances that make it appropriate to do so.

Bonus already paid or deferred, LTIP already vested and any unvested LTIP are subject to malus and clawback in certain circumstances, including (but not limited to) where:

i. there are issues regarding the material accuracy of the calculated award;
ii. there is material regulatory censure, or material reputational damage or a material diminution in the regard by which the Group is held by its customer base;
iii. there is material non-adherence to the Group's risk guidance, limits and/or tolerances (including conduct risk);
iv. the Group or any company within the Group suffers a material failure of risk management;
v. there is reasonable evidence of misbehaviour or material error on the part of a scheme participant;
vi. there is a corporate failure of the Group and/or any company within the Group and/or there has been unreasonable failure to protect the interests of employees and customers; or
vii. (in relation to malus only) the Group or any company within the Group suffers a material downturn in its financial performance.

A three-year time limit applies in respect of clawback from the date of bonus payment and LTIP vesting.

Due to the Group's ownership structure, in particular that its ultimate parent company is a charity, it is not possible to deliver variable remuneration in the form of shares.

Changes since last policy review

The design of the Annual Bonus and LTIP arrangements have largely remained unchanged since the last policy review. The number of metrics in the annual bonus scheme have been reduced to ensure that they remain aligned to the Group's strategy and there was an increase in bonus and Group LTIP opportunity from 2024, to ensure remuneration packages of the Executive Directors are aligned with the Group's strategic objectives and to reflect both the experience and track record of the Executive Directors. These changes were communicated in last year's report.

Recruitment Policy

As a specialist financial services group competing for talent across a variety of markets, the Group's approach is to pay a fair market value to attract appropriate candidates to the role, taking into consideration their individual skills and experience and the ethos of the Group. The remuneration arrangements for new recruits will reflect the Group's Remuneration Policy and reward structures.

Where it is thought necessary to compensate for an individual's incentive pay, benefits or other contractual arrangements resulting from previous employment or engagement, the Group may, as far as practicable, seek to match the expected value, time horizons and performance criteria of such awards through the use of existing incentive arrangements. Where this is not possible, it may be necessary to offer some form of 'buy-out' award, the size of which will in the normal course reflect the commercial value and the time horizons of the award foregone and will also (where possible) be subject to some form of clawback if the individual leaves within a set timeframe. Any such award will be granted in compliance with all applicable regulatory requirements.

Any new Executive Director's package would normally include the same elements and generally be subject to the same constraints as existing Executive Directors.

The Group retains discretion to adjust the balance of the annual bonus and LTIP and the measures used to assess performance. Other payments may be made in relation to relocation expenses and support as appropriate.

In the case of an internal appointment, any incentive awards in respect of the prior role would be allowed to continue according to its original terms, or be adjusted if appropriate to take into account the appointment.

The Committee retains discretion to make appropriate remuneration decisions outside the Policy to meet the individual circumstances of recruitment when:

- an interim appointment is made to fill an Executive Director role on a short-term basis; or
- exceptional circumstances require that the Chair or a Non-Executive Director takes on an executive function on a short-term basis.

Remuneration arrangements elsewhere in the Group

The remuneration of employees across the Group is a key consideration when setting remuneration policy and outcomes for Executive Directors. The Committee is mindful of the importance of aligning Executive and wider employee pay and conditions and takes internal and external measures, including internal pay relativities, when considering remuneration policy and outcomes for Executive Directors. As part of its work, the Committee has oversight of pay, incentive arrangements and other benefits applicable to employees and oversees the incentive plans and material changes to employee pay and benefits across the Group's businesses.

The Group consults with its recognised Union, Unite, regarding remuneration for employees within relevant UK businesses. Additionally, employees can provide feedback via the Group's employee engagement survey and to their managers or HR. The Group Chief People Officer attends the Committee meetings and advises the Committee on HR strategy, including the effectiveness of the Group's remuneration policies and how they are viewed by employees.

Consideration of the shareholder views

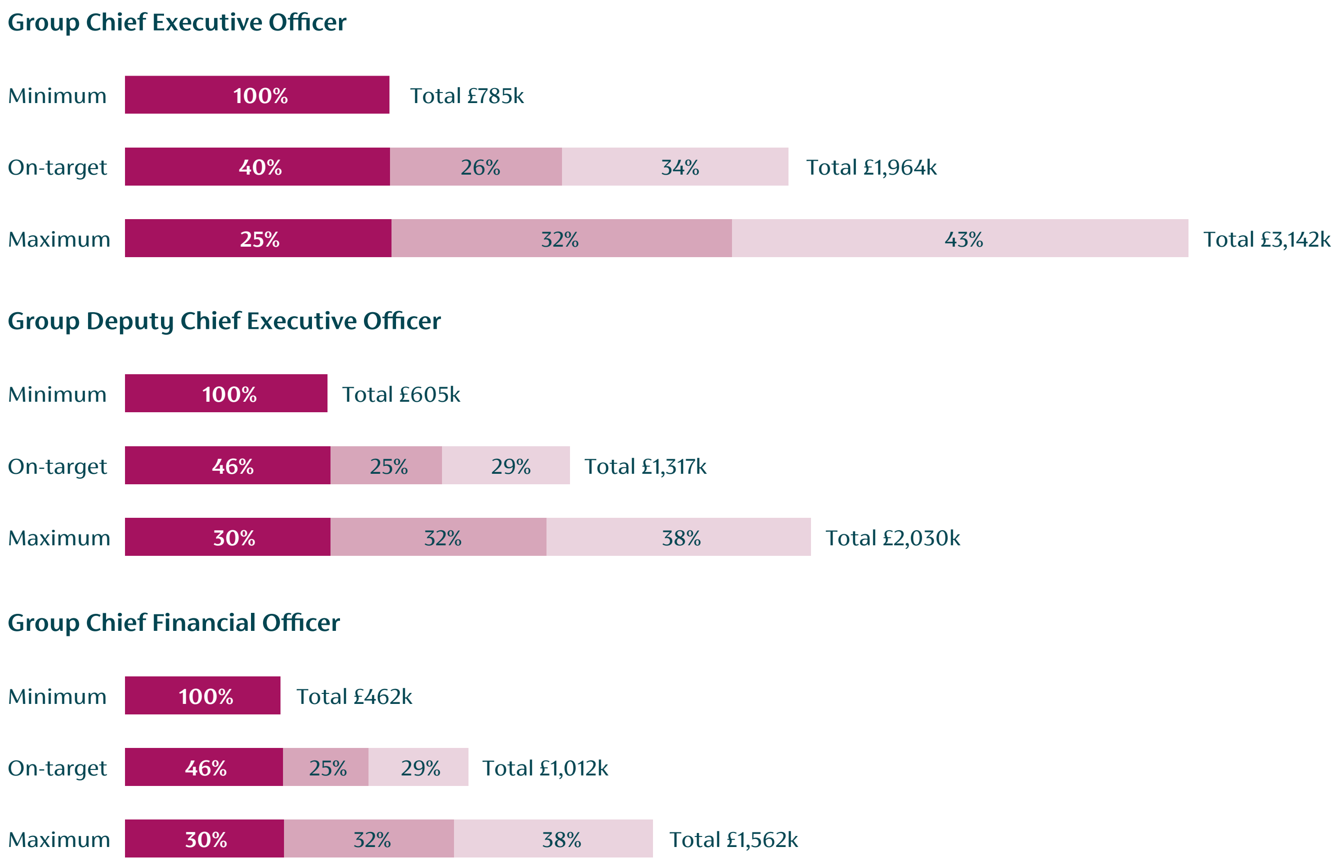
The Committee, through the Board, consults with the shareholder on any material changes to this policy in order to understand expectations with regard to Executive Directors' remuneration and any changes in the shareholder's views.

During 2024, the Committee consulted the shareholder throughout its review of Executive Director remuneration in order to understand the shareholder's views in relation to the evolving remuneration proposals.

Section Two | **Governance**

Scenario charts

The remuneration scenario charts below illustrate what each Executive Director could earn in respect of the policy for 2025, under different performance scenarios.



Assumptions

- Minimum: Fixed pay only (being salary effective 1 April 2025, pension assumed at 12% salary and benefits);
- On-target: Fixed pay plus annual bonus and LTIP valued at 50% of maximum; and
- Maximum: Fixed pay plus 100% bonus pay-out and 100% LTIP vesting.

Directors' Service Agreements and payment for loss of office

Standard provision	Policy and operation
Notice periods in Executive Directors' service contracts	Twelve months' notice from the Group or Executive Director for the Group Chief Executive and six months by the Group or Executive Director for the Deputy Group Chief Executive and not less than 26 weeks' notice for the Group Chief Financial Officer. Executive Directors may be required to work through their notice period, or may be paid in lieu of notice if they are not required to work the full notice period. If paid in lieu of notice, this may be as a lump sum or in monthly instalments (which would be subject to mitigation). For the Group Chief Executive Officer, his contract states that it will be payable as a lump sum within 14 days of termination date.
Treatment of annual bonus	No payment is to be made if the Executive has left or is under notice to leave on the date of bonus payment except for 'good leavers' as defined in the plan rules (e.g. death, ill health, retirement and other such circumstances at the Committee's discretion). Bonus payments for 'good leavers' will normally be pro-rated for time and subject to deferral, unless the Committee determines otherwise. Awards that are in the deferral period will normally lapse except for 'good leavers' as defined in the plan rules, in which case they will normally continue on their original terms.
Treatment of long-term incentive awards	All awards lapse except for 'good leavers' as defined in the plan rules (e.g. death, ill health, retirement and other such reasons at the discretion of the Committee). Payments for 'good leavers' will normally be pro-rated for time and subject to the original time horizons, unless the Committee determines otherwise.
Severance payments for Deputy Group Chief Executive	The Deputy Group Chief Executive's pre-existing contract of employment before her appointment as Deputy Group Chief Executive contained severance provisions in line with Canadian law and practice. The policy of the Group has been to honour these commitments insofar as they relate to accrued service up to the date of her appointment to her new role, but not in respect of service after that date.

Section Two | **Governance**

NED Fees Policy

Each NED is appointed for an initial three-year term and is subject to election by the shareholder at the first AGM following their appointment. In addition, the Board has agreed that all Directors (including NEDs) will be subject to annual re-election by the shareholder at each AGM. NEDs are entitled to receive a pro-rata proportion of their fees that they have accrued up to the date of termination of their contract.

Element	Operation
To attract NEDs who have a range of experience and skills to oversee the implementation of the Group's Strategy	NED fees are approved by the Board following recommendation by the Chair and Executive Directors. NEDs take no part in the discussion relating to their own fees. The Chair's and the SID's fees are considered and approved by the Board in the absence of the Chair and SID respectively. Fees are typically paid in monthly instalments during the year. Fees are reviewed periodically against those for NEDs in companies of a similar scale and complexity. NED fees comprise of a base fee and additional fees for additional responsibilities (which may include, but not limited to, being Committee Chair and SID). NEDs do not participate in incentive or pension plans. NEDs and the Chair shall be entitled to have reimbursed all expenses (such as their travel to Board meetings), and any associated tax, that they reasonably incur in the performance of their duties.

Annual Report on Remuneration

This section of the Directors' Remuneration Report sets out how the above Remuneration Policy was implemented in 2024 and the resulting payments each Executive Director received. The financial information contained in this report has been audited where indicated.

Single total figure of remuneration for Executive Directors (audited)

The table below shows a single total figure of remuneration received in respect of qualifying services for the 2024 financial year for each Executive Director, together with comparative figures for 2023.

£000	Fixed remuneration								Variable remuneration						Total remuneration	
	Salary		Benefits[1]		Pension benefit[2]		Total		Annual bonus[3]		LTIP[4]		Total		Total	
Executive Director	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Mark Hews	576	517	31	14	60	54	667	585	884	356	423	362	1,307	718	1,974	1,303
S. Jacinta Whyte[5,6]	456	417	24	25	85	77	565	519	563	278	227	195	790	473	1,355	992
Denise Cockrem[7]	173	335	8	14	18	35	199	384	166	197	152	156	318	353	517	737
Total	1,205	1,269	63	53	163	166	1,431	1,488	1,613	831	802	713	2,415	1,544	3,846	3,032

1 Benefits include car allowance and private medical insurance which are valued at their taxable value. Provision of benefits during 2024 was in line with the Directors' Remuneration Policy. From 2024, the Group Chief Executive's benefits now include taxable benefits. The Deputy Group Chief Executive received an increase to car allowance from 1 April 2024.

2 The Group Chief Executive and Group Chief Financial Officer received a cash allowance of 12% of salary (net of national insurance contributions) in lieu of pension, in line with Company policy. Cash allowances can be paid to UK-based Executive Directors where pension contributions would be in excess of the HMRC annual and/or lifetime allowance.

3 In line with the deferral policy, for annual bonus earned, one-third of the total bonus is deferred over a period of three years. The value of Executive Directors' 2024 annual bonuses that are deferred is: £295k (Group Chief Executive), £188k (Deputy Group Chief Executive) and £55k (Group Chief Financial Officer).

4 LTIP represents the amount payable in respect of the three-year LTIP performance period 2022-2024 for 2024 and 2021-2023 for 2023, as disclosed in the 2023 Directors' Remuneration Report. The Group operates a cash LTIP scheme, therefore no part of the award was attributable to share price appreciation. All Executive Directors hold unvested LTIP awards in accordance with the rules of the LTIP plan.

5 An average 2024 exchange rate of 1.7486 Canadian dollars to 1 GBP has been used in respect of both 2023 and 2024.

6 Contributions to the Canadian pension plan that are above the Canadian Revenue Agency's prescribed limit are paid into a SERP. These contributions for the Deputy Group Chief Executive and interest accruing to the SERP are included in the figures shown.

7 Remuneration for Denise Cockrem for 2024 is shown for the period to 28 June 2024 when she stepped down from the Board.

Mark Hews is a NED for MAPFRE RE and was appointed to their Board in December 2013. The fee of £35.5k (2023: £35k) that Mark Hews earns in respect of this role is paid directly to the Group by MAPFRE RE and is not received by Mark Hews.

Denise Cockrem was a NED for ITM Power plc and was appointed to their Board in July 2022. The fee of £55k (2023: £51k) that Denise Cockrem earned in respect of this role was paid directly to the Group by ITM Power plc and was not received by Denise Cockrem.

Section Two | **Governance**

Additional requirements in respect of the single total figure table

Annual bonus outcomes for 2024 (audited)

The annual bonus awards for 2024 were 90.6% of maximum (with the maximum award level being 150% of salary) for the Group Chief Executive; 90% for the Deputy Group Chief Executive; and 75% for the Group Chief Financial Officer (with the maximum award level for both roles being 125% of salary).

The annual bonus outturns were determined taking into account both Group and individual performance.

Individual performance is subject to delivery of personal performance objectives and performance in line with the Group's behavioural competency framework for strategic leaders. A personal performance multiplier of between 0 and 1.5 may be awarded in respect of this element of the annual bonus. The personal performance multiplier is reviewed and agreed by the Committee.

Group performance is subject to the seven performance conditions which together form the business performance multiplier. For 2024 these were Benefact Group PBT (including fair value investment gains and losses) (20%); Benefact Group PBT (excluding fair value investment gains and losses) (30%); GI Underwriting balanced scorecard (10%); EdenTree: Gross new money (5%); Broking and Advisory: Turnover (5%); delivery of Group strategic initiatives in line with the Group's strategic plan (15%); and Greater Good measures (15%).

Results in respect of each performance condition are assessed against the required performance levels set at threshold, target and maximum, in order to calculate the aggregate Group business performance multiplier as shown in the table below. Performance targets for 2024 were not adjusted and remain as originally determined.

The overall bonus outcome at the end of the performance year for each Executive Director is:

Target bonus % X business performance multiplier X personal performance multiplier

The targets relating to the GMB annual bonus and actual performance against those targets for the financial year 2024 were:

Performance condition	Weighting	Threshold (0.5x)	Target (1.0x)	Maximum (1.5x)	Actual performance	Weighted multiplier
Benefact Group PBT (including fair value investment gains/losses)	20%	£20.2m	£57.7m	£95.2m	£80.5m	0.26
Benefact Group PBT (excluding fair value investment gains/losses)	30%	£19.3m	£38.5m	£57.8m	£54.1m	0.42
GI Underwriting balanced scorecard	10%	50%	75%	100%	72.4%	0.09
EdenTree: Gross New Money	5%	£550m	£800m	£1,050m	£519.9m	0.00
Broking Turnover	5%	£79.5m	£89.5m	£99.5m	£92.4m	0.06
Strategic targets	15%	50%	75%	100%	90.5%	0.20
Greater Good measures:						
Grant to Benefact Trust	2.5%	£10.8m	£20.8m	£25.8m	£33.0m	0.04
Customer Satisfaction	7.5%	80%	90%	100%	98.6%	0.11
Conduct and Governance	5%	80%	90%	100%	100%	0.08
Aggregate business performance multiplier						1.25

Section Two | **Governance**

The underwriting balanced scorecard was based on four targets relating to rate change, retention, new business and rate strength change. Across the scorecard, this resulted in combined outturn of 72.4% being achieved under this measure for 2024.

The Strategic Targets performance condition measures delivery of the Group's change programme. As set out in more detail in the Strategic Report, 2024 saw significant progress on the Group's strategic initiatives. This resulted in an outturn of 90.5% being achieved against the strategic targets measure for 2024.

The Greater Good performance condition measures are aligned to the Group's ambition to build a Movement for Good in order to incentivise delivery of both the Group's Grant to Benefact Trust; and to their commitment to delivering exceptional customer service and the highest standards of conduct and governance. The Customer and Conduct and Governance performance conditions measure delivery across a range of customer and conduct metrics.

Customer satisfaction continued to be high through 2024 with an outturn of 98.6%, with customers and brokers reporting that they were satisfied with the service they received. Targets in respect of compliance with the Group's risk appetite; regulatory feedback; and timely resolution of internal audit and compliance findings were met in full at 100%.

Personal performance

Personal performance was assessed taking into consideration delivery against the Group's business plans for 2024, personal objectives and performance in line with the Group's behavioural competency framework for strategic leaders. The table below provides an overview of the personal performance achieved by each Executive Director based on their objectives for 2024.

Mark Hews	Delivered a year of outstanding leadership across the Group, with strong business performance and maintaining a market leading position in customer satisfaction. This has enabled record grants to be made during 2024. Colleague engagement levels remained high, with the Group retaining its three-star 'world class' UK Accreditation status and Best UK Insurance Company to Work For award by Best Companies and two- star 'outstanding' for the wider Group. Externally recognised with 29 prestigious awards across all parts of the Group. The new Group structure has continued to embed. There have been further successful acquisitions, excellent delivery across our strategic change programme with a high level of investment in our technology platforms to ensure we are fit for purpose in the future. The Group has continued to attract high-quality talent combined with a strong internal development ethos resulting in a number of key appointments to further strengthen leadership across the Group.
S. Jacinta Whyte	Continued to drive and provide inspiring leadership across the Group's General Insurance portfolio of businesses, with strong business performance in the UK and Canada in particular. Drove strategy and change across all GI businesses, to position GI well for the future, simultaneously achieving outstanding feedback in terms of customer satisfaction. Implemented skills and capability assessments across the GI businesses to upskill and build capability for the achievement of current and future ambitions. Further refreshed leadership talent with senior management recruitment for the GI businesses across the Group. In 2024, celebrated 50 years' experience in General Insurance.
Denise Cockrem	For the first six months of the year prior to retirement, continued to help maintain and grow the financial strength of the Group and maintain credit ratings, which has been central to the delivery of the business plan. Supported the organic and inorganic growth of the group culminating in a number of acquisitions. The Accountable Executive for the Women in Finance Charter. Continued to lead the finance function and develop finance processes and systems. Chaired the Audit, Risk and Compliance Committees for the Broking and Advisory and Asset Management businesses. Undertook a smooth transfer of responsibilities to the Acting Group CFO.

Bonuses are earned in respect of the financial year and are usually paid in March following the end of the financial year. One-third of the total annual bonus is deferred over three years, in cash, and all annual bonus outcomes are subject to malus and clawback as set out in full in the Directors Remuneration Policy section of this Report.

Section Two | **Governance**

LTIP outcomes in 2024 (audited)

The LTIP amount included in the single total figure of remuneration is the cash award resulting from the Group LTIP grant for the period 2022-2024, which vested at 49.5%. Vesting was dependent on performance over the three financial years ending on 31 December 2024.

The 2022-2024 Group LTIP is subject to seven performance conditions: Benefact Group PBT (including fair value investment gains and losses) (30%); Return on Capital (30%); GI Underwriting Profit (10%); EdenTree Revenue (5%); Broker Turnover (5%); Grant to Benefact Trust (10%); and ESG targets (10%). Results in respect of each performance condition are assessed against the required performance levels set at threshold, target and maximum as shown below. Performance targets were not adjusted and remain as originally determined.

Performance condition	Weighting	Threshold (20% vesting)	Target (50% vesting)	Maximum (100% vesting)	Actual	Vesting (% of maximum for performance condition)
Benefact Group PBT (including fair value investment gains/losses)	30%	£93m	£170m	£204m	£134.3m	10.8%
Return on capital	30%	4.1%	8.8%	10.8%	5.9%	9.5%
GI Underwriting Profit	10%	£41m	£72m	£104m	99.6m	9.3%
EdenTree Revenue	5%	£47m	£55m	£63m	£53.4m	2.2%
Broker Turnover	5%	£172m	£197m	£223m	£194m	2.3%
Grant to Benefact Trust	10%	£35m	£65m	£80m	£66.0m	5.3%
ESG:						
ClimateWise	5%	54%	60%	66%	72.3%	5.0%
Net zero	5%	50%	75%	100%	100%	5.0%
Total						49.5%

Key achievements during the period include successful transition to the new Group structure, expanding the Group's broking business, the continued implementation of enhanced systems and technology across the Group; continued investment in people and expertise; launching the new Ecclesiastical and Benefact Group brands; adoption of a climate change strategy for the Group; and the launch of an ambitious new strategy for the Group.

Combining the financial and non-financial performance results in an overall vesting level of 49.5%.

The Group LTIP outcome that vests in respect of each Executive Director in respect of 2022-2024 is shown below.

	LTIP grant	Total LTIP vesting	
	% of salary	£000	% of maximum
Mark Hews	180%	423	49.5%
S. Jacinta Whyte[1]	120%	227	49.5%
Denise Cockrem[2]	120%	152	49.5%

[1] An average 2024 exchange rate of 1.7486 Canadian dollars to 1 GBP has been used in respect of 2024.

[2] The total LTIP vesting for Denise Cockrem is pro-rated for the period to 28 June 2024 when she stepped down from the Board.

Section Two | **Governance**

Scheme interests awarded during 2024 (audited)

During 2024, awards comprising of a cash sum were granted under the 2024-2026 Group LTIP to each Executive Director as set out below. These awards will vest, and the cash sum will be transferred to the award holder, in March 2027, to the extent that the applicable performance targets are met. The vesting date for these awards is the date on which the Group's 2026 results are announced, anticipated to be during March 2027.

Executive Director	Award date	Maximum cash sum subject to the award (% base salary)	Face value of award at grant £000s	Cash award if threshold performance achieved (% base salary)	End of the period over which the performance targets have to be fulfilled	Performance measures[1]
2024-2026 Group LTIP						
Mark Hews	9 July 2024	200%	1,047	20%	31 December 2026	• Benefact Group PBT (including fair value investment gains/ losses) 30%; • Return on Capital 30%; • General Insurance Under-writing Profit 10%; • EdenTree Revenue 5%; • Broking and Advisory: Turnover 5%; • Grant to Benefact Trust Limited 10%; and • Environmental targets 10%.
S. Jacinta Whyte[2]	9 July 2024	150%	633	20%	31 December 2026	
Denise Cockrem[3]	9 July 2024	150%	85	20%	31 December 2026	

[1] Vesting occurs on a straight-line basis between pre-determined milestones set in relation to threshold, target and maximum performance. These will be disclosed on a retrospective basis in the Directors' Remuneration Report for the year for which the Group LTIP awards vest.

[2] An average 2024 exchange rate of 1.7486 Canadian dollars to 1 GBP has been used.

[3] The face value of the award for Denise Cockrem has been pro-rated to 28 June 2024 when she stepped down from the Board.

The information provided in this part of the Annual Report on Remuneration is not subject to audit.

Chief Executive pay ratio

The Group structure means that it does not have to comply with the regulations governing the disclosure of executive remuneration to which quoted companies are subject. The Group has nonetheless chosen to disclose the ratio of the Group Chief Executive's pay to that of other UK employees[1] in the Group in order to provide greater transparency.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024	Option A[2]	43:1	31:1	22:1
2023	Option A[2]	30:1	22:1	16:1
2022	Option A[2]	28:1	21:1	15:1
2021	Option A[2]	32:1	23:1	17:1
2020	Option A[2]	30:1	23:1	16:1
2019	Option A[2]	40:1	29:1	21:1

The total remuneration and salary values for the 25th, median and 75th percentile employees for 2024 were:

Year	25th percentile	Median	75th percentile
Total remuneration[3]	£46,083	£63,198	£90,996
Salary	£37,400	£51,103	£71,597

[1] The table sets out the ratio between the Group Chief Executive's total remuneration and that of the 25th percentile, median and 75th percentile UK-based employees of Ecclesiastical Insurance Office public limited company, which constitute the large majority of the UK employee population. The Committee is satisfied that the individuals identified appropriately reflect the employee remuneration profile at the lower, median and upper quartile and that the overall picture presented by the ratios is consistent with the Group's wider policies pay, reward and progression policies for the Group's UK-based employees.

[2] The calculation is based on Option A as set out in the regulations for listed companies, as this is considered to be the most accurate way of identifying employees at the 25th percentile, median and 75th percentile.

[3] Total remuneration reflects all remuneration received by the individual in the relevant year, including base salary, benefits, pension, annual bonus and, where relevant, the long-term incentive that vests. Calculations have been carried out on a full-time equivalent basis as at 31 December 2024.

The Group Chief Executive was paid 31 times the median employee in 2024, with the CEO pay ratios being higher than the prior year. This is based on 2024 Group and individual performance as well as increases to base pay and incentive opportunities previously agreed by the Committee. The pay ratio is considered appropriate as a large proportion of the Group Chief Executive's pay is based on the performance of the Group, business units, and the individual on both short-term and long-term time horizons. 2024 awards under both the Group's GMB and employee annual bonus schemes were higher in comparison to the prior year, in line with 2024 performance. Vesting of the 2022-2024 Group LTIP was slightly lower than the prior year.

Percentage change in remuneration of all Directors and UK-based employees

The table below shows the percentage year-on-year change in salary, benefits and annual bonus (from 2023 to 2024) for the Board Directors compared with UK-based employees[1]. The Committee has selected this comparator group as being the most appropriate because the composition and structure of remuneration for this group most closely reflect that of the Board.

	Salary	Taxable benefits[3]	Annual bonus
Executive Directors[1]			
Mark Hews[4]	11.3%	118%	148.5%
S. Jacinta Whyte	9.4%	-5.0%	102.3%
UK-based employees			
Average UK-based employees[2]	8%	29%	54%

1 Denise Cockrem stepped down as Group Chief Financial Officer on 28 June 2024 and has therefore not been included in this table.

2 UK-based employees of Ecclesiastical Insurance Office public limited company; matched sample basis.

3 Based on contractual P11D taxable benefits for the tax year ending 5 April in the relevant year. Taxable benefits include car allowance and private medical insurance for Executive Directors and private medical insurance for UK-based employees.

4 From 2024, the Group Chief Executive's benefits now include taxable benefits, which has impacted the percentage year-on-year change. This is set out in single total figure table of remuneration.

Section Two | **Governance**

Relative importance of spend on pay

The table below sets out for 2024 and 2023, the actual costs of employee remuneration; grants paid to Benefact Trust Limited; and dividends paid to Preference shareholders. Benefact Group profit before tax in each year is provided for context.

£000	2024	2023	change
Remuneration paid to all Group employees	182,587	149,114	33,473
Gross charitable grants to the ultimate parent company, Benefact Trust Limited	25,000	21,000[1]	4,000
Non-Cumulative Irredeemable Preference share dividend	8,782	8,782	-
Profit before tax	77,574	34,446	43,119

1 £13m was paid in 2023 and the remaining £8m was paid in 2024.

Group Chief Executive pay for performance comparison

The table below shows the single figure of total remuneration for the incumbent, Mark Hews, for the ten years to 31 December 2024.

Financial year	Group Chief Executive[1]	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total remuneration (single figure) £000	Mark Hews	1,089	1,370	1,212	1,240	1,489	1,116	1,285	1,196	1,303	1,974
Annual bonus received (% of maximum)	Mark Hews	88%	97%	99%	84%	96%	45%	88%	78%	68%	90.6%
Long-term incentive vesting (% of maximum)	Mark Hews	70%	88%	75%	88%	86%	54%	47%	35%	51%	49.5%

1 The LTIP vesting relevant to Mark Hews represents the amount vesting in respect of the three-year LTIP performance period 2013-2015 for 2015 and 2014-2016 for 2016, together with the amounts vesting in respect of the Group Chief Executive's three-year incentive plan in 2015 and 2016 respectively. The Group Chief Executive's three-year incentive plan concluded at the end of 2016. LTIP vesting in 2017 and subsequent years represent the amounts vesting in respect of the relevant three-year LTIP performance period only.

Section Two | **Governance**

CFO transition

As announced in February 2024, Denise Cockrem retired from the Board and the position of Group Chief Financial Officer on 28 June 2024 and all leaving arrangements were in line with our Directors' Remuneration Policy up to the leaving date. Denise received salary, benefits and pension up to 28 June 2024. There was no PILON or other payments associated with Denise's retirement from the Board. All incentive schemes are pro-rated to the 28 June 2024 and will be subject to the original time horizons and performance conditions where applicable.

Mark Bennett was appointed to the Board and as Group Chief Financial Officer on 1 January 2025, subject to regulatory approval. All remuneration arrangements are in line with our Directors' Remuneration Policy. Mark has been appointed on a salary of £400,000, reflecting the calibre of the candidate and the market rate for the role, as well as an increase in the scope and responsibilities of the role. The pension contribution (12% of salary), annual bonus opportunity (125% of salary) and LTIP opportunity (150% of salary) for 2025 are in line with his predecessor.

Single total figure of remuneration for NEDs (audited)

NEDs do not participate in any of the Benefact Group's incentive arrangements.

The Board believes that it is appropriate that the level of fees paid to Non-Executive Directors should reflect equivalent fees paid by organisations of similar size and complexity whilst being mindful that the Company is owned by a charity. This will enable the Benefact Group to remain competitive in the sector to attract NEDs of the calibre required to help the Benefact Group to implement its future strategy.

The businesses that comprise the Benefact Group were restructured in 2023. In 2024 and, as a consequence of the restructure, the Benefact Group plc Board and the Ecclesiastical Board have focused on making both Boards more independent and have moved away from a common directorship model. The table below sets out the fees for all Non-Executive Directors for the Boards of Benefact Group plc and the Ecclesiastical Insurance Office public limited company.

The fees set out are commensurate with the demands and responsibilities of the NED roles, taking into account a review of the market.

£	Fees		Taxable Benefits[1]	
Non-Executive Directors	**2024**	**2023**	**2024**	**2023**
David Henderson[2]	164,500	158,062	2,101	2,240
Chris Moulder[3]	91,875	81,563	180	471
Rita Bajaj[4]	77,250	72,906	397	1,011
The Venerable Karen Best[5]	23,386	-	1,012	-
Francois-Xavier Boisseau[6]	79,313	77,850	167	119
James Coyle[7]	49,275	-	9,759	-
Maria Darby-Walker[8]	26,478	-	203	-
Sir Stephen Lamport[9]	79,625	76,725	779	476
Neil Maidment[10]	77,250	67,447	194	42
Andrew McIntyre[11]	-	36,600	-	-
Angus Winther[12]	74,750	71,700	516	555
David Paterson[13]	32,550	-	100	-
Total	776,252	642,853	15,408	4,914

1 Benefits are travel and accommodation expenses only, valued at their grossed-up tax and NI value, in accordance with Group's travel and expenses policy.

2 David Henderson's Chair fee is split equally between Ecclesiastical Insurance Office public limited company and Benefact Group plc.

3 Chris Moulder resigned from the Ecclesiastical Insurance Office public limited company Board on 24 September 2024, but remained a director of Benefact Group plc. He was appointed as Chair of the Benefact Group Audit and Risk Committee on 24 September 2024. He also remains Chair of the Ecclesiastical Insurance Office public limited company and Benefact Group plc Joint Nomination Committee.

4 Rita Bajaj resigned from the Ecclesiastical Insurance Office public limited company Board on 24 September 2024 but remained as a Director on the Benefact Group plc Board. Rita undertakes an Investment Oversight role having been appointed to EdenTree Asset Management Limited and EdenTree Holdings Limited.

5 The Venerable Karen Best was appointed to the Ecclesiastical Insurance Office public limited company Board on 21 August 2024.

6 Francois-Xavier Boisseau was appointed as Senior Independent Director of Ecclesiastical Insurance Office public limited company and Chair of the Ecclesiastical Insurance Office public limited company Risk Committee on 24 September 2024. He resigned from the Board of Benefact Group plc on 24 September 2024.

7 James Coyle was appointed to the Ecclesiastical Insurance Office public limited company Board on 21 May 2024. He was subsequently appointed Chair of the Ecclesiastical Insurance Office public limited company Audit Committee on 7 January 2025.

8 Maria Darby-Walker was appointed to the Ecclesiastical Insurance Office public limited company Board on 31 July 2024.

9 Sir Stephen Lamport resigned from the Benefact Group plc Board on 24 September 2024. He remains a Director on the Ecclesiastical Insurance Office public limited company Board and Chair of the Joint Remuneration Committee.

10 Neil Maidment was appointed as Chair of the Group Risk Committee on 22 June 2023. To increase the independence of Benefact Group plc and Ecclesiastical Insurance Office public limited company, a number of directors including Neil Maidment were asked to resign to reduce the commonality of membership. Neil stepped down from the Board of Benefact Group plc on 21 March 2024 and was subsequently reappointed on the 25 June 2024. Neil resigned from the Boards of Ecclesiastical Insurance Office public limited company and Benefact Group plc on 31 December 2024.

11 Andrew McIntyre stepped down from the Boards of Ecclesiastical Insurance Office public limited company and Benefact Group plc Board on 22 June 2023.

12 Angus Winther stepped down from the Benefact Group plc Board on 24 September 2024. He remains a Director of Ecclesiastical Insurance Office public limited company. He was also Chair of the Group Finance and Investment Committee, which was a joint committee of Ecclesiastical Insurance Office public limited company and Benefact Group plc until it was disbanded on 24 September 2024.

13 David Paterson was appointed to the Benefact Group plc Board on 25 June 2024.

The information provided in this part of the Annual Report on Remuneration is not subject to audit.

Section Two | **Governance**

Statement of implementation of Remuneration Policy in 2025

The implementation of the Remuneration Policy will be consistent with that outlined in the Directors' Remuneration Policy. Details of how this policy will apply in 2025 are set out below, including the changes outlined in the Remuneration Chair's Statement.

Salary (Executive Directors)

After careful consideration the Committee determined that the salaries of Executive Directors would be increased by from 1 April 2025, which is in line with the wider employee population of 3.6%:

£000	Salary current	Salary 1 April 2025	Percentage increase
Mark Hews	650	673	3.6%
S. Jacinta Whyte[1]	500	518	3.6%
Mark Bennett[2]	400	400	–

[1] An average 2024 exchange rate of 1.7486 Canadian dollars to 1 GBP has been used.

[2] Mark Bennett was appointed to the role of Group CFO on 1 January 2025.

Annual bonus for 2025

The annual bonus performance conditions and targets have been set in accordance with the Directors' Remuneration Policy.

The annual bonuses payable to Executive Directors in respect of 2025 will be assessed based on both Group and individual performance. Individual performance continues to be subject to delivery of personal performance objectives and performance in line with the Group's culture and behaviours framework, expressed as a personal performance multiplier. Group performance is subject to seven performance conditions which together form the Group performance multiplier. These will be as follows:

Group performance measures	Percentage weighting
Benefact Group PBT (including fair value investment gains and losses)	20%
Benefact Group PBT (excluding fair value investment gains and losses)	30%
General Insurance Underwriting balanced scorecard	10%
Asset Management[1] Gross New Money	5%
Broking and Advisory Turnover	5%
Delivery of Group strategic initiatives in line with the Group's strategic plan	15%
Greater Good (Total Giving; customer, and conduct and governance)	15%

[1] Asset Management division was formerly termed EdenTree in previous Directors' Remuneration Reports.

The overall bonus outcome at the end of the performance year for each Executive Director is:

Target bonus % X business performance multiplier X personal performance multiplier

The maximum opportunity under the annual bonus plan in 2025 will remain at 150% of salary in the case of the Group Chief Executive and 125% of salary in the case of other Executive Directors. Annual bonuses in respect of 2025 will be subject to deferral over a period of three years of one-third of the total annual bonus awarded.

Section Two | **Governance**

LTIP for 2025-2027

The 2025-2027 LTIP performance conditions and targets have been set in accordance with the Directors' Remuneration Policy. There have been no changes to the performance measures or weightings for the 2025-2027 Group LTIP:

Group performance measures	Percentage weighting
Benefact Group PBT (including fair value investment gains and losses)	30%
Return on Capital	30%
General Insurance Underwriting Profit	10%
Asset Management[1]: Revenue	5%
Broking and Advisory: Turnover	5%
Total Giving	10%
Environmental targets	10%

[1] Asset Management division was formerly termed EdenTree in previous Directors' Remuneration Reports.

Awards under the 2025-2027 Group LTIP are of up to 200% of salary in the case of the Group Chief Executive and of up to 150% of salary in the case of other Executive Directors.

Fees (Non-Executive Directors)

Benefact Group plc fees (Non-Executive Directors)

NED fees are reviewed annually and the following table sets out the current and future fee structure which will apply from 1 April 2025.

£000	Fees (effective 1 April 2025)	Fees (effective 1 April 2024)
All-inclusive fee for the Group Chair[1]	172	166
All-inclusive fee for the Senior Independent Director[2]	98	95
Basic fee for a NED (including Committee Membership)	63	63
Fee for chairing the Audit & Risk Committee[3]	18	17
Fee for chairing the Group Remuneration Committee[4]	18	17
Fee for chairing the Group Finance and Investment Committee[5]	-	13
Fee for Asset Management Oversight Role	16	15
Fee for Broker Oversight Role	16	15
Fee for chairing the Group Nominations Committee[6]	13	13

[1] The fee for the Chair is divided equally between Benefact Group plc and Ecclesiastical Insurance Office public limited company.

[2] The Senior Independent Director fee includes the fee for chairing various Board Committees including the Group Nominations Committee, the Benefact Group Audit & Risk Committee and whistleblowing responsibilities.

[3] The Fee for chairing the Audit & Risk Committee is included within the All-inclusive fee for the Senior Independent Director.

[4] The fee for chairing the Group Remuneration Committee is divided equally between Benefact Group plc and Ecclesiastical Insurance Office public limited company. It also encompasses workforce engagement responsibilities with effect from 1 April 2024.

[5] The fee for the Group Finance and Investment Committee was effective until the point the Group Finance and Investment Committee was disbanded in September 2024.

[6] The fee for Chairing the Group Nominations Committee is included within the All-inclusive fee for the Senior Independent Director.

Ecclesiastical Insurance Office public limited company fees (Non-Executive Directors)

NED fees are reviewed annually and the following table sets out the current and future fee structure which will apply from 1 April 2025.

£000	Fees (effective 1 April 2025)	Fees (effective 1 April 2024)
All-inclusive fee for the Group Chair[1]	172	166
All-inclusive fee for the Senior Independent Director[2]	96	93
Basic fee for a NED (including Committee Membership)	65	63
Fee for chairing the Audit Committee[3]	18	17
Fee for chairing the Risk Committee[4]	16	15
Fee for chairing the Group Remuneration Committee[5]	18	17
Fee for chairing the Group Nominations Committee	13	13
Fee for Consumer Duty Champion (two years only)	-	5

1 The fee for the Chair is divided equally between Benefact Group plc and Ecclesiastical Insurance Office public limited company.

2 The Senior Independent Director fee includes the fee for chairing the Ecclesiastical Insurance Office public limited company Risk Committee. It also includes Consumer Duty responsibilities with effect from 1 April 2024. The Senior Independent Director fee was increased in 2024 following an independent market review.

3 The Chair of the Ecclesiastical Insurance Office public limited company Audit Committee fee includes Whistleblowing responsibilities.

4 The Fee for chairing the Risk Committee is included within the All-inclusive fee for the Senior Independent Director.

5 The fee for Group Remuneration Committee Chair is divided equally between Benefact Group plc and Ecclesiastical Insurance Office public limited company as this is a joint Committee of both companies. It also encompasses workforce engagement responsibilities with effect from 1 April 2024.

On behalf of the Board.

Sir Stephen Lamport
Chair of the Group Remuneration Committee
17 April 2025

Section Three

Financial Statements Contents

Section Three | **Financial Statements**

Independent auditors' report to the members of Benefact Group plc

Report on the audit of the financial statements

Opinion

In our opinion, Benefact Group plc's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2024 and of the group's profit and the group's and company's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the 2024 Annual Report and Accounts (the "Annual Report"), which comprise: Consolidated and Parent Statements of Financial Position as at 31 December 2024; Consolidated Statement of Profit or Loss, Consolidated and Parent Statements of Comprehensive Income, Consolidated and Parent Statements of Cash Flows and Consolidated and Parent Statements of Changes in Equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Our opinion is consistent with our reporting to the Benefact Group plc Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 12, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Obtained and reviewed management's going concern assessment which included the board approved income statement, balance sheet, cash flow and solvency forecasts along with stressed and downside scenarios;
- Considered the forward looking assumptions and assessed the reasonableness of these based on recent historic performance;
- Considered information obtained during the course of the audit and publicly available market information to identify any evidence that would contradict management's assessment; and
- Considered our own independent alternative downside scenarios and whether these could impact the going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Section Three | **Financial Statements**

Corporate governance statement

ISAs (UK) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code, which the Listing Rules of the Financial Conduct Authority specify for review by the auditor. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Benefact Group plc audit committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulation, 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 financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate the financial statements, as well as management bias in accounting estimates, in particular the valuation of specific general insurance contract liabilities including Physical and Sexual Abuse ("PSA") reserves. Audit procedures performed by the engagement team included:

- Enquired of compliance, risk, internal audit, and the Group's legal function, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Read key correspondence with the Prudential Regulation Authority and the Financial Conduct Authority in relation to compliance with laws and regulations;
- Reviewed relevant meeting minutes including those of the Group Board, Group Audit Committee and Group Risk Committee;

Section Three | **Financial Statements**

- Procedures relating to the valuation of specific insurance contract liabilities such as PSA reserves;
- Risk based target testing of journal entries, in particular any journal entries which include characteristics which were identified as potentially being indicative of a fraudulent journal; and
- 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 financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Benefact Group plc audit committee, we were appointed by the members on 18 June 2020 to audit the financial statements for the year ended and subsequent financial periods. uninterrupted engagement.

Other matter

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these financial statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R - 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

Other voluntary reporting

Directors' remuneration

The company voluntarily prepares a Directors' remuneration report in accordance with the provisions of the Companies Act 2006. The directors requested that we audit the part of the Directors' remuneration report specified by the Companies Act 2006 to be audited as if the company were a quoted company.

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Gary Shaw
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
17 April 2025

Consolidated statement of profit or loss for the year ended 31 December 2024

	Notes	2024 £000	2023 £000
Insurance revenue	5, 6	**623,726**	580,122
Insurance service expenses	7	**(450,446)**	(400,103)
Insurance service result before reinsurance contracts held		**173,280**	180,019
Net expense from reinsurance contracts		**(84,590)**	(107,174)
Insurance service result		**88,690**	72,845
Net insurance financial result	8	**(7,173)**	(16,912)
Net investment result	9	**69,390**	51,713
Fee and commission income	10	**101,012**	71,817
Other operating expenses	11	**(175,384)**	(140,816)
Other finance costs		**(3,948)**	(3,436)
Profit on disposal of business	16	**5,187**	-
Share of (loss)/profit of associate	17	**(200)**	365
Loss on disposal of associate	17	**-**	(1,130)
Profit before tax		**77,574**	34,446
Tax expense	14	**(18,002)**	(7,960)
Profit for the year		**59,572**	26,486
Attributable to:			
Equity holders of the Parent		**47,135**	17,704
Non-controlling interests		**12,437**	8,782
		59,572	26,486

Consolidated and parent statements of financial position at 31 December 2024

	Notes	31 December 2024 Group £000	31 December 2024 Parent £000	*Restated** 31 December 2023 Group £000	*Restated** 31 December 2023 Parent £000
Assets					
Cash and cash equivalents	26	**136,724**	**2,366**	148,317	3,205
Financial investments	23	**1,444,537**	**103,908**	1,412,732	101,156
Other assets	25	**58,873**	**108,754**	57,385	91,536
Current tax recoverable		**3,154**	**-**	6,045	-
Reinsurance contract assets	30	**239,453**	**-**	220,108	-
Investment property	22	**128,563**	**-**	130,813	-
Property, plant and equipment	21	**45,496**	**-**	44,520	-
Investment in associate	17	**209**	**-**	408	-
Deferred tax assets	32	**8,707**	**-**	9,999	-
Goodwill and other intangible assets	19	**170,396**	**-**	151,982	-
Pension assets	20	**17,552**	**-**	19,788	-
Total assets		**2,253,664**	**215,028**	2,202,097	195,897
Equity					
Share capital	27	**20,000**	**20,000**	20,000	20,000
Retained earnings and other reserves		**552,546**	**44,856**	531,187	20,937
Equity attributable to equity holders of the Parent		**572,546**	**64,856**	551,187	40,937
Non-controlling interests		**113,079**	**-**	115,479	-
Total equity		**685,625**	**64,856**	666,666	40,937
Liabilities					
Other liabilities	33	**91,152**	**16,097**	88,173	18,043
Current tax liabilities		**908**	**-**	4,761	78
Provisions for other liabilities	31	**9,707**	**-**	8,237	-
Insurance contract liabilities	30	**730,597**	**-**	726,198	-
Borrowings	36, 37	**33,046**	**133,252**	29,017	135,108
Deferred tax liabilities	32	**42,299**	**823**	41,159	1,731
Investment contract liabilities	35	**627,312**	**-**	603,111	-
Subordinated liabilities	34	**25,112**	**-**	25,853	-
Pension deficit	20	**3,574**	**-**	4,121	-
Retirement benefit obligations	20	**4,332**	**-**	4,801	-
Total liabilities		**1,568,039**	**150,172**	1,535,431	154,960
Total shareholders' equity and liabilities		**2,253,664**	**215,028**	2,202,097	195,897

*The comparative financial statements have been restated to consistently apply the Group accounting policy to remove client money and the corresponding creditor balance on its statement of financial position. This restatement includes £0.5m decrease to other assets, £18.5m decrease to cash and cash equivalents and £19.5m decrease to other liabilities, in relation to certain broker businesses which were incorrectly included within the statement of financial position in the prior period. There is no impact on net assets from this restatement. The same restatement had an impact on 2022 balances of £13.4m decrease to cash and cash equivalents and £13.4m decrease to other liabilities.

No statement of profit or loss is presented for Benefact Group plc as permitted by Section 408 of the Companies Act 2006. The profit after tax of the parent company for the year was £23,919,000 (2023: £489,000).

The financial statements of Benefact Group plc, registered number 01718196, on pages 77 to 115 were signed and authorised for issue on behalf of the Board of Directors on 17 April 2025:

Mark Hews
Group Chief Executive

Consolidated and parent statements of comprehensive income for the year ended 31 December 2024

	Notes	2024 Group £000	2024 Parent £000	2023 Group £000	2023 Parent £000
Profit for the year		**59,572**	**23,919**	26,486	489
Other comprehensive (expense)/income					
Items that will not be reclassified to profit or loss:					
Fair value gains on property		**-**	**-**	850	-
Actuarial (losses)/gains on retirement benefit plans	20	**(1,437)**	**-**	5,033	-
Attributable tax		**359**	**-**	(1,474)	-
		(1,078)	**-**	4,409	-
Items that may be reclassified subsequently to profit or loss:					
Losses on currency translation differences	28	**(9,325)**	**-**	(4,024)	-
Gains on net investment hedges	28	**8,809**	**-**	4,860	-
Attributable tax	28	**(1,381)**	**-**	(689)	-
		(1,897)	**-**	147	-
Net other comprehensive (expense)/income		**(2,975)**	**-**	4,556	-
Total comprehensive income		**56,597**	**23,919**	31,042	489
Attributable to:					
Equity holders of the Parent		**44,160**	**23,919**	22,260	489
Non-controlling interests		**12,437**	**-**	8,782	-
		56,597	**23,919**	31,042	489

Consolidated and parent statements of changes in equity for the year ended 31 December 2024

Group	Notes	Share capital £000	Revaluation reserve £000	Translation and hedging reserve £000	Retained earnings £000	Total £000	Non-controlling interests £000	Total equity £000
At 1 January 2024		**20,000**	**856**	**19,702**	**510,629**	**551,187**	**115,479**	**666,666**
Profit for the year		**-**	**-**	**-**	***47,135***	***47,135***	***12,437***	***59,572***
Other net expense		**-**	**-**	***(1,897)***	***(1,078)***	***(2,975)***	**-**	***(2,975)***
Total comprehensive income/(expense)		**-**	**-**	**(1,897)**	**46,057**	**44,160**	**12,437**	**56,597**
Acquisition of non-controlling interest		**-**	**-**	**-**	**1,949**	**1,949**	**(4,763)**	**(2,814)**
Dividends	15	**-**	**-**	**-**	**-**	**-**	**(10,074)**	**(10,074)**
Gross charitable grant	15	**-**	**-**	**-**	**(33,000)**	**(33,000)**	**-**	**(33,000)**
Tax relief on charitable grant	15	**-**	**-**	**-**	**8,250**	**8,250**	**-**	**8,250**
Reserve transfers		**-**	**(856)**	**-**	**856**	**-**	**-**	**-**
At 31 December 2024		**20,000**	**-**	**17,805**	**534,741**	**572,546**	**113,079**	**685,625**
At 1 January 2023		20,000	222	19,555	498,313	538,090	101,815	639,905
Profit for the year		-	-	-	*17,704*	*17,704*	*8,782*	*26,486*
Other net income		-	*634*	*147*	*3,775*	*4,556*	-	*4,556*
Total comprehensive income		-	634	147	21,479	22,260	8,782	31,042
Acquisition of non-controlling interest		-	-	-	-	-	13,664	13,664
Dividends	15	-	-	-	-	-	(8,782)	(8,782)
Gross charitable grant	15	-	-	-	(13,000)	(13,000)	-	(13,000)
Tax relief on charitable grant	15	-	-	-	3,837	3,837	-	3,837
At 31 December 2023		20,000	856	19,702	510,629	551,187	115,479	666,666
Parent								
At 1 January 2024		**20,000**	**-**	**-**	**20,937**	**40,937**		
Total comprehensive income		**-**	**-**	**-**	**23,919**	**23,919**		
At 31 December 2024		**20,000**	**-**	**-**	**44,856**	**64,856**		
At 1 January 2023		20,000	-	-	20,508	40,508		
Total comprehensive income		-	-	-	489	489		
Group tax relief in excess of standard rate		-	-	-	(60)	(60)		
At 31 December 2023		20,000	-	-	20,937	40,937		

The revaluation reserve represented cumulative net fair value gains on owner-occupied property with the movement in the year representing the sale of a property. Details of the revaluation, translation and hedging reserves are included in note 28.

Consolidated and parent statements of cash flows for the year ended 31 December 2024

	Notes	2024 Group £000	2024 Parent £000	*Restated** 2023 Group £000	*Restated** 2023 Parent £000
Profit before tax from continuing operations		**77,574**	**23,009**	34,446	158
Adjustments for:					
Depreciation of property, plant and equipment		**8,560**	-	7,190	-
Revaluation of property, plant and equipment		-	-	(35)	-
(Profit)/loss on disposal of property, plant and equipment		**(68)**	-	33	-
Amortisation and impairment of intangible assets		**9,497**	-	8,402	-
Movement in expected credit loss provision		**(37)**	-	183	(1,000)
Loss on disposal of intangible assets		-	-	165	-
Share of loss/(profit) of associate		**200**	-	(365)	-
Loss before tax on acquisition of interest in subsidiary		-	-	1,130	-
Profit before tax on disposal of business		**(5,187)**	-	-	-
Impairment of shares in subsidiary undertakings		-	**4,264**	-	6,296
Net fair value (gains)/losses on financial instruments and investment property		**(21,557)**	**(1,316)**	(8,972)	1,391
Dividend and interest income		**(32,680)**	**(36,930)**	(32,791)	(13,978)
Finance costs		**3,948**	**8,592**	3,436	6,825
Other adjustments for non-cash items		**262**	-	1,199	-
Changes in operating assets and liabilities:					
Net (increase)/decrease in reinsurance contract assets		**(27,129)**	-	13,974	-
Net increase/(decrease) in investment contract liabilities		**6,359**	-	(696)	-
Net increase in insurance contract liabilities		**26,633**	-	11,036	-
Net (increase)/decrease in other assets		**(1,610)**	**(11,180)**	7,789	(6,094)
Net increase/(decrease) in other liabilities		**4,387**	**(1,947)**	(2,413)	12,217
Cash generated/(used) by operations		**49,152**	**(15,508)**	43,711	5,815
Purchases of financial instruments and investment property		**(172,177)**	**(200)**	(212,219)	(2,612)
Sale of financial instruments and investment property		**167,155**	-	187,258	125
Dividends received		**12,595**	**952**	12,743	2,891
Interest received		**18,864**	**6,177**	20,944	6,867
Tax (paid)/recovered		**(9,793)**	**1**	(4,456)	(1,295)
Net cash from/(used by) operating activities		**65,796**	**(8,578)**	47,981	11,791
Cash flows from investing activities					
Purchases of property, plant and equipment		**(4,468)**	-	(3,853)	-
Proceeds from the sale of property, plant and equipment		**1,963**	-	296	-
Purchases of intangible assets		**(8,651)**	-	(2,734)	-
Acquisition of business, net of cash acquired		**(1,479)**	-	(1,115)	-
Acquisition of interest in subsidiary, net of cash acquired		**(17,002)**	-	5,636	-
Disposal of businesses, net of cash transferred		**5,187**	-	-	-
Net cash used by investing activities		**(24,450)**	-	(1,770)	-
Cash flows from financing activities					
Interest paid		**(3,315)**	**(8,592)**	(2,777)	(6,825)
Payment of lease liabilities		**(3,019)**	-	(3,697)	-
Change in interest in subsidiary	17	-	-	-	(17,000)
Payment of group tax relief in excess of standard rate		-	-	(60)	(60)
(Repayment of)/proceeds from other borrowings		**(47)**	**16,331**	-	14,100
Dividends paid to non-controlling interests of subsidiaries		**(10,074)**	-	(8,782)	-
Charitable grant paid to ultimate parent undertaking		**(33,000)**	-	(13,000)	-
Net cash (used by)/from financing activities		**(49,455)**	**7,739**	(28,316)	(9,785)
Net (decrease)/increase in cash and cash equivalents		**(8,109)**	**(839)**	17,895	2,006
Cash and cash equivalents at beginning of year		**148,317**	**3,205**	132,491	1,199
Exchange losses on cash and cash equivalents		**(3,484)**	-	(2,069)	-
Cash and cash equivalents at end of year	26	**136,724**	**2,366**	148,317	3,205

*The comparative financial statements have been restated to consistently apply the Group accounting policy to remove client money and the corresponding creditor balance on its statement of financial position. This restatement includes £0.5m decrease to other assets, £18.5m decrease to cash and cash equivalents and £19.5m decrease to other liabilities, in relation to certain broker businesses which were incorrectly included within the statement of financial position in the prior period. There is no impact on net assets from this restatement. The same restatement had an impact on 2022 balances of £13.4m decrease to cash and cash equivalents and £13.4m decrease to other liabilities.

The comparative financial statements have also been restated to consistently apply the Group accounting policy to remove client money and the corresponding creditor balance from the acquisition cash flows on acquisition of the Lloyd & Whyte Group in the prior year. This restatement includes £14.8m decrease to the cash flows from the acquisition of interest in subsidiary, net of cash acquired, and £14.8m increase to net increase/(decrease) in other liabilities.

Notes to the financial statements

1 Accounting policies

Benefact Group plc (hereafter referred to as the 'Company', or 'Parent'), a public limited company incorporated and domiciled in England, together with its subsidiaries (collectively, the 'Group') operates principally as a provider of general insurance and in addition offers a range of financial services, with offices in the UK & Ireland, Australia and Canada. The Company is limited by shares. The material accounting policies adopted in preparing the financial statements of the Group and Parent are set out below.

Basis of preparation

The Group's consolidated and Parent's financial statements have been prepared using the following accounting policies, which are in accordance with UK-adopted international accounting standards (UKIAS) applicable at 31 December 2024, and in accordance with requirements of the Companies Act 2006. The policies have been applied consistently to all years unless otherwise stated. The financial statements have been prepared on the historical cost basis, except for certain financial assets and derivatives measured at fair value through profit and loss (FVTPL), and the revaluation of properties and certain derivatives measured at fair value through other comprehensive income (FVOCI).

The accounting policies of the Parent are the same as those of the Group unless otherwise stated.

As stated in the Directors' Report, the directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

Items included in the financial statements of each of the Group's entities are measured in the currency of the primary economic environment in which that entity operates (the 'functional currency'). The consolidated financial statements are stated in sterling, which is the Company's functional currency and the Group's presentational currency.

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account for the Company is not presented.

New and revised standards

The following amendments and improvements to accounting standards have been issued by the International Accounting Standards Board (IASB), and endorsed in the UK, and are effective for periods beginning on or before 1 January 2024, and are therefore applicable for the 31 December 2024 financial statements. None of these changes had a significant impact on the financial statements:

Amendments to IAS 1 *Presentation of Financial Statements:*
- Classification of Liabilities as Current or Non-current (issued on 23 January 2020);
- Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and
- Non-current Liabilities with Covenants (issued on 31 October 2022)

Amendments to IFRS 16 *Leases: Lease Liability in a Sale and Leaseback* (issued on 22 September 2022)
Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments - Disclosures:* Supplier Finance Arrangements (issued on 25 May 2023).

The following new international financial reporting standards (IFRSs) have been issued but are not yet effective for the year ended 31 December 2024. These standards are currently under consideration for endorsement by the UK endorsement board. Consequently, as these standards are not incorporated into UK legislation, they have not been adopted in the current year's financial statements.

Sustainability reporting standard	Key requirements	Expected impact on the financial statements
IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (issued on 26 June 2023 by the International Sustainability Standards Board; endorsement by the UK government expected in 2025).	Enhanced sustainability-related financial disclosures and climate-related disclosures.	The most notable changes will be: • Disclosures will consider a broader range of sustainability risks and opportunities, not just those related to climate. • Introduces the concept that disclosures should address both the impact of the Group's activities on the environment and society, as well as how environmental and sustainability risks might affect the Group's financial position and performance.
IFRS S2 *Climate-related Disclosures* (issued on 26 June 2023 by the International Sustainability Standards Board; endorsement by the UK government expected in 2025).		

Notes to the financial statements

1 Accounting policies (continued)

The following standards and amendments were in issue but not yet effective and have not been applied to these condensed financial statements:

Accounting standard	Key requirements	Expected impact on the financial	Effective date
IFRS 18 *Presentation and Disclosure in Financial Statements*	The new standard sets out the requirements for the presentation and disclosure of financial statements, aiming to improve the structure and content of the primary financial statements. There are also increased requirements in relation to disclosures on alternative performance metrics.	The adoption of IFRS 18 is expected to result in presentational changes in the consolidated financial statements and disclosure changes in the notes. The Group is currently assessing the impact of adopting this standard. Therefore, the quantitative effect of this standard is currently unknown.	Periods beginning on or after 1 January 2027.
Amendments to the Classification and Measurement Requirements for Financial Instruments in IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures*	These amendments improve the requirements in IFRS 9 and IFRS 7 related to settling financial liabilities using an electronic payment system; and assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features. The amendments also modify disclosure requirements relating to investments in equity instruments designated at fair value through other comprehensive income and add disclosure requirements for financial instruments with contingent features that do not relate directly to basic lending risks	The Group is currently assessing the impact of adopting this standard. Therefore, the quantitative effect of this standard is currently unknown.	Periods beginning on or after 1 January 2026.

Other standards and amendments in issue but not yet effective:
Amendments to IAS 21 - *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*, published on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025, is not expected to have a material impact on the Group's Consolidated Financial Statements.

Use of estimates
The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates. Those estimates which have the most material impact on the financial statements are disclosed in note 2.

Basis of consolidation
Subsidiaries
Subsidiaries are those entities over which the Company, directly or indirectly, has control, with control being achieved when the Company has power over the investee, is exposed to variable return from its involvement with the investee and has the ability to use its power to affect its returns. The results and cash flows relating to subsidiaries acquired or disposed of in the year are included in the consolidated statement of profit or loss, and the consolidated statement of cash flows, up to the date of disposal, and are included within discontinued operations where appropriate. All inter-company transactions, balances and cash flows are eliminated, with the exception of those between continuing and discontinued operations.

In the Parent statement of financial position, subsidiaries are accounted for within financial investments at cost less impairment, in accordance with International Accounting Standard (IAS) 27 *Separate Financial Statements.*

The Group uses the acquisition method of accounting to account for business combinations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Non-controlling interests are measured either at fair value or at a proportionate share of the identifiable net assets of the acquiree. Goodwill is measured as the excess of the aggregate of the consideration transferred, the fair value of contingent consideration, the amount of non-controlling interests and, for an acquisition achieved in stages, the fair value of previously held equity interest over the fair value of the identifiable net assets acquired. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly through profit or loss.

For business combinations involving entities or businesses under common control, the cost of the acquisition equals the value of net assets transferred, as recognised by the transferor at the date of the transaction. No goodwill arises on such transactions.

Section Three | **Financial Statements**

Notes to the financial statements

1 Accounting policies (continued)

Associates
Associates are those entities over which the Group has significant influence and are neither subsidiaries nor interests in joint ventures.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

In the Parent statement of financial position associates are accounted for within financial investments at cost less impairment, in accordance with International Accounting Standard (IAS) 27 *Separate Financial Statements*.

Foreign currency translation
The assets and liabilities of foreign operations are translated from their functional currencies into the Group's presentation currency using year-end exchange rates, and their income and expenses using average exchange rates for the year. Exchange differences arising from the translation of the net investment in foreign operations are taken to the currency translation reserve within equity. On disposal of a foreign operation, such exchange differences are transferred out of this reserve, along with the corresponding movement on net investment hedges, and are recognised in the statement of profit or loss as part of the gain or loss on sale.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. Exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised through profit or loss.

Product classification
Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder are classified as insurance contracts. Contracts that do not transfer significant insurance risk are classified as investment or service contracts. All of the Group's life business contracts written up to April 2013 are classified as insurance contracts and those written from August 2021 are classified as investment contracts. The closed book of business (insurance contracts) relates to funeral plan business directly written by Ecclesiastical Life Limited (ELL) backed by a Whole of Life policy, which is administered by Ecclesiastical Planning Services Limited (EPSL). This was closed to new business in 2013. EPSL is a subsidiary undertaking of the Benefact Group. New business (investment contracts) written from August 2021 creates unit trust backed life policies to secure the pre-paid funeral plans written by EPSL and a third party provider.

Contracts may contain a discretionary participating feature, which is defined as a contractual right to receive additional benefits as a supplement to guaranteed benefits. The Group does not have any such participating contracts (referred to as with-profit contracts). The Group's long-term business contracts are referred to as non-profit contracts in the financial statements.

Fee and commission income
Income generated from the Group's insurance broking activities is recognised at the point at which the performance obligation is satisfied, being the inception date of the insurance cover, or, where this income is variable, the point at which it is reasonably certain that no significant reversal of the amount recognised would occur. An estimate is made for the amount of fees and commission that may be clawed back as a result of policy cancellations or amendments in relation to performance obligations satisfied in the year. This is deducted from fee and commission income and recognised in provisions. Where commission or fees are received in advance of the inception date of cover, deferred income is recognised. Receivables are recognised in other debtors on inception date of cover in respect of fees or commissions that the Group has an unconditional right to receive.

Initial adviser and initial management fees from the Group's advisory activities are recognised at a point in time. Administration fees are recognised over time as services are provided. On-going service fees and management charge rebates, which are variable based on the value of funds invested or value of assets under administration, are recognised over time as services are provided and once it is reasonably certain that no significant reversal of the amount recognised would occur.

Fees charged for investment management services are variable based on funds under management and are recognised over time as the services are provided, once it is reasonably certain that no significant reversal of the amount recognised would occur. Fees charged for investment management services for institutional and retail fund management are also recognised on this basis. Management fees charged in respect of funeral plans are only refundable where the plan is cancelled within 30 days, and are recognised in full when the plan is sold with provision being made for the expected level of cancellations that give rise to a refund.

Net investment return
Net investment return consists of dividends, interest and rents receivable for the year, realised gains and losses, unrealised gains and losses on financial investments and investment properties. Dividends on equity securities are recorded as revenue on the ex-dividend date. Interest and rental income is recognised as it accrues.

Unrealised gains and losses are calculated as the difference between carrying value and original cost, and the movement during the year is recognised through profit or loss. The value of realised gains and losses includes an adjustment for previously recognised unrealised gains or losses on investments disposed of in the accounting period.

Notes to the financial statements

1 Accounting policies (continued)

Insurance contract liabilities
Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Insurance risk is transferred when the Group agrees to compensate a policyholder should an adverse specified uncertain future event occur. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. Insurance and reinsurance contracts held also expose the Group to financial risk.

Insurance contracts issued and reinsurance contracts held may be initiated by the Group, or they may be acquired in a business combination or in a transfer of contracts that do not form a business. All references in these accounting policies to 'insurance contracts' and 'reinsurance contracts' held include contracts issued, initiated, or acquired by the Group, unless otherwise stated.

Under IFRS 17 the presentation of insurance revenue and insurance service expenses in the consolidated statement of profit or loss is based on the concept of insurance service provided during the period.

Insurance contract liabilities are measured as the sum of the liability for incurred claims (LIC) and liability for remaining coverage (LFRC). The LIC represents the obligation to pay valid claims for insured events that have occurred, which may also include events that have already occurred but have not been reported to the Group. The LFRC represents the Group's liability for insured events that have not yet occurred under the insurance contract. Under IFRS 17, insurance revenue in each reporting period represents the change in the LFRC that relates to services for which the Group expects to receive consideration.

(a) General insurance and reinsurance contracts
(i) Classification
The Group issues general insurance products to both individuals and businesses. The Group offers general insurance products in a number of sectors.

The Group does not offer any product with direct participating features.

(ii) Separating components
The Group assesses its insurance and reinsurance products to determine whether they contain distinct components which must be accounted for under another IFRS instead of under IFRS 17. After separating any distinct components, the Group applies IFRS 17 to all remaining components of the host insurance contract. The Group's insurance and reinsurance contracts do not include any components that require separation.

Once the consideration of distinct components has been determined, the Group assesses whether the contract should be separated into several insurance components that, in substance, should be treated as separate contracts. To determine whether a single legal contract does not reflect the substance of the transaction and its insurance components should be recognised and measured separately instead, the Group considers whether there is an interdependency between the different risks covered, whether components can lapse independently of each other and whether the components can be priced and sold separately. The Group's insurance and reinsurance contracts do not include any separate insurance components that should be treated as separate contracts.

(iii) Level of aggregation
Insurance and reinsurance contracts are aggregated into portfolios and split into annual cohorts and profitability groups for measurement and presentational purposes. The portfolios are comprised of contracts with similar risks which are managed together. Judgement is applied when determining portfolios and includes drivers such as geography, lines of business (where these are separate components) and legal entities within the Group.

Each annual cohort of business recognised within the portfolio is further divided into groups based on the expected profitability, determined at initial recognition and assessed using actuarial valuation models applied to lower level sets of contracts. As a minimum the following groupings are separated:
- Onerous contracts;
- Contracts that have no significant possibility of becoming onerous (based on the probability that changes to assumptions result in contracts becoming onerous); and
- Any remaining contracts.

Contracts are considered onerous if the fulfilment cashflows allocated to that group of contracts in total are a net outflow. Where the Premium Allocation Approach (see section (vi)) is applied, the Group uses an IFRS 17 permitted simplification that assumes that no contracts in a portfolio are onerous at initial recognition unless facts and circumstances indicate otherwise. The Group has developed methodology that identifies facts and circumstances that indicate whether a set of contracts is onerous, which is primarily based on internal management budgeting information.

(iv) Recognition and derecognition
An insurance contract issued by the Group is recognised from the earliest of:
- The date the Group is exposed to risk which is ordinarily the beginning of the coverage period (i.e. the period during which the Group provides services in respect of any premiums within the contract boundary of the contract);
- The date the first premium payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; or
- The date when facts and circumstances indicate the contract is onerous.

When a contract is recognised, it is added to an existing group of contracts. However, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future similar contracts are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

Notes to the financial statements

1 Accounting policies (continued)

The Group derecognises insurance contracts when:
- The rights and obligations relating to the contract are extinguished (i.e. discharged, cancelled or expired); or
- The contract is modified such that the modification results in a change in the measurement model or the applicable standard for measuring a component of the contract, substantially changes the contract boundary, or requires the modified contract to be included in a different group. In such cases, the Group derecognises the initial contract and recognises a new contract based on the modified terms.

When a modification is not treated as a derecognition, the Group recognises amounts paid or received for the modification with the contract as an adjustment to the relevant LRC.

(v) Contract boundaries
The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of groups of insurance contracts. The measurement of a group of contracts includes all the future cash flows within the boundary of each contract in the group, determined as:

Insurance contracts
Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:
- The Group has the practical ability to reassess the risks of the policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- The Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not consider risks that relate to periods after the reassessment date.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

Reinsurance contracts
Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the Group is no longer compelled to pay amounts to the reinsurer and if the reinsurer:
- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks;
- has a substantive right to terminate the coverage.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

(vi) Measurement model – Premium Allocation Approach (PAA)
The Group applies the PAA when measuring the liability for remaining coverage of groups of insurance and reinsurance contracts when the following criteria are met at inception:

Insurance contracts:
- The coverage period of each contract in the group is one year or less; or
- Where the coverage period of a group of contracts is longer than one year, it is reasonably expected that the measurement of the liability for remaining coverage for the group containing those contracts under PAA does not differ materially from the measurement that would be recognised by applying the General Measurement Model (GMM).

Reinsurance contracts held:
- The coverage period of each contract in the group is one year or less; or
- The Group reasonably expects that the resulting measurement of the asset for remaining coverage under the PAA would not differ materially from the result of applying the GMM.

The vast majority of the Group's non-life business has a duration of one year or less and the PAA model is eligible automatically. Where the PAA model is not automatically eligible, financial modelling is performed comparing the financial effects under the two models. Where the financials are not expected to be materially different under the GMM and PAA, the relevant unit of account is treated as PAA eligible.

Initial recognition
On initial recognition of each group of contracts, the carrying amount of the LRC is measured as the premiums received less any insurance acquisition cash flows allocated to the group at that date. For reinsurance contracts held, the measurement of the reinsurance contract held includes all expected cash flows within the boundary of the reinsurance contract, including those cash flows related to recoveries from future underlying insurance contracts that have not yet been issued by the Group, but are expected to be issued during the coverage period of the reinsurance contract held.

Notes to the financial statements

1 Accounting policies (continued)

Subsequent recognition
For insurance contracts issued, at each of the subsequent reporting dates, the LRC is:
- Increased by any premiums received and the amortisation of insurance acquisition cash flows recognised as expenses; and
- Decreased by the amount recognised as insurance revenue for services provided and any additional insurance acquisition cash flows allocated after initial recognition.

For reinsurance contracts held, at each of the subsequent reporting dates, the Group applies the same accounting policies to measure a group of reinsurance contracts held, adapted where necessary to reflect features that differ from those of insurance contracts.

To identify onerous contracts, the PAA facts and circumstances test uses the latest signed-off Corporate Strategic Plan, identifying sets of contracts with a gross combined operating ratio > 100% (including risk adjustment), when aligned to the relevant period being tested. Where the Group recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or when further onerous underlying insurance contracts are added to a group, the Group establishes a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts held representing the expected recovery of the losses.

A loss-recovery component is subsequently reduced to zero in line with reductions in the onerous group of underlying insurance contracts to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

If at any time during the coverage period, facts and circumstances indicate that a group of contracts is onerous, then the Group recognises a loss within insurance service expenses in the consolidated statement of profit or loss and increases the liability for remaining coverage to the extent that the current estimates of the fulfilment cash flows that relate to remaining coverage exceed the carrying amount of the liability for remaining coverage. Measurement of the loss component arising from the identification of onerous contracts is based on the future expected profitability calculation attributed to the annual cohort(s) which are indicated to be loss making.

The Group recognises the LIC of a group of insurance contracts at the discounted amount of the future cash flows relating to claims incurred but not yet settled and attributable expenses.

Discount rates are applied to reflect the time value of money and characteristics of the liability cash flows and contracts (including liquidity).

The change in the LIC due to the effects of the time value of money and financial risk is recognised within the net insurance financial result in the consolidated statement of profit or loss.

The Group recognises the loss arising from onerous contracts as part of the insurance service expense in the statement of comprehensive income. If there are no changes in expectations in subsequent periods, the release of the loss component is recognised as an adjustment to insurance service expenses in the consolidated statement of profit or loss in line with the pattern of earned premium.

(vii) Risk adjustment
The risk adjustment reflects the compensation required by the Group for bearing uncertainty about the cash flows that arises from non-financial risks. The Group uses a combination of techniques to measure the risk adjustment, aligning the risk adjustment to risk management and risk appetite.

Risk appetite is set net of reinsurance with the amount held for insurance contracts including the amount transferred to reinsurers. Under the PAA, the risk adjustment is driven by claims reserving uncertainty, which the Group models using statistical techniques including bootstrapping, supplemented where appropriate by scenario analysis, diversification between lines of business and backtesting of actual reserve development experience. The Group appetite targets an overall confidence level at or above the 75th percentile. General operational risk not attributed to insurance contracts is not within the scope of risks included.

The change in the risk adjustment for earned business is recognised within insurance service expenses in the consolidated statement of profit or loss.

(viii) Insurance acquisition cash flows
Insurance acquisition cash flows are costs considered directly attributable to selling, underwriting or starting a portfolio of insurance contracts and are presented within the liability for remaining coverage. Insurance acquisition cash flows include direct costs and indirect costs. The PAA provides an option to expense insurance acquisition cash flows as incurred, however the Group has chosen not to apply this option. Insurance acquisition cash flows are amortised over the coverage period of the group of insurance contracts which they relate to.

Under IFRS 17, insurance acquisition cash flows for insurance contracts, insurance receivables and payables, and provisions for levies that are attributable to existing insurance contracts are included in the measurement of insurance contracts issued.

(ix) Insurance revenue
Under the premium allocation approach, insurance revenue for the period is the amount of expected premium receipts (excluding any investment component and after adjustment to reflect the time value of money and the effect of financial risk, if applicable) allocated to the period for services provided. The Group allocates the expected premium receipts to each period of insurance contract services, on the basis of the passage of time or, if the expected pattern of release of risk during the coverage period differs significantly from the passage of time, on the basis of the expected timing of incurred insurance service expenses. Changes to the basis of allocation are accounted for prospectively as a change in accounting estimate.

Notes to the financial statements

1 Accounting policies (continued)

(x) Insurance service expenses
Insurance service expenses include fulfilment and acquisition cash flows which are costs directly attributable to insurance contracts and comprise both direct costs and the allocation of fixed and variable overheads. It is comprised of the following:
- Incurred claims and benefits excluding investment components;
- Other incurred discretionary attributable insurance service expenses;
- Amortisation of insurance acquisition cash flows;
- Changes that relate to past service (i.e. changes in the future cash flows relating to the LIC); and
- Changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

Amortisation of insurance acquisition cash flows is done on a straight-line basis and reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above. Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

(xi) Net income or expense from reinsurance contracts
Net income or expense from reinsurance contracts represents the insurance service result for groups of reinsurance contracts held and comprises of the allocation of reinsurance premiums and other incurred directly attributable claims and expenses.

Reinsurance premium and expenses are recognised using the principles used to determine insurance revenue and expenses. The amount of reinsurance expenses recognised in the reporting period depicts the transfer of received insurance contract services at an amount that reflects the portion of ceding premiums that the Group expects to pay in exchange for those services.

The estimates of the present value of future cash flows of the reinsurance contracts held will reflect the risk of non-performance by the reinsurer and the risk adjustment for reinsurance contracts held and is measured and recognised separately from insurance contracts issued.

In addition, the allocation of reinsurance premiums includes changes in the reinsurance assets arising from retroactive reinsurance contracts held and voluntary reinstatement ceded premiums.

Reinsurance expenses reflect the allocation of reinsurance premiums paid or payable for receiving services in the period.

The Group treats reinsurance cash flows that are contingent on claims on the underlying contracts as part of the claims that are expected to be recovered under the reinsurance contract held.

(xii) Net insurance financial result
Net insurance financial result comprises the change in the carrying amount of groups of insurance contracts issued and reinsurance contracts held arising from the effect of the time value of money and changes in the time value of money and the effect of financial risk and changes in financial risk.

(b) Life insurance
(i) Level of aggregation
The Group's life insurance business comprises whole of life insurance contracts with similar risks which are managed together. These are aggregated into a single portfolio of insurance contracts.

The portfolio of contracts is divided into groups based on the expected profitability, determined at initial recognition and assessed using actuarial valuation models. As a minimum the following groupings are separated:
- Onerous contracts;
- Contracts that have no significant possibility of becoming onerous (based on the probability that changes to assumptions result in contracts becoming onerous); and
- Any remaining contracts.

As the fair value approach has been applied on transition, the Group is not required to recognise separate cohorts for contracts issued more than one year apart.

(ii) Contract boundary
The Group uses the concept of contract boundary to determine what cash flows should be considered in the measurement of insurance contracts. The measurement of the contracts includes all the future cash flows within the boundary of each contract in the group.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay the premiums, or in which the Group has a substantive obligation to provide the policyholder with services. A substantive obligation to provide services ends when:
- The Group has the practical ability to reassess the risks of the policyholder and, as a result, can set a price or level of benefits that fully reflects those risks; or
- The Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not consider risks that relate to periods after the reassessment date.

The Group has concluded that it has no practical ability to reassess the risks of its portfolio and set a price to reflect them after inception of the life insurance contract. Therefore no contract boundary is assumed to exist before the expiry of the insurance contract.

Notes to the financial statements

1 Accounting policies (continued)

(iii) Measurement Model – General Measurement Model (GMM)
The GMM is the default method used to measure insurance contracts under IFRS 17.

Initial recognition
On initial recognition, the carrying amount of the LRC is measured as the sum of discounted probability-weighted fulfilment cash flows within the contract boundary, an explicit risk adjustment and a contractual service margin (CSM), representing the unearned profit of the contract to be recognised as revenue over the coverage period. If the portfolio of contracts is expected to be onerous at inception, the loss is recognised immediately within insurance service expenses in the statement of consolidated profit or loss and the CSM is set to zero.

Subsequent measurement
The carrying amount of the LRC is updated at each reporting date to reflect the re-measurement of the fulfilment cash flows to reflect estimates based on current assumptions. The changes in fulfilment cash flows are reflected either in the insurance service result or by adjusting the CSM, depending upon their nature. If the fulfilment cash flows exceed the CSM, the portfolio of contracts becomes onerous, and the loss is recognised immediately within insurance service expenses in the statement of consolidated profit or loss.

The Group recognises the LIC of a group of insurance contracts at the discounted amount of the fulfilment cash flows relating to claims incurred but not yet settled and attributable expenses.

(iv) Risk adjustment
The risk adjustment reflects the compensation required by the Group for bearing uncertainty about the cash flows that arises from non-financial risks. The Group uses the value at risk/confidence level approach, choosing a confidence level and deriving the risk adjustment directly from it. The confidence level percentile input used by the Group to determine the risk adjustment is the 95th percentile calculated using a one-year Value-at-Risk (VaR) measure. The risk adjustment is calculated at the entity level.

The Group's general and life insurance businesses are managed separately, subject to different risk profiles, and the compensation required for bearing the associated non-financial risks is measured using different risk time horizons. The Group's view of the compensation for non-financial risks is different for the general and life insurance contracts and therefore it is expected that the confidence levels for the risk adjustment will be different between the two types of business.

(v) Insurance revenue
As the Group provides services under the group of insurance contracts, it reduces the LRC and recognises insurance revenue. The amount of insurance revenue recognised in the reporting period depicts the transfer of promised services at an amount that reflects the portion of consideration Group expected to be entitled to in exchange for those services. Insurance revenue comprises the following:

- Amounts relating to the changes in the LRC:
  - Insurance claims and expenses incurred in the period measured at amounts expected at the beginning of the period, excluding:
    - Amounts related to the loss component;
    - Repayments of investment components;
    - Amounts of transaction-based taxes collected in a fiduciary capacity; and
    - Insurance acquisition expenses;
  - Changes in the risk adjustment for non-financial risk, excluding;
    - Changes included in insurance finance income or expenses;
    - Changes that relate to future coverage (which adjust the CSM); and
    - Amounts allocated to the loss component;
  - Amounts of the CSM recognised in profit or loss for the services provided in the period; and
  - Experience adjustments arising from premiums received in the period that relate to past and current service and related cash flows such as insurance acquisition cash flows and premium-based taxes.

The Group has concluded that it has no practical ability to reassess the risks of its portfolio and set a price to reflect them after inception of the life insurance contract. Therefore no contract boundary is assumed to exist before the expiry of the insurance contract.

The amount of CSM recognised in profit or loss in each period to reflect services provided is determined by considering, for each group of contracts, coverage units that reflect the quantity of the benefits provided in each period and the expected coverage period. Coverage units are reviewed and updated at each reporting date. The quantity of benefits provided is based on the level of maximum benefit provided under the insurance contract and the coverage period is set as the probability-weighted average expected duration for the group of contracts.

(vi) Insurance service expenses
Insurance service expenses include fulfilment and acquisition cash flows which are costs directly attributable to insurance contracts and comprise both direct costs and the allocation of fixed and variable overheads. It is comprised of the following:
- Incurred claims and benefits excluding investment components;
- Other incurred discretionary attributable insurance service expenses;
- Amortisation of insurance acquisition cash flows;
- Changes that relate to past service (i.e. changes in the future cash flows relating to the LIC); and
- Changes that relate to future service (i.e. losses/reversals on onerous groups of contracts from changes in the loss components).

Amortisation of insurance acquisition cash flows is reflected in insurance service expenses in the same amount as insurance acquisition cash flows recovery reflected within insurance revenue as described above. Other expenses not meeting the above categories are included in other operating expenses in the consolidated statement of profit or loss.

Notes to the financial statements

1 Accounting policies (continued)

(vii) Insurance acquisition cash flows
For life insurance contracts, acquisition costs comprise direct costs such as initial commission and the indirect costs of obtaining and processing new business. As with general insurance business, those attributable are included in the measurement of insurance contracts issued and reinsurance contracts held.

Investment contract liabilities
For products that have no significant insurance risk and therefore classified as investment contracts, the Group recognises a liability measured at fair value. The fair value of these liabilities is estimated based on an arms-length transaction between willing market participants with consideration given to the cost of the minimum repayment guarantee to the policyholders. The cost of the guarantee is determined using risk free rates of return, with the associated volatility assumption and allowing for the costs of administration associated with this low risk investment strategy.

Intangible assets
Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the identifiable assets and liabilities acquired at the date of acquisition. Goodwill on acquisitions prior to 1 January 2004 (the date of transition to IFRS) is carried at book value (original cost less amortisation) on that date, less any subsequent impairment. Where it is considered more relevant, the Group uses the option to measure goodwill initially at fair value, less any subsequent impairment.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Computer software
Computer software is carried at historical cost less accumulated amortisation and impairment, and amortised over a useful life of between three and ten years, using the straight-line method. Amortisation and impairment charges incurred for the period are included in the statements of profit or loss within other operating and administrative expenses.

Software costs that cannot be classified as intangible assets are charged to profit or loss during the period in which they are incurred.

Other intangible assets
Other intangible assets consist of acquired brand, customer and distribution relationships, and are carried at cost at acquisition less accumulated amortisation and impairment after acquisition. Amortisation is on a straight-line basis over the weighted average estimated useful life of intangible assets acquired. Amortisation and impairment charges incurred for the period are included in the statement of profit or loss within other operating and administrative expenses.

Property, plant and equipment
Owner-occupied properties are stated at fair value and movements are taken to the revaluation reserve within equity, net of deferred tax. When such properties are sold, the accumulated revaluation surpluses are transferred from this reserve to retained earnings.

Where the fair value of an individual property is below original cost, any revaluation movement arising during the year is recognised within net investment return in the statement of profit or loss. Valuations are carried out at least every three years by external qualified surveyors. All other items classed as property, plant and equipment within the statement of financial position are carried at historical cost less accumulated depreciation and impairment.

Land is not depreciated. No depreciation is provided on owner-occupied properties since such depreciation would be immaterial. Depreciation is calculated to write down the cost of other assets to their residual values over their estimated useful lives as follows:

Computer equipment	3 - 5 years straight line
Motor vehicles	4 years straight line
Fixtures, fittings and equipment	3 - 10 years or length of lease straight line
Right-of-use assets	The shorter of the lease term and useful life of the asset

Where the carrying amount of an item carried at historical cost less accumulated depreciation is greater than its estimated recoverable amount, it is written down to its recoverable amount by way of an impairment charge to profit or loss.

Repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Investment property
Investment property comprises land and buildings which are held for long-term rental yields. It is carried at fair value with changes in fair value recognised in the statement of profit or loss within net investment return. Investment property is valued annually by external qualified surveyors at open market value. Investment properties are derecognised when they have been disposed of. Where the Group disposes of a property, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss within net investment return.

Notes to the financial statements

1 Accounting policies (continued)

Financial instruments

(a) Classification and measurement

All financial assets under IFRS 9 are to be initially recognised at fair value, plus or minus (in the case of a financial asset not at FVTPL) transaction costs that are directly attributable to the acquisition of the financial instrument. Classification and subsequent measurement of financial assets depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

Debt instruments

There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI) are measured at amortised cost. Interest income from these financial assets is included in 'net investment result' using the effective interest rate method.
- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI, except where an election is made to classify as FVTPL. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'net investment result. Interest income from these financial assets is included in 'net investment result' using the effective interest rate method.
- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. In order to eliminate or significantly reduce an accounting mismatch, an irrevocable election can be made (on an instrument-by-instrument basis) to classify and measure debt instruments at FVTPL instead of amortised cost or FVOCI. A gain or loss on a debt investment that is measured at FVTPL is recognised in profit or loss and presented net within 'net investment result'.

Equity instruments

- FVTPL: By default, the group classifies and measures equity investments at FVTPL. Changes in the fair value of equity instruments at FVTPL are recognised in 'net investment result' in the consolidated statement of profit or loss.
- FVOCI: An irrevocable election can be made (on an instrument-by-instrument basis) on the date of acquisition to classify and measure equity instruments at FVOCI. Designation is not permitted if the equity instrument is held for trading. Where this election has been made, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss within 'net investment result' when the Group's right to receive payments is established.

(b) Impairment

The Group recognises a forward-looking loss allowance for expected credit losses (ECL) on financial assets measured at amortised cost or FVOCI. ECL is an unbiased, probability-weighted estimate of credit losses and considers all reasonable and supportable information. The impairment methodology applied depends on whether there has been a significant increase in credit risk or default.

The Group elects to apply the simplified approach permitted by IFRS 9 and recognises lifetime ECL for trade receivables and lease receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for current and forecast economic conditions.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected losses that will result from all possible default events over the expected life of a financial instrument. 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. A financial asset is written off to the extent there is no reasonable expectation of recovery. Any subsequent recovery in excess of the financial asset's written down value is credited to profit or loss.

Impairment losses are presented within 'net investment return' in the consolidated statement of profit or loss.

Offset of financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Subordinated liabilities

Subordinated liabilities are recognised initially at fair value, being the issue proceeds net of premiums, discounts and transaction costs incurred. All borrowings are subsequently measured at amortised cost using the effective interest rate method. The amortisation is recognised as an interest expense using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. The Group holds client money in segregated accounts and does not include these funds as assets on its statement of financial position. Client money is held in a fiduciary capacity and is not controlled by the Group, nor does it provide economic benefits to the Group.

The comparative financial statements have been restated to consistently apply the Group accounting policy to remove client money on its statement of financial position.

Notes to the financial statements

1 Accounting policies (continued)

Insurance broking debtors and creditors

Where the Group acts as an agent in placing the insurable risks of clients with insurers, debtors and creditors arising from such transactions are not included in the Group's assets and liabilities. Where the Group provides premium finance facilities to clients, amounts due are included in other debtors, with the amount owing for onward transmission included in other creditors.

Leases

Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the lease asset is available for use by the Group. Each lease payment is deducted from the lease liability. Finance costs are charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities are determined using the net present value of the payments over the lease term with the rate used to discount payments reflecting the rate implicit in the lease or, if it not readily determinable, the Group's incremental borrowing rate, and include:

- Fixed payments less any lease incentives receivable;
- Variable lease payments that are based on an index or rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of an option if the lessee is reasonably certain to exercise that option; and
- Payments and penalties from terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use assets are initially measured at cost and subsequently measured as cost less accumulated depreciation and comprises:

- The amount of the initial measurement of lease liability;
- Any lease payment made at or before the commencement date, less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are presented within property, plant and equipment in the statement of financial position.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties. The Group also sublets property no longer occupied by the Group.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources, embodying economic benefits, will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when it is virtually certain that the reimbursement will be received.

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Contingent liabilities are disclosed if there is a possible future obligation as a result of a past event, or if there is a present obligation but either an outflow of resources is not probable or the amount cannot be reliably estimated.

Notes to the financial statements

1 Accounting policies (continued)

Employee benefits
Pension obligations
The Group operates defined benefit and defined contribution pension plans, the assets of which are held in separate trustee-administered funds.

For defined benefit plans, the pension costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to profit or loss so as to spread the regular cost over the service lives of employees. The pension obligation is measured as the present value of the estimated future cash outflows using a discount rate based on market yields for high-quality corporate bonds. The resulting pension plan surplus or deficit appears as an asset or obligation in the statement of financial position. Any asset resulting from this calculation is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future employer contributions to the plan. Independent actuarial valuations are carried out at the end of each reporting period.

In accordance with IAS 19 *Employee Benefits*, current and past service costs, gains and losses on curtailments and settlements and net interest expense or income (calculated by applying a discount rate to the net defined benefit liability or asset) are recognised through profit or loss. Actuarial gains or losses are recognised in full in the period in which they occur in other comprehensive income.

Contributions in respect of defined contribution plans are recognised as a charge to profit or loss as incurred.

Other post-employment obligations
Some Group companies provide post-employment medical benefits to their retirees. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that for defined benefit pension plans. Interest expense (calculated by applying a discount rate to the net obligations) is recognised through profit or loss. Actuarial gains and losses are recognised immediately in other comprehensive income. Independent actuarial valuations are carried out at the end of each reporting period.

Other benefits
Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the year-end date.

Taxation
Income tax comprises current and deferred tax. Income tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in the statement of comprehensive income.

Current tax is the expected tax payable on the taxable result for the period, after any adjustment in respect of prior periods.

Deferred tax is provided in full on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax is measured using tax rates expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled, based on tax rates and laws which have been enacted or substantively enacted at the year-end date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

In May 2023, the International Accounting Standard Board published amendments to IAS 12. The amendments relate to the implementation of the Organisation for Economic Co-operation and Development ('OECD') Base Erosion and Profit Shifting ('BEPS') Pillar Two Model Rules. It is anticipated that the Group will be impacted by these rules from 2025. As required by the amendments to IAS 12, the Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Appropriations
Dividends
Dividends on Ordinary shares are recognised in equity in the period in which they are declared and, for the final dividend, approved by shareholders. Dividends on Non-Cumulative Irredeemable Preference shares are recognised in the period in which they are declared and appropriately approved.

Charitable donation to ultimate parent undertaking
Payments are made via Gift Aid to the ultimate parent company, Benefact Trust Limited, a registered charity. The Group does not regard these payments as being expenses of the business and, as such, recognises these net of tax in equity in the period in which they are approved.

Use of Alternative Performance Measures (APM)
As detailed in the Strategic Report, the Group uses certain key performance indicators which, although not defined under IFRS, provide useful information and aim to enhance understanding of the Group's performance. These include gross written premiums, net written premiums, net earned premiums, underwriting result and combined operating ratio. The key performance indicators should be considered complementary to, rather than a substitute for, financial measures defined under IFRS. Note 41 provides details of how these key performance indicators reconcile to the results reported under IFRS.

Notes to the financial statements

2 Critical accounting estimates and judgements in applying accounting policies

The Group makes estimates and judgements that affect the reported amounts of assets and liabilities. Estimates and judgements are regularly reviewed and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management have considered the current economic environment in their estimates and judgements.

(a) Critical judgements in applying the Group's accounting policies
The following are the critical judgements, apart from those involving estimations which are dealt with separately below, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Pension and other post-employment benefits
The Group's pension and other post-employment benefit obligations are discounted at a rate set by reference to market yields at the end of the reporting period on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Judgement is required when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds includes the nature and quality of the corporate bonds and the identification of outliers which are excluded.

The Group also applies judgement in determining the extent to which a surplus in the defined benefit plan can be recognised in the statement of financial position. In accordance with IAS 19 *Employee benefits* , the recognisable surplus is limited to the lower of the surplus in the plan and the asset ceiling. The asset ceiling is the present value of future economic benefits available in the form of a refund or as a reduction in future contributions. The Group applies judgement in determining the asset ceiling in accordance with IFRS Interpretations Committee Interpretation 14 (IFRIC 14).

Unlisted equity securities
The value of unlisted equity securities, where there is no active market and therefore no observable market price, are classified as level 3 financial assets. This requires the Group to make judgements in respect of the most appropriate valuation technique to apply. Further details, including the amounts recognised within the financial statements which are impacted by these judgements are shown in note 4(b).

Goodwill impairment
Goodwill is allocated to a cash-generating unit (CGU) and assessed annually for impairment. The CGU is defined in accordance with IAS 36. Judgement is required when assessing which assets and liabilities form part of the CGU, particularly in assessing the level of excess cash held above the working capital requirements of the CGU.

Significant insurance risk
Whole-of-life policies issued by the Group where significant insurance risk has been accepted from a policyholder are accounted for as insurance contracts. Whole-of-life policies where the Group has not accepted significant insurance risk from a policyholder are accounted for as financial instruments. Contracts can have features of, or appear to have features of, an insurance contract and therefore judgement is required on whether there is insurance risk and then whether that insurance risk is significant. Policies are considered to be insurance contracts where future benefits are linked to inflation as there is uncertainty over the timing and amount of a resulting claim. Policies that provide a policyholder with a guarantee to return the original premium have not transferred insurance risk and are considered financial instruments.

Level of aggregation
The Group separates insurance contracts into portfolios of similar risks that are managed together. For the non-life business the majority of the Group's insurance contracts represent a combination of component risks which are sold as an overall product and this unit has not been unbundled because the combination is not solely for administrative or customer convenience. For contracts eligible for the Premium Allocation Approach (PAA) (materially all of the non-life business), the primary indicator of the portfolios for gross business has been judged to be the geographic territory of the risk. The Group has considered that the non-life business as a whole is the appropriate level of aggregation for usefulness and understanding of the financial statements, thereby providing valuable insights to users. The life business represents a separate portfolio, as a single product line. Portfolios of insurance contacts are divided into profitability groups for measurement purposes. Under the PAA model the default assumption is made that no groups are onerous unless facts and circumstances indicate otherwise, which is determined through review for go-forward expected losses for groupings identified in the Group Corporate Strategic Plan.

Risk adjustment
A risk adjustment for non-financial risk is determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. The risk adjustment for non-financial risk has been determined using a combination of confidence level techniques and scenarios. Further details are included in the risk adjustment sections of the insurance contract liabilities accounting policy in note 1.

(b) Key sources of estimation uncertainty
In applying the Group's accounting policies various transactions and balances are valued using estimates or assumptions. All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions.

The following items are considered key estimates and assumptions which, if actual results differ from those predicted, may have significant impact on the following year's financial statements:

The ultimate liability arising from claims incurred under general business insurance contracts
The estimation of the ultimate liability arising from claims made under general business insurance contracts is a critical accounting estimate. There is uncertainty as to the total number of claims made on each business class, the amounts that such claims will be settled for and the timing of any such payments.

Notes to the financial statements

2 Critical accounting estimates and judgements in applying accounting policies (continued)

There are various sources of estimation uncertainty as to how much the Group will ultimately pay with respect to such contracts. Such
- whether a claim event has occurred or not and how much it will ultimately settle for;
- variability in the speed with which claims are notified and in the time taken to settle them, especially complex cases resolved through the
- changes in the business portfolio affecting factors such as the number of claims and their typical settlement costs, which may differ significantly from past patterns;
- new types of claim, including latent claims, which arise from time to time;
- changes in legislation and court attitudes to compensation, including the discount rate applied in assessing lump sums, which may apply retrospectively;

The uncertainties surrounding the estimates of claims payments for the various classes of business are discussed further in note 3. General business insurance liabilities include a risk adjustment in addition to the best estimates for future claims. The sensitivity of profit or loss to changes in the ultimate settlement cost of claims reserves is presented in note .

Future benefit payments arising from life insurance contracts
The determination of the liabilities under life insurance contracts is dependent on estimates made by the Group. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard industry and national mortality tables, adjusted to reflect recent historical mortality experience of the Group's portfolio, with allowance also being made for expected future mortality improvements. The estimated mortality rates are used to determine forecast benefit payments net of forecast premium receipts.

A discount rate curve is calculated on a bottom up basis. The risk free curve is based on the UK government bond yield curve. A liquidity premium based on the return on a notional index of fixed interest assets, including gilts and corporate bonds, is added to the risk free curve. The liquidity premium is adjusted for credit risk and differences in liquidity between the notional assets and the liabilities.

In addition, a risk adjustment for non-financial risks is then added to the best estimate liability calculated on the basis set out above. The sensitivity of profit or loss to changes in the assumptions is presented in note 30(b)(iv).

Pension and other post-employment benefits
The cost of these benefits and the present value of the pension and other post-employment benefit liabilities depend on factors that are determined on an actuarial basis using a number of assumptions. Any change in these assumptions may affect planned funding of the pension plans.

The discount rate assumption is a component in determining the charge to profit or loss. The effect of movements in the actuarial assumptions during the year, including discount rate, mortality, inflation, salary and medical expense inflation assumptions, on the pension and other post-employment liabilities are recognised in other comprehensive income. An explanation of the actuarial gains recognised in the current year is included in note 20.

The Group determines an appropriate discount rate at the end of each year, to be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and other post-employment benefit obligations.

The expected rate of medical expense inflation is determined by comparing the historical relationship of medical expense increases over a portfolio of UK-based post-retirement medical plans with the rate of inflation, making an allowance for the size of the plan and actual medical expense experience.

Other key assumptions for the pension and post-employment benefit costs and credits are based in part on current market conditions. Additional information including the sensitivity of pension and post-employment medical benefit scheme liabilities to changes in the key assumptions is disclosed in note 20.

Unlisted equity securities
The valuation of unlisted equity securities requires estimates to be made for the illiquidity discount and credit rating discount. The illiquidity premium reflects the additional return required by investors for holding assets that are not readily tradable and involves analysing previous transactions. The credit rating discount accounts for the credit risk associated with the issuer of the unlisted equity. The creditworthiness of the issuer is evaluated by comparing to other similar companies.Further details, including the sensitivity of the valuation to these inputs, are shown in note 4(b).

Carrying value of goodwill
Goodwill is tested annually for impairment as detailed in the Group's accounting policies. In order to calculate the value in use under this policy, the Group is required to make an estimation of the future cash flows expected to arise from the business unit, an appropriate long-term growth rate to apply to the cash flows and a suitable discount rate to calculate the present value. Further details on these estimates and sensitivities of the carrying value of goodwill to these estimates are provided in note 19.

Discount rates
IFRS 17 requires entities to determine discount rates that reflect the characteristics of the liabilities using either the 'bottom up' or 'top down' approach. The 'top down' approach involves using discount rate curves derived from a portfolio of reference assets adjusted to remove all characteristics of the assets that are not present in insurance contracts, but not requiring to eliminate the illiquidity premium.

The Group selected to continue to apply the 'bottom up' approach which requires the use of risk-free rate curves and adding the illiquidity premium. The Group derives illiquidity by reference to the illiquidity estimated to apply to a suitable reference portfolio of assets with similar liquidity characteristics. The published yields on Government bonds in each territory are used as a reference for risk-free rates. The characteristics of the Group's general insurance contract claims liabilities are less liquid than those of its life insurance contracts, because the life insurance contracts have surrender options.

Section Three | **Financial Statements**

Notes to the financial statements

3 Insurance risk

Through its general and life insurance operations, the Group is exposed to a number of risks. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount and timing of the resulting claim. Factors such as the business and product mix, the external environment including market competition and reinsurance capacity all may vary from year to year, along with the actual frequency, severity and ultimate cost of claims and benefits. This subjects the Group to underwriting and pricing risk (the risk of failing to ensure disciplined risk selection and to obtain the appropriate premium), claims reserving risk (the risk of actual claims payments exceeding the amount we are holding in reserves) and reinsurance risk (the risk of failing to access and manage reinsurance capacity at a reasonable price).

(a) Risk mitigation
Statistics demonstrate that the larger and more diversified the portfolio of insurance contracts, the smaller the relative variability in the expected outcome will be. The Group's underwriting strategy is designed to ensure that the underwritten risks are well diversified in terms of type and amount of risk and geographical spread. In all operations pricing controls are in place, underpinned by sound statistical analysis, market expertise and appropriate external consultant advice. Gross and net underwriting exposure is protected through the use of a comprehensive programme of reinsurance using both proportional and non-proportional reinsurance, supported by proactive claims handling. The overall reinsurance structure is regularly reviewed and modelled to ensure that it remains optimum to the Group's needs. The optimal reinsurance structure provides the Group with sustainable, long-term capacity to support its specialist business strategy, with effective balance sheet and profit and loss protection at a reasonable cost.

Catastrophe protection is purchased following an extensive annual modelling exercise of gross and net (of proportional reinsurance) exposures. In conjunction with reinsurance brokers the Group utilises the full range of proprietary catastrophe models and continues to develop bespoke modelling options that better reflect the specialist nature of the portfolio. Reinsurance is purchased in line with the Group's risk appetite.

(b) Concentrations of risk
The core business of the Group is general insurance, with the principal classes of business written being property and liability. The miscellaneous financial loss class of business covers personal accident, fidelity guarantee and loss of money, income and licence. The other class of business includes cover of legal expenses and also a small portfolio of motor policies, but this has been in run-off in the United Kingdom since November 2012. The Group's whole-of-life insurance policies support funeral planning products.

The table below summarises written premiums for the financial year, before and after reinsurance, by territory and by class of business which is an indication of the concentration of risk accepted by the Group in the year. Further details on the gross and net written premiums, which are alternative performance measures that are not defined under IFRS, are detailed in note 41.

		General insurance				Life insurance	
Territory		**Property £000**	**Liability £000**	**Miscellaneous financial loss £000**	**Other £000**	**Whole of life £000**	**Total £000**
2024							
United Kingdom and Ireland	Gross	**325,781**	**85,970**	**27,352**	**4,597**	**(149)**	**443,551**
	Net	**162,268**	**82,332**	**13,413**	**391**	**(149)**	**258,255**
Australia	Gross	**53,643**	**40,212**	**1,320**	**170**	**-**	**95,345**
	Net	**11,757**	**34,328**	**1,297**	**30**	**-**	**47,412**
Canada	Gross	**71,070**	**30,486**	**-**	**-**	**-**	**101,556**
	Net	**46,570**	**27,021**	**-**	**-**	**-**	**73,591**
Total	Gross	**450,494**	**156,668**	**28,672**	**4,767**	**(149)**	**640,452**
	Net	**220,595**	**143,681**	**14,710**	**421**	**(149)**	**379,258**
2023							
United Kingdom and Ireland	Gross	297,481	79,966	24,668	3,287	176	405,578
	Net	137,933	75,916	11,816	64	176	225,905
Australia	Gross	57,703	43,194	1,337	434	-	102,668
	Net	9,182	37,275	1,313	82	-	47,852
Canada	Gross	73,958	32,979	-	-	-	106,937
	Net	48,247	29,512	-	-	-	77,759
Total	Gross	429,142	156,139	26,005	3,721	176	615,183
	Net	195,362	142,703	13,129	146	176	351,516

Notes to the financial statements

3 Insurance risk (continued)

(c) General insurance risks

Property classes

Property cover mainly compensates the policyholder for damage suffered to their property or for the value of property lost. Property insurance may also include cover for pecuniary loss through the inability to use damaged insured commercial properties (business interruption).

For property insurance contracts, there can be variability in the nature, number and size of claims made in each period.

The nature of claims may include those arising from the perils of fire, weather damage, escape of water, explosion, riot and malicious damage, subsidence, accidental damage, theft and earthquake. Subsidence claims are particularly difficult to predict because the damage is often not apparent for some time. The ultimate settlements can be small or large with a risk of a settled claim being reopened at a later date.

The number of claims made can be affected in particular by weather events, changes in climate, economic environment, and crime rates. Climate change may give rise to more frequent and extreme weather events, such as river flooding, hurricanes and drought, and their consequences, for example, subsidence claims. If a weather event happens near the end of the financial year, the uncertainty about ultimate claims cost in the financial statements is much higher because there is insufficient time for adequate data to be received to assess the final cost of claims.

Individual claims can vary in amount since the risks insured are diverse in both size and nature. The cost of repairing property varies according to the extent of damage, cost of materials and labour charges.

Contracts are underwritten on a reinstatement basis or repair and restoration basis as appropriate. Costs of rebuilding properties, of replacement or indemnity for contents and time taken to bring business operations back to pre-loss levels for business interruption are the key factors that influence the cost of claims. Individual large claims are more likely to arise from fire, storm or flood damage. The greatest likelihood of an aggregation of claims arises from earthquake, weather or major fire spreading events.

Claims payment, on average, occurs within a year of the event that gives rise to the claim. However, there is variability around this average with larger claims typically taking longer to settle and business interruption claims taking much longer depending on the length of the indemnity period involved.

Liability classes

The main exposures are in respect of liability insurance contracts which protect policyholders from the liability to compensate injured employees (employers' liability) and third parties (public liability).

Claims that may arise from the liability portfolios include damage to property, physical injury, disease and psychological trauma. The Group has a different exposure profile to most other commercial lines insurance companies as it has lower exposure to industrial risks. Therefore, claims for industrial diseases are less common for the Group than injury claims such as slips, trips and back injuries.

The frequency and severity of claims arising on liability insurance contracts can be affected by several factors. Most significant are the increasing level of awards for damages suffered, legal costs and the potential for periodic payment awards.

The severity of bodily injury claims can be influenced particularly by the value of loss of earnings and the future cost of care. The settlement value of claims arising under public and employers' liability is particularly difficult to predict. There is often uncertainty as to the extent and type of injury, whether any payments will be made and, if they are, the amount and timing of the payments, including the discount rate applied for assessing lump sums. Key factors driving the high levels of uncertainty include the late notification of possible claim events and the legal process.

Late notification of possible claims necessitates the holding of provisions for incurred claims that may only emerge some years into the future. In particular, the effect of inflation over such a long period can be considerable and is uncertain. A lack of comparable past experience may make it difficult to quantify the number of claims and, for certain types of claims, the amounts for which they will ultimately settle. The legal and legislative framework continues to evolve, which has a consequent impact on the uncertainty as to the length of the claims settlement process and the ultimate settlement amounts.

Claims payment, on average, occurs about three to four years after the event that gives rise to the claim. However, there is significant variability around this average.

Provisions for latent claims

The public and employers' liability classes can give rise to very late reported claims, which are often referred to as latent claims. These can vary in nature and are difficult to predict. They typically emerge slowly over many years, during which time there can be particular uncertainty as to the number of future potential claims and their cost. The Group has reflected this uncertainty and believes that it holds adequate reserves for latent claims that may result from exposure periods up to the reporting date.

Note 30 presents the development of the estimate of ultimate claim cost for public and employers' liability claims occurring in a given year. This gives an indication of the accuracy of the estimation technique for incurred claims.

Notes to the financial statements

3 Insurance risk (continued)

(d) Life insurance risks

The Group provides whole-of-life insurance policies to support funeral planning products, for most of which the future benefits are linked to inflation and backed by index-linked assets. None of the risks arising from this business are amongst the Group's principal risks and no new policies with insurance risk have been written in the life fund since 2013.

The primary risk on these contracts is the level of future investment returns on the assets backing the liabilities over the life of the policyholders is insufficient to meet future claims payments, particularly if the timing of claims is different from that assumed. The interest rate and inflation risk within this has been largely mitigated by holding index-linked assets of a similar term to the expected liabilities profile. The main residual risk is the spread risk attached to corporate bonds held to match the liabilities.

Uncertainty in the estimation of the timing of future claims arises from the unpredictability of long-term changes in overall levels of mortality. The Group bases these estimates on standard industry and national mortality tables and its own experience. The most significant factors that could alter the expected mortality rates profile are epidemics, widespread changes in lifestyle and continued improvement in medical science and social conditions. This small mortality risk is retained by the Group. The Group holds a reserve to meet the costs of future expenses in running the life business and administration of the policies. There is a risk that this is insufficient to meet the expenses incurred in future periods.

Notes to the financial statements

4 Financial risk and capital management

The Group is exposed to financial risk through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from its financial assets are not sufficient to fund the obligations arising from its insurance contracts. The most important components of financial risk are interest rate risk, credit risk, equity price and currency risk.

There has been no change from the prior year in the nature of the financial risks to which the Group is exposed. The continued conflicts in Ukraine and the Middle East, broader geopolitical tensions including the recent uncertainty in trade tariffs, mean there is continued uncertainty in relation to the economic risks to which the Group is exposed. This includes equity price volatility, movements in exchange rates and long-term UK growth prospects. The Group's management and measurement of financial risks is informed by either stochastic modelling or stress testing techniques.

(a) Categories of financial instruments applying IFRS 9

	Financial assets			Financial liabilities				
Group	**Designated as fair value through profit or loss £000**	**Classified as fair value through profit or loss £000**	**Amortised cost £000**	**Fair value through profit or loss £000**	**Fair value through other comprehensive income £000**	**Amortised cost £000**	**Other assets and liabilities £000**	**Total £000**
At 31 December 2024								
Financial investments	**1,440,374**	**4,149**	**14**	-	-	-	-	**1,444,537**
Other assets	-	-	**46,070**	-	-	-	**12,803**	**58,873**
Cash and cash equivalents	-	-	**136,724**	-	-	-	-	**136,724**
Lease obligations	-	-	-	-	-	**(32,972)**	-	**(32,972)**
Subordinated liabilities	-	-	-	-	-	**(25,112)**	-	**(25,112)**
Other liabilities	-	-	-	-	-	**(78,728)**	**(12,424)**	**(91,152)**
Inv't contract liabilities	-	-	-	**(627,312)**	-	-	-	**(627,312)**
Net other	-	-	-	-	-	-	**(177,961)**	**(177,961)**
Total	**1,440,374**	**4,149**	**182,808**	**(627,312)**	-	**(136,812)**	**(177,582)**	**685,625**
At 31 December 2023 (as restated*)								
Financial investments	1,411,874	824	34	-	-	-	-	1,412,732
Other assets	-	-	44,428	-	-	-	12,957	57,385
Cash and cash equivalents	-	-	148,317	-	-	-	-	148,317
Lease obligations	-	-	-	-	-	(29,017)	-	(29,017)
Subordinated liabilities	-	-	-	-	-	(25,853)	-	(25,853)
Other liabilities	-	-	-	-	(2,381)	(74,139)	(11,653)	(88,173)
Inv't contract liabilities	-	-	-	(603,111)	-	-	-	(603,111)
Net other	-	-	-	-	-	-	(205,614)	(205,614)
Total	1,411,874	824	192,779	(603,111)	(2,381)	(129,009)	(204,310)	666,666
Parent								
At 31 December 2024								
Financial investments	**14,807**	-	-	-	-	-	**89,101**	**103,908**
Other assets	-	-	**108,754**	-	-	-	-	**108,754**
Cash and cash equivalents	-	-	**2,366**	-	-	-	-	**2,366**
Lease obligations	-	-	-	-	-	**(133,252)**	-	**(133,252)**
Other liabilities	-	-	-	-	-	**(16,097)**	-	**(16,097)**
Net other	-	-	-	-	-	-	**(823)**	**(823)**
Total	**14,807**	-	**111,120**	-	-	**(149,349)**	**88,278**	**64,856**
At 31 December 2023								
Financial investments	13,291	-	-	-	-	-	87,865	101,156
Other assets	-	-	91,536	-	-	-	-	91,536
Cash and cash equivalents	-	-	3,205	-	-	-	-	3,205
Lease obligations	-	-	-	-	-	(135,108)	-	(135,108)
Other liabilities	-	-	-	-	-	(18,043)	-	(18,043)
Net other	-	-	-	-	-	-	(1,809)	(1,809)
Total	13,291	-	94,741	-	-	(153,151)	86,056	40,937

*The comparative financial statements have been restated to consistently apply the Group accounting policy to remove client money and the corresponding creditor balance on its statement of financial position. This restatement includes £0.5m decrease to other assets, £18.5m decrease to cash and cash equivalents and £19.5m decrease to other liabilities, in relation to certain broker businesses which were incorrectly included within the statement of financial position in the prior period. There is no impact on net assets from this restatement. The same restatement had an impact on 2022 balances of £13.4m decrease to cash and cash equivalents and £13.4m decrease to other liabilities.

The carrying value of those financial assets and liabilities not carried at fair value in the financial statements is considered to approximate to their fair value.

Notes to the financial statements

4 Financial risk and capital management (continued)

(b) Fair value hierarchy

The fair value measurement basis used to value those financial assets and financial liabilities held at fair value is categorised into a fair value hierarchy as follows:

Level 1: fair values measured using quoted bid prices (unadjusted) in active markets for identical assets or liabilities. This category includes listed equities in active markets, listed debt securities in active markets and exchange-traded derivatives.

Level 2: fair values measured using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices). This category includes listed debt or equity securities in a market that is not active and derivatives that are not exchange-traded.

Level 3: fair values measured using inputs for the asset or liability that are not based on observable market data (unobservable inputs). This category includes unlisted debt and equities, including investments in venture capital, and suspended securities. Where a look-through valuation approach is applied, underlying net asset values are sourced from the investee, translated into the Group's functional currency and adjusted to reflect illiquidity where appropriate, with the fair values disclosed being directly sensitive to this input.

Instruments move between fair value hierarchies primarily due to increases or decreases in market activity or changes to the significance of unobservable inputs to valuation, and are recognised at the date of the event or change in circumstances which caused the transfer. During the year there was a transfer from level 1 to level 2 due to a change in the observable inputs.

Analysis of fair value measurement bases	Fair value measurement at the end of the reporting year based on			
Group	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
At 31 December 2024				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	**247,342**	-	**99,747**	**347,089**
Debt securities	**521,008**	**637**	-	**521,645**
Structured notes	-	**123,912**	-	**123,912**
Funeral plan investments	-	**447,728**	-	**447,728**
Derivatives	-	**4,149**	-	**4,149**
	768,350	**576,426**	**99,747**	**1,444,523**
At 31 December 2023				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	250,106	-	90,191	340,297
Debt securities	516,844	2,079	(1)	518,922
Structured notes	-	94,970	-	94,970
Funeral plan investments	-	457,685	-	457,685
Derivatives	-	824	-	824
	766,950	555,558	90,190	1,412,698

Notes to the financial statements

4 Financial risk and capital management (continued)

Parent	Fair value measurement at the end of the reporting year based on Level 1 £000	Level 2 £000	Level 3 £000	Total £000
At 31 December 2024				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	-	-	**14,807**	**14,807**
	-	-	**14,807**	**14,807**
At 31 December 2023				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	-	-	13,291	13,291
	-	-	13,291	13,291

Gains and losses on derivative liabilities of the Group were recognised through other comprehensive income if they were hedge accounted, otherwise were recognised at fair value through profit or loss. Derivative liabilities are categorised as level 2 (see note 24).

Fair value measurements based on level 3
Fair value measurements in level 3 for both the Group and Parent consist of financial assets at fair value through profit or loss, analysed as follows:

Group	Total £000
For the year ended 31 December 2024	
Opening balance	**90,190**
Total gains recognised in profit or loss	**9,357**
Purchases	**200**
Closing balance	**99,747**
Total gains for the year included in profit or loss for assets held at the end of the reporting year	**9,357**
For the year ended 31 December 2023	
Opening balance	100,196
Total losses recognised in profit or loss	(10,170)
Purchases	212
Disposal proceeds	(48)
Closing balance	90,190
Total gains for the year included in profit or loss for assets held at the end of the reporting year	(10,170)

Parent	Financial assets at fair value through profit and loss Equity securities £000	Debt securities £000	Total £000
For the year ended 31 December 2024			
Opening balance	**13,291**	-	**13,291**
Total gains recognised in profit or loss	**1,316**	-	**1,316**
Purchases	**200**	-	**200**
Closing balance	**14,807**	-	**14,807**
Total gains for the year included in profit or loss for assets held at the end of the reporting year	**1,316**	-	**1,316**
For the year ended 31 December 2023			
Opening balance	14,470	-	14,470
Total losses recognised in profit or loss	(1,391)	-	(1,391)
Purchases	212	-	212
Closing balance	13,291	-	13,291
Total gains for the year included in profit or loss for assets held at the end of the reporting year	1,233	-	1,233

All the above gains or losses included in profit or loss for the year (for both the Group and Parent) are presented in net investment return within the statement of profit or loss.

The valuation techniques used for instruments categorised in levels 2 and 3 are described below.

Listed debt and equity securities not in active market (level 2)
These financial assets are valued using third-party pricing information that is regularly reviewed and internally calibrated based on management's knowledge of the markets.

Non-exchange-traded derivative contracts (level 2)
The Group's derivative contracts are not traded in active markets. Foreign currency forward contracts are valued using observable forward exchange rates corresponding to the maturity of the contract and the contract forward rate. Over-the-counter equity or index options and futures are valued by reference to observable index prices.

Structured notes (level 2)
These financial assets are not traded on active markets. Their fair value is linked to an index that reflects the performance of an underlying basket of observable securities, including derivatives, provided by an independent calculation agent.

Funeral plan investments (level 2)
The Group holds investments in respect of funeral plan policies which are predominantly invested in individual whole-of-life insurance policies. These are valued using valuations provided by the insurance policy provider.

Unlisted equity securities (level 3)
These financial assets are valued using observable net asset data, adjusted for unobservable inputs including comparable price-to-book ratios based on similar listed companies, normalised for performance measures where appropriate, and management's consideration of constituents as to what exit price might be obtainable.

The valuation is sensitive to the level of underlying net assets, the Euro exchange rate, the price-to-tangible book ratio, an illiquidity discount and a credit rating discount applied to the valuation to account for the risks associated with holding the asset. The sensitivity of the valuation to reasonable changes in the unobservable inputs is as follows:

	Change in variable	Potential increase/(decrease) in the valuation 2024 £000	*Restated** 2023 £000
Increase in price-to-tangible book ratio	+10%	**9,884**	8,948
Decrease in price-to-tangible book ratio	-10%	**(9,884)**	(8,948)
Increase in illiquidity discount	+5%	**(5,814)**	(5,264)
Decrease in illiquidity discount	-5%	**5,814**	5,264

*The prior year comparatives have been restated to reflect the entire Benefact Group holding.

Notes to the financial statements

4 Financial risk and capital management (continued)

(c) Interest rate risk
The Group's exposure to interest rate risk arises primarily from movements on financial investments that are measured at fair value and have fixed interest rates, which represent a significant proportion of the Group's assets, subordinated debt which has a fixed interest rate until 2030, and from insurance liabilities discounted at a market interest rate. The Group's investment strategy is set in order to control the impact of interest rate risk on anticipated cash flows and asset and liability values. The fair value of the Group's investment portfolio of fixed income securities reduces as market interest rates rise as does the present value of discounted insurance liabilities, and vice versa.

Interest rate risk concentration is reduced by adopting asset-liability duration matching principles where appropriate. Excluding assets held to back the long-term business, the average duration of the Group's fixed income portfolio is four years (2023: three years), reflecting the relatively short-term average duration of its general insurance liabilities.

For the Group's life insurance business, consisting of policies to support funeral planning products, benefits payable to policyholders are independent of the returns generated by interest-bearing assets. Therefore, the interest rate risk on the invested assets supporting these liabilities is borne by the Group. This risk is mitigated by purchasing fixed interest investments with durations that match the profile of the liabilities. For funeral plan insurance policies, benefits are linked to the Retail Prices Index (RPI). Assets backing these liabilities are also linked to the RPI, and include index-linked gilts and corporate bonds. For practical purposes it is not possible to exactly match the durations due to the uncertain profile of liabilities (for example mortality risk) and the availability of suitable assets, therefore some interest rate risk will persist. The Group monitors its exposure by comparing projected cash flows for these assets and liabilities and making appropriate adjustments to its investment portfolio.

Where the Group invests funeral plan funds in a policy with an independent, third party, life insurance company, the Group has no net exposure to interest rate risk.

The table below summarises the maturities of life insurance business assets and liabilities that are exposed to interest rate risk.

Group life business	Maturity: Within 1 year £000	Maturity: Between 1 and 5 years £000	Maturity: After 5 years £000	Total £000
At 31 December 2024				
Assets				
Debt securities	**23,934**	**15,571**	**48,163**	**87,668**
Cash and cash equivalents	**14,384**	**-**	**-**	**14,384**
	38,318	**15,571**	**48,163**	**102,052**
Liabilities (discounted)				
Life insurance business provision	**44**	**139**	**202**	**385**
At 31 December 2023				
Assets				
Debt securities	14,004	21,312	49,879	85,195
Cash and cash equivalents	16,674	-	-	16,674
	30,678	21,312	49,879	101,869
Liabilities (discounted)				
Life insurance business provision	40	126	219	385

Group financial investments with variable interest rates, including cash and cash equivalents, and insurance instalment receivables are subject to cash flow interest rate risk. This risk is not significant to the Group.

Section Three | **Financial Statements**

Notes to the financial statements

4 Financial risk and capital management (continued)

(d) Credit risk
The Group has exposure to credit risk, which is the risk of non-payment of their obligations by counterparties and financial markets borrowers. Areas where the Group is exposed to credit risk are:

- Counterparty default on loans and debt securities;
- Deposits held with banks;
- Reinsurers' share of insurance liabilities (excluding provision for unearned premiums) and amounts due from reinsurers in respect of claims already paid; and
- Amounts due from insurance intermediaries and policyholders.
- The carrying value of whole-of-life assurance policies, purchased by the Group from independent, third party, life insurance companies, to meet the Group's obligations in respect of funeral plans sold.

The Group is exposed to minimal credit risk in relation to all other financial assets.

The carrying amount of financial and reinsurance assets represents the Group's maximum exposure to credit risk. The Group structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty. Limits on the level of credit risk are regularly reviewed. Where available the Group also manages its exposure to credit risk in relation to credit risk ratings. Investment grade financial assets are classified within the range of AAA to BBB ratings, where AAA is the highest possible rating. Financial assets which fall outside this range are classified as sub-investment grade. 'Not rated' assets capture assets not rated by external ratings agencies.

The following table provides information regarding the credit risk exposure of financial assets with external credit ratings from Standard & Poors or an equivalent rating from a similar agency. This includes financial assets that meet the definition of 'solely payments of principal and interest' (SPPI).

Group	SPPI: Cash and cash equivalents[1] £000	SPPI: Reinsurance debtors £000	SPPI: Total SPPI £000	Non-SPPI: Debt securities £000
At 31 December 2024				
AAA	**-**	**-**	**-**	**216,002**
AA	**67,039**	**11,087**	**78,126**	**149,341**
A	**69,670**	**13,242**	**82,912**	**87,153**
BBB	**-**	**-**	**-**	**52,830**
Below BBB	**10**	**-**	**10**	**5,430**
Not rated	**5**	**3,058**	**3,063**	**10,889**
	136,724	**27,387**	**164,111**	**521,645**
At 31 December 2023 (as restated*)				
AAA	-	-	-	207,068
AA	83,331	5,902	89,233	152,744
A	26,253	17,435	43,688	88,810
BBB	38,724	-	38,724	52,646
Below BBB	-	-	-	8,567
Not rated	9	3,500	3,509	9,087
	148,317	26,837	175,154	518,922

[1]Cash includes any amounts held on deposit classified within financial investments and disclosed in note 23. Cash balances which are not rated relate to cash amounts in hand.

*The comparative financial statements have been restated to consistently apply the Group accounting policy to remove client money and the corresponding creditor balance on its statement of financial position. This restatement includes £0.5m decrease to other assets, £18.5m decrease to cash and cash equivalents and £19.5m decrease to other liabilities, in relation to Lycetts which were incorrectly included within the statement of financial position in the prior period.

Notes to the financial statements

4 Financial risk and capital management (continued)

Parent	SPPI				Non-SPPI
	Cash and cash equivalents[1] £000	Reinsurance debtors £000	Other financial assets £000	Total SPPI £000	Debt securities £000
At 31 December 2024					
A	**2,366**	-	-	**2,366**	-
	2,366	-	-	**2,366**	-
At 31 December 2023					
A	788	-	-	788	-
BBB	2,417	-	-	2,417	-
	3,205	-	-	3,205	-

[1]Cash includes any amounts held on deposit classified within financial investments and disclosed in note 26 . Cash balances which are not rated relate to cash amounts in hand.

For financial assets meeting the SPPI test that do not have low credit risk, the carrying amount disclosed above is an approximation of their fair value.

Group cash balances are regularly reviewed to identify the quality of the counterparty bank and to monitor and limit concentrations of risk.

The debt securities portfolio consists of a range of mainly fixed interest instruments including government securities, local authority issues, corporate loans and bonds, overseas bonds, preference shares and other interest-bearing securities. Limits are imposed on the credit ratings of the corporate bond portfolio and exposures regularly monitored. Group investments in unlisted securities represent 0% of this category in the current year and less than 1% prior year.

The Group's exposure to counterparty default on debt securities is spread across a variety of geographical and economic territories, as follows:

Group	2024 £000	2023 £000
UK	**228,030**	209,368
Australia	**122,959**	132,622
Canada	**142,984**	147,364
Europe	**27,672**	29,568
Total	**521,645**	518,922

Notes to the financial statements

4 Financial risk and capital management (continued)

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on a regular basis through the year by reviewing their financial strength. The Group Reinsurance Security Committee assesses, monitors and approves the creditworthiness of all reinsurers, reviewing relevant credit ratings provided by the recognised credit rating agencies, as well as other publicly available data and market information. The Group Reinsurance Security Committee also monitors the balances outstanding from reinsurers and maintains an approved list of reinsurers.

The Group's credit risk policy details prescriptive methods for the collection of premiums and control of intermediary and policyholder debtor balances. The level and age of debtor balances are regularly assessed via monthly credit management reports. These reports are scrutinised to assess exposure by geographical region and counterparty of aged or outstanding balances. Any such balances are likely to be major international brokers that are in turn monitored via credit reference agencies and considered to pose minimal risk of default. The Group has no material concentration of credit risk in respect of amounts due from insurance intermediaries and policyholders.

Purchase of a whole-of-life assurance policy does not discharge the Group's liability to provide a funeral. If a third party life insurance company fails to pay a claim on notification of death of the insured life, for any reason, the trading subsidiaries remain liable for the funeral fee payable to the funeral director. The trading subsidiaries purchase life assurance policies from reputable, authorised life insurance companies, which are regulated by the PRA and FCA, and considers the risk of non-payment to be remote.

	2024 £000	2023 £000
Insurance debtors		
Current	**115,847**	134,790
0 to 30 days	**18,459**	17,262
30 days to 90 days	**19,157**	6,629
More than 90 days	**15,826**	10,068
	169,289	168,749
Reinsurance debtors		
Current	**19,107**	20,845
0 to 30 days	**1,560**	1,271
30 days to 90 days	**1,439**	1,637
More than 90 days	**5,281**	3,084
	27,387	26,837

Amounts arising from expected credit losses on financial assets are as follows:

	2024		2023	
	Group £000	Parent £000	Group £000	Parent £000
Balance at 1 January	**2**	**174**	1,027	1,000
Increase/(decrease) in expected credit loss provision	**3**	**50**	(1,025)	(826)
Balance at 31 December	**5**	**224**	2	174

Notes to the financial statements

4 Financial risk and capital management (continued)

(e) Equity price risk
The Group is exposed to equity price risk because of financial investments held by the Group which are stated at fair value through profit or loss. The Group mitigates this risk by holding a diversified portfolio across geographical regions and market sectors, and through the use of derivative contracts from time to time which would limit losses in the event of a fall in equity markets.

The concentration of equity price risk by geographical listing, before the mitigating effect of derivatives, to which the Group and Parent are exposed is as follows:

	2024			2023	
	Group £000	**Parent £000**		Group £000	Parent £000
UK	**232,802**	**907**	UK	237,043	707
Europe	**98,839**	**13,900**	Europe	89,483	12,584
US	**15,448**	**-**	US	13,771	-
Total	**347,089**	**14,807**	Total	340,297	13,291

(f) Currency risk
The Group operates internationally and its main exposures to foreign exchange risk are noted below. The Group's foreign operations generally invest in assets and purchase reinsurance denominated in the same currencies as their insurance liabilities, which mitigates the foreign currency exchange rate risk for these operations. As a result, foreign exchange risk arises from recognised assets and liabilities denominated in other currencies and net investments in foreign operations. The Group mitigates this risk through the use of derivatives when considered necessary.

The Group exposure to foreign currency risk within the investment portfolios arises from purchased investments that are denominated in currencies other than sterling.

The Group's foreign operations create two sources of foreign currency risk:

- The operating results of the Group's foreign branches and subsidiaries in the Group financial statements are translated at the average exchange rates prevailing during the year; and
- The equity investment in foreign branches and subsidiaries is translated into sterling using the exchange rate at the year-end date.

The forward foreign currency risk arising on translation of these foreign operations is hedged by the derivatives which are detailed in note 24. The Group has designated certain derivatives as a hedge of its net investments in Canada and Australia, which have Canadian and Australian dollars respectively as their functional currency.

The largest currency exposures, before the mitigating effect of derivatives, with reference to net assets/liabilities are shown below, representing effective diversification of resources.

	2024			2023	
	Group £000	**Parent £000**		Group £000	Parent £000
Aus $	**57,248**	**-**	Aus $	61,822	-
Euro	**70,724**	**13,900**	Euro	52,558	-
Can $	**81,992**	**-**	Can $	67,554	12,584
USD $	**13,691**	**-**	USD $	11,652	-
HKD $	**36**	**-**	HKD $	185	-

The figures in the table above, for the current and prior years, do not include currency risk that the Group is exposed to on a 'look through' basis in respect of collective investment schemes denominated in sterling. The Group enters into derivatives to hedge currency exposure, including exposures on a 'look through' basis. The open derivatives held by the Group at the year end to hedge currency exposure are detailed in note 24.

Notes to the financial statements

4 Financial risk and capital management (continued)

(g) Liquidity risk
Liquidity risk is the risk that funds may not be available to pay obligations when due. The Group is exposed to daily calls on its available cash resources mainly from claims arising from insurance contracts. The Group ensures that assets held to cover insurance liabilities have maturity profiles that align with the expected timing of claim payments. Excluding assets held to back the life business, the average duration of the Group's fixed income portfolio is four years (2023: three years), reflecting the relatively short-term average duration of its general insurance liabilities. An estimate of the timing of the net cash outflows resulting from insurance contracts is provided in note 30. The Group has robust processes in place to manage liquidity risk and has available cash balances, other readily marketable assets and access to funding in case of exceptional need. This is not considered to be a significant risk to the Group.

Non-derivative financial liabilities consist of lease liabilities, for which a maturity analysis is included in note 37, and other liabilities for which a maturity analysis is included in note 33, and subordinated debt for which a maturity analysis is included in 34.

(h) Market risk sensitivity analysis
The sensitivity of profit and other equity reserves to movements on market risk variables (comprising interest rate, currency and equity price risk), each considered in isolation and before the mitigating effect of derivatives, is shown in the table below. This table does not include the impact of variables on retirement benefit schemes. Financial risk sensitivities for retirement benefit schemes are disclosed separately in note 20.

Group		**Potential increase/ (decrease) in profit**		**Potential increase/ (decrease) in other equity reserves**	
Variable	**Change in variable**	**2024 £000**	2023 £000	**2024 £000**	2023 £000
Interest rate risk	-100 basis points	**4,012**	814	**(129)**	(4)
	+100 basis points	**(3,594)**	906	**109**	3
Currency risk	-10%	**5,398**	4,065	**17,649**	16,070
	+10%	**(4,417)**	(3,326)	**(14,440)**	(13,148)
Equity price risk	+/-10%	**26,032**	25,522	**-**	-

Parent		**Potential increase/ (decrease) in profit**		**Potential increase/ (decrease) in other equity reserves**	
Variable	**Change in variable**	**2024 £000**	2023 £000	**2024 £000**	2023 £000
Currency risk	-10%	**1,158**	1,049	**-**	-
	+10%	**(948)**	(858)	**-**	-
Equity price risk	+/-10%	**1,111**	997	**-**	-

The following assumptions have been made in preparing the above sensitivity analysis:

- The value of fixed income investments will vary inversely with changes in interest rates, and all territories experience the same interest rate movement;
- Currency gains and losses will arise from a change in the value of sterling against all other currencies moving in parallel;
- Equity prices will move by the same percentage across all territories; and
- Change in profit is stated net of tax at the standard rate applicable in each of the Group's territories.

Notes to the financial statements

4 Financial risk and capital management (continued)

(i) Capital management
The Group's primary objectives when managing capital are to:

- Comply with the regulators' capital requirements of the markets in which the Group operates; and
- Safeguard the Group's ability to continue to meet stakeholders' expectations in accordance with its corporate mission, vision and values.

The Group is subject to insurance solvency regulations in all the territories in which it issues insurance and investment contracts, and capital is managed and evaluated on the basis of both regulatory and economic capital.

In the UK, the Group and its UK regulated entities are required to comply with rules issued by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA).

Capital is assessed at both individual regulated entity and group level. The PRA expects a firm, at all times, to hold Solvency II Own Funds in excess of its calculated Solvency Capital Requirement (SCR). Quantitative returns are submitted to the PRA, in addition to an annual narrative report, the Solvency and Financial Condition Report (SFCR) which is also published on the company website. A further report, the Regular Supervisory Report (RSR) is periodically submitted to the PRA.

The Group's Solvency II Own Funds and Solvency Capital Requirement will be subject to a separate independent audit, as part of the Group's process for Solvency II reporting to the PRA. The Group expects to meet the PRA's deadline for submission to the PRA of 27 May 2025, and its SFCR will be made available on the Group's website shortly after.

	2024 £000	2023 £000
Solvency II Own Funds (unaudited)	**618,675**	597,763
Solvency Capital Requirement	**257,574**	265,475
Coverage Ratio	**240%**	225%

Economic capital is the Group's own internal view of the level of capital required, and this measure is an integral part of the Own Risk and Solvency Assessment Report (ORSA) which is a private, internal forward-looking assessment of own risk, as required as part of the Solvency II regime.

Notes to the financial statements

5 Segment information

(a) Operating segments
The Group's primary operating segments are based on geography and are engaged in providing general insurance and life insurance services. The Group also considers investments a separate reporting segment, also based on geography. Expenses relating to Group management activities are included within 'Corporate costs'. The Group's life insurance business is carried out within the United Kingdom.

The Group's chief operating decision maker is considered to be the Group Management Board whose members include the company's executive directors.

The activities of each operating segment are described below.

- **General business**

  United Kingdom and Ireland
  The Group's principal general insurance business operation is in the UK, where it operates under the Ecclesiastical and Ansvar brands. The Group also operates an Ecclesiastical branch in the Republic of Ireland underwriting general business across the whole of Ireland.

  Australia
  The Group has a wholly-owned subsidiary in Australia underwriting general insurance business under the Ansvar brand.

  Canada
  The Group operates a general insurance Ecclesiastical branch in Canada.

  Other insurance operations
  This includes the Group's internal reinsurance function, adverse development cover and operations that are in run-off or not reportable due to their immateriality.

- **Investment management**

  The Group provides investment management services both internally and to third parties through EdenTree Investment Management Limited and EdenTree Asset Management Limited.

- **Broking and advisory**

  The Group provides insurance broking through the Lloyd & Whyte Group Limited, along with our financial advisory services through Ecclesiastical Financial Advisory Services Limited, prepaid funeral plan distribution and administration through Ecclesiastical Planning Services Limited, and risk advisory services through Lycetts Risk Management Services Limited, a subsidiary of Lycetts Holdings Limited.

- **Life business**

  Ecclesiastical Life Limited provides long-term policies to support funeral planning products. The business reopened to new investment business in 2021 but it is closed to new insurance business.

- **Corporate costs**

  This includes costs associated with Group management activities.

- **Other activities**

  This includes the return on Parent company investment holdings and costs relating to acquisition of businesses.

Inter-segment and inter-territory transfers or transactions are entered into under normal commercial terms and conditions that would also be available to unrelated third parties.

(b) Segment performance
The accounting policies of the operating segments are the same as the Group's accounting policies described in note 1.

The Group uses the following key measures to assess the performance of its operating segments, which are alternative performance measures as detailed in note 41:
- Gross written premium
- Underwriting result
- Combined operating ratio
- Investment return

Gross written premium is the measure used in internal reporting for turnover of the general and life insurance business segments. The underwriting result is used as a measure of profitability of the insurance business segments. The combined operating ratio expresses the total underwriting costs of the general insurance business as a percentage of net earned premiums. The investment return is used as a profitability measure of the Group's investments. Gross written premium, the underwriting result and the combined operating ratio are attributed to the geographical region in which the customer is based.

Notes to the financial statements

5 Segment information (continued)

The life business segment result comprises the profit or loss on insurance contracts (including return on assets backing liabilities in the long term fund), investment return comprising profit or loss on funeral plan investment business and shareholder investment return, and other expenses.

All other segment results consist of the profit or loss before tax measured in accordance with UK-adopted International Accounting Standards (UKIAS).

Segment revenue

The Group uses gross written premiums as the measure for turnover of the general and life insurance business segments. Turnover of the non-insurance segments comprises fees and commissions earned in relation to services provided by the Group to third parties.

	2024			2023		
	Gross written premiums £000	**Non-insurance services £000**	**Total £000**	Gross written premiums £000	Non-insurance services £000	Total £000
General business						
United Kingdom and Ireland	**436,863**	**-**	**436,863**	399,716	-	399,716
Australia	**95,345**	**-**	**95,345**	102,668	-	102,668
Canada	**101,556**	**-**	**101,556**	106,937	-	106,937
Other insurance operations	**6,837**	**-**	**6,837**	5,686	-	5,686
Total	**640,601**	**-**	**640,601**	615,007	-	615,007
Life business	**(149)**	**-**	**(149)**	176	-	176
Investment management	**-**	**15,265**	**15,265**	-	16,293	16,293
Broking and Advisory	**-**	**85,203**	**85,203**	-	55,524	55,524
Group revenue	**640,452**	**100,468**	**740,920**	615,183	71,817	687,000

Group revenues are not materially concentrated on any single external customer.

Segment results

2024	***Combined operating ratio***	**Insurance £000**	**Investments £000**	**Other £000**	**Total £000**
General business					
United Kingdom and Ireland	*77.4%*	53,612	59,091	(2,757)	109,946
Australia	*107.4%*	(3,234)	3,406	345	517
Canada	*81.4%*	13,672	7,626	(946)	20,352
Other insurance operations		(16,408)	(505)	4	(16,909)
	86.9%	47,642	69,618	(3,354)	113,906
Life business		(1,551)	315	-	(1,236)
Investment management		-	-	(4,924)	(4,924)
Broking and Advisory		-	-	6,078	6,078
Corporate costs		-	-	(36,162)	(36,162)
Other activities		-	(88)	-	(88)
Profit/(loss) before tax		46,091	69,845	(38,362)	77,574

2023	***Combined operating ratio***	**Insurance £000**	**Investments £000**	**Other £000**	**Total £000**
General business					
United Kingdom and Ireland	*92.1%*	16,371	30,751	(2,640)	44,482
Australia	*113.4%*	(5,120)	6,031	(377)	534
Canada	*80.4%*	14,924	6,500	(134)	21,290
Other insurance operations		(1,655)	(1,027)	89	(2,593)
	92.6%	24,520	42,255	(3,062)	63,713
Life business		507	3,881	-	4,388
Investment management		-	-	(6,501)	(6,501)
Broking and Advisory		-	-	(575)	(575)
Corporate costs		-	-	(24,079)	(24,079)
Other activities		-	(2,507)	7	(2,500)
Profit/(loss) before tax		25,027	43,629	(34,210)	34,446

Notes to the financial statements

5 Segment information (continued)

(c) Geographical information

Gross written premiums from external customers and non-current assets, as attributed to individual countries in which the Group operates, are as follows:

	2024		2023	
	Gross written premiums £000	**Non-current assets £000**	Gross written premiums £000	Non-current assets £000
United Kingdom and Ireland	**443,551**	**341,935**	405,578	321,371
Australia	**95,345**	**5,134**	102,668	5,869
Canada	**101,556**	**4,115**	106,937	5,401
	640,452	**351,184**	615,183	332,641

Gross written premiums are allocated based on the country in which the insurance contracts are issued. Non-current assets exclude rights arising under insurance contracts, deferred tax assets, pension assets and financial instruments and are allocated based on where the assets are located.

6 Insurance revenue

	General business £000	**Life business £000**	**Total £000**
For the year ended 31 December 2024			
Contracts not measured under PAA			
Amounts relating to the changes in the LRC			
Expected incurred claims and other expenses after loss component allocation	**-**	**(877)**	**(877)**
Change in the risk adjustment for non-financial risk for the risk expired after loss component	**-**	**16**	**16**
CSM recognised in profit or loss for the services provided	**-**	**712**	**712**
	-	**(149)**	**(149)**
Contracts measured under PAA	**623,875**	**-**	**623,875**
Total insurance revenue	**623,875**	**(149)**	**623,726**
For the year ended 31 December 2023			
Contracts not measured under PAA			
Amounts relating to the changes in the LRC			
Expected incurred claims and other expenses after loss component allocation	-	(590)	(590)
Change in the risk adjustment for non-financial risk for the risk expired after loss component	-	20	20
CSM recognised in profit or loss for the services provided	-	717	717
	-	147	147
Contracts measured under PAA	579,975	-	579,975
Total insurance revenue	579,975	147	580,122

Notes to the financial statements

7 Insurance service expenses

A breakdown of Insurance service expenses is included below:

	General business £000	Life business £000	Total £000
For the year ended 31 December 2024			
Incurred claims and benefits excluding investment components	**304,128**	**-**	**304,128**
Insurance acquisition cash flows amortisation	**128,387**	**-**	**128,387**
Changes that relate to past service	**18,707**	**-**	**18,707**
Losses on onerous contracts and reversal of those losses	**(784)**	**-**	**(784)**
Changes that relate to current service	**-**	**8**	**8**
Total insurance service expenses	**450,438**	**8**	**450,446**
For the year ended 31 December 2023			
Incurred claims and benefits excluding investment components	308,069	-	308,069
Insurance acquisition cash flows amortisation	116,289	-	116,289
Changes that relate to past service	(24,547)	-	(24,547)
Losses on onerous contracts and reversal of those losses	155	-	155
Changes that relate to current service	-	137	137
Total insurance service expenses	399,966	137	400,103

8 Net insurance financial result

	General business £000	Life business £000	Total £000
For the year ended 31 December 2024			
Insurance finance (expense)/income from insurance contracts issued			
Interest accreted	**(23,657)**	**(56)**	**(23,713)**
Effect of changes in interest rates and other financial assumptions	**11,829**	**69**	**11,898**
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	**-**	**(5)**	**(5)**
Total	**(11,828)**	**8**	**(11,820)**
Insurance finance income/(expense) from reinsurance contracts held			
Interest accreted	**6,763**	**-**	**6,763**
Effect of changes in interest rates and other financial assumptions	**(2,122)**	**-**	**(2,122)**
Effect of changes in non-performance risk of reinsurers	**6**	**-**	**6**
Total	**4,647**	**-**	**4,647**
Net insurance financial result	**(7,181)**	**8**	**(7,173)**
For the year ended 31 December 2023			
Insurance finance expense from insurance contracts issued			
Interest accreted	(19,603)	-	(19,603)
Effect of changes in interest rates and other financial assumptions	(4,499)	-	(4,499)
Total	(24,102)	-	(24,102)
Insurance finance income from reinsurance contracts held			
Interest accreted	6,249	-	6,249
Effect of changes in interest rates and other financial assumptions	590	-	590
Effect of changes in non-performance risk of reinsurers	351	-	351
Total	7,190	-	7,190
Net insurance financial result	(16,912)	-	(16,912)

The Group's investment return on assets detailed in note 9 includes the financial performance of the assets held to back these insurance liabilities. The Group manages financial performance by aligning its investment strategies where appropriate with the characteristics of its insurance liabilities, mitigating the overall profit impact of net insurance financing effects.

Notes to the financial statements

9 Net investment result

	General business £000	Life business £000	Total £000
For the year ended 31 December 2024			
Income from financial assets at fair value through profit or loss			
- equity income	**12,086**	**335**	**12,421**
- debt income	**13,634**	**2,316**	**15,950**
- structured note income	**-**	**1,119**	**1,119**
Income from financial assets calculated using the effective interest rate method			
- cash and cash equivalents income	**3,690**	**236**	**3,926**
- other income received	**4,864**	**-**	**4,864**
Other income			
- rental income	**8,749**	**-**	**8,749**
- exchange movements	**807**	**-**	**807**
Investment income	**43,830**	**4,006**	**47,836**
Fair value movements on financial instruments at fair value through profit or loss	**23,553**	**(2,287)**	**21,266**
Fair value movements on investment property	**291**	**-**	**291**
Movement in expected credit loss allowance	**(3)**	**-**	**(3)**
Net investment return	**67,671**	**1,719**	**69,390**
For the year ended 31 December 2023			
Income from financial assets at fair value through profit or loss			
- equity income	10,222	196	10,418
- debt income	12,641	2,301	14,942
- structured note income	-	731	731
Income from financial assets calculated using the effective interest rate method			
- cash and cash equivalents income	3,120	138	3,258
- other income received	5,531	-	5,531
Other income/(expense)			
- rental income	8,665	-	8,665
- exchange movements	(864)	-	(864)
Investment income	39,315	3,366	42,681
Fair value movements on financial instruments at fair value through profit or loss	10,722	4,901	15,623
Fair value movements on investment property	(6,651)	-	(6,651)
Fair value movements on property, plant and equipment	35	-	35
Movement in expected credit loss allowance	25	-	25
Net investment return	43,446	8,267	51,713

Included within fair value movements on financial instruments at fair value through profit or loss are gains of £6,877,000 (2023: £4,262,000 gains) in respect of derivative instruments.

Notes to the financial statements

10 Fee and commission income

During the year the Group recognised £101.0m (2023: £73.0m) in accordance with IFRS 15 *Revenue from contracts with customers.* Fee and commission income from contracts with customers was recognised as follows:

	Recognised at a point in time £000	Recognised over time £000	Total £000
For the year ended 31 December 2024			
General business	**543**	**-**	**543**
Investment management	**205**	**15,061**	**15,266**
Broking and advisory	**81,804**	**3,399**	**85,203**
	82,552	**18,460**	**101,012**
For the year ended 31 December 2023			
Investment management	170	16,123	16,293
Broking and advisory	53,728	1,796	55,524
	53,898	17,919	71,817

11 Profit for the year

	2024 £000	2023 £000
Profit for the year has been arrived at after (crediting)/charging		
Net foreign exchange (gains)/losses	**(807)**	864
Depreciation of property, plant and equipment	**8,560**	7,190
(Profit)/loss on disposal of property, plant and equipment	**(68)**	33
Amortisation of intangible assets	**9,468**	6,973
(Increase)/decrease in fair value of investment property	**(291)**	6,651
Employee benefits expense including termination benefits, net of recharges	**181,709**	149,939

Notes to the financial statements

12 Auditors' remuneration

	2024 £000	2023 £000
Fees payable to the Company's auditors and its associates for the audit of the Company's annual accounts	**124**	84
Fees payable to the Group auditors and its associates for other services:		
- The audit of the Company's subsidiaries	**1,436**	2,726
Total audit fees	**1,560**	2,810
- Audit-related assurance services	**355**	529
- Other assurance services	**-**	76
Total non-audit fees	**355**	605
Fees payable to the Component auditor and its associates for other services:		
- The audit of the Company's subsidiaries	**200**	-
- Audit-related assurance services	**70**	-
Total fees payable to the Company's component auditor	**270**	-
Total auditors' remuneration	**2,185**	3,415

Amounts disclosed are net of services taxes, where applicable. Audit-related assurance services include Prudential Regulatory Authority (PRA) and other regulatory audit work.

Audit fees for 2023 included amounts related to the implementation of IFRS 17 *Insurance Contracts* in the prior year.

13 Employee information

The average monthly number of full-time equivalent employees of the Group, including executive directors, during the year by geographical location was:

Group	**2024** General business No.	Life business No.	Other No.	2023 General business No.	Life business No.	Other No.
United Kingdom and Ireland	**1,025**	**2**	**1,009**	956	2	948
Australia	**149**	**-**	**-**	166	-	-
Canada	**88**	**-**	**-**	78	-	-
	1,262	**2**	**1,009**	1,200	2	948

Average numbers of full-time equivalent employees have been quoted rather than average numbers of employees to give a better reflection of the split between business areas, as some employees' work is divided between more than one business area.

The number of persons employed by the Parent during the year was nil (2023: nil).

	2024 Group £000	2023 Group £000
Wages and salaries	**154,270**	126,627
Social security costs	**15,329**	11,911
Pension costs - defined contribution plans	**12,020**	10,271
Pension costs - defined benefit plans	**398**	867
Other post-employment benefits	**209**	230
Total staff costs	**182,226**	149,906
Staff costs recharged to related undertakings of the Group	**(957)**	(792)
Capitalised staff costs	**(1,207)**	(37)
	180,062	149,077

The above figures do not include termination benefits of £1.6m (2023: £0.9m).

Notes to the financial statements

14 Tax expense

(a) Tax charged/(credited) to the statement of profit or loss

		2024 £000	2023 £000
Current tax	- current year	**16,217**	9,144
	- prior year adjustments	**204**	(1,110)
Deferred tax	- temporary differences	**1,723**	(997)
	- prior year adjustments	**(141)**	1,038
	- Impact of change in deferred tax rate	**(1)**	(115)
Total tax expense		**18,002**	7,960

Tax on the Group's result before tax differs from the United Kingdom standard rate of corporation tax for the reasons set out in the following reconciliation:

	2024 £000	2023 £000
Total pre-tax profit	**77,574**	34,446
Tax calculated at the UK standard rate of tax of 25.0% (2023: 23.5%)	**19,394**	8,095
Factors affecting charge for the year:		
Expenses not deductible for tax purposes	**1,950**	1,236
Non-taxable income	**(3,958)**	(2,829)
Overseas taxes in excess of UK headline rate	**-**	170
Impact of change in deferred tax rate	**(1)**	(116)
Loss on disposal of associate	**-**	266
Increase in deferred tax asset not provided	**555**	1,210
Adjustments to tax charge in respect of prior periods	**62**	(72)
Total tax expense	**18,002**	7,960

Deferred tax has been provided at an average rate of 25% (2023: 25%).

(b) Tax charged/(credited) to other comprehensive income

	2024 £000	2023 £000
Current tax charged on:		
Fair value movements on hedge derivatives	**276**	350
Fair value gains on property	**286**	-
Deferred tax (credited)/charged on:		
Fair value movements on property	**(286)**	216
Actuarial movements on retirement benefit plans	**(359)**	1,259
Fair value movements on hedge derivatives	**1,105**	338
Total tax charged to other comprehensive income	**1,022**	2,163

Tax relief on charitable grants of £8,250,000 (2023: £3,837,000) has been taken directly to equity.

On 20 June 2023 the UK substantively enacted Pillar Two global minimum tax rules as part of the OECD work on Base Erosion and Profit Shifting ("BEPS"). The legislation took effect for financial years commencing on or after 1 January 2024. The Pillar Two rules are subject to a Group Revenue threshold of €750m being exceeded in two of the previous four years. Based on this threshold the Group is likely to be subject to these rules for the first time in the year ended 31 December 2025.

Under the Pillar Two rules, a top up tax will arise where the effective tax rate of the Group's operations in any individual jurisdiction, calculated using principles set out in the Pillar Two rules is less than 15%. Simplified transitional safe harbours apply for 2025 and 2026 based on Country-by Country reporting data.

The Group has performed an initial assessment of the Group's exposure to Pillar Two taxes. This assessment shows that in relation to safe harbour periods the Group does not anticipate that any material top-up tax should arise. In relation to full rules applicable from 2027 onwards further work will be carried out to assess the impact.

Notes to the financial statements

15 Appropriations

	2024 £000	2023 £000
Amounts paid directly from equity in the year:		
Dividends		
Non-Cumulative Irredeemable Preference share dividend (8.625 pence per share)	**8,782**	8,782
Ordinary share dividend	**1,292**	-
	10,074	8,782
Charitable grants		
Gross charitable grants to the ultimate parent company, Benefact Trust Limited	**33,000**	13,000
Tax relief	**(8,250)**	(3,837)
Net appropriation for the year	**24,750**	9,163

16 Disposal of business

On 26 April 2024, Lloyd & Whyte Group Limited disposed of the financial planning arm of the financial services business, to Chase De Vere. A profit on disposal of £5.2m, has been recognised in the consolidated statement of profit or loss.

17 Investment in associate

On 30 June 2023, the Group acquired an additional 10.1% in its associate undertaking Lloyd and Whyte Group Limited, increasing its ownership to 50.1% and so obtaining control of the entity. See note 18 for further details of the business combination. The resulting treatment of derecognising the investment in associate is as follows.

Group	Share of net assets £000	Goodwill £000	Total £000
At 1 January 2023	3,010	9,601	12,611
Share of profit after tax for the period to 30 June 2023	365	-	365
Dividends received	(900)	-	(900)
Fair value (loss)*	(1,130)	-	(1,130)
Derecognition on step acquisition	(1,345)	(9,601)	(10,946)
At 31 December 2023	-	-	-

At the year end date the Group's interest in Lloyd & Whyte Group Limited is as follows:

Group's 50.1% share of:	2023 £000
Revenue	9,297
Assets	-
Liabilities	-
Share of net assets	-

*The remeasurement to fair value of the Group's existing 40.0% interest in L&W resulted in a loss of £1.1m as below:

	2023 £000
Fair value of shares held at 30 June 2023	10,946
Carrying value of associate	(12,076)
	(1,130)

On 20 September 2024 Lloyd & Whyte Group Limited acquired a further 10.0% of the issued ordinary share capital of Provenance IB Ltd, taking their total holding to 45.0% (2023: 35.0%). Lloyd & Whyte Group Limited also hold 20.0% of the ordinary issued share capital of De Novo Risk Solutions Limited (2023: 20.0%). Provenance IB Ltd and De Novo Risk Solutions Limited are both unlisted companies incorporated in the United Kingdom. Investments in associates are accounted for using the equity method in these consolidated financial statements as set out in the Group's accounting policies. The carrying value of the investments in associate held by Lloyd & Whyte Group Limited at 31 December 2024 is £0.2m (2023: £0.4m).

Notes to the financial statements

18 Acquisition of subsidiary

On 6 February 2024, the Group acquired 100% of the ordinary share capital of Access Underwriting Limited (Access). Access is an unlisted company incorporated in the United Kingdom, whose primary activity is insurance brokerage services. The acquisition is part of the Group's strategy to double in size and continue to diversify.

The following summarises the consideration for Access Insurance Limited and the amounts of the assets acquired and liabilities recognised at the acquisition date.

	2024 £000
Assets	
Intangible assets	6,000
Property, plant and equipment	372
Other assets	175
Cash and cash equivalents	2,929
	9,476
Liabilities	
Borrowings	(411)
Deferred tax liabilities	(21)
Current tax liabilities	(175)
Other liabilities	(1,479)
Total identifiable net assets	7,390
Cash	13,687
Contingent consideration arrangement	2,120
Total consideration	15,807
Fair value of identifiable net assets	(7,390)
Goodwill	8,417
Cash flow analysis	
Cash consideration	13,687
Less cash balances acquired	(2,929)
	10,758

The goodwill of £8.4m comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the insurance broking business within the broking and advisory segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

On 1 April 2024, Lloyd & Whyte Group Limited acquired 100% of the ordinary share capital of Boshers Ltd (Boshers). Boshers is an unlisted company incorporated in the United Kingdom, whose primary activity is insurance brokerage services. Goodwill of £1.7m was recognised on this acquisition.

On 29 October 2024, Lycett Browne Swinburne & Douglass Limited acquired 100% of the ordinary share capital of Cheviot Insurance Services Ltd (Cheviot). Cheviot is an unlisted company incorporated in the United Kingdom, whose primary activity is insurance brokerage services. Goodwill of £0.7m was recognised on this acquisition.

On 1 December 2024, Lloyd & Whyte Group Limited acquired 100% of the ordinary share capital of Clearbroking Ltd (Clearbroking). Clearbroking is an unlisted company incorporated in the United Kingdom, whose primary activity is insurance brokerage services. Goodwill of £0.9m was recognised on this acquisition.

Notes to the financial statements

18 Acquisition of subsidiary (continued)

On 30 June 2023, the Group acquired a further 10.1% of the issued ordinary share capital of Lloyd & Whyte Group Limited (L&W), taking its shareholding to 50.1% granting it control of L&W. L&W is an unlisted company incorporated in the United Kingdom, and the holding company of a group whose primary activity is insurance brokerage services. Prior to 30 June 2023, the Group owned 40.0% of L&W shares and the investment is accounted for as an associate in accordance with IAS 28 *Investments in Associates and Joint Ventures*. The acquisition is part of the Group's growth strategy.

The following summarises the consideration for Lloyd and Whyte Group Limited and the amounts of the assets acquired and liabilities recognised at the acquisition date.

	*Restated** 2023 £000
Assets	
Intangible assets	42,800
Deferred tax assets	572
Property, plant and equipment	4,642
Investment in associate	288
Other assets	29,749
Cash and cash equivalents	8,418
	86,469
Liabilities	
Provisions for other liabilities	(1,784)
Borrowings	(83,511)
Current tax liabilities	(2,607)
Deferred income	(1,288)
Other liabilities	(30,811)
Total identifiable net liabilities	(33,532)
Cash	2,782
Fair value of pre-existing interest in L&W	10,946
Total consideration	13,728
Non-controlling interest	13,665
Fair value of subsidiary	27,393
Fair value of identifiable net liabilities	33,532
Goodwill	60,925
Cash flow analysis	
Cash consideration	2,782
Less cash balances acquired	(8,418)
	(5,636)

The comparative financial statements have also been restated to consistently apply the Group accounting policy to remove client money and the corresponding creditor balance from the acquisition cash flows on acquisition of the Lloyd & Whyte Group in the prior year. This restatement includes £14.8m decrease to the cash flows from the acquisition of interest in subsidiary, net of cash acquired, and £14.8m increase to net increase/(decrease) in other liabilities.

The remeasurement to fair value of the Group's existing 40.0% interest in L&W resulted in a loss of £1.1m. This amount has been included in "Other operating and expenses".

The goodwill comprises the value of expected synergies arising from the acquisition. Goodwill is allocated entirely to the insurance broking business within the broking and advisory segment. None of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition of additional interest in Lloyd & Whyte Group Limited
On 28 June 2024, Benefact Broking & Advisory Holdings Limited acquired an additional 15.0% of the issued ordinary share capital of L&W, increasing its ownership to 65.1%. A cash consideration of £2.8m was paid to the non-controlling interest shareholders. The difference of £1.9m between the consideration and the carrying value of the interest acquired has been credited in retained earnings within equity.

Notes to the financial statements

19 Goodwill and other intangible assets

Group	Goodwill £000	Computer software £000	Other intangible assets £000	Total £000
Cost				
At 1 January 2024	**103,921**	**51,811**	**57,764**	**213,496**
Additions	**13,324**	**7,143**	**1,508**	**21,975**
Acquisition	-	-	**6,000**	**6,000**
Disposals	-	-	-	-
Exchange differences	-	**(375)**	**(9)**	**(384)**
At 31 December 2024	**117,245**	**58,579**	**65,263**	**241,087**
Accumulated impairment losses and amortisation				
At 1 January 2024	**18,194**	**27,383**	**15,937**	**61,514**
Amortisation charge for the year	-	**3,518**	**5,950**	**9,468**
Impairment losses for the year	-	**29**	-	**29**
Disposals	-	-	-	-
Exchange differences	-	**(311)**	**(9)**	**(320)**
At 31 December 2024	**18,194**	**30,619**	**21,878**	**70,691**
Net book value at 31 December 2024	**99,051**	**27,960**	**43,385**	**170,396**
Cost				
At 1 January 2023	42,001	50,569	14,071	106,641
Additions	61,920	1,846	888	64,654
Acquisition	-	-	42,800	42,800
Disposals	-	(434)	10	(424)
Exchange differences	-	(170)	(5)	(175)
At 31 December 2023	103,921	51,811	57,764	213,496
Accumulated impairment losses and amortisation				
At 1 January 2023	18,194	22,176	13,125	53,495
Amortisation charge for the year	-	4,158	2,815	6,973
Impairment losses for the year	-	1,429	-	1,429
Disposals	-	(259)	-	(259)
Exchange differences	-	(121)	(3)	(124)
At 31 December 2023	18,194	27,383	15,937	61,514
Net book value at 31 December 2023	85,727	24,428	41,827	151,982

£8.4m of the goodwill balance in the current year relates to the acquisition of Access Underwriting Limited. £60.9m of the goodwill balance in the current and prior year relates to the acquisition of Lloyd & Whyte Group during 2023. £18.1m of the goodwill balance in the current and prior year relates to the acquisition of Lycetts Holdings Limited during 2011. Goodwill of £1.5m relating to the acquisition of the assets of Funeral Planning Services Limited by Ecclesiastical Planning Services Limited during 2017 was fully impaired in 2020.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. The calculations for all recoverable amounts use cash flow projections based on management-approved business plans, covering a three-year period. As required by IFRSs, estimates of future cash flows exclude cash inflows or outflows that are expected to arise from improving or enhancing the asset's performance. Cash flows beyond this period are extrapolated using the UK long-term average growth rate, usually sourced from the Office for Budget Responsibility (OBR). Where the value in use is less than the current carrying value of the CGU in the statement of financial position, the goodwill is impaired in order to ensure that the CGU carrying value is not greater than its future value to the Group.

The Group selected a UK long-term growth rate of 1.6% (2023: 1.7%) as being appropriate, based on medium-term rates published in the OBR's October report. The pre-tax discount rate reflects the way that the market would assess the specific risks associated with the estimated cash flows.

The aggregation of assets for identifying the cash-generating unit ('CGU') are those assets which directly impact the cash flow projections.

Notes to the financial statements

19 Goodwill and other intangible assets (continued)

The carrying amount of the investment in Lycetts Holdings Limited is £32.8m which includes £32.4m of goodwill. The calculated value in use was £41.8m indicating no impairment. This was calculated using projected cash flows to perpetuity, a discount rate of 14.9% and a growth rate beyond initial cash flow projections of 1.6%. If the cumulative growth rate between 2024 and 2027 was 15.7% lower than assumed in management-approved business plans, or the discount rate increased by 3.8%, then the recoverable amount would equal the carrying amount. Lycetts Holdings Limited is included within the Group's Broking and Advisory segment.

The carrying amount of the investment in Lloyd & Whyte Group is £35.7m which includes £63.3m of goodwill. The calculated value in use was £92.0m indicating no impairment. This was calculated using projected cash flows to perpetuity, a discount rate of 14.9% and a growth rate beyond initial cash flow projections of 1.6%. If the cumulative growth rate between 2024 and 2027 was 25.0% lower than assumed in management-approved business plans, or the discount rate increased by 21.7%, then the recoverable amount would equal the carrying amount. Lloyd & Whyte Group is included within the Group's Broking and Advisory segment.

The carrying amount of the investment in Access Underwriting Limited is £16.8m which includes £8.4m of goodwill. The calculated value in use was £21.7m indicating no impairment. This was calculated using projected cash flows to perpetuity, a discount rate of 14.9% and a growth rate beyond initial cash flow projections of 8.9%. If the cumulative growth rate between 2024 and 2027 was 2.4% lower than assumed in management-approved business plans, or the discount rate increased by 1.8%, then the recoverable amount would equal the carrying amount. Access Underwriting Limited is included within the Group's Broking and Advisory segment.

Assumptions used are consistent with historical experience within the business acquired and external sources of information

Other intangible assets consist of acquired brand, customer and distribution relationships. £0.4m (2023: £0.7m) of the intangible assets relates to the acquisition of the assets of Ecclesiastical Funeral Planning Services Limited and has a remaining useful life of two years. £35.9m (2023: £40.3m) of the intangible assets relates to the acquisition of the assets of Lloyd & Whyte Group Limited. The acquired brand has a remaining useful life of eleven years and the acquired customer relationships has a remaining useful life of eight years. £5.4m (2023: £nil) of the intangible assets relates to the acquisition of the assets of Access Underwriting Limited and the acquired brand has a remaining useful life of twelve years. The acquired customer relationships has a remaining useful life of eight years.

20 Retirement benefit schemes

Defined contribution pension plans
The Group operates a number of defined contribution pension plans, for which contributions by the Group are disclosed in note 13.

Defined benefit pension plans
The Group's main defined benefit plan is operated by Ecclesiastical Insurance Office public limited company (EIO) for UK employees. The plan closed to new entrants on 5 April 2006. The terms of the plan for future service changed in August 2011 from a non-contributory final salary scheme to a contributory scheme in which benefits are based on career average revalued earnings. The scheme closed to future accrual on 30 June 2019. Active members in employment at this date retained certain enhanced benefits after the plan closed to future accrual, including benefits in relation to death in service and ill health retirement. They also retain the link to final salary whilst they remain employed by EIO. From 1 July 2019, active members in employment joined one of the Group's defined contribution plans. The scheme previously had two discrete sections: the EIO Section and the Ansvar Section. With effect from 1 January 2021, the two discrete sections of the scheme have been combined.

The assets of the main defined benefit plan are held separately from those of the Group by the Trustee of the Ecclesiastical Insurance Office plc Staff Retirement Benefit Fund (the 'Fund'). The Fund is subject to the Statutory Funding Objective under the Pensions Act 2004. An independent qualified actuary appointed by the Trustee is responsible for undertaking triennial valuations to determine whether the Statutory Funding Objective is met. Pension costs for the plan are determined by the Trustee, having considered the advice of the actuary and having consulted with the employer. The most recent triennial valuation was at 31 December 2022. No contribution is expected to be paid by the Group in 2024.

Actuarial valuations were reviewed and updated by an actuary at 31 December 2024 for IAS 19 purposes. The surplus in the scheme attributable to the former EIO Section has been assessed against the economic benefit available to EIO as a reduction in future contributions in accordance with IFRIC 14. This has resulted in the recognisable surplus being restricted by £70.7m. EIO has an unconditional right to a refund of the surplus attributable to the former Ansvar Section of the Fund, which has been recognised in full in accordance with IFRIC 14.

On 25 July 2024, the Court of Appeal's judgement in the case of Virgin Media v NTL Trustees was released. A legal review of the deeds of the Ecclesiastical defined benefit scheme was instructed by the trustee of the pension scheme. This review has been completed, no allowance has been made and there is no impact on the year end valuation of the scheme.

In addition to the Group's main plan, Lycett, Browne-Swinburne & Douglass Limited (LBSD) also operates a defined benefit plan. The plan was closed to new members subsequent to the 1 January 2011 renewal, and was closed to future accrual on 30 September 2021. From 1 October 2021, active members in employment joined one of the Group's defined contribution plans. The most recent triennial valuation was at 1 January 2024. The contribution expected to be paid by the Group into the plan during the next financial year is £nil (2023: £0.5m).

The actuarial valuation for the LBSD plan was reviewed and updated by an actuary at 31 December 2024 for IAS 19 purposes. As LBSD does not have an unconditional right to a refund of the surplus in the scheme, and due to a minimum funding plan being in place, the recognisable surplus in the plan has been restricted by £5.4m in accordance with IFRIC 14.

Notes to the financial statements

20 Retirement benefit schemes (continued)

As the LBSD plan was contracted-in to the State Pension scheme, it is not impacted by the ruling in the case of Virgin Media v NTL Trustees.

In the current year, actuarial gains arising from changes in financial assumptions of £28.1m (2023: actuarial losses of £8.2m) have been recognised in the statement of other comprehensive income. This has mainly resulted from a 0.97% change in the discount rate, partially offset by a loss due to an increase in inflation. In the prior year, the actuarial gains mainly resulted from a 0.27% decrease in the discount rate, partially offset by inflation linked pension increases.

Experience losses of £0.2m have been recognised in the current year (2023: £2.5m experience loss). In the current year, this is predominantly due to actual inflation exceeding the inflation assumptions. In the prior year, the experience loss was the result of updating for actual member experience in the Group's main defined benefit plan, and from actual inflation exceeding the inflation assumptions. A review and update to certain demographic assumptions resulted in an actuarial gain of £0.5m (2023: actuarial gain of £5.7m) being recognised in the current year.

The plans typically expose the Group to risks such as:

- Investment risk: The plans hold some of their investments in asset classes, such as equities, which have volatile market values and, while these assets are expected to provide the best returns over the long term, any short-term volatility could cause funding to be required if a deficit emerges. The Group's main defined benefit plan uses derivative contracts from time to time, which would limit losses in the event of a fall in equity markets;
- Interest rate risk: Scheme liabilities are assessed using market rates of interest to discount the liabilities and are therefore subject to any volatility in the movement of the market rate of interest. The net interest income or expense recognised in profit or loss is also calculated using the market rate of interest. The Group's main defined benefit plan holds Liability Driven Investments (LDIs) to hedge part of the exposure of the scheme's liabilities to movements in interest rates;
- Inflation risk: A significant proportion of scheme benefits are linked to inflation. Although scheme assets are expected to provide a good hedge against inflation over the long term, movements over the short term could lead to a deficit emerging. The Group's main defined benefit plan holds LDIs to hedge part of the exposure of the scheme's liabilities to movements in inflation expectations;
- Mortality risk: In the event that members live longer than assumed the liabilities may be understated originally, and a deficit may emerge if funding has not adequately provided for the increased life expectancy; and
- Currency risk: The plans hold some of their investments in foreign denominated assets. As scheme liabilities are denominated in sterling, short-term fluctuations in exchange rates could cause funding to be required if a deficit emerges. Currency derivative contracts are used from time to time, which would limit losses in the event of adverse movements in exchange rates.

The Trustees of the Group's main defined benefit plan set the investment objectives and strategy for the Fund based on independent advice and in consultation with the employer. Key factors addressed in setting strategy include the Fund's liability profile, funding level and strength of employer covenant. Their key objectives are to ensure the Fund can meet members' guaranteed benefits as they fall due, reduce the risk of assets failing to meet its liabilities over the long term and manage the volatility of returns and overall funding level.

A blend of diversified growth assets comprising equities, listed infrastructure and property and protection assets - bonds, gilts and cash - are deployed to balance the level of risk to that required to provide, with confidence, a sufficient return and liquidity to continue to meet members' obligations as they fall due. The Trustees have identified the key risks faced by the Fund in meeting this objective to be equity price risk, falls in bond yields and rising inflation.

A liability-driven investment allocation is maintained as a risk management tool to provide some future protection for the Fund against falling yields and rising inflation. Exposure of the Fund's assets to interest rates and inflation counter-balances exposure of the Fund's liabilities to these factors and has suppressed, but not eliminated, volatility in the funding position.

The Trustees regularly monitor investment performance and strategy to ensure the structure adopted continues to meet their objectives and to highlight opportunities to reduce investment risk and volatility where practical and affordable. Their aim is to achieve a long-term funding target in line with guidance from the Pensions Regulator. The Trustees intend that this long-term target will be reached through investment performance only and without requiring further contributions from the employer. During 2024 the investment strategy has continued to evolve, to align more closely to the liability profile and improve interest rate and inflation matching.

The Trustees adopt a Responsible and Sustainable Investment Policy in relation to the Fund's equities. This includes an 'absence of harm' exclusion policy, as well as an aspiration to reduce the portfolio's carbon intensity over time.

Notes to the financial statements

20 Retirement benefit schemes (continued)

Group	2024 £000	2023 £000
The amounts recognised in the statement of financial position are determined as follows:		
Present value of funded obligations	**(217,099)**	(244,844)
Fair value of plan assets	**307,955**	316,165
	90,856	71,321
Restrictions on asset recognised	**(76,878)**	(55,654)
Net defined benefit pension scheme surplus in the statement of financial position	**13,978**	15,667
Movements in the net defined benefit pension scheme asset recognised in the statement of financial position are as follows:		
At 1 January	**15,667**	10,926
Expense charged to profit or loss	**(398)**	(867)
Amounts recognised in other comprehensive income	**(1,932)**	4,913
Contributions paid	**641**	695
At 31 December	**13,978**	15,667
The amounts recognised through profit or loss are as follows:		
Current service cost	**255**	257
Administration cost	**755**	949
Interest expense on liabilities	**10,794**	11,128
Interest income on plan assets	**(13,989)**	(14,593)
Past service cost	**79**	167
Effect of interest on asset ceiling	**2,504**	2,959
Total, included in employee benefits expense	**398**	867
The amounts recognised in the statement of other comprehensive income are as follows:		
Return on plan assets, excluding interest income	**(11,612)**	621
Experience losses on liabilities	**(211)**	(2,546)
Gains from changes in demographic assumptions	**536**	5,654
Gains/(losses) from changes in financial assumptions	**28,075**	(8,240)
Change in asset ceiling	**(18,720)**	9,424
Total included in other comprehensive income	**(1,932)**	4,913

The actuarial losses on retirement benefit plans of £1.4m (2023: gains of £5.0m) in the statement of other comprehensive income include gains of £0.5m (2023: gains of £0.1m) in relation to the post-employment medical benefits plan.

The following is the analysis of the defined benefit pension balances:

Group	2024 £000	2023 £000
Pension surplus	**17,552**	19,788
Pension deficit	**(3,574)**	(4,121)
	13,978	15,667

The principal actuarial assumptions (expressed as weighted averages) were as follows*:

Group	2024 %	2023 %
Discount rate	**5.47**	4.50
Inflation (RPI)	**3.25**	3.13
Inflation (CPI)	**2.80**	2.64
Future salary increases	**3.99**	3.85
Future increase in pensions in deferment	**3.25**	3.27
Future average pension increases (linked to RPI)	**3.08**	3.00
Future average pension increases (linked to CPI)	**2.10**	2.07

*Single-equivalent rates are disclosed for the current year.

Notes to the financial statements

20 Retirement benefit schemes (continued)

Mortality rate

The average life expectancy in years of a pensioner retiring at age 65, at the year-end date, is as follows:

	2024	2023
Male	**22.2**	22.2
Female	**23.8**	23.7

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the year-end date, is as follows:

	2024	2023
Male	**23.0**	23.0
Female	**24.8**	24.7

Plan assets are weighted as follows:

	2024 £000	2023 £000
Cash and other[1]	**7,336**	13,623
Equity instruments		
UK quoted	**19,796**	44,333
Overseas quoted	**28,063**	53,531
	47,859	97,864
Liability driven investments - unquoted	**86,329**	54,095
Debt instruments		
UK public sector quoted - fixed interest	**13,833**	9,768
UK public sector quoted - index linked	**2,002**	-
UK non-public sector quoted - fixed interest	**90,361**	81,223
UK quoted - index-linked	**18,638**	20,559
Overseas quoted	**3,171**	-
	128,005	111,550
Derivative financial instruments - unquoted	**(592)**	(144)
Property	**37,897**	37,932
Other	**1,121**	1,245
	307,955	316,165

[1] Includes accrued income, prepayments and other debtors and creditors.

The actual return on plan assets was a gain of £2.4m (2023: a gain of £15.2m).

The underlying assets of the LDIs are primarily UK government bonds and interest rate repurchase agreements at various rates and terms.

The fair value of unquoted securities is measured using inputs for the asset that are not based on observable market data. The fair value is estimated and approved by the Trustee based on the advice of investment managers. Property is valued annually by independent qualified surveyors using standard industry methodology to determine a fair market value. All other investments either have a quoted price in active markets or are valued based on observable market data.

Notes to the financial statements

20 Retirement benefit schemes (continued)

The movements in the fair value of plan assets and the present value of the defined benefit obligation over the year are as follows:

	2024 £000	2023 £000
Plan assets		
At 1 January	**316,165**	311,236
Interest income	**13,989**	14,593
Actual return on plan assets, excluding interest income	**(11,612)**	621
Pension benefits paid and payable	**(10,473)**	(10,031)
Contributions paid	**641**	695
Administration cost	**(755)**	(949)
At 31 December	**307,955**	316,165
Defined benefit obligation		
At 1 January	**244,844**	238,191
Current service cost	**255**	257
Past service cost	**79**	167
Interest cost	**10,794**	11,128
Pension benefits paid and payable	**(10,473)**	(10,031)
Experience losses on liabilities	**211**	2,546
Gains from changes in demographic assumptions	**(536)**	(5,654)
(Gains)/losses from changes in financial assumptions	**(28,075)**	8,240
At 31 December	**217,099**	244,844
Asset ceiling		
At 1 January	**55,654**	62,119
Effect of interest on the asset ceiling	**2,504**	2,959
Change in asset ceiling	**18,720**	(9,424)
At 31 December	**76,878**	55,654

History of plan assets and liabilities	2024 £000	2023 £000	2022 £000	2021 £000	2020 £000
Present value of defined benefit obligations	**(217,099)**	(244,844)	(238,191)	(393,689)	(422,778)
Fair value of plan assets	**307,955**	316,165	311,236	435,736	406,605
	90,856	71,321	73,045	42,047	(16,173)
Restrictions on asset recognised	**(76,878)**	(55,654)	(62,119)	(17,468)	-
Surplus/(deficit)	**13,978**	15,667	10,926	24,579	(16,173)

The weighted average duration of the defined benefit obligation at the end of the reporting year is 13.7 years (2023: 15.3 years).

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, inflation, expected salary increases and mortality. The sensitivity analysis below has been determined based on reasonably possible changes in the assumptions occurring at the end of the reporting year assuming that all other assumptions are held constant.

Assumption	**Change in assumption**	**(Decrease)/increase in plan liabilities** 2024 £000	2023 £000
Discount rate	Increase by 0.5%	**(13,111)**	(16,571)
	Decrease by 0.5%	**14,594**	18,598
Inflation	Increase by 0.5%	**8,257**	10,734
	Decrease by 0.5%	**(8,299)**	(10,580)
Salary increase	Increase by 0.5%	**865**	1,193
	Decrease by 0.5%	**(900)**	(1,128)
Life expectancy	Increase by 1 year	**6,079**	6,978
	Decrease by 1 year	**(6,094)**	(6,987)

Notes to the financial statements

20 Retirement benefit schemes (continued)

Post-employment medical benefits
The Group operates a post-employment medical benefit plan, for which it chooses to self-insure. The method of accounting, assumptions and the frequency of valuation are similar to those used for the defined benefit pension plans.

The provision of the plan leads to a number of risks as follows:

- Interest rate risk: The reserves are assessed using market rates of interest to discount the liabilities and are therefore subject to volatility in the movement of the market rates of interest. A reduction in the market rate of interest would lead to an increase in the reserves required to be held;
- Medical expense inflation risk: Future medical costs are influenced by a number of factors including economic trends and advances in medical technology and sciences. An increase in medical expense inflation would lead to an increase in the reserves required to be held;
- Medical claims experience: Claims experience can be volatile, exposing the Group to the risk of being required to pay over and above the assumed reserve. If future claims experience differs significantly from that experienced in previous years, this will increase the risk to the Group;
- Spouse and widows' contributions: The self-insured benefit includes a potential liability for members who pay contributions in respect of their spouse and for widows who pay contributions. There is the possibility that the contributions charged may not be sufficient to cover the medical costs that fall due; and
- Mortality risk: If members live longer than expected, the Group is exposed to the expense of medical claims for a longer period, with increased likelihood of needing to pay claims.

The amounts recognised in the statement of financial position are determined as follows:

	2024 £000	2023 £000
Present value of unfunded obligations and net obligations in the statement of financial position	**4,332**	4,801
Movements in the net obligations recognised in the statement of financial position are as follows:		
At 1 January	**4,801**	4,960
Total expense charged to profit or loss	**209**	230
Net actuarial gains during the year, recognised in other comprehensive income	**(495)**	(120)
Benefits paid	**(183)**	(269)
At 31 December	**4,332**	4,801
The amounts recognised through profit or loss are as follows:		
Interest cost	**209**	230
Total, included in employee benefits expense	**209**	230

The weighted average duration of the net obligations at the end of the reporting year is 9.0 years (2023: 10.0 years).

The main actuarial assumptions for the plan are a long-term increase in medical costs of 7.26% (2023: 7.14%) and a discount rate of 5.47% (2023: 4.50%). The actuarial gain recognised in the current year has been driven by a £0.5m actuarial gain due to the increase in discount rate. This has been partially offset by an actuarial loss of £0.1m arising from a 0.12% increase in the medical cost inflation assumption. In the prior year, an actuarial loss of £0.2m was recognised as a result of a decrease in the discount rate. This was offset by an actuarial gain of £0.2m arising from changes in mortality assumptions, and a £0.1m gain due to changes in inflation. The sensitivity analysis below has been determined based on reasonably possible changes in the assumptions occurring at the end of the accounting year assuming that all other assumptions are held constant.

Assumption	Change in assumption	(Decrease)/increase in plan liabilities 2024 £000	 2023 £000
Discount rate	Increase by 0.5%	**(258)**	(286)
	Decrease by 0.5%	**285**	315
Medical expense inflation	Increase by 1.0%	**537**	595
	Decrease by 1.0%	**(456)**	(506)
Life expectancy	Increase by 1 year	**325**	360
	Decrease by 1 year	**(303)**	(336)

Notes to the financial statements

21 Property, plant and equipment

Group	Land and buildings £000	Motor vehicles £000	Furniture, fittings and equipment £000	Computer equipment £000	Right-of-use asset £000	Total £000
Cost or valuation						
At 1 January 2024	**2,350**	**202**	**19,558**	**13,142**	**42,052**	**77,304**
Additions	**-**	**-**	**2,669**	**1,799**	**7,217**	**11,685**
Acquisition	**-**	**-**	**99**	**1**	**272**	**372**
Disposals	**(1,750)**	**(33)**	**(556)**	**(865)**	**(1,028)**	**(4,232)**
Exchange differences	**-**	**-**	**(275)**	**(121)**	**(454)**	**(850)**
At 31 December 2024	**600**	**169**	**21,495**	**13,956**	**48,059**	**84,279**
Depreciation						
At 1 January 2024	**-**	**117**	**8,504**	**10,839**	**13,324**	**32,784**
Charge for the year	**-**	**22**	**2,182**	**1,696**	**4,660**	**8,560**
Disposals	**-**	**(11)**	**(514)**	**(865)**	**(773)**	**(2,163)**
Exchange differences	**-**	**-**	**(114)**	**(93)**	**(191)**	**(398)**
At 31 December 2024	**-**	**128**	**10,058**	**11,577**	**17,020**	**38,783**
Net book value at 31 December 2024	**600**	**41**	**11,437**	**2,379**	**31,039**	**45,496**
Cost or valuation						
At 1 January 2023	1,465	98	16,293	12,526	30,458	60,840
Additions	-	78	3,091	684	8,445	12,298
Acquisition	-	44	569	-	4,030	4,643
Disposals	-	(18)	(305)	(12)	(730)	(1,065)
Revaluation	885	-	-	-	-	885
Exchange differences	-	-	(90)	(56)	(151)	(297)
At 31 December 2023 (as restated*)	2,350	202	19,558	13,142	42,052	77,304
Depreciation						
At 1 January 2023	-	98	7,342	9,143	9,822	26,405
Charge for the year	-	19	1,505	1,748	3,918	7,190
Disposals	-	-	(301)	(9)	(353)	(663)
Exchange differences	-	-	(42)	(43)	(63)	(148)
At 31 December 2023 (as restated*)	-	117	8,504	10,839	13,324	32,784
Net book value at 31 December 2023	2,350	85	11,054	2,303	28,728	44,520

*Prior year comparatives have been restated to correct the classification between cost and depreciation for property, plant and equipment acquired in the prior year.

Included within land and buildings at 31 December 2023 was a property held for sale with a value of £1.8m.

All properties of the Group and Parent, other than those held for sale, were last revalued at 31 December 2023. Valuations were carried out by Cluttons LLP, an independent professional firm of chartered surveyors who have recent experience in the location and type of properties. Valuations were carried out using standard industry methodology to determine a fair value. All properties are classified as level 3 assets.

Movements in fair values are taken to the revaluation reserve within equity, net of deferred tax. When such properties are sold, the accumulated revaluation surpluses are transferred from this reserve to retained earnings. Where the fair value of an individual property is below original cost, any revaluation movement arising during the year is recognised within net investment return in the statement of profit or loss.

The value of land and buildings on a historical cost basis is £0.9m (2023: £1.5m).

Depreciation expense has been charged in other operating and administrative expenses.

Notes to the financial statements

22 Investment property

	2024 £000	2023 £000
Fair value at 1 January	**130,813**	140,846
Disposals	**(2,541)**	(3,382)
Fair value gains/(losses) recognised in profit or loss	**291**	(6,651)
Fair value at 31 December	**128,563**	130,813

The Group's investment properties were last revalued at 31 December 2024 by Cluttons LLP, an independent professional firm of chartered surveyors who have recent experience in the location and type of properties. Valuations were carried out using standard industry methodology to determine a fair value. There has been no change in the valuation technique during the year. All properties are classified as level 3 assets. There have been no transfers between investment categories in the current year.

Investment properties are held for long-term capital appreciation rather than short-term sale. Rental income arising from the investment properties owned by both the Group and Parent amounted to £8.7m (2023: £8.7m) and is included in net investment return.

23 Financial investments

Financial investments summarised by measurement category are as follows:

	2024 Group £000	2024 Parent £000	*Restated** 2023 Group £000	*Restated** 2023 Parent £000
Financial investments at fair value through profit or loss				
Equity securities				
- listed	**247,342**	**-**	250,107	-
- unlisted	**99,747**	**14,807**	90,190	13,291
Debt securities				
- government bonds	**266,436**	**-**	258,478	-
- listed	**255,209**	**-**	260,444	-
Structured notes	**123,912**	**-**	94,970	-
Funeral plan investments	**447,728**	**-**	457,685	-
Derivative financial instruments				
- forwards	**4,149**	**-**	824	-
	1,444,523	**14,807**	1,412,698	13,291
Loans and receivables				
Other loans	**14**	**-**	34	-
Parent investments in subsidiary undertakings				
Shares in subsidiary undertakings				
- listed	**-**	**6,264**	-	6,264
- unlisted	**-**	**82,837**	-	81,601
Total financial investments	**1,444,537**	**103,908**	1,412,732	101,156
Current	**524,510**	**-**	524,510	-
Non-current	**920,027**	**103,908**	888,222	101,156

The Group's exposure to interest rate risk is detailed in note 4(c).

* Prior year comparatives have been re-presented to reflect bonds previously included in debt securities but relating to government bonds to better reflect the nature of the assets and requirements of IFRS 7.

Notes to the financial statements

24 Derivative financial instruments

The Group utilises derivatives to mitigate equity price risk arising from investments held at fair value, foreign exchange risk arising from investments denominated in foreign currencies, and foreign exchange risk arising from investments denominated in Sterling that contain underlying foreign currency exposure. These 'non-hedge' derivatives either do not qualify for hedge accounting or the option to hedge account has not been taken.

The Group has also formally designated certain derivatives as a hedge of its net investments in Australia and Canada. A gain of £8.8m, (2023: £4.9m) in respect of these 'hedge' derivatives has been recognised in the hedging reserve within shareholders' equity, as disclosed in note 28. The Group has formally assessed and documented the effectiveness of derivatives that qualify for hedge accounting in accordance with IFRS 9 *Financial Instruments*.

Group	2024 Contract/ notional amount £000	2024 Fair value asset £000	2024 Fair value liability £000	2023 Contract/ notional amount £000	2023 Fair value asset £000	2023 Fair value liability £000
Non-hedge derivatives						
Foreign exchange contracts						
Forwards (Euro)	**134,525**	**1,098**	**-**	120,115	824	-
Forwards (US dollar)	**35,902**	**-**	**215**	-	-	-
Hedge derivatives						
Foreign exchange contracts						
Forwards (Australian dollar)	**53,551**	**1,992**	**-**	54,584	-	1,156
Forwards (Canadian dollar)	**64,573**	**1,059**	**-**	52,960	-	1,225
	288,551	**4,149**	**215**	227,659	824	2,381

All derivatives in the current and prior year expire within one year.

All contracts designated as hedging instruments were fully effective in the current and prior year.

The notional amounts above reflect the aggregate of individual derivative positions on a gross basis and so give an indication of the overall scale of the derivative transactions. They do not reflect current market values of the open positions.

Derivative fair value assets are recognised within financial investments (note 23) and derivative fair value liabilities are recognised within other liabilities (note 33).

Notes to the financial statements

25 Other assets

	2024		Restated* 2023	
	Group £000	**Parent £000**	Group £000	Parent £000
Accrued interest and rent	**8,941**	**-**	5,088	200
Other prepayments and accrued income	**13,084**	**-**	13,412	-
Amounts owed by related parties	**4,268**	**108,608**	805	91,149
Debtors arising from broking activities	**407**	**-**	16,410	-
Other debtors	**32,173**	**146**	21,670	187
	58,873	**108,754**	57,385	91,536
Current	**52,144**	**3,754**	52,059	5,657
Non-current	**6,729**	**105,000**	5,326	85,879

*The comparative financial statements have been restated to consistently apply the Group accounting policy to remove client money and the corresponding creditor balance on its statement of financial position. This restatement includes £0.5m decrease to other assets (debtors arising from broking activities), £18.5m decrease to cash and cash equivalents and £19.5m decrease to other liabilities, in relation to certain broker businesses which were incorrectly included within the statement of financial position in the prior period. There is no impact on net assets from this restatement. The same restatement had an impact on 2022 balances of £13.4m decrease to cash and cash equivalents and £13.4m decrease to other liabilities. The comparative financial statements have also been restated to correct the classification of £11.1m debtors from accrued interest and rent to debtors arising from broking activities in relation to the acquired Lloyd & Whyte Group.

Included within other debtors of the Group is a letter of credit for £2.0m (2023: £2.0m).

Included within other debtors of the Group is £0.9m (2023: £1.0m) classified as contract assets and £2.8m (2023: £1.8m) classified as receivables in accordance with IFRS 15.

26 Cash and cash equivalents

	2024		Restated* 2023	
	Group £000	**Parent £000**	Group £000	Parent £000
Cash at bank and in hand	**80,262**	**2,366**	97,234	3,205
Short-term bank deposits	**56,462**	**-**	51,083	-
	136,724	**2,366**	148,317	3,205

*The comparative financial statements have been restated to consistently apply the Group accounting policy to remove client money and the corresponding creditor balance on its statement of financial position. This restatement includes £0.5m decrease to other assets, £18.5m decrease to cash and cash equivalents (cash at bank and in hand) and £19.5m decrease to other liabilities, in relation to certain broker businesses which were incorrectly included within the statement of financial position in the prior period. There is no impact on net assets from this restatement. The same restatement had an impact on 2022 balances of £13.4m decrease to cash and cash equivalents (cash at bank and in hand) and £13.4m decrease to other liabilities.

Included within short-term bank deposits of the Group and Parent are cash deposits of £3.8m (2023: £3.8m) pledged as collateral by way of cash margins on open derivative contracts to cover derivative liabilities. Included within cash at bank and in hand of the Group and Parent are amounts of £0.9m (2023: £0.9m) held in accordance with the third country branch requirements of the European Union.

Included within Group cash at bank and in hand are amounts of £9.2m (2023: £12.6m) pledged as collateral by way of cash calls from reinsurers.

Section Three | **Financial Statements**

Notes to the financial statements

27 Share capital

	2024 £000	2023 £000
Issued, allotted and fully paid		
Ordinary share capital		
20,000,000 shares of £1 each (2023: 20,000,000)	**20,000**	20,000

Ordinary shares in issue in the Company rank pari passu and carry equal voting rights. On winding up, the residual interest in the assets of the Company, after deducting all liabilitites, belongs to the Ordinary shareholders.

28 Translation and hedging reserve

Group	**Translation reserve £000**	**Hedging reserve £000**	**Total £000**
At 1 January 2024	**14,815**	**4,887**	**19,702**
Losses on currency translation differences	**(9,325)**	**-**	**(9,325)**
Gains on net investment hedges	**-**	**8,809**	**8,809**
Attributable tax	**-**	**(1,381)**	**(1,381)**
At 31 December 2024	**5,490**	**12,315**	**17,805**
At 1 January 2023	18,839	716	19,555
Losses on currency translation differences	(4,024)	-	(4,024)
Gains on net investment hedges	-	4,860	4,860
Attributable tax	-	(689)	(689)
At 31 December 2023	14,815	4,887	19,702

The translation reserve arises on consolidation of the Group's and Parent's foreign operations. The hedging reserve represents the cumulative amount of gains and losses on hedging instruments in respect of net investments in foreign operations.

29 Non-controlling interests

Non-controlling interests comprise 95.6% (2023: 95.6%) of the 106,450,000 (2023: 106,450,000) 8.625% Non-Cumulative Irredeemable Preference shares (NcIPs) in Ecclesiastical Insurance Office public limited company and the Lloyd & Whyte non-controlling interest.

	L&W £000	**NcIPs £000**	**Total £000**
At 1 January 2024	**13,664**	**101,815**	**115,479**
Purchase of non-controlling interest	**(4,763)**	**-**	**(4,763)**
Subsidiary profit attributable to non-controlling interest	**2,363**	**-**	**2,363**
At 31 December 2024	**11,264**	**101,815**	**113,079**
At 1 January 2023	-	101,815	101,815
Purchase of non-controlling interest	13,664	-	13,664
At 31 December 2023	13,664	101,815	115,479

Holders of the NcIPs are not entitled to receive notice of, or to attend, or vote at any general meeting of Ecclesiastical Insurance Office public limited company unless at the time of the notice convening such meeting, the dividend on such shares which is most recently payable on such shares shall not have been paid in full, or where a resolution is proposed varying any of the rights of such shares, or for the winding up of the company.

On 30 June 2023 Benefact Group acquired a further 10.1% of the issued share capital of Lloyd & Whyte (L&W), taking its shareholding to 50.1%. As a result £13.7m minority interest was recognised.

On 28 June 2024, Benefact Broking & Advisory Holdings Limited acquired an additional 15.0% of the issued ordinary share capital of L&W, increasing its ownership to 65.1%. Further details are disclosed in note 18.

Notes to the financial statements

30 Insurance liabilities and reinsurance assets

	2024		*Restated** 2023	
	Group £000	**Parent £000**	Group £000	Parent £000
Gross				
General insurance contract liabilities for incurred claims	**635,317**	-	634,819	-
General insurance contract liabilities for remaining coverage	**94,895**	-	90,994	-
Life insurance contract liabilities for remaining coverage	**385**	-	385	-
Total gross insurance contract liabilities	**730,597**	-	726,198	-
Reinsurance assets				
General reinsurance contract assets for incurred claims	**205,518**	-	198,768	-
General reinsurance contract assets for remaining coverage	**33,935**	-	21,340	-
Total reinsurers' share of insurance liabilities	**239,453**	-	220,108	-
Net				
General insurance contract liabilities for incurred claims	**429,799**	-	436,051	-
General insurance contract liabilities for remaining coverage	**60,960**	-	69,654	-
Life insurance contract liabilities for remaining coverage	**385**	-	385	-
Total net insurance liabilities	**491,144**	-	506,090	-
Gross insurance liabilities				
Current	**280,279**	-	306,411	-
Non-current	**450,318**	-	419,787	-
Reinsurance assets				
Current	**130,213**	-	127,365	-
Non-current	**109,240**	-	92,743	-

*The comparative financial statements have been restated to reflect the correct current year presentation of reinsurance contract assets between general reinsurance contract assets for incurred claims and general reinsurance contract assets for remaining coverage. Amounts recoverable from reinsurers in respect of claims previously included in general reinsurance contract assets for remaining coverage have been re-presented in general reinsurance contract assets for incurred claims.

Section Three | **Financial Statements**

Notes to the financial statements

30 Insurance liabilities and reinsurance assets (continued)

	Insurance contract liabilities			*Restated** **Reinsurance contract assets**		
	General liabilities for remaining coverage £000	**General liabilities for incurred claims £000**	**Life liabilities for remaining coverage £000**	**General assets for remaining coverage £000**	**General assets for incurred claims £000**	**Total £000**
At 1 January 2023	93,140	636,638	456	(14,155)	(225,969)	490,110
Insurance revenue	(579,975)	-	(147)	-	-	(580,122)
Incurred claims and other insurance service expenses	-	308,069	-	-	-	308,069
Changes that relate to current service	-	-	137	-	-	137
Changes that relate to past service	-	(24,547)	-	-	-	(24,547)
Losses on onerous contracts and reversal of those losses	155	-	-	-	-	155
Insurance acquisition cash flows amortisation	116,289	-	-	-	-	116,289
Insurance service expenses	116,444	283,522	137	-	-	400,103
Insurance service result before reinsurance contracts held	(463,531)	283,522	(10)	-	-	(180,019)
Allocation of reinsurance premiums	-	-	-	148,094	-	148,094
Recoveries of incurred claims and other insurance service expenses	-	-	-	5,013	(77,048)	(72,035)
Changes that relate to past service	-	-	-	-	31,024	31,024
Recoveries of losses on onerous contracts and reversal of those losses	-	-	-	91	-	91
Net expense/(income) from reinsurance contracts	-	-	-	153,198	(46,024)	107,174
Finance expense from insurance contracts issued	-	24,102	-	-	-	24,102
Finance income from reinsurance contracts held	-	-	-	-	(7,190)	(7,190)
Net insurance financial result	-	24,102	-	-	(7,190)	16,912
Total amounts recognised in statement of profit or loss	(463,531)	307,624	(10)	153,198	(53,214)	(55,933)
Exchange differences	(1,661)	(13,309)	-	929	5,220	(8,821)
Premiums received	596,793	-	-	-	-	596,793
Insurance acquisition cash flows	(133,747)	-	-	-	-	(133,747)
Claims and other directly attributable expenses paid	-	(296,134)	(61)	-	-	(296,195)
Premiums paid	-	-	-	(161,312)	-	(161,312)
Amounts received	-	-	-	-	75,195	75,195
Total cash flows	463,046	(296,134)	(61)	(161,312)	75,195	80,734
At 31 December 2023	90,994	634,819	385	(21,340)	(198,768)	506,090

*The comparative financial statements have been restated to reflect the correct current year presentation of reinsurance contract assets between general reinsurance contract assets for incurred claims and general reinsurance contract assets for remaining coverage. Amounts recoverable from reinsurers in respect of claims previously included in general reinsurance contract assets for remaining coverage have been re-presented in general reinsurance contract assets for incurred claims.

Notes to the financial statements

30 Insurance liabilities and reinsurance assets (continued)

	Insurance contract liabilities			Reinsurance contract assets		
	General liabilities for remaining coverage £000	General liabilities for incurred claims £000	Life liabilities for remaining coverage £000	General assets for remaining coverage £000	General assets for incurred claims £000	Total £000
At 1 January 2024	90,994	634,819	385	(21,340)	(198,768)	506,090
Insurance revenue	(623,875)	-	149	-	-	(623,726)
Incurred claims and other insurance service expenses	-	304,128	-	-	-	304,128
Changes that relate to current service	-	-	8	-	-	8
Changes that relate to past service	-	18,707	-	-	-	18,707
Losses on onerous contracts and reversal of those losses	(784)	-	-	-	-	(784)
Insurance acquisition cash flows amortisation	128,387	-	-	-	-	128,387
Insurance service expenses	127,603	322,835	8	-	-	450,446
Insurance service result before reinsurance contracts held	(496,272)	322,835	157	-	-	(173,280)
Allocation of reinsurance premiums	-	-	-	150,849	-	150,849
Recoveries of incurred claims and other insurance service expenses	-	-	-	2,643	(92,137)	(89,494)
Changes that relate to past service	-	-	-	-	22,608	22,608
Recoveries of losses on onerous contracts and reversal of those losses	-	-	-	627	-	627
Net expense/(income) from reinsurance contracts	-	-	-	154,119	(69,529)	84,590
Finance expense from insurance contracts issued	-	11,828	(8)	-	-	11,820
Finance income from reinsurance contracts held	-	-	-	-	(4,647)	(4,647)
Net insurance financial result	-	11,828	(8)	-	(4,647)	7,173
Total amounts recognised in statement of profit or loss	(496,272)	334,663	149	154,119	(74,176)	(81,517)
Exchange differences	(2,386)	(20,357)	-	2,066	5,692	(14,985)
Premiums received	624,768	-	-	-	-	624,768
Insurance acquisition cash flows	(122,209)	-	-	-	-	(122,209)
Claims and other directly attributable expenses paid	-	(313,808)	(149)	-	-	(313,957)
Premiums paid	-	-	-	(168,780)	-	(168,780)
Amounts received	-	-	-	-	61,734	61,734
Total cash flows	502,559	(313,808)	(149)	(168,780)	61,734	81,556
At 31 December 2024	94,895	635,317	385	(33,935)	(205,518)	491,144

Notes to the financial statements

30 Insurance liabilities and reinsurance assets (continued)

(a) General business insurance contracts
(i) Reconciliation of the liability for remaining coverage

Insurance contracts issued	PAA		GMM	
	Excluding loss component £000	Loss component £000	Liability for remaining coverage £000	Total £000
At 1 January 2023	89,773	2,667	700	93,140
Insurance revenue	(579,975)	-	-	(579,975)
Losses on onerous contracts and reversal of those losses	-	155	-	155
Insurance acquisition cash flows amortisation	116,289	-	-	116,289
Insurance service expenses/(income)	116,289	155	-	116,444
Total amounts recognised in statement of profit or loss	(463,686)	155	-	(463,531)
Exchange differences	(1,531)	(130)	-	(1,661)
Premiums received	596,793	-	-	596,793
Insurance acquisition cash flows	(133,747)	-	-	(133,747)
Total cash flows	463,046	-	-	463,046
At 31 December 2023	87,602	2,692	700	90,994
Insurance revenue	(623,875)	-	-	(623,875)
Losses on onerous contracts and reversal of those losses	-	(784)	-	(784)
Insurance acquisition cash flows amortisation	128,387	-	-	128,387
Insurance service expenses	128,387	(784)	-	127,603
Total amounts recognised in statement of profit or loss	(495,488)	(784)	-	(496,272)
Exchange differences	(2,214)	(172)	-	(2,386)
Premiums received	624,768	-	-	624,768
Insurance acquisition cash flows	(122,209)	-	-	(122,209)
Total cash flows	502,559	-	-	502,559
At 31 December 2024	92,459	1,736	700	94,895

Notes to the financial statements

30 Insurance liabilities and reinsurance assets (continued)

(ii) Reconciliation of the liability for incurred claims

Insurance contracts issued	**Estimates of present value of future cash flows £000**	**Risk adjustment for non-financial risk £000**	**Total £000**
At 1 January 2023	548,505	88,133	636,638
Incurred claims and other insurance service expenses	293,527	14,542	308,069
Changes that relate to past service	(3,659)	(20,888)	(24,547)
Insurance service expenses/(income)	289,868	(6,346)	283,522
Insurance service result before reinsurance contracts held	289,868	(6,346)	283,522
Finance expense from insurance contracts issued	24,102	-	24,102
Net insurance financial result	24,102	-	24,102
Total amounts recognised in statement of profit or loss	313,970	(6,346)	307,624
Exchange differences	(11,362)	(1,947)	(13,309)
Claims and other directly attributable expenses paid	(296,134)	-	(296,134)
Total cash flows	(296,134)	-	(296,134)
At 31 December 2023	554,979	79,840	634,819
Incurred claims and other insurance service expenses	**291,510**	**12,618**	**304,128**
Changes that relate to past service	**31,155**	**(12,448)**	**18,707**
Insurance service expenses/(income)	**322,665**	**170**	**322,835**
Insurance service result before reinsurance contracts held	**322,665**	**170**	**322,835**
Finance expense from insurance contracts issued	**11,828**	**-**	**11,828**
Net insurance financial result	**11,828**	**-**	**11,828**
Total amounts recognised in statement of profit or loss	**334,493**	**170**	**334,663**
Exchange differences	**(17,740)**	**(2,617)**	**(20,357)**
Claims and other directly attributable expenses paid	**(313,808)**	**-**	**(313,808)**
Total cash flows	**(313,808)**	**-**	**(313,808)**
At 31 December 2024	**557,924**	**77,393**	**635,317**

Section Three | **Financial Statements**

Notes to the financial statements

30 Insurance liabilities and reinsurance assets (continued)

(iii) Reconciliation of the asset for remaining coverage

Reinsurance contracts held	*Restated** **Excluding loss recovery component £000**	**Loss recovery component £000**	**Total £000**
At 1 January 2023	11,794	2,361	14,155
Allocation of reinsurance premiums	(148,094)	-	(148,094)
Recoveries of incurred claims and other insurance service expenses	(5,013)	-	(5,013)
Recoveries of losses on onerous contracts and reversal of those losses	-	(91)	(91)
Net expense from reinsurance contracts	(153,107)	(91)	(153,198)
Total amounts recognised in statement of profit or loss	(153,107)	(91)	(153,198)
Exchange differences	(812)	(117)	(929)
Premiums paid	161,312	-	161,312
Total cash flows	161,312	-	161,312
At 31 December 2023	19,187	2,153	21,340
Allocation of reinsurance premiums	**(150,849)**	**-**	**(150,849)**
Recoveries of incurred claims and other insurance service expenses	**(2,643)**	**-**	**(2,643)**
Recoveries of losses on onerous contracts and reversal of those losses	**-**	**(627)**	**(627)**
Net expense from reinsurance contracts	**(153,492)**	**(627)**	**(154,119)**
Total amounts recognised in statement of profit or loss	**(153,492)**	**(627)**	**(154,119)**
Exchange differences	**(1,928)**	**(138)**	**(2,066)**
Premiums paid	**168,780**	**-**	**168,780**
Total cash flows	**168,780**	**-**	**168,780**
At 31 December 2024	**32,547**	**1,388**	**33,935**

*The comparative financial statements have been restated to reflect the correct current year presentation of reinsurance contract assets between general reinsurance contract assets for incurred claims and general reinsurance contract assets for remaining coverage. Amounts recoverable from reinsurers in respect of claims previously included in general reinsurance contract assets for remaining coverage have been re-presented in general reinsurance contract assets for incurred claims.

Notes to the financial statements

30 Insurance liabilities and reinsurance assets (continued)

(iv) Reconciliation of the asset for incurred claims

Reinsurance contracts held	*Restated** **Estimates of present value of future cash flows £000**	**Risk adjustment for non-financial risk £000**	**Total £000**
At 1 January 2023	200,215	25,754	225,969
Recoveries of incurred claims and other insurance service expenses	71,621	5,427	77,048
Changes that relate to past service	(19,275)	(11,749)	(31,024)
Net income/(expense) from reinsurance contracts	52,346	(6,322)	46,024
Finance income from reinsurance contracts held	7,190	-	7,190
Net insurance financial result	7,190	-	7,190
Total amounts recognised in statement of profit or loss	59,536	(6,322)	53,214
Exchange differences	(4,385)	(835)	(5,220)
Amounts received	(75,195)	-	(75,195)
Total cash flows	(75,195)	-	(75,195)
At 31 December 2023	180,171	18,597	198,768
Recoveries of incurred claims and other insurance service expenses	**87,772**	**4,365**	**92,137**
Changes that relate to past service	**(10,802)**	**(11,806)**	**(22,608)**
Net income/(expense) from reinsurance contracts	**76,970**	**(7,441)**	**69,529**
Finance income from reinsurance contracts held	**4,647**	-	**4,647**
Net insurance financial result	**4,647**	-	**4,647**
Total amounts recognised in statement of profit or loss	**81,617**	**(7,441)**	**74,176**
Exchange differences	**(5,167)**	**(525)**	**(5,692)**
Amounts received	**(61,734)**	-	**(61,734)**
Total cash flows	**(61,734)**	-	**(61,734)**
At 31 December 2024	**194,887**	**10,631**	**205,518**

*The comparative financial statements have been restated to reflect the correct current year presentation of reinsurance contract assets between general reinsurance contract assets for incurred claims and general reinsurance contract assets for remaining coverage. Amounts recoverable from reinsurers in respect of claims previously included in general reinsurance contract assets for remaining coverage have been re-presented in general reinsurance contract assets for incurred claims.

(v) Reserving methodology
Reserving for non-life insurance claims is a complex process and the Group adopts recognised actuarial methods and, where appropriate, other calculations and statistical analysis. Actuarial methods used include the chain ladder, Bornhuetter-Ferguson and average cost methods.

Chain ladder methods extrapolate paid amounts, incurred amounts (paid claims plus case estimates) and the number of claims or average cost of claims, to ultimate claims based on the development of previous years. This method assumes that previous patterns are a reasonable guide to future developments. Where this assumption is felt to be unreasonable, adjustments are made or other methods such as Bornhuetter-Ferguson or average cost are used. The Bornhuetter-Ferguson method places more credibility on expected loss ratios for the most recent loss years. For smaller portfolios the materiality of the business and data available may also shape the methods used in reviewing reserve adequacy.

The selection of results for each accident year and for each portfolio depends on an assessment of the most appropriate method. Sometimes a combination of techniques is used. The average weighted term to payment is calculated separately by class of business and is based on historical settlement patterns.

(vi) Risk Adjustment for non-financial risk
The Risk Adjustment for non-financial risk is the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arise from non-financial risk as it fulfils insurance contracts. Uncertainty is assessed using actuarial methods to quantify the variability in undiscounted net outcomes on an ultimate horizon.

The Group's risk appetite is to hold claims reserves, including a net Risk Adjustment, equating to at least a 75% probability of sufficiency. This approach generally results in a favourable release of provisions in the current financial year, arising from the settlement of claims relating to previous financial years.

Section Three | **Financial Statements**

Notes to the financial statements

30 Insurance liabilities and reinsurance assets (continued)

Overall, it is estimated that the booked net Risk Adjustment provides for a confidence level of approximately 90% (2023: 90%), which is established by comparing the uplift for the booked net Risk Adjustment to the uncertainty distribution. Percentile estimates for loss distributions are highly uncertain as they contain a large number of judgements on possible future outcomes. This means that the percentile may see some fluctuation year on year due to inherent volatility.

(vii) Calculation of provisions for latent claims
The Group adopts commonly used industry methods including those based on claims frequency and severity and benchmarking.

(viii) Discounting
General insurance outstanding claims provisions have been discounted by applying currency and term specific discount rates in the following territories:

Geographical territory	**Discount rate** **2024**	2023
UK and Ireland	**4.6% to 6.2%**	4.0% to 5.3%
Canada	**3.0% to 4.9%**	3.5% to 4.7%
Australia	**4.5%**	3.9%

The above rates of interest are based on government bond yields of the relevant currency and term at the reporting date. Adjustments are made, where appropriate, to reflect the illiquidity of the liabilities.

The impact of discount rate changes on the outstanding claims liability is presented within net insurance financial result (note 8).

The sensitivity of Group profit or loss and other equity reserves to interest rate risk, taking into account the mitigating effect on asset values is provided in note 4(h).

(ix) Assumptions
The Group follows a process of reviewing its reserves for outstanding claims on a regular basis. This involves an appraisal of each reserving class with respect to ultimate claims liability for the recent exposure period as well as for earlier periods, together with a review of the factors that have the most significant impact on the assumptions used to determine the reserving methodology. The work conducted is subject to an internal peer review and management sign-off process.

The most significant assumptions in determining the undiscounted general insurance reserves are the anticipated number and ultimate settlement cost of claims, and the extent to which reinsurers will share in the cost. Factors which influence decisions on assumptions include legal and judicial changes, significant weather events, other catastrophes, subsidence events, exceptional claims or substantial changes in claims experience and developments in older or latent claims. Significant factors influencing assumptions about reinsurance are the terms of the reinsurance treaties, the anticipated time taken to settle a claim and the incidence of large individual and aggregated claims.

(x) Changes in assumptions
There are no significant changes in approach but we continue to evolve estimates in light of underlying experience.

(xi) Sensitivity of results
The sensitivity of profit before tax to reasonably possible final settlement assumptions used to calculate the general insurance liabilities is shown in the following table. No account has been taken of any correlation between the assumptions.

	Change in variable	**Potential (decrease)/ increase in the result**			
		2024		*Restated** 2023	
		Gross £000	**Net £000**	Gross £000	Net £000
Deterioration in loss ratio	+1%	**(6,232)**	**(3,634)**	(5,791)	(3,301)
Improvement in loss ratio	-1%	**6,232**	**3,634**	5,791	3,301
Increase in net liability for incurred claims excluding risk adjustment	+10%	**(55,792)**	**(36,304)**	(55,498)	(39,365)
Decrease in net liability for incurred claims excluding risk adjustment	-10%	**55,792**	**36,304**	55,498	39,365
Increase in risk adjustment**	+1%	**(6,781)**	**(4,674)**	(6,590)	(4,842)
Decrease in risk adjustment**	-1%	**6,781**	**4,674**	6,590	4,842

*The comparative financial statements have been restated to reflect the correct current year presentation of reinsurance contract assets between general reinsurance contract assets for incurred claims and general reinsurance contract assets for remaining coverage. Amounts recoverable from reinsurers in respect of claims previously included in general reinsurance contract assets for remaining coverage have been re-presented in general reinsurance contract assets for incurred claims.

**Calculated on undiscounted present value of future cash flows

Notes to the financial statements

30 Insurance liabilities and reinsurance assets (continued)

At 31 December 2024, it is estimated that a fall of 1% in the discount rates used would increase the Group's net outstanding claims liabilities and decrease profit before tax and equity by £13.6m (2023: £14.3m).

(xii) Claims development tables

The nature of liability classes of business is that claims may take a number of years to settle and before the final liability is known. The tables below show the development of the undiscounted estimate of ultimate net claims cost for these classes across all territories.

Estimate of ultimate net claims

Group	2015 £000	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	2022 £000	2023 £000	2024 £000	Total £000
At end of year	42,739	47,402	45,920	44,053	44,230	45,459	47,289	47,599	52,252	51,781	
One year later	40,397	41,631	41,706	37,456	39,842	37,509	47,102	45,575	50,629		
Two years later	37,740	37,740	37,797	32,867	37,243	36,193	45,079	45,547			
Three years later	32,297	36,337	34,818	31,647	39,164	37,579	46,666				
Four years later	28,506	35,217	36,431	32,884	39,248	35,694					
Five years later	27,418	32,993	36,550	31,722	35,836						
Six years later	30,544	33,896	38,618	30,442							
Seven years later	30,296	34,297	37,595								
Eight years later	29,231	33,022									
Nine years later	29,003										
Current estimate of ultimate claims	29,003	33,022	37,595	30,442	35,836	35,694	46,666	45,547	50,629	51,781	396,215
Cumulative payments to date	(23,004)	(25,562)	(26,487)	(19,348)	(24,880)	(17,392)	(15,225)	(9,192)	(5,651)	(1,549)	(168,290)
Outstanding liability	5,999	7,460	11,108	11,094	10,956	18,302	31,441	36,355	44,978	50,232	227,925
Effect of discounting											(40,898)
Present value											187,027
Discounted liability in respect of earlier years											141,365
Total discounted net liability for liability classes											328,392
Total discounted net liability for non-liability classes, expenses and reinsurance debtors											125,912
Total discounted net liability included in insurance liabilities in the statement of financial position											454,304

Notes to the financial statements

30 Insurance liabilities and reinsurance assets (continued)

(b) Life business insurance contracts
(i) Reconciliation of the liability for remaining coverage

Insurance contracts issued	Estimates of present value of future cash flows £000	Risk adjustment for non-financial risk £000	Contractual service margin £000	Total £000
At 1 January 2023	410	2	44	456
Changes that relate to current service				
Change in the risk adjustment for non-financial risk for the risk expired	-	20	-	20
Experience adjustments	(30)	-	-	(30)
	(30)	20	-	(10)
Insurance service result	(30)	20	-	(10)
Finance income from insurance contracts issued	-	-	-	-
Net insurance financial result	-	-	-	-
Total amounts recognised in statement of profit or loss	(30)	20	-	(10)
Claims and other directly attributable expenses paid	(43)	(20)	2	(61)
Total cash flows	(43)	(20)	2	(61)
At 31 December 2023	337	2	46	385
Changes that relate to current service				
Experience adjustments	**157**	-	-	**157**
	157	-	-	**157**
Insurance service result	**157**	-	-	**157**
Finance income from insurance contracts issued	**(8)**	-	-	**(8)**
Net insurance financial result	**(8)**	-	-	**(8)**
Total amounts recognised in statement of profit or loss	**149**	-	-	**149**
Claims and other directly attributable expenses paid	**(154)**	**1**	**4**	**(149)**
Total cash flows	**(154)**	**1**	**4**	**(149)**
At 31 December 2024	**332**	**3**	**50**	**385**

Notes to the financial statements

30 Insurance liabilities and reinsurance assets (continued)

(ii) Assumptions
The most significant assumptions in determining life reserves are as follows:

Mortality
An appropriate base table of standard mortality is chosen depending on the type of contract. Where prudent, an allowance is made for future mortality improvements based on trends identified in population data. For both 2024 and 2023 the base tables used were ELF16F and ELT16M with a 1% improvement applied each year.

Discounting
The nominal discount rate curve is calculated on a bottom up basis. The risk free curve is based on the UK government bond yield curve. A liquidity premium based on the return on a notional index of fixed interest assets, including gilts and corporate bonds, is added to the risk free curve. The liquidity premium is adjusted for credit risk and differences in liquidity between the notional assets and the liabilities.

	2024	2023
Non-Profit Life Business	**3.7% to 6.0%**	3.2% to 5.1%

Funeral plans renewal expense level and inflation
Numbers of policies in force and both projected and actual expenses have been considered when setting the base renewal expense level. The unit renewal expense assumption for in-force business is £18.29 per annum (2023: £14.27 per annum).

Expense and benefit inflation curves are set with reference to GBP inflation swaps of various terms, and using linear interpolation between available swap terms.

Tax
It has been assumed that current tax legislation and rates enacted at 1 January 2025 will continue to apply. All in-force business is classed as protection business and is expected to be taxed on a profits basis.

(iii) Changes in assumptions
Projected investment returns have been revised in line with the changes in the actual yields of the underlying assets. As a result, liabilities have decreased by £2.8m (2023: £0.6m increase).

The assumed future expenses of running the business have been revised based on expenses that are expected to be incurred by the company. The effect on insurance liabilities of the changes to renewal expense assumptions (described above) was a £0.4m increase (2023: £0.5m decrease).

(iv) Sensitivity analysis
The sensitivity of profit before tax to changes in the key assumptions used to calculate the life insurance liabilities is shown in the following table. No account has been taken of any correlation between the assumptions.

	Change in variable	**Potential (decrease)/ increase in the result**	
Variable		**2024 £000**	2023 £000
Deterioration in mortality	+10%	**(857)**	(820)
Improvement in mortality	-10%	**1,002**	960
Increase in fixed interest/cash yields	+1% pa	**(624)**	(340)
Decrease in fixed interest/cash yields	-1% pa	**771**	360
Worsening of base renewal expense level	+10%	**30**	20
Improvement in base renewal expense level	-10%	**(30)**	(20)
Increase in expense inflation	+1% pa	**68**	50
Decrease in expense inflation	-1% pa	**(54)**	(40)

(v) Maturity analysis
The table below shows the maturity profile of the CSM release.

	Within 1 year £000	**Between 1 and 5 years £000**	**After 5 years £000**	**Total £000**
At 31 December 2024				
CSM release after accretion	6	18	26	50
At 31 December 2023				
CSM release after accretion	4	13	29	46

Notes to the financial statements

31 Provisions for other liabilities and contingent liabilities

Group	**Regulatory and legal provisions £000**	**Other provisions £000**	**Contingent Consideration £000**	**Total £000**
At 1 January 2023	2,420	3,691	-	6,111
Acquisitions	-	659	1,125	1,784
Additional provisions	3,615	577	47	4,239
Used during year	(3,637)	(254)	-	(3,891)
Exchange differences	-	(6)	-	(6)
At 31 December 2023	2,398	4,667	1,172	8,237
Current	2,398	2,008	-	4,406
Non-current	-	2,659	1,172	3,831
At 1 January 2024	**2,398**	**4,667**	**1,172**	**8,237**
Additional provisions	**3,741**	**-**	**2,346**	**6,087**
Used during year	**(3,441)**	**(141)**	**(524)**	**(4,106)**
Not utilised	**(498)**	**(3)**	**-**	**(501)**
Exchange differences	**-**	**(10)**	**-**	**(10)**
At 31 December 2024	**2,200**	**4,513**	**2,994**	**9,707**
Current	**2,200**	**1,864**	**-**	**4,064**
Non-current	**-**	**2,649**	**2,994**	**5,643**

Regulatory and legal provisions
The Group operates in the financial services industry and is subject to regulatory requirements in the normal course of business, including contributing towards any levies raised on UK general and long-term business. The provisions reflect an assessment by the Group of its share of the total potential levies.

In addition, from time to time, the Group may be subject to complaints and threatened or actual legal proceedings. Whilst the majority relate to cases where there has been no customer detriment, we recognise that we have provided, and continue to provide, advice and services across a wide spectrum of regulated activities. We therefore believe that it is prudent to hold a provision for the estimated costs of customer complaints relating to services provided. The Group continues to reassess the ultimate level of complaints expected and the appropriateness of the provision, which reflects the expected redress and associated administration costs that would be payable in relation to any complaints we may uphold.

The Group does not include disclosures in relation to contingent liabilities associated with cases where the likelihood of any payment is remote. The Group also does not disclose an estimate of the potential financial impact or effect on the Group of contingent liabilities where it is not currently practicable to do so. The Group is committed to promptly report incidents or cases to the relevant regulator or authority in certain circumstances.

Other provisions
The other provisions relates to costs in respect of dilapidations. Dilapidations provisions are based on the Group's best estimate of future expense required to restoring a leased property to its original state on completion of the lease.

Contingent consideration
The provision for contingent consideration relates to the provision held within Lloyd and Whyte, recognised on acquisition and the provision recognised within Benefact Broking & Advisory Holdings, in relation to the acquisition of Access Underwriting Limited in the current year.

Notes to the financial statements

32 Deferred tax

An analysis and reconciliation of the movement of the key components of the net deferred tax liability during the current and prior reporting year is as follows:

Group	Unrealised gains on investments £000	Net retirement benefit assets £000	IFRS 17 transition adjustment £000	Other differences £000	Total £000
At 1 January 2023	37,055	1,497	705	(9,541)	29,716
(Credited)/charged to profit or loss	(967)	(31)	(151)	1,190	41
(Credited)/charged to profit or loss					-
- Impact of change in deferred tax rate	(140)	(2)	(11)	38	(115)
Charged to other comprehensive income	-	1,183	-	521	1,704
Charged to other comprehensive income					
- Impact of change in deferred tax rate	-	76	-	33	109
Transfer on acquisition of subsidiary	-	-	-	(572)	(572)
Exchange differences	115	-	(21)	183	277
At 31 December 2023	36,063	2,723	522	(8,148)	31,160
Charged/(credited) to profit or loss	**1,596**	**54**	**(1,032)**	**964**	**1,582**
Credited to profit or loss					
- Impact of change in deferred tax rate	**-**	**-**	**-**	**(1)**	**(1)**
(Credited)/charged to other comprehensive income	**-**	**(360)**	**-**	**819**	**459**
(Credited)/charged to other comprehensive income					
- Impact of change in deferred tax rate	**(2,156)**	**(5)**	**-**	**2,162**	**1**
Transfer on acquisition of subsidiary	**-**	**-**	**-**	**21**	**21**
Exchange differences	**64**	**-**	**(8)**	**314**	**370**
At 31 December 2024	**35,567**	**2,412**	**(518)**	**(3,869)**	**33,592**

Parent

The deferred tax liability, shown below, arises on unrealised gains on investments. The decrease of £0.9m (2023: decrease of £0.3m), is recognised in the statement of profit or loss in the year.

Certain deferred tax assets and liabilities have been offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2024		2023	
	Group £000	**Parent £000**	Group £000	Parent £000
Deferred tax liabilities	**42,299**	**823**	41,159	1,731
Deferred tax assets	**(8,707)**	**-**	(9,999)	-
	33,592	**823**	31,160	1,731

Included in the above are unused tax losses of £9.3m (2023: £10.1m), which are available for offset against future tax profits and can be carried forward indefinitely.

The Group expects a net deferred tax liability of £2.6m (2023: £4.2m) to reverse within 12 months of the year end date. The reversal is expected to arise from the sale of investments, claiming of capital allowances, settlement of overseas claims costs, and other temporary timing differences.

Notes to the financial statements

33 Other liabilities

	2024		*Restated** 2023	
	Group £000	**Parent £000**	Group £000	Parent £000
Derivative liabilities	**215**	**-**	2,381	-
Other creditors	**37,078**	**-**	41,429	-
Amounts owed to related parties	**-**	**13,087**	-	17,903
Accruals and deferred income	**53,859**	**3,010**	44,363	140
	91,152	**16,097**	88,173	18,043
Current	**90,662**	**16,097**	87,617	18,043
Non-current	**490**	**-**	556	-

*The comparative financial statements have been restated to consistently apply the Group accounting policy to remove client money and the corresponding creditor balance on its statement of financial position. This restatement includes £0.5m decrease to other assets, £18.5m decrease to cash and cash equivalents and £19.5m decrease to other liabilities (other creditors), in relation to certain broker businesses which were incorrectly included within the statement of financial position in the prior period. There is no impact on net assets from this restatement. The same restatement had an impact on 2022 balances of £13.4m decrease to cash and cash equivalents and £13.4m decrease to other liabilities (other creditors).

Derivative liabilities are in respect of equity futures contracts and are detailed in note 24.

Included within deferred income of the Group is £2.7m (2023: £2.5m) classified as contract liabilities in accordance with IFRS 15.

34 Subordinated liabilities

	2024 £000	2023 £000
6.3144% EUR 30m subordinated debt	**25,112**	25,853
	25,112	25,853

Subordinated debt consists of a privately-placed issue of 20-year subordinated bonds, maturing in February 2041 and callable after February 2031. The Group's subordinated debt ranks below its senior debt and ahead of its preference shares and ordinary share capital.

Subordinated debt is stated at amortised cost.

35 Investment contract liabilities

	2024 £000	2023 £000
Investment contract liabilities	**627,312**	603,111
	627,312	603,111

Investment contract liabilities represents amounts due to policyholders and, if applicable, the cost of the minimum repayment guarantee. Investment contract liabilities are repayable on demand or at short notice and therefore classified as current. These liabilities are matched with highly liquid investments.

Notes to the financial statements

36 Borrowings

Borrowings of the Group consists of lease liabilities, as disclosed in note 37, and other borrowings of £0.1m (2023: £nil). Borrowings of the Parent consists of amounts owed to related parties in relation to a loan balance as disclosed in note 40.

37 Leases

Group as a lessee

The Group has lease contracts for various items of property, motor vehicles and other equipment used in its operations. Leases of property generally have terms of up to 15 years, while motor vehicles and other equipment generally have lease terms between 2 and 6 years. Lease terms are negotiated on an individual basis and contain different terms and conditions, but do not impose any covenants other than security interests. The Group's obligations under its leases are secured by the lessor's title to the leased assets, and leased assets may not be used as security for borrowing purposes.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year.

Group	Land and buildings £000	Motor vehicles £000	Other equipment £000	Total £000
At 1 January 2024	**27,115**	**843**	**770**	**28,728**
Acquisition	**217**	**55**	**-**	**272**
Additions	**6,965**	**93**	**159**	**7,217**
Disposals	**(46)**	**(179)**	**(30)**	**(255)**
Depreciation expense	**(4,213)**	**(209)**	**(238)**	**(4,660)**
Exchange differences	**(263)**	**-**	**-**	**(263)**
At 31 December 2024	**29,775**	**603**	**661**	**31,039**
At 1 January 2023	19,550	973	113	20,636
Acquisition	3,192	-	838	4,030
Additions	8,300	143	2	8,445
Disposals	(303)	(74)	-	(377)
Depreciation expense	(3,536)	(199)	(183)	(3,918)
Exchange differences	(88)	-	-	(88)
At 31 December 2023	27,115	843	770	28,728

Set out below are the carrying amounts of lease obligations:

Group	2024 £000	2023 £000
Current	**3,172**	5,461
Non-current	**29,800**	23,556
	32,972	29,017

Notes to the financial statements

37 Leases (continued)

Group profit for the year has been arrived at after charging the following amounts in respect of lease contracts

	2024 £000	2023 £000
Depreciation expense of right-of-use assets	**4,660**	3,918
Interest expense on lease liabilities	**1,573**	1,100
Expenses relating to short-term leases	**-**	4
Expenses relating to low value leases	**57**	4
	6,290	5,026

The Group had total cash outflows for leases, including interest paid of £4.6m (2023: £4.7m). The future cash outflows relating to leases that have not yet commenced are disclosed in note 38.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

Group as a lessor

The Group has entered into operating leases on its investment property portfolio. These leases have terms of up to 50 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties. Rental income on these properties recognised by the Group during the year is disclosed in note 22.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are as follows

	2024 £000	2023 £000
Year 1	**7,601**	8,261
Year 2	**6,333**	6,988
Year 3	**5,644**	5,584
Year 4	**4,490**	5,005
Year 5	**2,617**	3,941
After 5 years	**9,936**	13,397
	36,621	43,176

38 Commitments

At the year end, the Group and Parent had capital commitments of £0.4m (2023: £2.4m) relating to development costs.

The Group and Parent have lease contracts for right-of-use assets that had not commenced at 31 December 2024. These leases will commence in 2025. Leases for motor vehicles have a term of 4 years with expected cash outflow of £11,000 per annum.

Notes to the financial statements

39 Related undertakings

Ultimate parent company and controlling party
The Company is a wholly-owned subsidiary of Benefact Trust Limited, a company incorporated in England and Wales. Its ultimate parent and controlling company is Benefact Trust Limited, for which copies of the financial statements are available from the registered office Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW, United Kingdom. The parent companies of the smallest and largest groups for which group financial statements are drawn up are Benefact Group plc and Benefact Trust Limited, respectively.

Related undertakings
The Company's interest in related undertakings at 31 December 2024 is as follows:

Company	Company Registration Number	Share Capital	2024 Holding of shares by Company	2024 Holding of shares by Group	2023 Holding of shares by Company	2023 Holding of shares by Group	Activity
Subsidiary undertakings							
Incorporated in the United Kingdom							
Ecclesiastical Insurance Office plc [1]	24869	Ordinary	100%	-	100%	-	Insurance
		Preference	4.35%	-	4.35%	-	
Benefact Management Services Limited [1,4]	1811698	Ordinary	100%	-	100%	-	Dormant company
Benefact Broking & Advisory Holdings Limited [1,5]	14493617	Ordinary	100%	-	100%	-	Investment holding company
Ecclesiastical Life Limited [1]	0243111	Ordinary	-	100%	-	100%	Life insurance
Ecclesiastical Financial Advisory Services Limited [1,5]	2046087	Ordinary	-	100%	-	100%	Independent financial advisory
Ecclesiastical Planning Services Limited [1]	02644860	Ordinary	-	100%	-	100%	Funeral plan administration
Ecclesiastical Underwriting Management Limited [1,5]	02368571	Ordinary	100%	-	100%	-	Insurance management services
EdenTree Holdings Limited [1,5]	14496067	Ordinary	100%	-	100%	-	Investment holding company
EdenTree Asset Management Limited [1]	11923964	Ordinary	-	100%	-	100%	Investment management
EdenTree Investment Management Limited [1]	2519319	Ordinary	-	100%	-	100%	Investment management
E.I.O. Trustees Limited [1,4]	0941199	Ordinary	-	100%	-	100%	Trustee company
Ecclesiastical Group Healthcare Trustees Limited [1,5]	10988127	Ordinary	-	100%	-	100%	Trustee company
Lycett, Browne-Swinburne & Douglass Limited [1]	00706042	Ordinary	-	100%	-	100%	Insurance agents and brokers
Lycetts Financial Services Limited [1]	02057974	Ordinary	-	100%	-	100%	Independent financial advisory
Lycetts Risk Management Services Limited [1,5]	10906990	Ordinary	-	100%	-	100%	Risk management services
Robertson-McIsaac Limited [1,5]	03544899	Ordinary	-	100%	-	100%	Insurance agents and brokers
G. D. Anderson & Co. Limited [1,5]	00776446	Ordinary	-	100%	-	100%	Insurance agents and brokers
Lycetts Holdings Limited [1,5]	05866203	Ordinary	-	100%	-	100%	Investment holding company
Cheviot Insurance Services Ltd [1,5]	09303679	Ordinary	-	100%	-	-	Insurance agents and brokers
Lloyd & Whyte Group Limited [3]	01143899	Ordinary	-	65.07%	-	50.09%	Insurance agents and brokers
Mi Specialty Limited [3]	07313009	Ordinary	-	65.07%	-	50.09%	Insurance
Specialist Broking Retail Limited [3,5]	10301653	Ordinary	-	65.07%	-	50.09%	Insurance agents and brokers
Direct Corporate Risks Limited [7]	12939587	Ordinary	-	-	-	50.09%	Insurance
Stride Limited [3,5]	01122247	Ordinary	-	65.07%	-	50.09%	Insurance agents and brokers
Lloyd & Whyte Limited [3,5]	03686765	Ordinary	-	65.07%	-	50.09%	Insurance agents and brokers
The Medical Insurance Advisory Bureau Limited [3,5]	07217140	Ordinary	-	65.07%	-	50.09%	Insurance agents and brokers
South Essex Insurance Holdings Limited [7]	06317313	Ordinary	-	-	-	50.09%	Investment holding company
SEIB Insurance Brokers Limited [1,5]	06317314	Ordinary	-	65.07%	-	50.09%	Insurance agents and brokers
Playle-Russell (Special Risks) Limited [7]	03779860	Ordinary	-	-	-	50.09%	Insurance
Lloyd and Whyte (Financial Services) Limited [3,5]	02092560	Ordinary	-	65.07%	-	50.09%	Financial intermediary
Insurance Broking Finance Limited [7]	04981657	Ordinary	-	-	-	50.09%	Insurance agents and brokers
Membership Plans Limited [3,5]	06322047	Ordinary	-	65.07%	-	50.09%	Insurance agents and brokers
Lloyd & Whyte Community Broking Limited [3,5]	04640518	Ordinary	-	65.07%	-	50.09%	Insurance agents and brokers
Davies Craddock (Holdings) Limited [7]	06523912	Ordinary	-	-	-	50.09%	Investment holding company
Davies Craddock Limited [7]	06403519	Ordinary	-	-	-	50.09%	Insurance
Cleddau Holdings Limited [3,5]	06537988	Ordinary	-	65.07%	-	50.09%	Investment holding company
Cleddau Insurance Services Limited [3,5]	06542667	Ordinary	-	65.07%	-	50.09%	Insurance agents and brokers
Naturesave Policies Limited [3,5]	02797137	Ordinary	-	65.07%	-	50.09%	Insurance
Boshers Ltd [3,5]	02946794	Ordinary	-	65.07%	-	-	Insurance agents and brokers
Clearbroking Ltd [3,5]	08024522	Ordinary	-	65.07%	-	-	Insurance agents and brokers
Access Underwriting Limited [1,5]	03880990	Ordinary	-	100%	-	-	Insurance agents and brokers
Grout Insurance Brokers Limited [1,5]	05127052	Ordinary	-	100%	-	-	Insurance agents and brokers

Notes to the financial statements

39 Related undertakings (continued)

Company	Company Registration Number	Share Capital	2024 Holding of shares by Company	2024 Holding of shares by Group	2023 Holding of shares by Company	2023 Holding of shares by Group	Activity
Incorporated in Australia							
Ansvar Insurance Limited [2]	007216506	Ordinary	-	100%	-	100%	Insurance
Ansvar Insurance Services Pty Limited [2,6]	162612286	Ordinary	-	100%	-	100%	Dormant company
Ansvar Risk Management Services Limited [2]	623695054	Ordinary	-	-	-	100%	Dormant company
Associated undertakings							
De Novo Risk Solutions Limited [3,7]	10246240	Ordinary	-	20%	-	20%	Insurance agents and brokers
Provenance IB Ltd [3,5,8]	11131702	Ordinary	-	45%	-	35%	Insurance agents and brokers
Virtuso Ins Group Ltd [3,5,8]	13800790	Ordinary	-	45%	-	35%	Insurance agents and brokers

1 Registered office: Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW, United Kingdom
2 Registered office: Level 5, 1 Southbank Boulevard, Melbourne, VIC 3006, Australia
3 Registered office: Affinity House, Bindon Road, Taunton, Somerset, TA2 6AA
4 Exempt from audit under s480 of the Companies Act 2006
5 Exempt from audit under s479A of the Companies Act 2006
6 Exempt from audit
7 Entity dissolved on 24 December 2024
8 Lloyd and Whyte Group Limited, a subsidiary of Benefact Group Plc, acquired a further 10% holding in Provenance IB Ltd on 20 September 2024, taking their total holding to 45%. Provenance IB Ltd holds 100% of the Ordinary Share Capital of Virtuso Ins Group Ltd.

On 26 February 2025, Access Underwriting Limited acquired the entire issued share capital of M Ladbrook Limited.

Notes to the financial statements

40 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not included in the Group analysis, but are included within the Parent analysis below.

The Parent related party transactions below relate to Benefact Trust Limited, the Group and Parent's immediate and ultimate parent undertaking. Group and Parent other related parties include the Group's pension plans, directors and associated undertakings.

	Parent £000	Subsidiaries £000	Other related parties £000
2024			
Group			
Trading, investment and other income, including recharges, and amounts received	**1,258**	**-**	**649**
Trading, investment and other expenditure, including recharges, and amounts paid	**25**	**-**	**506**
Amounts owed by related parties	**72**	**-**	**170**
Parent			
Trading, investment and other income, including recharges, and amounts received	**-**	**67,162**	**-**
Trading, investment and other expenditure, including recharges, and amounts paid	**14**	**32,957**	**-**
Amounts owed by related parties	**-**	**108,832**	**-**
Amounts owed to related parties	**-**	**146,213**	**-**
2023			
Group			
Trading, investment and other income, including recharges, and amounts received	-	-	750
Trading, investment and other expenditure, including recharges, and amounts paid	14	-	1,362
Amounts owed by related parties	-	-	805
Parent			
Trading, investment and other income, including recharges, and amounts received	-	23,950	-
Trading, investment and other expenditure, including recharges, and amounts paid	14	41,962	-
Amounts owed by related parties	-	91,323	-
Amounts owed to related parties	-	152,885	-

Trading, investment and other income of the Parent includes loan advances from subsidiaries totalling £28.1m (2023: £14.1m) and dividends received from subsidiaries of £30.0m (2023: £nil)

Trading, investment and other expenditure of the Parent consists of loan advances to related parties totalling £18.0m (2023: £4.3m) and share issues of £9.3m (2023: £28.8m) in relation to EdenTree Holdings Limited and Benefact Broking & Advisory Holdings Limited.

On 3 January 2023 two wholly-owned subsidiaries of Ecclesiastical Insurance Office public limited company, EdenTree Investment Management Limited and Ecclesiastical Financial Advisory Services Limited were transferred to direct ownership of the Benefact Group. Subsequently, the shares of EdenTree Investment Management Limited of £4.7m and EdenTree Asset Management Limited of £6.3m were transferred to EdenTree Holdings Limited and Ecclesiastical Financial Advisory Services Limited of £0.6m, Ecclesiastical Planning Services Limited of £6.4m, Lycetts Holdings Limited of £37.0m and Lloyd & Whyte Group Limited of £13.2m were transferred to Benefact Broking & Advisory Holdings Limited.

On 31 March 2023, Benefact Group plc acquired £4.0m of shares in EdenTree Holdings Limited.

On 25 August 2023, Benefact Group plc acquired £3.0m of shares in Benefact Broking & Advisory Holdings Limited.

On 29 November 2023, Benefact Group plc acquired £10.0m of shares in EdenTree Holdings Limited.

On 30 June 2023 Benefact Broking & Advisory Holdings Limited acquired an additional 10% share in the broker group, Lloyd & Whyte, increasing its ownership to more than 50% and obtaining control. The effect of this transaction was to change the accounting treatment from that of an investment in associate to that of an investment in a subsidiary. As a consequence, the Group recognised a fair value loss of £1.1m in the year, as detailed in note 17.

On 6 February 2024, Benefact Broking & Advisory Holdings Limited acquired 100% of the shares in Access Underwriting Limited.

Notes to the financial statements

40 Related party transactions (continued)

On 28 June 2024, Benefact Broking & Advisory Holdings Limited acquired an additional 15% share in the broker group, Lloyd & Whyte, increasing its ownership to more than 65%. As a consequence, the Group recognised a gain directly in equity of £1.9m on the acquisition to adjust the non-controlling interest.

On 27 June 2024, Benefact Broking & Advisory Holdings Limited acquired £1.0m of shares in Ecclesiastical Financial Advisory Services Limited.

On 17 December 2024, Benefact Group plc acquired £5.5m of shares in EdenTree Holdings Limited.

On 17 December 2024, EdenTree Holdings Limited acquired £2.5m of shares in EdenTree Asset Management Limited and £3m shares in EdenTree Investment Management Limited.

Amounts owed by related parties to the Parent includes loans of £91.7m (2023: £87.7m) and amounts classified within other assets of £17.3m (2023: £3.5m) disclosed in note 25.

Amounts owed to related parties by the Parent includes borrowings of £133.9m (2023: £142.1m) which are included in note 36 and amounts classified within other liabilities of £12.4m (2023: £10.9m) disclosed in note 33.

Transactions and services within the Group are made on commercial terms. With the exception of some insurance liabilities, amounts outstanding between Group companies are unsecured, are not subject to guarantees, and will be settled in cash. No provisions have been made in respect of these balances.

The key management personnel is defined as the Group Management Board (Ecclesiastical's leadership team), Executive and Non-executive directors. The remuneration is shown below.

	2024 £000	2023 £000
Key management personnel		
Wages and salaries	**8,175**	6,126
Social security costs	**800**	677
Pension costs - defined contribution plans	**355**	340
Fees and benefits for non-executive directors	**792**	648
	10,122	7,791

Charitable grants paid to the Group's ultimate Parent undertaking are disclosed in note 15. Contributions paid to and amounts received from the Group's defined benefits schemes are disclosed in note 20.

The remuneration of the directors (including non-executive directors) is set out in aggregate below:

	2024 £000	2023 £000
Salaries and other short-term employee benefits	**3,673**	2,827
Long-term cash incentive	**802**	721
Post-employment benefits	**163**	169
	4,638	3,717

Post-employment benefits includes £0.1m (2023: £0.1m) in respect of contributions to a defined contribution scheme

No directors who were employed by Ecclesiastical Insurance Office public limited company were members of the Group's defined benefit pension scheme during the year (2023: no directors). One director (2023: one) was a member of the Group's defined contribution scheme during the year.

	2024 £000	2023 £000
Highest paid director - emoluments	**1,974**	1,303
Chair's fees and benefits	**167**	158

Notes to the financial statements

41 Reconciliation of Alternative Performance Measures

The Group uses alternative performance measures (APMs) in addition to the figures which are prepared in accordance with IFRS. The financial measures in our key financial performance data include gross written premiums and the combined operating ratio and are used to manage the Group's general insurance business. Similar measures are commonly used in the industries we operate in and we believe they provide useful information and enhance the understanding of our results. No life insurance premiums were written in the year (2023: none) and the life insurance revenue is the earning of the legacy business over its life, expected to be in excess of 10 years.

Users of the accounts should be aware that similarly titled APM reported by other companies may be calculated differently. For that reason, the comparability of APM across companies might be limited.

The tables below provide a reconciliation of the gross written premiums, net written premiums and the combined operating ratio to their most directly reconcilable line items in the financial statements.

Group		2024
General insurance		**£000**
Insurance revenue	[1]	**623,195**
Deduct change in the gross unearned premium		**17,406**
Gross written premiums		**640,601**
Outward reinsurance premiums written		**(261,194)**
Net written premiums		**379,407**
Change in the net unearned premium provision		**(16,050)**
Net earned premiums	[3]	**363,357**

Gross written premiums refers to the total premiums written and invoiced by the Group during the reporting year before deducting any outwards reinsurance premiums or adjustments for unearned premiums. It reflects the total premium income generated by the Group's underwriting activities. Net written premiums are the gross written premiums after deducting any outwards reinsurance premiums. Net earned premiums are the net written premiums after adjusting for unearned premiums based on the elapsed time of the policy period.

2024		Insurance General £000	Insurance Life £000	Inv'mnt return £000	Inv'mnt mngt £000	Broking and advisory £000	Corporate costs £000	Other income and charges £000	Total £000
Insurance revenue	[1]	623,195	(149)	734 *	-	-	-	(54)	623,726
Insurance service (expenses)/income		(465,905)	(9)	15,411 **	-	-	-	57	(450,446)
Insurance service result before reinsurance contracts held		157,290	(158)	16,145	-	-	-	3	173,280
Net expense from reinsurance contracts		(84,590)	-	-	-	-	-	-	(84,590)
Insurance service result		72,700	(158)	16,145	-	-	-	3	88,690
Net insurance financial result		-	8	(7,181)	-	-	-	-	(7,173)
Net investment result		-	(124)	70,882	60	(1,428)	-	-	69,390
Fee and commission (expense)/income		-	(336)	(6,345)	15,265	91,884	-	544	101,012
Other operating (expenses)/income		(25,058)	(941)	(3,656)	(20,251)	(88,519)	(36,162)	(797)	(175,384)
Other finance costs		-	-	-	-	(845)	-	(3,103)	(3,948)
Share of profit of associate		-	-	-	-	(200)	-	-	(200)
Profit on disposal of business		-	-	-	-	5,187	-	-	5,187
Profit/(loss) before tax	[2]	47,642	(1,551)	69,845	(4,926)	6,079	(36,162)	(3,353)	77,574

* instalment handling charges
** discounting on non-latent claims provisions and broker commission intercompany elimination

Combined operating ratio = ([3] - [2]) / [3] 86.9%

The underwriting profit/(loss) of the Group is defined as the profit/(loss) before tax of the general insurance business

The Group uses the net combined operating ratio as a measure of underwriting efficiency. The combined operating ratio expresses the total underwriting costs of the general insurance business as a percentage of net earned premiums. It is calculated as ([3] - [2]) / [3].

Notes to the financial statements

41 Reconciliation of Alternative Performance Measures (continued)

Group		2023
General insurance		**£000**
Insurance revenue	[1]	579,146
Deduct change in the gross unearned premium provision		35,861
Gross written premiums		615,007
Outward reinsurance premiums written		(263,667)
Net written premiums		351,340
Change in the net unearned premium provision		(21,285)
Net earned premiums	[3]	330,055

2023		Insurance General £000	Insurance Life £000	Inv'mnt return £000	Inv'mnt mngt £000	Broking and advisory £000	Corporate costs £000	Other income and charges £000	Total £000
Insurance revenue	[1]	579,146	147	832 *	-	-	-	(3)	580,122
Insurance service (expenses)/income		(415,686)	(137)	15,717 **	-	-	-	3	(400,103)
Insurance service result before reinsurance contracts held		163,460	10	16,549	-	-	-	-	180,019
Net expense from reinsurance contracts		(107,174)	-	-	-	-	-	-	(107,174)
Insurance service result		56,286	10	16,549	-	-	-	-	72,845
Net insurance financial result		-	-	(16,912)	-	-	-	-	(16,912)
Net investment result		-	1,709	50,851	29	(883)	-	7	51,713
Fee and commission (expenses)/income		-	(219)	(2,916)	16,293	58,659	-	-	71,817
Other operating expenses		(31,766)	(993)	(3,943)	(22,823)	(57,300)	(24,079)	88	(140,816)
Other finance income/(costs)		-	-	-	-	(286)	-	(3,150)	(3,436)
Share of profit of associate		-	-	-	-	365	-	-	365
Profit on disposal of subsidiary		-	-	-	-	(1,130)	-	-	(1,130)
Profit/(loss) before tax	[2]	24,520	507	43,629	(6,501)	(575)	(24,079)	(3,055)	34,446

* instalment handling charges
** discounting on non-latent claims provisions and broker commission intercompany elimination

Combined operating ratio = ([3] - [2]) / [3] 92.6%

BENEFACT GROUP

Annual Report and Accounts 2024

Benefact Group
Benefact House
2000 Pioneer Avenue
Gloucester Business Park
Brockworth
Gloucester
GL3 4AW

Benefact Group plc Reg. No. 01718196.
Registered in England at Benefact House, 2000 Pioneer Avenue,
Gloucester Business Park, Brockworth, Gloucester, GL3 4AW, United Kingdom