



BENEFACT GROUP

Annual Report
& Accounts 2025



Benefact Group plc Annual Report & Accounts 2025

Cover image

St Paul's Cathedral, London, where we will host a celebration of our milestone achievement of donating £250 million to charity since 2014.

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THANK YOU

Since 2014, we've given over £275m to charities and good causes, a milestone that fills us with pride and gratitude.

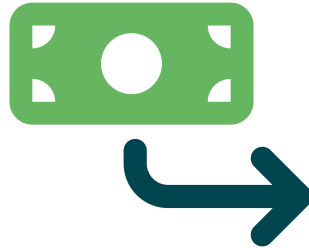
Thanks to our customers, supporters and colleagues, we've been able to connect with so many incredible organisations, offering meaningful support to the amazing work they do, touching countless lives along the way.

TOGETHER, BUILDING
A MOVEMENT FOR GOOD.



Our Group Giving

Key facts and figures



Over £2m has been given via colleagues of the Benefact Group over the past 10 years.

This includes fundraising and personal grant donations.



Over 1,000 hours of time given in 2025 during The Big Give Back week by colleagues.



5,000 charities supported in 2025 with free resources, webinars, and events.



Every colleague in the Group receives a **£200 personal grant** to give to a charity of their choice.

It can be boosted up to £400 if they also volunteer.



We've averaged **3,500+ hours** (500+ days) of annual volunteering time from colleagues since 2023.

88% of charities said our programme provides training they otherwise couldn't afford.

Every £1 we spend on the programme **delivers £37.50 in economic benefits** for charities.

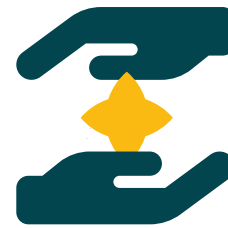
Directory of Social Change Report 2025

Our Group Giving

Key facts and figures



Over 10,000 charities supported since 2014.



Over £275m given to good causes since 2014.



Community Impact Grants

have distributed over 700 charitable grants totalling \$7m to charities in support of transformational services that help communities in Canada thrive. 2017-2025



The Benefact Group is the **3rd largest UK corporate donor** over a decade*.

*DSC – Guides to UK Company Giving, 2017-2026



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.



Movement for Good Awards 2025

another stellar year for this programme, helping us donate to a wide range of charities and good causes.



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Section One Strategic Report

The Strategic Report, Governance, Financial Statements and Other Information sections form the Benefact Group Annual Report and Accounts 2025. 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.

Mark Hews

Group Chief Executive

16 April 2026

Our businesses

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



UK accreditation



Our businesses



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 about finding a better way to protect the thing that matters 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



Ecclesiastical UK



Ecclesiastical UK



Ecclesiastical UK



Ansvar Australia



Ecclesiastical Canada

Broking & Advisory

Access Underwriting Limited, Ecclesiastical Financial Advisory Services Limited (EFAS), Ecclesiastical Planning Services Limited (EPSL), Lycetts Insurance Brokers (Lycetts), Lycetts Financial Services Limited, Lloyd & Whyte Group Limited (L&W)

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.



Access Insurance
Platinum Trusted Service Award (fifth consecutive year), Feefo



Lycetts
Gold Trusted Service Award (previously Gold for two years), Feefo (for Cliverton)

Lloyd & Whyte
Rated Excellent, Trustpilot (each of Lloyd & Whyte Group, Business Choice Direct, Lloyd & Whyte Community Broking, SEIB, WRS, and Lansdown)

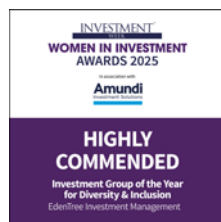
Asset Management

EdenTree Investment Management Limited,
EdenTree Asset Management Limited (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 17th consecutive year, EdenTree won 'Best Ethical Investment Provider' at the Moneyfacts Investment & Life Awards and Best Sustainable Fund Launch at the Sustainable Investment Awards.



EdenTree



“

Here in the Royal Irish Academy of Music, we live in music and believe that music is for everyone – regardless of their background, ability, age, or gender. Our work with our Co-creative Ensemble for the ‘Sounding the Hidden at the NLI’ project challenged how we approach what we do across institutions and disciplines when it comes to making music together.

”

Deborah Kelleher, Director
Royal Irish Academy of Music



Sounding the Hidden at the National Library of Ireland

Sounding the Hidden at the National Library of Ireland is a project that brought an inclusive ensemble of musicians of different abilities together to create and perform a new music composition based on sounds recorded in the National Library of Ireland. Led by composer Karen Power, the ensemble consisted of ten musicians – five living with intellectual disabilities and five Royal Irish Academy of Music students. Working collaboratively in a safe, welcoming, open environment of genuine co-creation, without pre-conceived notions of musical hierarchy, the group created a new, original and professional musical composition. The photograph is from the live performance of this new composition in the National Library of Ireland in January 2025.

“ It makes me very proud to Chair a financial services group where colleagues are commercially driven and who always look to do the right thing for customers. ”

François-Xavier Boisseau
Chair



Chair's Statement

I am delighted that in my first Annual Report as Chair of Benefact Group, I'm able to congratulate my colleagues on producing a stellar set of results in challenging times. This is made even more meaningful because of our unique business model and ownership: the more we grow, the more we can give, which we continued to do in communities across all our geographical territories in the UK, Ireland, Canada and Australia in 2025.

The collective effort of our people, together with all the customers, brokers, clients, partners and reinsurers who choose to do business with us, has meant that we have now delivered over £275m in giving to good causes since 2014. A phenomenal achievement and a beacon for how businesses can come together for good.



Results

A profit of £77.1m was delivered in 2025, which meant we were able to deliver over £28m of giving to good causes including £24m to our charitable owner Benefact Trust Limited.

Our Specialist Insurance division saw underwriting profit and gross written premium¹ (GWP) increase whilst our Broking and Advisory division saw good underlying growth. Our Asset Management business EdenTree experienced net outflows in line with industry trends and it remains one of the few firms to have been awarded sustainable labels across its retail funds.

The Group's financial strength also remains solid. Both Moody's (A2, stable outlook) and AM Best (A, stable outlook) reaffirmed Ecclesiastical Insurance Office public limited company's (EIO) credit ratings, and our Solvency II coverage ratio at 248% remains well above regulatory requirements and our own risk appetite thresholds.

Reflections

Our businesses are built on a common set of commercial values: to be expert in the markets they operate in to create outstanding levels of care and trust within the customer groups they serve. 2025 has seen another strong year of independent verification of that expertise, care and trust through a number of richly deserved awards and accolades including topping the Fairer Finance League Table for the 22nd consecutive time.

When our businesses perform to that level it means we can have real positive impact in communities across the world, whether that be homelessness charities in

Canada, arts and heritage projects in Ireland, child cancer charities in the UK or community education programmes in Australia. Our biggest impact continues to be our ability to fund in a very meaningful way, the extensive set of activities carried out by our charitable owner, Benefact Trust Limited. In addition to this financial support, there are thousands more good causes that we are able to support with free expertise and resources that enable them to thrive.

It makes me very proud to Chair a financial services group where colleagues are commercially driven and who always look to do the right thing for customers, the result of which delivers profits that enables us to support the incredible work of the charity sector.

Board activity

Our Board continues to evolve with our business and we welcomed new Board member Ian Martin whose experience and insight will support our future ambition.

I wanted to say a particular personal thank you to my predecessor David Henderson, who stepped down as Chair of Benefact Group in 2025 and under his guidance, saw the Group grow significantly during this time. I'm delighted that we will continue to work together in David's new role as Chair of Benefact Trust Limited where we share the ambition to give even more to good causes in the coming years.

The future

2026 is an exciting year for Benefact Group as we look to deliver another strong year of performance albeit in some challenging market conditions. What gives us confidence is our specialist businesses are well placed in their markets, our commercial discipline and our ability to take a long term, customer led view.

We will also have a keen eye on Benefact Group's next chapter as we look to set out our strategic direction for the next 3-5 years to take advantage of opportunities fuelled by technological change and growing customer appetite for expert, purpose-led businesses.

Knowing that our ambition is driven by passionate people who put customers first means we can continue to look forward to growing sustainably and giving even more impactfully in the period ahead.

François-Xavier Boisseau
Chair

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



“

The Women's Bakery programme helped me prove to myself and prove to my kids that we can stand on our own two feet. It showed me that we are going to be alright.

”

Lead Programme Facilitator and former graduate of The Women's Bakery



The Women's Bakery

Fred Victor's The Women's Bakery offers a unique job training opportunity for women facing significant barriers to securing employment that include poverty and homelessness. Graduates of the six-month programme transform from beginners into confident bakers; with 80% going on to stable employment, further education or starting a business.

Ecclesiastical Canada's Impact Grant of \$200,000 over three years will enable many students to learn new skills, gain confidence, and build better lives for themselves and their families – creating a ripple effect in their community and for the generations to come.



“ We enter 2026 with momentum, clarity and confidence. Inspired by the impact of our giving, we remain focused on sustainable growth, operational excellence and enhancing the products and services that set us apart. ”

Mark Hews
Group Chief Executive



Group Chief Executive's Review

2025 was another outstanding year for Benefact Group. Our teams delivered strong performance and demonstrated what a values-driven business can achieve when commercial focus and purpose-driven impact work hand in hand.

We have now surpassed £275m given to good causes since 2014 – another remarkable milestone for the Group and one that reflects the collective commitment of colleagues, customers, brokers and partners who choose to work with an organisation that uses profit as a force for good.



What defines us is not only the results we deliver, but the lives we help change along the way. That is the heart of Benefact Group, and it is the foundation on which we continue to build.

Our General Insurance business delivered an underwriting profit¹ of £62.2m, up 30.5% on the previous year. While the year benefited from unusually benign weather and no major losses, our long-term outlook recognises the inherent volatility as the insurer of many iconic and irreplaceable buildings. Over recent years we have experienced several devastating fires, flood events and storms, and these remain a powerful reminder of the responsibility and potential for large losses given the significant nature of many of the buildings we insure.

GWP rose by 2.1%, driven by excellent growth in the UK and Ireland, supported by continued strong retention and acquisitions of customers across both our traditional segments and newer segments such as Leisure and an expanded Care appetite. With changed market conditions we continue to be selective and disciplined in our growth.

Our Broking and Advisory division continued to build scale and expertise in line with our strategy, including several new acquisitions. Despite the soft market, the division recorded good underlying growth, and reinforced its reputation as a trusted, values-driven partner.

It was a demanding year for the asset management sector, as the demand for passive funds dominated, and environmental, social and governance (ESG)

investments facing heightened scrutiny. EdenTree, our award-winning sustainable asset manager, experienced net outflows in common with industry trends. We hope that the FCA's Sustainability Disclosure Regulations bring greater trust and transparency to the market and are delighted that EdenTree is one of the few firms to have sustainable labels across all its retail funds. For us, we are resolute that we should stick to our sustainable approach, take a long-term view, and not be swayed by short-term sentiment.

At Benefact Group, our purpose continues to be the foundation of our success. As a charity owned, commercially disciplined business, we grow so we can give. Over the past year that purpose has guided our decisions, strengthened our resilience and deepened the impact we create for the communities we serve.

Our Chair

This year offered an important moment to say a heartfelt thank you to David Henderson, whose leadership as Chair has played a central role in our success. We are delighted that David will continue to champion our purpose as Chair of Benefact Trust Limited.

We are equally pleased to welcome François-Xavier Boisseau as the new Chair of Benefact Group. With deep experience, a strong understanding of our organisation and unwavering commitment to our purpose, François-Xavier is well placed to guide the Group into its next chapter.

Delivering for our customers

Across our Group we continued to deliver high-quality outcomes for our customers and to be recognised for the expertise, trust and care our teams demonstrate every day.

In the UK, our General Insurance claims team earned the Outstanding Service Quality Marque from Gracechurch for the fifth year running – a powerful endorsement of the empathy, expertise and consistency our customers experience when they need us most. Ecclesiastical UK retained its position at the top of the Fairer Finance rankings for the 22nd time and secured Which? Best Buy recognition for both buildings and contents insurance for the third consecutive year.

Internationally, Ecclesiastical Canada was honoured for Excellence in Philanthropy & Community Service for the fifth year running. Our Broking and Advisory businesses also shone, receiving multiple awards for ESG leadership, customer engagement and service excellence. Meanwhile, EdenTree continued its leadership in responsible investment, including being named Best Ethical Investment Provider by Moneyfacts for the 17th consecutive year, and attaining an award for Best Sustainable Fund Launch.

These achievements matter, not because they are independent trophies or awards, but because they reflect who we are: a Group built on empathy, integrity and genuine care, a culture where people put customers first, every single day.

“

Thanks to your commitment, children are remaining in school, parents are returning to work, and families are rebuilding, creating a ripple effect of resilience and economic stability that will benefit Australia for generations to come.

”

Duncan Schieb
Head of Development



A Friend's Place

A Friend's Place provides free specialist counselling and care for bereaved children aged 3-17 following the death of a parent, sibling or close loved one. Their Adventure Camps programme offers immersive therapeutic recreation designed to help children express emotions safely, build resilience, and develop communication skills and confidence. Through structured activities such as rock climbing, high ropes, and archery, participants form friendships and learn coping strategies alongside peers who share similar experiences. These camps aim to reduce isolation and support mental health during one of life's most traumatic challenges.



Building a Movement for Good

Strong financial performance enabled us to give over £28m to good causes this year, including £24m to our charitable owner, Benefact Trust Limited. In doing so, we have now surpassed giving over £275m to good causes. This is an extraordinary achievement and the impact it has is real.

This year alone, our giving helped regenerate communities, protect heritage buildings, support families facing financial pressure, strengthen mental health services, assist those experiencing homelessness, and fund youth programmes that give hope and opportunity. Through Benefact Trust Limited's humanitarian grants, we've helped support refugees fleeing conflict, contributed to medical relief efforts in Gaza, aided communities recovering from climate related disasters and so much more.

Behind every grant there is a story – a life made safer, brighter, and more hopeful. Lives touched because our customers, clients, brokers, partners, reinsurers and colleagues choose to do business with us.

Our Planet, Our Part

We recognise our role in the natural world and our duty to protect it. For more than 35 years, we have championed sustainable investing, a commitment reflected in EdenTree's award winning responsible investment approach and Naturesave's leadership in ethical insurance. Our response to climate change is action-led, rooted in our values and has gone well beyond talk. We have embedded environmental, social and governance considerations across our investment decisions and supported customers and communities to become more climate resilient.

Whilst there is always more to do, after high-quality charitable offsets, we have achieved net-negative direct emissions for two years in a row. We do not underwrite or invest in businesses involved in fossil fuel extraction, heavy industry or commercial aviation, and we do not invest in organisations that conflict with our values. With focus, innovation and determination, we will strive to keep driving down our emissions and supporting our customers on the journey to net zero.

Destination employer

As a charity owned organisation with a purpose unlike any other in our industry, we attract people who want their work to create a positive impact. Our colleagues come together around a shared ambition: to grow a commercially successful, values driven business so that we can give even more to good causes.

That purpose shapes a culture where people feel respected, supported and inspired to do their best work. We provide life changing careers that change lives, and I'm proud that this commitment is reflected in our employee engagement results, with most of our businesses achieving Best Companies 'Outstanding' and 'World Class' accreditations, alongside further national, international and diversity awards.

Benefact Group has recently been named one of the Top 4 'Best Big Companies to Work For' in the UK, a testament to the strength of our culture and leadership. These results reflect who we are, and the extraordinary people who make this organisation such a special place to work.

Looking ahead

We enter 2026 with momentum, clarity and confidence. Inspired by the impact of our giving, we remain focused on sustainable growth, operational excellence and enhancing the products and services that set us apart. 2026 will be pivotal as we launch a new strategic chapter and set our stretch goals for the future. Our ambition is bold: to build a stronger Group so we can create even greater impact for the good causes and communities we exist to support.

Join our Movement for Good

Surpassing £275m in charitable giving is a proud milestone for Benefact Group, yet it marks just the starting point for how far we plan to go. We thank all our existing supporters and invite others to join us – as a customer, colleague, partner or investor. Every time an individual or business chooses Benefact Group, or one of its subsidiaries, they help us grow our impact and improve the world in which we live.

Together, we will continue to build a business where profit is used as a force for good and where long-term value is measured by the difference we make.

Mark Hews
Group Chief Executive

¹ The Group uses Alternative Performance Measures (APMs) such as GWP and underwriting profit to help explain performance. More information on APMs is included in note 41.



National Trust

The National Trust's Clean Streams, Healthy Coasts project

We've committed to support the National Trust's Clean Streams, Healthy Coasts project over three years (2025-2027). Our funding is helping to restore the last kilometre of coastal streams in North Devon using nature-based solutions – improving water quality, boosting biodiversity and increasing flood and drought resilience. As well as providing funding for this project, we've visited key sites in North Devon with the National Trust and created a case study video to share widely – helping to build understanding of how financial services companies invest in and support nature-based solutions. The project aligns with our broader nature strategy, and the importance of ecosystem health and flood resilience is clear to our business.



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 Limited) 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 & 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 that prizes sustainable value creation 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.

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 £24m grant to our charitable owner, Benefact Trust Limited in 2025. This accomplishment has been made possible through the significant efforts of all the businesses across 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 2025, 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 our strategy 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 and clients across all divisions and geographies; achieved high levels of customer satisfaction exceeding market benchmarks in all divisions of the Group, with many of the Group's strategic business units achieving 'World Class' levels of customer advocacy
- received external recognition for our distinctive approach with thirty-nine awards across the Group, reflecting specialist expertise, quality of service, customer advocacy, and sector thought leadership
- continued to enhance customer propositions with new and refreshed insurance products including *Arts & Culture e-trade*, *Commercial Care*, *Schools & Colleges*, *Property Owners*, *Kennels and Catteries*, *Renewables*, *Bespoke Courier*, *grass roots Equestrian*, and *Sunshine Tour showjumping*
- offered added value including specialist advice tailored to customer needs and sharing industry insights, addressing issues such as risk management, investment insights, sustainability, and climate commitments
- supported customer communities as part of long-term relationships aligned to core themes including the Next Great Save with *National Trust Canada*, Finding Hope – Indigenous Youth Action Plan with *Kids Help Phone (Canada)*, *Heal Rewilding*, *Speakers Trust*, *Wexford Festival (Ireland)* and *Cheltenham Festivals (UK)*
- continued to build a Movement for Good – held our second *Charity Heroes Awards* at the Tower of London; launched innovative new *Pay It Forward* giving driving peer-led impact across the UK and Ireland; hosted cross-industry events, bringing together an expert panel to an audience of business leaders to create impetus to tackle poverty, homelessness and generational poverty, in the cities of London (UK) and Toronto (Canada)
- supported a wide range of charities to address issues that smaller charities often find challenging, including webinars such as *More than Money: what companies can give your charity*, and *Essential tips to help you secure funding*, and podcasts to help overcome the myths and challenges that hold back charities such as *The funding freeze: What is going on?* and *Charity CEOs: Is it too tough at the top of this sector?*
- offered tailored charity support through *Charity Support Plus* targeted at a small group of charities to provide impactful support beyond funding, including training, skill sharing, and offering meeting space to charities
- this strategic support for charities was independently assessed by *Directory for Social Change*, finding that blended support amplifies the impact of traditional donations. For every pound spent by the Group on charity support, £37.50 is generated in economic benefits for charities, unlocking even greater impact



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
- launched new insurance products including *Arts & Culture e-trade*, *Commercial Care*, and *Schools & Colleges*; and developed a variety of new schemes such as restaurants, community organisations, and village halls
- addressed customer needs by providing specialist risk management advice on diverse topics including *Succession Planning for Charity Leaders*; *Stay Safe, Stay Protected – Password Leak at the Louvre*; *Working at height advice for churches*; and *Protecting history and culture from material damage*
- continued to offer targeted support to brokers and customers offering tailored training, specialist masterclasses, and customer roadshows, covering a diverse range of topics including *the application of Value Added Tax on school fees (UK)*, *Martyn's Law (Terrorism (Protection of Premises) Act 2025) (UK)*, *Event Planning Risk Management (Canada)*, *Safeguarding Vulnerable People micro-credential* with Bond University (Australia)
- offered guidance, support, and webinars to churches and charities, and built partnerships with charities important to local offices including *National Centre for Childhood Grief (Australia)*, *Epilepsy Toronto (Canada)*, *Dublin Youth Theatre (Ireland)*, *Birmingham Dogs Home*, *Hand in Hand*, and *Esteem (UK)*
- implemented internal improvements including continued steps to boost underwriting empowerment (UK), implemented fast-track renewals and refreshed Claims operating model (Australia), improving the desktop underwriting experience (Canada), and redesigned and migrated several websites (UK and Ireland)
- won fourteen awards across all geographies including *Top Insurance Employer 2025 – 100-499 employees (Australia)*; *Greater Toronto Top Employer (Canada)*; *Investors in Diversity – Silver Award (Ireland)*; *Risk and Resilience Award*; *Rated Excellent on Trustpilot*; and *Fairer Finance #1 for Home Insurance (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 the division's growth strategy and launched an enhanced sustainability process 'The EdenTree standard', which was universally well received by clients
- confirmed plans to become the first UK investment house with all funds SDR-labelled, meeting fully the FCA's Sustainability Disclosure Requirements (SDR). This follows EdenTree being the first asset manager to secure SDR Impact labels in all major public markets' asset classes (equity, bonds, and alternatives)
- demonstrated our expert voice with regular sustainable investment insights and research published to the market, including *Oppressive Regimes*, and *What's next for Fixed Income Markets*, and highlighted our long-standing commitment to tackling climate risk with thought leadership such as *A Just Transition in Renewable Energy* and *What the blackouts in Spain and Portugal could mean for green infrastructure investment*

- explored how finance can be a force for good, supporting teachers to help guide their students towards purpose-driven career paths, at the Teacher Encounter Day in collaboration with *Investment 20/20*; and hosted in-house workshops encouraging young women to pursue careers in the City of London as a key supporter of *The Lord Mayor's Appeal initiative 'We Can Be'*
- recognised with six industry awards including *Best Ethical Investment Provider* (17th consecutive year); *Best Sustainable Fund Launch* for the new *Global Sustainable Government Bond Fund*; *Best Sustainable Investment Solution Provider*; *Knowledge Award*; *Sustainable & ESG Investment Woman of the Year*; and *Investment Group of the Year for Diversity and Inclusion*



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

- continued to drive forward B&A growth strategy with organic growth; broadened panels to strengthen capabilities; renewed long-term broking strategic partnerships; progressed to 100% ownership of Lloyd & Whyte (L&W); and completed targeted acquisitions of Ladbrook (into Access Insurance) and Arya MGA (into L&W)
- attracted and retained prestigious clients with exceptionally high levels of customer satisfaction and 'World Class' net promoter scores (across measured businesses); achieved Feefo accolades for five broking businesses, with a *Platinum Trusted Service Award* for Access Insurance for the fifth consecutive year
- launched new products to address evolving customer needs including *Property Owners, Kennels and Catteries, Renewables, Bespoke Courier, grass-roots Equestrian, Sunshine Tour event (showjumping in Spain & Portugal)*; and deepened strategic alliances with affinities and associations including medical and allied professions, transport, theatrical, animal trades, and equestrian bodies

- rebranded *Naturesave* and its website to reflect its purpose of protecting people and the planet; and consolidated a network of six local brands into a single, cohesive *Lloyd & Whyte Community Broking Limited* brand
- increased focus on operational efficiency and effectiveness to leverage the division's expertise and scale, and reduced agencies in L&W Community Broking to drive better outcomes for clients and create efficiencies
- worked in partnership with customers, charities, and suppliers, to support local communities, including offering apprenticeships, volunteering, sponsorship of local events, and fundraising for local causes such as *St Luke's Hospice, Rushton Dog Rescue, Newcastle United Foundation, and Exeter Chiefs Foundation*
- won seven awards including *Top Rated Financial Advisor*, VouchedFor (EFAS); *Rated Excellent, Trustpilot* (each of SEIB, WRS, and Lansdown, all part of L&W); *Feefo Trusted Service Awards – Platinum* for Access Insurance, and Gold for Cliverton, part of Lycetts; and *Young Broker of the Year*, UK Broker Awards



Developing the Benefact Group and its businesses

- achieved enhanced credit ratings from AM Best (A, stable) and Moody's (A2, stable) and demonstrated strengthened Capital Adequacy Ratio
- amongst our target audiences, continued to drive positive uplift in both familiarity with and favourability towards the Benefact brand and its purpose to give all available profits to good causes
- delivered technology enhancements, improved capabilities and reduced risk including seven new business websites, and migrated telephony to a more secure, cloud-based platform
- agreed Data & AI strategy; prototyped automation in targeted areas including selected underwriting processes, renewal modelling, and Direct Debits; and selected a global ERP platform
- focused on driving continuous improvement across all businesses by reducing unnecessary processes to drive greater simplicity and reduce complexity, including testing prototypes to automate some manual administrative tasks, create increased capacity, or streamline processes
- delivered Digital Operational Resilience (DORA) compliance successfully, and continued deeper embedding of Consumer Duty outcomes in line with agreed regulatory timelines
- developed nature strategy, engaging with businesses, customers, and charities
- achieved net negative direct emissions milestone towards net zero
- published the Group's first Climate and Environment policy in line with the Group's Environmental and Social Code of Conduct for Suppliers
- continued support and progress with GiveStar, including a new platform for our UK-based colleagues to donate personal grants to charities of their choice



Developing a world-class team

- continued on the journey towards becoming a 3* *World Class* employer everywhere in the Benefact family and achieved an all-time high Best Companies Index score in April 2025
- awarded number four *Best Big Company To Work For* in the UK, and *number two in Top Insurance Company To Work For* in the UK, and retained 3* *World Class* recognition in the UK and Ireland
- continued investing in leadership building across the Group's divisions and businesses, including appointments to key roles, promotions, development moves and continued to build future talent through our Group-wide leadership programmes including Benefact Emerging Talent and launched the first cohort of Senior Leadership Programme '*Leading With Purpose*' in partnership with Windsor Leadership Trust
- continued with '*We All Belong*' approach to foster inclusive culture across the Group, and bolstered wellbeing provision for colleagues including the introduction of neonatal miscarriage leave; created safe spaces for conversation through colleague networks such as the menopause support group, and male allyship; offered education and support for neurodiversity with access to membership of GAIN (Group for Autism, Insurance, Investment and Neurodiversity) for all colleagues; and celebrated PRIDE across our geographies to support our LGBTQ+ colleagues and their families
- transferred Group Personal Pension plan to Legal & General to provide a better outcome for colleagues
- as part of our commitment to the Women in Finance charter, we continued to improve visibility on gender pay gap reporting in line with our target of 40% women in senior management roles, and set an internal minimum salary that is higher than the Living Wage Foundation rates
- continued to refresh the Group's office portfolio, including refurbishment of Sydney and Perth (Australia), moved to new premises in Eastbourne and Totnes (UK), opened a new office in Glasgow (UK), and achieved £1.3m savings in Beaufort House dilapidations
- excellent people from across the Group were recognised with several awards and accolades including *Global Top 100 CIO*, *HotTopics Global CIO 100 Awards* (Shared Services), *Top Rated Financial Advisor* for two advisers (Ecclesiastical Financial Advisory Services Limited), *Young Broker of the Year* (Lycetts) and highly commended for *Sustainable & ESG Investment Woman of the Year – Small to Medium Firms* (EdenTree)



Benefact Group

- *Top 5 Big Company to work for (fourth place), Best Companies*
- *Top 5 insurance company (second place), Best Companies*
- *3* World Class UK accreditation, Best Companies*
- *Global Top 100 CIO, HotTopics Global CIO 100 Awards*

Specialist Insurance division

Ansvar Australia

- *Top Insurance Employer 2025 (100-499 employees), Insurance Business Australia*
- *Top 40 Australia Best Workplaces to Give Back in 2025, GoodCompany Awards*

Ecclesiastical Canada

- *Greater Toronto Top Employer 2025 (seventh consecutive year)*
- *Leader in Philanthropy and Community Engagement (fifth consecutive year), Imagine Canada*

Ecclesiastical Ireland

- *Investors in Diversity, Silver Award, Irish Centre for Diversity*
- *Highly Commended for Arts Philanthropy Award, Community Foundation Ireland*
- *Highly Commended for Judges' Special Recognition Award, Business to Arts*

Ecclesiastical UK

- *Number 1 for Home Insurance, (twenty-second and twenty-second consecutive times, over 11 years), Fairer Finance*
- *Best Buy Buildings Insurance, and Best Buy Contents Insurance (both third consecutive year), Which?*
- *Outstanding UK Claims Service Quality, (fourth consecutive year), Gracechurch*
- *Risk and Resilience Award, British Insurance Awards*
- *Sustainable Exhibitor Award (second consecutive year), British Insurance Brokers' Association*
- *Rated Excellent, Trustpilot*
- *Maintained CII Chartered Insurer status, Chartered Institute of Insurance*

Asset Management division

EdenTree Investment Management Limited

- *Best Ethical Investment Provider (seventeenth consecutive year), Moneyfacts awards*
- *Best Sustainable Fund Launch, Sustainable Investment Awards*
- *Best Sustainable Investment Solution Provider, Professional Paraplanner awards*
- *Knowledge Award, Fintel Partnership Awards (owners of SimplyBiz)*
- *Highly commended for Sustainable & ESG Investment Woman of the Year (Small to Medium Firms), Women in Investment Awards*
- *Highly commended for Investment Group of the Year for Diversity & Inclusion, Women in Investment Awards*
- *Fund ratings awarded to Global Sustainable Government Bond and European Equity fund, Square Mile*

Broking and Advisory division

Access Insurance

- *Platinum Trusted Service Award (fifth consecutive year), Feefo*

Ecclesiastical Financial Advisory Services Limited

- *Top Rated Financial Advisor for two advisers, VouchedFor*

Lloyd & Whyte

- *Rated Excellent, Trustpilot (each of Lloyd & Whyte Group, Business Choice Direct, Lloyd & Whyte Community Broking Limited, SEIB, WRS, and Lansdown)*

Lycetts

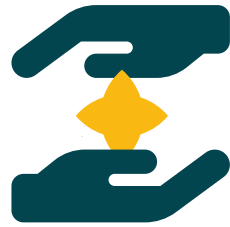
- *Gold Trusted Service Award (second consecutive year), Feefo (for Cliverton)*
- *Young Broker of the Year, UK Broker Awards*

Additionally, the Group's businesses were shortlisted for many more awards.


Continuing to be recognised for excellence with thirty-nine awards and accolades across the Benefact family

Responsible Business Report highlights

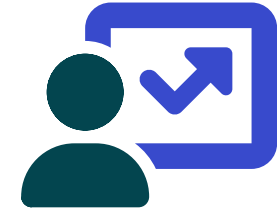
Socially Positive



Have given **over £275m to charities** since 2014



Over **£28m to charity** through donations to Benefact Trust Limited and to charities direct



300+ leaders participated in inclusive leadership training



Top 3 Corporate Giver over a decade according to the Directory of Social Change's UK Guides to Company Giving 2017-26



Named the **UK's #4 Best Big Company** to work for by Best Companies



Award-winning across the Group including Best Ethical Investment Provider for 17 consecutive years



Responsible Business Report highlights

Environmentally
Positive



ClimateWise
member



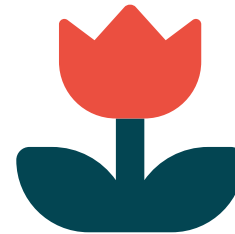
**61% of
EdenTree's
investor
engagement
was on climate**



**£150,000
charitable grant
committed
to restoring
coastal streams**



**Carbon positive
for direct impact**
– investing in innovative
offsetting projects
including biochar



**Leading adopter
of the FCA's
Sustainability
Disclosure
Requirements**
for investment funds



**1,000
volunteering
hours**
dedicated to 'giving
nature a helping hand'



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 further disclosures 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.

Socially Positive

Charitable giving

Benefact Group has a unique purpose to give all available profits to good causes. 2025 continued to deliver on that purpose with over £275m donated to charity since 2014. This continued achievement is thanks to everyone who has been part of this journey – colleagues, customers, partners, supporters and charities. The following table summarises giving across the Benefact Group which includes Ecclesiastical Insurance Office public limited company (EIO), its subsidiaries and the subsidiaries of the Benefact Group. This table also summarises giving from Benefact Trust Limited, the ultimate parent undertaking of EIO and Benefact Group.

BENEFACT TRUST LIMITED

making a positive difference to people's lives by funding, guiding and celebrating the work of churches and Christian charities

- £26.7m awarded in grants, which are expected to benefit approximately 2.5 million people
- Nearly 46% of local project funding was allocated to the 20% most deprived communities across the UK and Ireland
- £2.9m awarded to projects tackling homelessness
- Over 700 churches and cathedrals received funding for essential building improvements
- £1.5m was invested in heritage skills training in partnership with the Cathedrals' Workshop Fellowship
- £750,000 was awarded in response to international humanitarian crises

The Group's distinct ownership model allows it to give available profits to Benefact Trust Limited as its charitable owner. In 2025 the Trust continued to deliver significant social impact through a number of grant programmes which support predominately Christian charities and organisations.

Directing funding to achieve greatest impact remained central to the Trust's approach, with grant uplifts awarded to the most deprived communities. This ensured that organisations operating in areas of greatest need were equipped to deliver deeper and more sustainable impact.

Tackling homelessness continued to be a key strategic priority, with grants awarded to initiatives spanning emergency provision, prevention, and long-term pathways to independence. These grants supported collaborative, place-based approaches designed to deliver lasting change.

The Trust also invested heavily in community infrastructure and heritage. As well as providing funding to churches and cathedrals to make building improvements and protect historic buildings, a partnership with the Cathedrals' Workshop Fellowship is helping to develop the next generation of specialist craftspeople.

Beyond the UK and Ireland, crisis responsive funding providing life-saving support to those in crises. This included a grant to World Vision to support humanitarian aid relief in Sudan and to British Red Cross to support victims of the Myanmar earthquake.

Visit benefacttrust.com

BENEFACT GROUP

Group-led giving programmes designed to achieve maximum reach and impact

- The £1m+ Benefact Group Movement for Good continues to award unrestricted funding via small donations and partnership grants
- 400+ charities nominated by the public benefited from smaller donations
- Partnership funding supported 20 charities aligned to key impact themes
- New innovative Pay It Forward programme tested new ways of giving
- 4,000+ charities received free support including webinars and in person events
- Research by DSC found that for every £1 invested by Benefact Group in charity support, £37.50 in economic benefits was generated for charities
- Charity Heroes Awards held at the Tower of London

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 nature, schools and heritage.

Support for climate and environment charities continued in 2025 – new partnerships included restoring coastal streams with the National Trust and creating diverse habitats at Castle Howard's Bog Hall Habitat Bank.

New innovative ways of giving were tested, with the Pay It Forward programme putting giving in the hands of charities themselves. The programme created widespread conversation amongst charities and funders and sparked thoughtful debates around agency and collaboration.

The Group's giving goes beyond financial donations – a range of support was provided to charities including free webinars, podcasts and in-person forums. Research from DSC showed the value of providing this added support to charities, boosting their skills and networks.

The Benefact Group Charity Heroes Awards celebrated and showcased amazing charities at the Tower of London. We also spotlighted the 'kindest cities' in the UK with a social media and press campaign. Breakfast events in London, Toronto, Vancouver and Calgary brought business and charity leaders together to hear an expert panel discuss homelessness and discuss how companies can take action.

Visit movementforgood.com

BUSINESSES

**giving led by subsidiary businesses of the Benefact Group
focused on customers and communities**

- £100,000+ to charities UK insurance brokers care about
- Ansvr UK provided nearly 40 charities with free office and meeting space at their community hub
- Another 13 projects that help young Australians in need supported by Ansvr Australia's Community Education Programme
- Lycetts continued to support The King's Foundation Build A Legacy Award
- EdenTree started new partnerships with the Green Schools project and YES Outdoors
- One of the largest donations in Ecclesiastical Canada's history enabled the charity Fred Victor to support women experiencing homelessness

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 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 to receive funding. Ansvr UK's community hub provides free flexible workspace and meeting rooms for local charities based in Brighton.

Specialist investment business EdenTree continues to support causes aligned with positive investment themes, namely tackling climate change and supporting underserved communities. Naturesave Trust (part of Lloyd & Whyte) continues to provide small grants to grassroots environmental projects.

Brokers Lycetts are totally connected to their communities, supporting projects such as The King's Foundation Build A Legacy Award, as well as employability workshops for young people in the Northeast of England. Ecclesiastical Ireland provides funding, time and skills to DePaul, who support people facing homelessness.

In Australia the Community Education Programme has supported the education of disadvantaged young Australians for over 30 years. Ecclesiastical Canada's range of giving programmes include partnerships, sponsorships and volunteering initiatives to help communities in need.

See Group company websites

COLLEAGUES

**enabling Benefact Group colleagues to give to causes
they care about and doubling their efforts**

- Over £800,000 of colleague-driven giving
- Highest-ever level of colleague fundraising – over £360,000 which was matched by Benefact Group
- 600+ volunteering days practically supported good causes
- Colleagues in the UK and Ireland received a £200/ €250 personal grant to donate to any charities of their choice
- New Givestar platform made personal grants more efficient and engaging, with over £340,000 given
- Diamond payroll giving standard received
- Internal celebration week focused on climate charities – over 300 colleagues volunteered during the week
- Colleagues visited charities across the UK and Ireland to find out more about their work

Giving colleagues the opportunity to support causes they care about continues to be the foundation of the Group's giving approach. In 2025 colleague giving scheme 'MyGiving' continued to offer colleagues personal grants to give to any cause they care about, flexible volunteering time and 100% matching of fundraising and Payroll Giving.

In 2025 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 from across the business came together to volunteer and give.

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 also supported to visit charities and award them donations from the Group, seeing first hand the impact of their giving.

Visit benefactgroup.com/responsible-business/my-giving/

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 a happy and 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 2025. Learning resources and communications covered topics such as menopause, bereavement and neuroinclusion. Mental Health Awareness Week was spotlighted across the Group, with organised walks and events across our offices. The 'Smart Health' portal continues to bring physical, mental and financial wellbeing support together in one easily accessible place, including a 24/7 mental health helpline for all employees and their families. A Women's Financial Planning event supported female colleagues with relevant financial information and signposting.

Engagement

Independent assessment of engagement levels was benchmarked through the b-heard survey provided by Best Companies. The survey is a well-established way to listen and celebrate, with over 2,000 responses. The Group overall continues to sustain a two-star 'outstanding' rating, with the UK businesses achieving a 3-star 'World Class' accreditation and ranked as one of the UK's Top 5 best large companies to work for.

Group-wide communication 'The Link' continued to keep colleagues connected across all three continents the business operates in. A new easy-to-use hub for employment related questions launched, to give colleagues an enhanced experience when looking for information on pay, wellbeing, development, rewards and more.

Diversity, Equity and Inclusion

The Group continued its strong commitment to diversity, equity and inclusion. "Belonging at Benefact" launched this year, the Group's strategy for fostering an inclusive, values-driven culture. Over 300 people leaders have participated in inclusive leadership training and colleague led networking groups, such as the Neurodiversity, LGBTQ+ and Women's network, continued to grow.

The 'WeAllBelong' campaign amplified authentic colleague voices, sharing personal stories that celebrate diversity and inclusion. Real testimonials were promoted internally and across social media. A number of events brought people together, including a Women in Leadership panel discussion which welcomed over 80 external attendees, a Male Allyship workshop and PRIDE month celebrations in June.

Recruitment processes have been enhanced to support inclusivity, consistency and candidate comfort. Walk-through interview videos and "meet the hiring manager" features launched to support candidates, especially those who are neurodivergent, and job adverts were revamped to be more inclusive. The careers site now features an accessibility tool to help users better customise the website to suit their needs.

The strategy is already showing positive results, with record-high b-heard scores for colleagues feeling "they can be themselves at work". The Group's investment business EdenTree won the highly commended award for Investment Group of the Year for Diversity and Inclusion at the Women in Investment Awards 2025, and Ecclesiastical Ireland was proudly awarded the Investors in Diversity Silver Accreditation this year.

Key employee statistics

Gender by level 2025	Male No.	Female No.	Total
Group Management Board	7	1	8
Senior Leader	100	35	135
Manager	353	296	649
Team Member	694	959	1,653
Grand Total	1,154	1,291	2,445

The Board split is Male:Female 6:1

Gender Pay Gap	2025	2024
Fixed pay gap mean/median	26.4/19.5	27.5/18.2
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. For more detail see our annual Gender Pay Gap Report available on our website.

Ethnicity 2025	No.
White	1,506
Prefer not to say	845
BME	94

Leadership and Development

The Group continued to invest in leadership and development for colleagues at every stage of their careers. The 'Leading with Purpose Programme' was launched for strategic senior leaders, delivered in collaboration with the Windsor Leadership Trust. The 'Benefact Emerging Talent Programme' welcomed a new cohort 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', a structured programme for all new people managers, was rolled out globally to drive consistent people management skills Group-wide.

The global careers website continues to showcase our people, culture and excellence as an employer, with over 275,000 visits to the site in 2025. Our global Group induction programme welcomed 300 new colleagues this year, bringing new starters from around the globe together to meet and learn about the Group purpose and strategy.

Investment in the Early Careers pipeline has continued with more apprentices, interns and graduates welcomed to the Group globally in 2025. There are over 50 members of the Early Careers network, regularly coming together to support, share and learn from senior leaders at events.

The Group provided a range of free advice and support to help charities to be more successful and sustainable.

In total, more than 4,000 charities were supported through the programme.

Customers and partners

Supporting customers continues to be the key focus in every part of the Group. Growth continued in the Group's specialist markets, with each division supporting its customers with expert knowledge and experience. EdenTree announced it would become the first fund house to have all its funds labelled under the FCA's Sustainability Disclosure Requirements, demonstrating its commitment to providing investors with greater clarity, choice and flexibility. The insurance division continued to expand its product range and offer innovative risk management tools to customers. Broking and Advisory provided a highly trusted service and expanded further with the acquisition of charity brokers M Ladbroke Insurance. Regular customer research and insight programmes enabled our businesses to understand customers' concerns and build their expert advice and support.

Suppliers and partners are key to the Group's sustainable success. A supplier Code of Conduct outlines key social and environmental standards expected of all the Group's suppliers, and use of the FSQS platform supports the collection and management of supplier data. The Group continues to submit a Modern Slavery Act declaration outlining its robust approach. 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. Suppliers paid within 30 days continued to improve, to 87% under the Payment Practices and Performance Reporting (2024: 85%). Several events brought key partners together, including a 'Morning to Inspire' panel-talk in London and Toronto. Each event saw over 80 industry and charity leaders come together to discuss the issues of homelessness and poverty, and how our business community can act.

Charitable giving through the Group's Movement for Good programme continues to support causes that matter to our customers and partners. In 2025, new environmental focused partnerships included working with the National Trust to improve water quality, strengthen flood resilience and enhance biodiversity in coastal areas. Education and skills remained another key priority with grants helping reach more young people with public speaking and confidence building workshops and offer work experience placements. In the Heritage and Arts space, funding enabled research into how heritage supports mental health and how the sector can prepare for climate-related risks.

Beyond funding, the Group provided a range of free advice and support to help charities to be more successful and sustainable. This included webinars, dedicated forums across our offices, online toolkits and a podcast discussing the key issues facing the charity sector. In total, more than 4,000 charities were supported through the programme.



“

Throughout the research process, we've been struck by the transformative impact Benefact Group's Charity Support Programme has had on the charities that engage with it.

DSC research team

Without Benefact Group, we couldn't access such high-quality support.

Fiona Spargo-Mabbs, Founder,
DSM Foundation

Like so many others, I am a one man band charity campaigner. It can be isolating without colleagues to talk to about work challenges...so it's nice to be part of a group where you can ask questions and get support. Being part of a community makes you realise you are not alone.

Lucinda Sowerbutts, OSCAR India

”



Shown above: Fiona Spargo-Mabbs,
Founder, DSM Foundation

The transformative impact of our charity support

Independent research from the Directory of Social Change highlighted how our charity support builds skills, boosts confidence and strengthens communities. It found that for every **£1** we invested in wrap-around support, an estimated **£37.50** in value was generated for charities.

We shared this research to highlight to other corporate funders how listening to the charity sector and providing-more-than-funding can unlock greater impact. The research found that:

- 98%** of charities want corporates to offer support beyond funding
- 88%** of charities said they received training from Benefact Group they otherwise could not afford
- 87%** of charities saw improvement in their ability to write funding applications after using our support
- 41%** of charities expanded their professional network after using our support

Awards and recognition

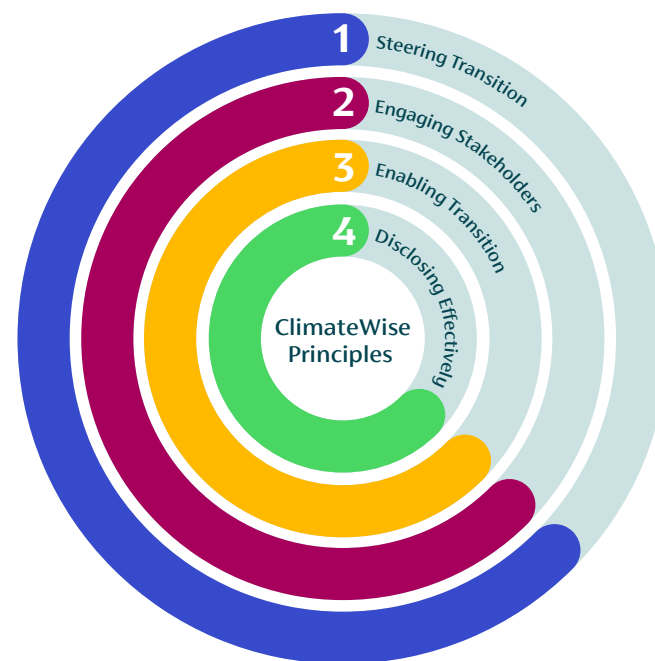
Industry recognition and awards continued to highlight the Group's commitment to customers and partners. Ecclesiastical UK's home insurance claimed the top spot in the Fairer Finance Home Insurance league for the 22nd time; as well as winning the Which? Best buy home insurance for the third consecutive year. EdenTree was recognised as the Best Ethical Investment Provider for the 17th consecutive year at the Moneyfacts Investment Life and Pensions awards; as well as taking home the Knowledge Award at the Simplybiz Partnership Event 2025, reflecting feedback from over 600 financial advisors. Cliverton (part of Lycetts) was awarded the Gold Trusted Feefo award, a testament to the levels of trust their customers place in them.

Innovation and products were recognised, with Ecclesiastical UK's Risk Maturity Assessment Tool winning the British Insurance Awards 2025 Risk and Resilience category. EdenTree's Global Sustainable Government Bond Fund was awarded Best Sustainable Fund launch at the Investment Week Sustainable Investment Awards.

The achievements of individuals and teams were also celebrated. Carlota Esquevillas at EdenTree was Highly Commended in the Women in Investment Awards Sustainable & ESG Investment Woman of the Year. Sarah Willoughby at Ecclesiastical UK was shortlisted for the Women in Insurance Awards, and Group CIO Graeme Howard was recognised as one of the Global Top 100 CIOs by HotTopics Awards. In Canada, Ecclesiastical was named a Greater Toronto Top Employer, 2025 – for the seventh consecutive year.

Environmentally positive

2025 was a year of political upheaval, global unrest and advancing technology. It was also the fourth-warmest year on record for the UK, underlining that the climate crisis is ever present. The Group's commitment hasn't waned; we made progress in key areas including improving measurement and establishing nature strategy. 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 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.



Our Planet. Our Part.



Building engagement in climate

Building understanding and confidence in the Group's climate position and progress continue to be a key focus. In 2025 reports on plans and performance were presented to the Board and training prepared. A nature awareness campaign was also delivered across the Group which included an expert speaker from the National Trust, a new charitable partner. Colleague views on climate continue to be tracked in our externally benchmarked engagement survey.

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. Membership requires an Annual Report which is independently assessed by risk consultants Crowe. In the second year of a relaunched, more demanding framework, the Group continued to make positive progress, improving its position in key areas including underwriting and risk management. The Group also performs above the member average, in particular leading in its responsible and sustainable investment approach.



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 a 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.

Climate stewardship

In 2025 EdenTree published its third Climate Stewardship Report outlining its approach and the results of committed engagement with the companies it invests in. In 2025 61% of EdenTree's engagements were climate-related, reflecting the level of scrutiny it is applying. The funds EdenTree invests, which include the Group's investments, are aligned to the Paris Agreement and the Climate Stewardship Plan targets engagement with the highest emitters in the portfolio and challenges them to set Science-Based Targets.

Leading sustainability labelling

EdenTree has been an early adopter of the FCA's Sustainability Disclosure Requirements (SDR) regime requiring the transparent labelling of funds. In 2026 EdenTree is set to become the UK's first asset manager to apply SDR sustainability labels across its entire fund range. This achievement reflects the Group's unwavering commitment to sustainability and transparency, and particularly our belief in the impact and influence of investments when it comes to climate.

How we insure



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

The financing of customers through the provision of insurance is also a significant area of climate impact. The Group has specialist businesses in the UK, Ireland, Canada and Australia. And whilst we don't underwrite the most climate-harming industries, every customer faces a decarbonisation challenge and the growing threat of physical risks including storms, floods and wildfires are being experienced across our territories.

Measuring the impact of insurance

Whilst we've been footprinting our investment funds for a decade, understanding the impact of insurance is just developing. The Group is committed to using best practice to improve measurement, working with the Partnership for Carbon Accounting Financials (PCAF). Whilst analysis improves, we're committed to making progress on a range of issues including non-standard construction, physical risk assessment with a third party, resilient reinstatement, climate guides for customers, and engaging with key customers to show support and share best practice.

Climate advice and support for customers

In 2025 we focused on developing our understanding of nature risk and opportunity, particularly in our insurance businesses. A working group used risk tools to map nature risk relating to our Top 20 UK insurance customers by GWP. The exercise has highlighted the significance of nature as an asset to historic properties set in grounds for example. Through close partnership with customers we continue to develop this understanding. One of these partnerships is with English country house Castle Howard where we are supporting the development of an education centre at the heart of a 400+ acre rewilding project.



How we give



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

The Group continued to strengthen partnerships and grow its giving to climate and environmental charities in 2025. Through charitable giving the Group has supported a huge diversity of positive climate action – tackling everything from river health to biodiversity restoration and climate education in schools. Giving through the Group and Trust amounted to more than £1m and will continue to grow.

Developing deep partnerships

The Group's Movement for Good partnership funding is designed to build relationships with key charities, supporting their work over the long-term. Providing funding for multiple years enables charities to commit to key areas of work and the Group builds a deeper understanding of their impact. English Heritage is a key example of this in action – over multiple years we've invested in their research into the climate resilience of heritage properties, delivering new insight and developing a digital model. Partnerships will continue to address key climate issues affecting the Group and its customers. In 2025 we have started working with the National Trust, supporting their coastal streams project which is addressing river water quality, natural flood abatement and biodiversity enhancement.

Engaging colleagues in nature

The Group's annual 'Big Give Back' is a celebration of all things giving and an opportunity to focus volunteering efforts on 'giving nature a helping hand'. Over 300 colleagues from all parts of the Group gave over 1,000 hours of time during the week supporting a range of climate and environment causes. We collected rubbish across cities in the UK, Ireland and Canada; cleared invasive plants from canal banks to allow biodiversity to thrive; and helped inner-city schoolchildren to learn about farming and the countryside.

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 (SECR) requirements. 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 namely offsetting with a highly assured partner delivering positive social and climate impact.

Setting standards for suppliers

The Group Procurement team has established an environmental and social Code of Conduct that outlines ten sustainability-related areas and the code is actively used in the due diligence process. This work is supported by footprinting of goods and services which has identified the most carbon intensive partners which the Group will target for engagement.

Sustainable premises

The Group has over 50 office premises and although they represent a very small slice of the Group's overall footprint, we are still committed to reducing their impact. In 2025 we completed the most comprehensive analysis of our premises to date, building a much clearer picture and including Energy Performance Certificate (EPC) ratings to understand the impact of future legislation. We know our head office in Gloucester makes up c40% of our premises footprint, it is also has a 'very good' sustainability standard, sources green electricity, recycles heat and generates energy through solar panels. The Group is committed to continuing to improve the office experience for colleagues and sustainability is at the heart of that ambition.

Carbon footprint reporting – all scopes

The Group has been publishing its footprint in line with SECR requirements for a number of years. It includes business travel, waste and water use Scope 3 impacts. However, we know the vast majority of the Group's footprint is in financing through investments and insurance, so we have been expanding our measurement. This has also included employee commuting and goods and services. Whilst the measurement of these aspects is relatively immature, the graphic opposite illustrates the approximate proportions of the Group's footprint.

In line with future reporting requirements, and as measurement matures, the Group plans to continue to increase transparency of its footprint reporting.

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 SECR requirements.

The Group continues to make improvements in the methodology and data it uses to report emissions.

	UK		Non UK		Total	
	2024	2025	2024	2025	2024	2025
Scope 1 – fuel, fluorinated gas losses and fuel combustion in offices and company fleet	116	67	15	31	131	98
Scope 2 – location based electricity and cooling in premises (1)	591	505	149	190	740	695
Scope 2 – market based electricity (2)	109	181	146	189	255	370
Scope 3 – operational business travel, water use and waste produced (3)	538	624	269	177	807	801
Total tCO₂e (using market rate)	763	872	430	397	1,193	1,269
Carbon intensity (tCO₂e per employee (based on market rate))					0.51	0.51

tCO₂e is tonnes of CO₂ 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 and car rental journeys. Plus business-related journeys undertaken by colleagues using their own vehicles.

Overall, the Group's 2025 emissions are slightly up on 2024. The tCO₂e per employee remains the same because there are around 150 more employees in 2025 compared to the previous reporting period. This footprint is based on 81% data coverage, with 19% extrapolated. As always, efforts are ongoing to increase the percentage of primary data. Scope 1 emissions continue to reduce due to a combination of recent office relocations (to higher performing premises), an increasingly hybrid and electric company fleet and no f-gas leaks. Backup generator testing at the Group's HQ is now included: a correction on previous years where it had been unintentionally omitted.

Scope 2 location electricity use is the net electricity use for the Group and is based on the carbon intensity of the local grid. Location based electricity is down on 2024, meaning overall, the Group has used less electricity. This is due to efficiencies implemented at the Group's HQ along with lower energy demand in other new offices. Scope 2 market rate electricity reflects the type of electricity purchased by the Group. Compared to 2024, market based electricity is up, meaning a greater proportion of the Group's electricity was not from renewable sources this reporting period. The Group avoided 325 tonnes of CO₂e by procuring renewable electricity.

Most of the Group's scope 3 emissions reported under SECR relate to business travel. Emissions are on a par with 2024.

In 2024, total energy use was 4,570,001 kWh, of which 3,841,221 kWh was UK-based and 728,780 kWh was non-UK based. In 2025, total energy use was 3,933,852 kWh of which 2,981,284 kWh was UK based and 952,568 kWh was non-UK based.

Methodology

The table above provides details of the carbon associated with the direct operation of businesses that are part of the Benefact Group. All other Kyoto gases are included (methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride) with the final figures reported in tonnes of carbon dioxide equivalent gases (tCO₂e). The emissions reporting year runs from 1 September 2024 to 31 August 2025. These emissions are measured and reported according to GHG protocols, SECR regulations and are in line with the ISO 14064-1:2018 Specification with guidance at the organisational level for quantification and reporting of greenhouse gas emissions and removals standard. Calculated emissions followed the ISO 14064-1 principles of relevance, completeness, consistency, accuracy and transparency.

The Group has reported on all emissions sources required under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. DEFRA's emissions factors are used to produce this calculation. Figures have been rounded for ease.

The Group's operational footprint comprises:

- Scope 1 emissions: office gas and oil use, company cars, refrigerant (f-gas) leaks in office air conditioning units
- Scope 2 emissions: purchased and self-generated electricity; purchased heat and steam from district heating systems, all used in our offices
- Scope 3 emissions: business travel, office waste and water use in our offices.

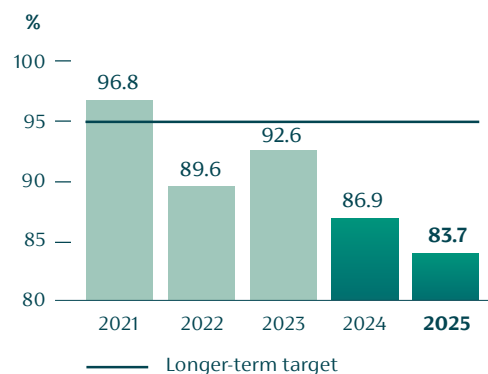
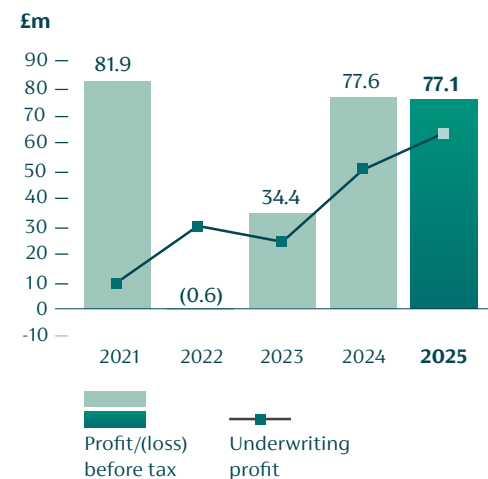
Key Performance Indicators

Financial

Measure	Performance																								
<p>Donations</p> <p>The amount donated by Benefact Group to charities, including its charitable owner, each year. This is the main measure of the Group's ambition, which exceeded £275m of giving in 2025 since 2014.</p>	<p>Strong investment returns and a robust underwriting performance enabled us to maintain a good level of charitable giving at £28.3m. This includes grants of £24m to our charitable owner, Benefact Trust Limited, in respect of the Group's 2025 performance, and a further £4.3m to good causes.</p> <p>In 2025, over £275m has been given to good causes since 2014.</p> <div style="text-align: right;"> <table border="1"> <caption>Charitable donations (£m)</caption> <thead> <tr> <th>Year</th> <th>Value (£m)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>23.6</td> </tr> <tr> <td>2022</td> <td>22.8</td> </tr> <tr> <td>2023</td> <td>24.0</td> </tr> <tr> <td>2024</td> <td>28.7</td> </tr> <tr> <td>2025</td> <td>28.3</td> </tr> </tbody> </table> </div>	Year	Value (£m)	2021	23.6	2022	22.8	2023	24.0	2024	28.7	2025	28.3												
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<p>Regulatory capital</p> <p>The Group's regulatory capital requirements are defined under the Solvency II directive as issued by the Prudential Regulation Authority (PRA) and as part of the PRA Rulebook.</p> <p>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.</p>	<p>Benefact Group's capital cover under Solvency II has improved.</p> <p>During 2025, own funds have increased principally from IFRS total comprehensive income. The solvency ratio has increased despite the increase in the SCR, driven by the completion of the L&W purchase and the removal of planned share increases and the associated risk with the loan, which is now fully consolidated. Our Solvency II regulatory capital position remains above regulatory requirements and risk appetite.</p> <div style="text-align: right;"> <table border="1"> <caption>Solvency II capital cover (unaudited)</caption> <thead> <tr> <th>Year</th> <th>SCR (£m)</th> <th>Excess own funds (£m)</th> <th>Capital cover (%)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>261.3</td> <td>342.4</td> <td>~230%</td> </tr> <tr> <td>2022</td> <td>234.4</td> <td>359.8</td> <td>~250%</td> </tr> <tr> <td>2023</td> <td>265.5</td> <td>323.3</td> <td>~220%</td> </tr> <tr> <td>2024</td> <td>257.6</td> <td>360.2</td> <td>~240%</td> </tr> <tr> <td>2025</td> <td>262.4</td> <td>389.6</td> <td>~260%</td> </tr> </tbody> </table> </div>	Year	SCR (£m)	Excess own funds (£m)	Capital cover (%)	2021	261.3	342.4	~230%	2022	234.4	359.8	~250%	2023	265.5	323.3	~220%	2024	257.6	360.2	~240%	2025	262.4	389.6	~260%
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Financial

Measure	Performance
<p>Profit or loss before tax</p> <p>The Group's profit or (loss) before deduction of tax.</p> <p>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 2025 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.</p>	<p>The Group reported a profit before tax in 2025 of £77.1m (2024: £77.6m) driven by a strong insurance service result and net investment result.</p> <p>Improved results were seen within the Specialist Insurance division of the Group. Whilst Broking & Advisory profits are down on prior year (2024 included a one off gain, which has led to a larger change). The asset management loss has increased due to challenging market conditions.</p> <p>More information on underwriting performance is given below.</p> <p>See the Chief Financial Officer's Report within the Strategic Report for more details.</p>
<p>Combined operating ratio (COR)</p> <p>The sum of the Group's general insurance incurred losses and expenses divided by earned premiums for each financial year.</p> <p>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 2025 can be found in the Group Remuneration Report. Our target over the longer term is to achieve 95% COR.</p>	<p>COR reduced slightly in 2025. This reflects the impact of benign weather claims and limited large loss experience across most territories.</p> <p>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.</p> <p>For a breakdown of how COR is calculated see note 41 to the financial statements.</p> <p>See the Chief Financial Officer's Report within the Strategic Report for more details.</p>



Financial

Measure	Performance												
<p>Net flows (Asset Management)</p> <p>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.</p> <p>Net flows contribute to funds under management which is a key driver of the division's revenue.</p> <p>Each year, refreshed targets are set which take into account current market conditions and potential new initiatives.</p>	<p>Net outflows of £638m reflected the persistently challenging market and in line with wider market trends.</p> <p>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.</p> <div style="text-align: right;"> <table border="1"> <caption>Net flows (Asset Management) (£m)</caption> <thead> <tr> <th>Year</th> <th>Net flows (£m)</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>415</td> </tr> <tr> <td>2022</td> <td>597</td> </tr> <tr> <td>2023</td> <td>(255)</td> </tr> <tr> <td>2024</td> <td>(421)</td> </tr> <tr> <td>2025</td> <td>(638)</td> </tr> </tbody> </table> </div>	Year	Net flows (£m)	2021	415	2022	597	2023	(255)	2024	(421)	2025	(638)
Year	Net flows (£m)												
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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.

Chief Financial Officer's Report



“ The Group is well equipped to navigate change. Our disciplined approach, resilient capital position, and long-term strategic focus enable us to deliver consistent value for customers while remaining responsive to evolving market dynamics. ”

Mark Bennett
Group Chief Financial Officer

It gives me great pleasure to be able to present another outstanding set of results for the year. The Group is reporting a profit before tax of £77.1m for 2025 (2024: £77.6m), outperforming expectations overall, despite increasingly challenging markets in each of our divisions. The positive result has enabled us to continue to give more to good causes, having now donated over £275m in charitable giving, since 2014.

Overall, the profit was driven by the exceptional performance of our Insurance division, which was underpinned by a strong net investment result of £91.0m (2024: £71.9m) and excellent trading performance with an insurance service result of £104.7m (2024: £83.5m). Gross written premium¹ increased by 2.1% to £653.7m (2024: £640.3m) as a result of continued momentum in disciplined and profitable growth in challenging market conditions. During the year, as part of a strategic reassessment of programme plans for internally generated software assets, a £14.6m impairment was recognised.

The performance of the Group's Asset Management division was resilient, given the challenging market conditions faced by the industry as investors turned to passive funds and away from responsible and sustainable investing, in the shorter term. Assets under management of £2.9bn were down compared to 2024 and the division reported a loss of £7.2m (2024: £4.9m loss), reflecting our ongoing investment in the business and the industry-wide outflows experienced during the year.

The Broking and Advisory division has continued to make a material underlying contribution to the Group, with earnings before interest, tax, depreciation and amortisation¹ (EBITDA) of £15.8m (2024: £21.4m), broadly in line with 2024 excluding the disposal made in that year. The underlying performance demonstrates the continued and growing resilience of the division, despite increasingly challenging market conditions. The division reported a small loss of £0.2m (2024: £6.1m profit).

Overall, the Group's financial result reflects the robust and improving resilience of our Group as we continue to grow a diversified portfolio of businesses. Across all divisions we have seen positive execution of our long-term strategy for disciplined growth.

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

General Insurance

Overall, our underwriting businesses contributed an exceptional result during the year. Collectively, our businesses continued to deliver robust and profitable growth in insurance revenue during challenging market conditions, building on our strong position in core segments and recent product launches. The increase in gross written premium of 2.1% to £653.8m (2024: £640.6m) reflected significant new business wins and robust retention levels.

The underwriting result benefited from particularly favourable claims experience, resulting in an insurance service result of £103.4m (2024: £83.2m) and an exceptional Combined Operating Ratio¹ (COR) of 83.7% (2024: 86.9%). The result reflected benign weather claims and limited large loss experience across most territories, alongside relatively stable prior year claims development. The devastating impact of Storm Eowyn in Ireland and legacy claims strengthening in Canada did, however, highlight the potential for higher cost of claims and the inherent volatility in our insurance exposures.

Our result includes a net insurance financial loss of £19.0m (2024: £6.9m net loss) which is driven by the impact of discount rate movements in the year, albeit this would be offset by returns in our well-matched investment portfolio, included in the net investment result.

Investments

The Group's net investment result for the year of £89.4m (2024: £69.4m) was particularly strong as most asset classes performed well in more positive market conditions.

The investment result was supported by stable investment income of £43.8m (2024: £47.8m) and especially strong fair value gains of £45.6m (2024: £21.3m). Fair value gains benefited from favourable returns on bonds, OEIC listed equities, property, as well as outstanding performance in our strategic unlisted equity investment portfolio.

We remain committed to our long-term investment philosophy, with a well-diversified and appropriately matched portfolio. Our investment approach is a key part of our climate strategy. See the Responsible Business Report for more details.

Asset Management

The Group's asset management business, EdenTree, reported gross flows of £701m (2024: £516m), reflecting strong underlying performance in several funds and the outstanding and growing reputation of EdenTree as a leading responsible and sustainable asset manager. In the year, however, we did see net outflows of £638m (2024: £421m) due to challenging market conditions, as investor sentiment turned to passive funds and away from responsible and sustainable investing in the short term. The division reported a loss before tax for the year

of £7.2m (2024: £4.9m), driven by a reduction in assets under management to £2.9bn (2024: £3.2bn), as well as investment in the business to support long-term growth aspirations.

Broking and Advisory

The Broking and Advisory division continued to grow income by 2.5% to £87.3m driven by both organic and inorganic growth. Income growth represented a robust result for the division, with market conditions leading to greater pressure on rate and retention for a broking business. During the year we looked to focus primarily on organic growth, as opposed to acquisitions which have driven successful growth in the division in recent years. That said, we completed the acquisition of Lloyd & Whyte in 2025 and welcomed M Ladbrook Insurance and Severn Bay Corporate Solutions Ltd to the Group.

The division has made good progress in strengthening commercial capabilities and enhancing customer propositions during the year, reinforcing our long-term growth ambitions. Earnings before interest, tax, depreciation and amortisation¹ of £15.8m (2024: £21.4m), are broadly in line with 2024 excluding the profit on disposal of £5.2m for the financial services business of the Lloyd & Whyte Group. The division reported a small loss of £0.2m (2024: £6.1m profit).

Encouraging progress was made in strengthening commercial capabilities and enhancing customer propositions, reinforcing the division's long-term growth ambitions.

Long-term business

Ecclesiastical Life Limited, our life business, reported an improved profit before tax of £3.1m for the year (2024: £1.4m profit), driven by growth and investment gains in the period. Assets and liabilities relating to the life insurance business remain well matched.

Outlook

We expect challenging market conditions to continue into 2026, with increasingly soft and competitive insurance market, as well as difficult conditions for responsible and sustainable asset management. During this period, we are committed to taking a long-term view, investing in our businesses to support modest and profitable growth, whilst maintaining our discipline and ensuring we provide market leading services to our customers. With a fast-developing Technology and AI landscape, we are prepared to innovate and invest in the business to strive for operational excellence and to continue to provide our services to customers as efficiently and effectively as possible.

External economic and market conditions may continue to change during 2026. Recent geopolitical events have contributed to changes in financial markets and the wider economic environment. These developments may influence inflation, interest rates and general business activity in the UK and the territories we operate in, although the extent of any impact is not yet clear.

Balance Sheet and Capital Position

In the year, total shareholders' equity increased by £25m to £710.6m, reflecting strong profits offset by charitable donations of over £28m and £11.6m in relation to the acquisition of a non-controlling interest. Our capital position remains extremely robust with Solvency II capital ratio cover for the Group increasing to 248% from 240%.

During the year charitable donations of £24m were paid to the Group's ultimate shareholder, Benefact Trust Limited, as well as £4.3m to other causes. The Group has now given over £275m in charitable donations since 2014, continuing our ambition to give more to good causes.

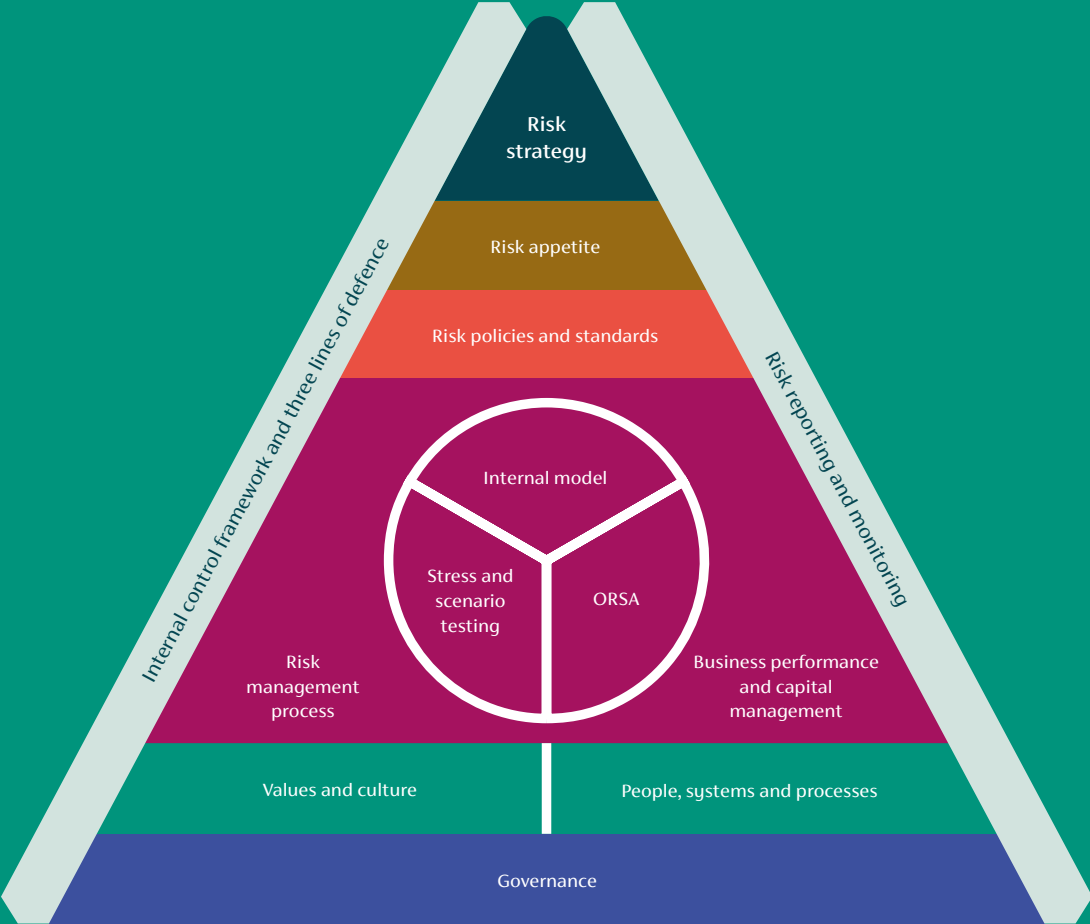
Mark Bennett
Group Chief Financial Officer

¹ The Group uses Alternative Performance Measures (APMs), including GWP, CoR, EBITDA and Underwriting profit to help explain performance. More information on APMs is included in Note 41.

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.



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. The Risk Management Framework and tools used to identify and manage risks have been reviewed through 2025 and will continue to be embedded into all divisions in 2026.

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 and 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 periodic monitoring of the key strategic risks is undertaken 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 laws or regulations.

Key to the successful operation of the internal control framework is the deployment of a strong Three Lines of Defence 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 ARC.

The Group risk appetite clearly defines the levels of each type of risk that the Group is willing or able to take in pursuit of its strategic objectives. The Risk Appetite Statements that are set by Benefact Group plc (BG) were refined and refreshed during 2025 to ensure these were appropriate for the Group as a whole or specific to the activities of BG as a holding company. These were approved by the Board on a staged basis throughout the year and are subject to ongoing assessment to ensure their continued appropriateness.

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 ARC.

Whilst there are a range of relatively consistent drivers of the risk environment for a group of businesses operating within the regulated financial services sector, there are four factors that are considered as being most notable in terms of their emergence and are material to the assessment of the risk profile of the Group when looking forward into the plan-period:

Market softening: Softening of the insurance markets throughout 2025, which is expected to deepen during 2026. Whilst this has significant upsides for the costs of the Group Reinsurance Programme, it is expected that it will continue to create downside impacts in both the Specialist Insurance and the Broking & Advisory divisions as premiums reduce and competition increases.

Geopolitical events: Volatility arising from geopolitical events and conditions is another theme from 2025 that is expected to continue into 2026 and beyond. Significant tensions across the globe, with the potential for flashpoints to emerge at any point, can affect the economic and market conditions within which the Group operates as well as heightening potential operational vulnerabilities that exist, for example, the impacts of disruption to global supply chains.

New technologies: Rapid development and adoption of new technologies such as AI will call for a re-evaluation of the risk profile in terms of facilitating the activities of malevolent actors, for example in the cyber and financial crime space, in addition to causing shifts in the competitive landscape, for example with firms adopting lower cost operations coupled with more agile business capabilities.

Climate change: Climate change continues to be a driver of risk across different categories. There are risks that will emerge directly from the physical effects of climate change on our business such as changes in weather patterns and the transition to a lower-carbon economy with firms looking to achieve Net-Zero targets. There are also indirect implications of climate change. Changes in the political landscape can have material impacts on the development of risks associated with climate change, with the effects of 'anti-green' sentiment arising from different regimes around the globe being felt within our Group, particularly given the ethical positioning of our asset management business. At the same time, other Governments and Regulators continue to drive corporate behaviour through legislation and regulation to support the global efforts to promote sustainable practices and prepare for climate change impacts.

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 uses the Benefact Group Risk Taxonomy to establish a view on the current principal risks to Benefact Group plc as a holding company. These are organised aligned to the Level 1 Risk Categories below:

Group risk

The risk that arises from the Benefact Group plc 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
<p>Group risk</p> <p>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</p>	<ul style="list-style-type: none"> • Governance Committee and Board structures are in place and operating to agreed delegation matrices and Terms of Reference • Management information and key risks indicators are in place, regularly reviewed and acted upon by senior management • Business strategy and plans are aligned to Group strategies, consider external factors, and priorities and subject to Group oversight • Business recovery plans are in place for the most material parts of the Group with clear limits and actions • Policies in place are up to date and regularly reviewed supporting the Group's expectations 	<p>This risk, and key mitigants, remains unchanged to the previous year</p>

Strategic Risk

Risks that threaten the Group's ability to execute its strategies and achieve its business objectives.

Risk detail	Key mitigants	Change from last year
<p>Strategic risk</p> <p>The risk that key strategic goals are not realised or that acquisitions or divestiture decisions create inefficiencies, unintended consequences or financial strain</p>	<ul style="list-style-type: none"> Group Strategy is refreshed on a three-to-five-year cycle. To continue to drive the Group forward this is reviewed annually to ensure continued alignment to key strategic goals. Integrated Group and Strategic Business Unit (SBU) strategy reviewed annually to align to strategic goals Ongoing monitoring of external environment and industry bodies Ongoing internal monitoring and reporting of key strategic goals, including change projects, operational stability and financial position Rolling three-year business plan cycle undertaken for all businesses annually 	<p>The Group has successfully concluded its "Next Chapter" strategic cycle and is planning the launch of its revised five-year strategy in Summer 2026.</p>
<p>Brand and reputation risk</p> <p>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</p>	<ul style="list-style-type: none"> Processes in place to respond to emerging incidents or threats that could damage the brand Media policy in place, reviewed and embedded There is a dedicated marketing and PR function responsible for the implementation of the marketing and communication strategy which is aligned to the Group business strategies Ongoing monitoring of media platforms to ensure appropriate responses to published materials 	<p>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.</p>
<p>Climate change</p> <p>The 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</p> <p>Detailed disclosures on the Group's progress towards its ambitious sustainability objectives are contained in the Responsible Business Report</p>	<ul style="list-style-type: none"> Catastrophe risk is appropriately managed through reinsurance models Specific considerations of flood risk and other weather-related risk factors in insurance risk selection Delivery of ESG expectations on the Group's Investment Strategy and Policy to support management of transition risks 	<p>Awareness of the challenges that are faced globally as a result of climate change are well reported. For the Group 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</p>

Financial risks

The risks that threaten the financial stability of the Group, potentially harming the wider financial system and customer.

Risk detail	Key mitigants	Change from last year
<p>Economic, investment and market risk</p> <p>There is a risk to the Group 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. There are further risk impacts emanating from Ecclesiastical Insurance Office public limited company from the impact of movements in exchange rates and discount rates on insurance and pension liabilities</p>	<ul style="list-style-type: none"> • An investment strategy is annually reviewed and approved which includes consideration of the Group's liabilities and capital requirements and is in line with the PRA's Prudent Person Principle • There are appropriate governance structures in place to monitor KPIs and MI • Risk quantification is assessed through the Internal Model and scenarios are conducted as part of the annual ORSA process • Use of third-party expertise to actively manage investments • Risk metrics are tracked to provide early warning indicators of changes in the market environment 	<p>There has been no material change in the risk through 2025. We continue to monitor macro-economic conditions and the impacts from the geopolitical and socio-political environment</p>
<p>Capital adequacy & allocation risk</p> <p>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</p>	<ul style="list-style-type: none"> • Governance arrangements are in place to oversee the use and calibration of the Internal Model • The business plan process incorporates assessing return on capital metrics for divisions and business units in comparison to required hurdle rates • The Second Line of Defence delivers an Internal Model Validation Programme • Local regulatory capital requirement assessments are completed to comply with local regulation across the Group • MI and KPI are regularly reviewed and acted upon • Solvency risk appetites are set by the Group and divisions • Within Ecclesiastical Insurance Office public limited company there is an approved internal model compliant with regulatory solvency requirements 	<p>There have been no material changes to this risk since last year and it remains a high risk to the Group</p>

Conduct risk

The risk where actions and behaviours may result in poor outcomes for customers, colleagues and/or stakeholders.

Risk detail	Key mitigants	Change from last year
<p>Conduct risk</p> <p>The risk of unfair behaviour or practices (including by third parties) that adversely affect our customers, harm colleagues, distort market integrity, or damage our reputation. The Group maintains a diverse and inclusive company culture where high standards of personal conduct are expected, and colleagues feel confident they will be listened to if they raise any concerns</p>	<ul style="list-style-type: none"> All colleagues adhere to the Group Code of Conduct and complete training to outline the Group expectations. These include standards of ethics and behaviour as well as relevant regulatory rules. Customer charters have been implemented in all SBUs and customer outcomes are included in measures of performance Conduct Risk MI is delivered to relevant governing bodies for review and action 	<p>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. The level of this risk is unchanged from the prior year</p>

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

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
<p>Legal and regulatory risk</p> <p>The risk that operating across several different regulatory territories and legal landscapes is not managed effectively, leading to inefficiencies, errors, non-compliance with impacting regulation or laws</p>	<ul style="list-style-type: none"> Policy and Governance frameworks in place across the Group to ensure a consistent approach to regulatory and legal requirements Monitoring of regulatory developments and feeding into the Group's Emerging Risks process and relevant local actions to address future exposures There is an established methodology for implementing regulatory change Regular MI and KPI reporting of the regulatory and Legal risk and issues to Committees and Boards There is an approved and embedded Three Lines of Defence Model across the Group 	<p>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 high</p>

Risk detail	Key mitigants	Change from last year
<p>Cyber risk</p> <p>The risk that unauthorised access, loss of confidentiality, compromise of integrity, or disruption to the availability of the Group's information, technology assets, or digital services results in financial loss, regulatory non compliance, operational disruption, or adverse impacts to customer trust and the Group's reputation</p>	<ul style="list-style-type: none"> • Comprehensive information security policies and standards are in place, regularly reviewed and communicated • Layered security measures are deployed to deliver defence in depth for all networks • Active monitoring and automated response processes are in place to quickly identify and mitigate cyber security attacks • All staff receive regular and targeted cyber security awareness training and testing • Independent security reviews and assessments are performed on a regular basis 	<p>The volume and sophistication of cyber-attacks have increased across all industries in 2025 and the risk remains high</p>
<p>Data governance (inc. management and protection)</p> <p>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</p>	<ul style="list-style-type: none"> • A Group Technology, Data and AI Strategic Forum meets regularly and is responsible for shaping and overseeing the Group Data Strategy. The Forum ensures that a robust data governance framework is in place and operating effectively • The Group Data Policy is routinely reviewed, updated and communicated to ensure they are up to date, meet regulatory requirements and industry best practice • Data is managed by Data Owners and Stewards, and supported by Data teams for technical support, assurance and oversight 	<p>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</p>
<p>Outsourcing and third party risk</p> <p>Poor customer service or disruption to the business may be caused by supplier failure (including data or regulatory breach) or inadequate contractual arrangements, due diligence and ongoing supplier management</p>	<ul style="list-style-type: none"> • Outsourcing and Procurement Frameworks covering the most material parts of the Group • Appropriate and proportionate initial and ongoing due diligence and monitoring, including cyber security and business continuity 	<p>The risk remains unchanged, with action underway to continue to enhance oversight of our high-risk suppliers</p>

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

Insurance risk

The Insurance risks that originate from Ecclesiastical Insurance Office public limited company arising from the fluctuation in the frequency, severity and / or value and amounts of insured events differ to the expectations set at the time of underwriting.

Risk detail	Key mitigants	Change from last year
<p>Underwriting risk</p> <p>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.</p> <p>Disciplined underwriting is vital to ensure that only business within the Company's risk appetite and desired niches is written</p>	<ul style="list-style-type: none"> • The underwriting licensing process has been reviewed, refreshed and communicated. All underwriters have documented authority levels which must be adhered to. Local checking procedures ensure compliance with authority limits. • A documented underwriting strategy and risk appetite is in place which is monitored by SBUs • Group underwriting standards and guidance are in place, regularly reviewed and communicated. • There are ongoing targeted underwriting training programmes in place • Group Underwriting Audits are carried out across General Insurance Businesses 	<p>There have not been material changes to this risk during the year</p>
<p>Latent claims</p> <p>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</p>	<ul style="list-style-type: none"> • Full review of Physical and Sexual Abuse (PSA) claims utilising the stochastic reserving model for all territories is in place • The Board receives a report from the Actuarial Function Holder's review of Technical Provisions • Robust management of claims including investigation and justification is delivered • Reserving Team training and awareness of the risk is delivered to ensure that the appropriate reserves are made 	<p>Oversight of physical and sexual abuse claims continues across all territories. Over 2025, the reserves were strengthened reflecting both the year-end view of experience and the emergence of claims farming in Canada – this has increased the assessed exposure to risk</p>

Risk detail	Key mitigants	Change from last year
<p>Catastrophe risk</p> <p>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</p>	<ul style="list-style-type: none"> • Modelling and exposure monitoring is undertaken to understand the catastrophe risk profile and inform the purchase of appropriate reinsurance • Local risk appetite limits have been established to manage concentrations of risks, 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 	<p>There have been no material changes to this risk during the year</p>
<p>Reinsurance risk</p> <p>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</p>	<ul style="list-style-type: none"> • 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 	<p>The level of this risk has remained broadly similar since last year. We continue to take a long-term approach to our reinsurance relationships</p>

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	19
Key performance indicators (KPIs)	Our KPIs set out how we are doing against our strategic goal	Strategic Report – Strategy in action	40-42
Principal risks	Our key risks and their management	Strategic Report – Principal risks	49-55
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.	25-39

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 TCFD requirements is published on the Group's website at [benefactgroup.com](https://www.benefactgroup.com), but the following provides a summary of key considerations:

Governance

- The Board has overarching responsibility for overseeing our 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.

Insurance	Investment
<ul style="list-style-type: none"> • 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 Scenario (CBES) scenarios (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 	<ul style="list-style-type: none"> • 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.

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.	<ul style="list-style-type: none"> • 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.

Risk	Nature of risk	Time horizon	Actions being taken to understand and mitigate impact on business, strategy and planning
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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 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 benefactgroup.com
Governance Disclose the organisation's governance around climate-related issues and opportunities	<ul style="list-style-type: none"> • Describe the Board's oversight of climate-related risks and opportunities • Describe management's role in assessing and managing climate-related risks and opportunities 	<ul style="list-style-type: none"> • Non-financial and Sustainability Information Statement (page 56) • Section 172 Statement (page 63) 	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Climate strategy overview in the Group Chief Executive's Review (page 17) • Non-financial and Sustainability Information Statement (page 56) • Principal risks (page 49) 	<ul style="list-style-type: none"> • 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)

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 benefactgroup.com
<p>Risk management</p> <p>Disclose how the organisation identifies, assesses and manages climate-related risks</p>	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Non-financial and Sustainability Information Statement (page 56) 	<ul style="list-style-type: none"> 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)
<p>Metrics and targets</p> <p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</p>	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Climate strategy overview in the Chief Executive's Review (page 17) Non-financial and Sustainability Information Statement (page 56) Direct footprint reporting in line with SECR requirements (page 38) 	<ul style="list-style-type: none"> 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, Equity and Inclusion 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 30. Also included within the Corporate Governance Report on page 87 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 27. 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 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 chains – 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 172 Statement

This section explains how the Board engages with stakeholders and how their views inform the Board’s deliberations. The Board recognises that our stakeholders have diverse interests and perspectives, all of which must be understood and taken into account as part of effective decision making.

As a global financial services group committed to transforming lives and communities, we strive to act responsibly and in line with our purpose and values. The Board acknowledges that stakeholder interests may not always align. When areas of tension arise, directors assess the impacts, risks and benefits for each stakeholder group, considering the long-term implications and the Company’s strategic priorities.

This approach enables the Board to reach decisions that balance these interests responsibly, support sustainable performance and uphold our commitments to colleagues, communities and other stakeholders.

The Board also remains mindful of the broader social context in which the Group operates and the expectations placed on the Company by society, regulators and the markets in which we operate.

Further detail on how the Board engaged with stakeholders during 2025 is provided in the sections that follow. Our Section 172(1) Statement sets out how directors discharged their statutory duties over the year, while the Board Activities section within the Corporate Governance Report offers additional insight into key decisions taken during the year and how stakeholder views were considered as part of the Board’s decision making.

Our stakeholders



Colleagues



Shareholder



Regulators



Communities and Climate

The Business engages with them by:



Colleagues

Group colleague engagement was supported through regular Best Companies surveys, with insights shared across teams and used to shape local action plans.

Engagement was further strengthened through multi-channel communications such as intranet updates, newsletters, briefings and conferences. Colleagues also participated in DEI events and networks, union and representative forums, and were supported through whistleblowing training.

GMB members hosted virtual meetings across the business to encourage open questions and feedback, while the Group continued to offer a broad range of development, mentoring and volunteering opportunities.



Shareholder

The Company maintained open and transparent communication with its ultimate Shareholder, Benefact Trust Limited, providing regular updates on strategy, performance, leadership, risk, and culture and expected grant funding to ensure the direction of the business remained aligned with the Trust's strategic priorities.



Regulators

During the year, engagement with our regulators was led by the Group Chief Risk Officer and the Group Head of Compliance, who maintained regular and constructive dialogue with supervisory authorities on a broad range of matters affecting the Group. In addition, several Directors met with regulators during the year, providing opportunities for direct discussion of strategic priorities, regulatory expectations and developments in the Group's risk and compliance activities.



Communities and Climate

The Group has adopted a climate change strategy which includes climate and sustainability goals. During the year, the Group Impact team continued to lead and coordinate social-impact and environmental initiatives across the organisation, advancing programmes of charitable giving that support communities and contribute to reducing the Group's overall environmental footprint.

The Group Impact team also played a central role in shaping and delivering activities aligned with the Group's broader sustainability and climate commitments, ensuring a coherent, responsible and consistently applied approach across the Group as a whole.

The Board engages with them by:



Colleagues

The Board engaged with colleagues through regular site visits to regional offices and operational teams, enabling Directors to hear Group colleague views directly and deepen their understanding of day-to-day activity. Their insight was further supported by updates on colleague-engagement survey results and presentations from subject-matter experts. Directors also met leaders from across the business at Leadership Conferences, while the Benefact Group Audit and Risk Committee maintained oversight of speaking-up arrangements through regular whistleblowing updates and its annual review of the whistleblowing framework.



Shareholder

The Board engaged with its ultimate shareholder, Benefact Trust Limited, through established information-sharing protocols that provide regular updates on performance, operations and financial position.

Engagement was further supported by the presence of at least one Common Director, who attends every Board meeting and relays key insights from Benefact Trust Limited's Board discussions. The Board and Committee Chairs, together with the Group Chief Executive Officer, also participate in ongoing dialogue with the Trust regarding expectations for the Group, business strategy and grant funding.

These structured channels ensure the Trust's views are consistently communicated to the Board, while enabling Common Directors to support the Trust's understanding of the Company's strategic and operational priorities. A conflict-of-interest policy is in place to ensure that interactions remain transparent and well-governed.



Regulators

The board of each Divisional Holding Company received regular updates on regulatory strategy and on the views of both the PRA and FCA, including key themes from supervisory communications issued to firms.

The Board engages with regulators by receiving assurance from the Audit and Risk Committee that the Group maintains appropriate systems, controls and oversight to meet its regulatory obligations. This includes regular monitoring of compliance risks and the effectiveness of measures designed to prevent the Group from being used to facilitate financial crime. Through this structured governance framework, the Board maintains open, transparent and proactive engagement with regulatory expectations and standards.



Communities and Climate

The Board received updates on the Group's climate strategy and progress against its commitment to achieve Net Zero by 2040, ensuring continued oversight of climate-related priorities.

In addition, Directors undertook visits to several charities supported by the Group, providing firsthand insight into the impact of the Group's community and sustainability initiatives and informing Board understanding of community needs.

Outcomes of engagement:



Colleagues

The Board was pleased to see strong levels of Group colleague engagement during the year, reflected in an 86% participation rate in the b-Heard survey and a 3-Star UK accreditation, indicating high advocacy and a positive colleague experience. This was reinforced externally, with the Company ranking 4th in the Top 5 Best Big Companies to Work For. Sustained interest in joining the Group resulted in over 206,000 visits to our careers site, leading to 24,400 applications, 347 new hires and 18 Early Careers entrants.

The Board was also encouraged to note the introduction of neonatal and miscarriage leave, recognising the meaningful support it provides to Group colleagues and the positive contribution it makes to strengthening our supportive and inclusive culture. Additional wellbeing engagement included partnering with the DSM Foundation to deliver a workshop for parents and guardians on teenage drug and alcohol issues, further enhancing the support available to our workforce.



Shareholder

The Board's structured engagement with its ultimate shareholder, Benefact Trust Limited, ensured continued alignment between the Company's strategic direction and the Trust's charitable mission. Regular information-sharing protocols and active dialogue with the Trust, supported by the attendance and insights of Common Directors, strengthened transparency and mutual understanding of performance, operations and financial priorities. This helped sustain a constructive and well-governed relationship and ensured clarity around expectations for grant funding and long-term value creation, reinforcing shareholder confidence.



Regulators

The Board via its Committees received updates on ongoing engagement with regulators, supported timely and effective responses to regulator correspondence and helped ensure that regulatory expectations continued to be reflected in the Group's control environment. This oversight enabled the business to advance its Operational Resilience and Model Validation work, strengthening the robustness of key services and models.



Communities and Climate

The Board's oversight of climate and community matters supported continued progress toward the Group's commitment to achieve Net Zero by 2040, with updates during the year demonstrating increasing maturity in the Group's climate strategy and wider sustainability approach.

Director visits to charities supported by the Group provided valuable firsthand insight into the positive impact of the Group's community programmes and reaffirmed the effectiveness of its social-impact initiatives.

These engagements strengthened the Board's confidence in the alignment between the Company's charitable giving, community partnerships and its wider purpose-driven agenda.

In parallel, targeted engagement with key community groups including charity founders, fundraisers and partner organisations enabled the Group to continue building strong relationships, deepen its understanding of community needs and enhance the reach and effectiveness of its social and climate-related initiatives.

For more information on the Company's approach to climate change, and TCFD please refer to the Responsible Business section of the Strategic Report.

Section 172 Statement for Year End 31 December 2025

This section of the Annual Report explains how the directors have fulfilled their duties under Section 172(1) of the Companies Act 2006, which requires directors to promote the success of the Company for the benefit of its shareholders as a whole, while having regard to a range of wider stakeholder interests.

These statutory considerations include the long-term consequences of decisions, the interests of Group employees, relationships with customers and suppliers, the impact of the Company's activities on the community and the environment, the maintenance of high standards of business conduct, and the need to act fairly between members.

The directors recognise that the long-term success of the Company – and our continued ability to support people, charities and good causes – relies on placing the interests of stakeholders at the heart of Board deliberations. The Board considers it essential that the Company maintains its reputation for high standards of business conduct and oversees the culture, values and behaviours that underpin this commitment. The Board monitors compliance with policies, regulatory obligations and governance expectations to ensure that our responsibilities to stakeholders are consistently upheld. Further details can be found in the Corporate Governance Report.

To support effective decision-making, the Board requires that stakeholder considerations are clearly articulated in all proposals submitted for approval. This ensures that directors have appropriate visibility of the potential impacts, risks and opportunities associated with each decision, enabling them to exercise their duties under Section 172 in a balanced, responsible and well-informed manner.

This section sets out where key disclosures in respect of each section of the Section 172 Statement can be found within the Report and Accounts:

This Section 172 Statement should be read alongside the wider governance-related disclosures contained in the Corporate Governance Report, the Committee Reports, and the Strategic Report. Together, these sections provide a comprehensive overview of how the Board oversees strategy, risk, culture, sustainability and stakeholder engagement in accordance with the UK Corporate Governance Code 2024 and the expectations of the Financial Reporting Council.

Section 172 Factor	Where to Find Supporting Disclosures in This Report
A. The likely consequences of any decision in the long term	<ul style="list-style-type: none"> • Our Business Model and Strategy • Responsible Business Report • Key Board Activities
B. The interests of the Company's employees	<ul style="list-style-type: none"> • Responsible Business Report • Stakeholder Engagement • Key Board Activities • Remuneration Report
C. The need to foster the Company's business relationships with suppliers, customers and others	<ul style="list-style-type: none"> • Our Business Model and Strategy • Stakeholder Engagement • Responsible Business Report
D. The impact of the Company's operations on communities and the environment	<ul style="list-style-type: none"> • Responsible Business Report • Stakeholder Engagement • Our Business Model and Strategy
E. The desirability of maintaining a reputation for high standards of business conduct	<ul style="list-style-type: none"> • Corporate Governance Report • Risk Management • Responsible Business Report • Key Board Activities
F. The need to act fairly between members of the Company	<ul style="list-style-type: none"> • Corporate Governance Report • Key Board Activities • Shareholder Information • Directors' Report

Section Two **Governance**

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Key to membership of Group Board Committees

Group Nominations Committee
(joint with Ecclesiastical Insurance
Office public limited company)

Group Remuneration Committee
(joint with Ecclesiastical Insurance
Office public limited company)

Audit and Risk Committee

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:

François-Xavier Boisseau



Chair, Independent Non-Executive Director

Appointed: 1 January 2026

Tenure: 3 months

François-Xavier Boisseau became Chair of Ecclesiastical Insurance Office public limited company and Benefact Group plc on 1 January 2026. He was appointed to the Board of Ecclesiastical Insurance Office public limited company in 2019. He is the Chair of IQUW Syndicate Managing Agency Ltd.

François-Xavier has more than 30 years' experience working in the insurance industry, 25 years in the UK. He was CEO of Insurance Ageas (UK) until December 2018. Prior to that he was CEO of Groupama and CEO of GUK Broking Services as well as being Non-Executive Chairman of Lark, Bollington and Carole Nash.

Mark Hews



Group Chief Executive

Appointed: 2 June 2009

Tenure: 16 years 9 months

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

Group Nominations Committee
(joint with Ecclesiastical Insurance
Office public limited company)

Group Remuneration Committee
(joint with Ecclesiastical Insurance
Office public limited company)

Audit and Risk Committee

Mark Bennett



Group Chief Financial Officer

Appointed: 1 January 2025
Tenure: 1 year 2 months

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 Ansvr 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.

After working in various actuarial teams, Mark was appointed Group Chief Actuary in 2018. Since then, Mark has overseen the Group's Actuarial, Reinsurance, Risk and Investment functions. Mark became Acting CFO in July 2024, additionally leading the Finance and Premises functions, before taking on the role permanently in January 2025.

Chris Moulder



Senior Independent Non-Executive Director

Appointed: 27 September 2017
Tenure: 8 years 6 months

Audit and Risk Committee Chair and Group Nominations 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.

Rita Bajaj



Independent Non-Executive Director

Appointed: 15 July 2021
Tenure: 4 years 8 months

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 and 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 Insurance Limited and the Chair of Threadneedle Investment Services Limited, Columbia Threadneedle Fund Management Ltd and Columbia Threadneedle Investment Business Ltd. She holds a non-executive directorship for Wesleyan Assurance and Chairs Wesleyan Financial Services Ltd. In addition, Rita is an Independent Member for Hargreaves Lansdown's workplace SIPP IFC committee. She is also a Non-Executive Director of EdenTree Holdings Limited and EdenTree Asset Management Limited.

Key to membership of Group Board Committees

Group Nominations Committee
(joint with Ecclesiastical Insurance
Office public limited company)

Group Remuneration Committee
(joint with Ecclesiastical Insurance
Office public limited company)

Audit and Risk Committee

David Paterson



Independent Non-Executive Director

Appointed: 25 June 2024

Tenure: 1 year 9 months

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.

Ian Martin



Independent Non-Executive Director

Appointed: 19 March 2026

Tenure: 1 month

Ian is a retired senior executive from the international financial services sector and a former Chief Executive Officer within the insurance industry. An actuary by profession, he has held leadership roles across both Europe and Asia, including serving as CEO and Managing Director of HSBC Insurance.

In addition to his corporate career, Ian contributes extensively to the charitable sector. He serves as Chair and Trustee for several organisations and is a Director of GAIN (the Group for Autism, Insurance, Investment & Neurodiversity), where he supports initiatives that promote neurodiversity across the financial services industry.

David Henderson resigned from the Board on 31 December 2025 and took over as Chair of Benefact Trust Limited on 1 January 2026.

Directors' Report



“ Our Diversity, Equity and Inclusion Standard and Guidance sets our commitment to creating and sustaining an open and inclusive workplace where we all belong. ”

The Directors present their report and the audited consolidated financial statements for the year ending 31 December 2025.

In accordance with Section 415 of the Companies Act 2006 (the Act), the Directors present their report for the year ended 31 December 2025. Other sections of the Annual Report and Accounts have been deemed to be incorporated into the Directors' Report by reference and the table below outlines where required disclosures can be found. In accordance with section 414C(11), some disclosures have been included in the Strategic Report.

Information	Reported in
Business Model	Our business and strategy section of Strategic Report
Corporate Governance Statement	Corporate Governance Report
Financial instruments	Note 24 Derivative financial instruments and hedging accounting policy
Important events since 31 December 2025	Directors' Report
Future developments	Directors' Report
Research and development	Directors' Report
Employee engagement and involvement	Stakeholder Engagement and Section 172 Statement Corporate Governance Report Responsible Business section of Strategic Report
Stakeholder engagement	Stakeholder Engagement and Section 172 Statement
Greenhouse gas emissions and energy consumption	Responsible Business section of the Strategic Report
Going Concern Statement	Directors' Report
Diversity and Inclusion	Responsible Business section of the Strategic Report Corporate Governance Statement Nominations Committee Report
The Section 172 Statement	Stakeholder Engagement and Section 172 Statement
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.

Future Developments

Looking ahead, the Group expects to continue progressing initiatives that support its strategic priorities and long-term objectives. More information on forthcoming developments, planned activities and areas of focus can be found in the Strategic Report and the Corporate Governance Report.

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 during the year and up to the date of this report are set out on pages 69 to 71 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 David Henderson who retired from the Board on 31 December 2025. François-Xavier Boisseau and Ian Martin will also be proposed for election, following the recommendation of the Nominations Committee. All Directors seeking re-election were subject to a formal and rigorous performance evaluation, further details of which can be found in the Nominations Committee Report. Details of Directors' service contracts are set out in the Directors' Remuneration Report.

Neither the Directors nor their connected persons held any beneficial interest in any Ordinary shares of the Company during the year ended 31 December 2025 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 2025 and to the date of this report are shown below:

<i>Director</i>	<i>Nature of interest</i>	<i>Number of Non-Cumulative Irredeemable Preference Shares held</i>
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.

Indemnities and Insurance

In accordance with the Company's Articles and the 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 2025 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 section.

Dividends

The Directors do not recommend the payment of a dividend for the year ended 31 December 2025 (2024: £nil).

Important events since 31 December 2025

There have been no other significant events or transactions since 31 December 2025, other than the appointment of François-Xavier Boisseau as Chair on 1 January 2026 and Ian Martin on 19 March 2026.

Going concern

The financial performance and principal risks and uncertainties section of the Strategic Report starting on page 5 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 £1,557.7m, 64% of which are liquid (2024: financial investments of £1,444.5m, 62% liquid) and cash and cash equivalents of £126.2m (2024: £136.7m) 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 continued 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 (2024: £nil). The Group policy is that no political donations be made or expenditure incurred.

External Auditor

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 agreeing the audit fee.

In accordance with Section 489 of the Companies Act 2006, a resolution proposing that PricewaterhouseCoopers LLP be re-appointed 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 2026 AGM is available on page 170.

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

The Directors are responsible for preparing the 2025 Annual Report and financial statements 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 2025 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 69 to 71 confirm that, to the best of their knowledge:

- the Group and Company financial statements, which have been prepared in accordance with UKIAS, 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.

Approved by the Board of Directors and signed on its behalf by:

François-Xavier Boisseau
Group Chair
16 April 2026

Mark Hews
Group Chief Executive
16 April 2026

Corporate Governance Report



“As a company with a distinctive purpose, we recognise that success is defined not only by what we do, but by how we do it. Our values shape the way we work, underpinning our vision, ambition, and strategy.”

François-Xavier Boisseau
 Chair

Introduction from the Chair

Dear Stakeholder,

I am honoured to present the Corporate Governance Report, my first as Chair, following David Henderson’s resignation at the end of 2025. On behalf of the Board, I would like to express our sincere appreciation for David’s leadership and contribution to the sound governance of the Company during his tenure.

This report sets out our approach to governance and provides a detailed account of how the Board and its Committees operated during 2025. Further information on our governance framework and practices is included throughout this section.

Areas of Board and Committee focus

The year under review was one of transition and renewal. The Board’s principal focus during 2025 was to ensure a smooth and effective succession process for the Chair position, led by the Nominations Committee, and to continue strengthening the Board’s composition in line with the UK Corporate Governance Code 2024 and the expectations of our shareholders. Further information on these activities is provided in the Nominations Committee Report. We continued to demonstrate our resilience and commitment to our stakeholders as detailed below.

More information of the Board’s activities and key decisions can be found within our Section 172 Statement and stakeholder engagement disclosures.

Our approach to governance

As a Board, we remain committed to maintaining the highest standards of corporate governance and believe that the Company’s affairs should be conducted in accordance with recognised best practice. Although the Company does not have equity shares admitted to the London Stock Exchange’s commercial companies category under the revised UK Listing Regime, it has voluntarily adopted the Principles and, where possible, the Provisions of the UK Corporate Governance Code 2024 (the ‘Code’), issued by the Financial Reporting Council (FRC). The Code is available on the FRC’s website at [frc.org.uk](https://www.frc.org.uk).

During the year, the Board and its Committees oversaw the application of the revised 2024 Code. The changes to provision 29, relating to the effectiveness of the risk management and Internal Control Framework will apply to the year beginning 1 January 2026.

I am pleased to confirm that, for the year ended 31 December 2025, the Company has applied the Principles

of the Code and complied with its Provisions in all material respects, subject to the limited exceptions set out in this report. Where we have not complied fully, we have provided clear and transparent explanations in accordance with the “comply or explain” approach required under the Listing Rules and the Code.

Provision	Current Status / Explanation
<p>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.</p>	<p>Given Benefact Trust Limited owns the entire issued Ordinary share capital of Benefact Group plc, there is no need to comply with the provisions relating to outcomes from shareholder votes.</p>
<p>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:</p> <ul style="list-style-type: none"> – holds cross-directorships or has significant links with other directors through involvement in other companies or bodies. <p>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.</p>	<p>The Board has considered the circumstances and relationships of all Non-Executive Directors and is satisfied that a majority of the Non-Executive Directors remained independent in character and judgement. David Paterson is also a Non-Executive Director of the Company's ultimate parent, Benefact Trust Limited, a registered charity, and this common directorship is regarded as good practice with a charity that owns trading subsidiaries.</p>
<p>36: Remuneration schemes should promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests.</p>	<p>Given the Company does not have listed equity shares it is unable to comply with the shareholding requirements for Executive Directors.</p>

AGM and re-election of Directors

This year our AGM will be taking place on 25 June 2026. A copy of the Notice for the AGM is available on page 170.

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 exception of David Henderson who retired from the Board on 31 December 2025. François-Xavier Boisseau and Ian Martin who were appointed on 1 January and 19 March 2026 respectively will seek election. I can confirm that all Directors seeking re-election have been subject to a formal and rigorous performance evaluation.

Board leadership and Company Purpose

The role of the Board

The Board is accountable to the Company's shareholder for the long-term success of the Group and for safeguarding its purpose, values, strategy, culture and governance framework. We place great importance on maintaining a well-informed and decisive Board, with meetings scheduled regularly throughout the year to ensure timely and effective decision-making.

In addition to setting the Group's strategic direction, the Board establishes annual objectives and oversees their delivery through the approval and ongoing review of the business plan and strategic initiatives. This structured approach ensures alignment between short-term priorities and long-term goals.

Purpose, values and strategy

The Group's purpose is to contribute to the greater good of society by improving the lives of our customers, beneficiaries and the wider community. We achieve this through the stewardship of a diverse portfolio of businesses that operate to the highest ethical standards and are committed to delivering long-term sustainable value.

Our approach is underpinned by a clear expectation that all businesses within the Group set a high bar placing customers at the heart of decision-making,

acting responsibly, and serving as an example of best practice across the industry. We seek to embed an ethical dimension in all aspects of our operations, ensuring that integrity and accountability remain central to our governance framework.

As a company with a distinctive purpose, we recognise that success is defined not only by what we do, but by how we do it. Our values shape the way we work, underpinning our vision, ambition, and strategy. They provide the common thread that unites our family of businesses and guide our actions in delivering positive outcomes for all stakeholders.

In accordance with the Code, the Board ensures that the Company's purpose, values, and strategy are aligned with its culture. This is achieved through regular reporting and discussion on culture-related metrics, employee engagement surveys, and stakeholder input. The Board (via its committees) also reviews the outcomes of internal audits and risk assessments to confirm that behaviours across the Group reflect our stated values. Where areas for improvement are identified, the Board oversees the implementation of targeted actions to strengthen cultural alignment and reinforce ethical standards.

Culture

The Board is responsible for setting the right values and culture across the Group and for ensuring the fair treatment of customers. Our culture is deeply connected to the Group's purpose – to give all available profits to good causes. We measure our success by how much we can give to good causes, and during the year colleagues within the Group recorded over 630 volunteering days, dedicating thousands of hours to charities and causes close to their hearts. In 2024, we launched a simplified and refreshed set of values which now guide and shape the culture across the wider Group, as outlined below:

Every colleague including our Directors, plays a vital role in shaping and sustaining our culture through how we interact with one another, our business partners, clients, customers and wider communities. Our values are embedded across the entire Group's colleague lifecycle – from recruitment and performance management to our behaviour model, emerging talent and leadership development programmes and internal communications.

New colleagues are introduced to our values through the Global Group Induction programme, which explains how these values influence our business. All colleagues also complete annual Code of Conduct training to reinforce the importance of our values and culture.

Individual performance evaluations consider both delivery of objectives and the demonstration of values-based behaviours, which in turn inform reward outcomes. Local recognition schemes further encourage colleagues to demonstrate positive cultural behaviours and support peer-to-peer recognition.

We further promote an inclusive culture through training such as Inclusive Leadership and through colleague led networks including Male Allyship, Neurodiversity, LGBTQ+ and Women's networks, which provide safe and supportive spaces for colleagues.



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.

Key areas of focus for our Board during the year

The Board has assessed and monitored how the Group's desired culture is embedded across the organisation and reports on its oversight activities and outcomes in line with the 2024 UK Corporate Governance Code.

We oversee the wider Group culture through employee engagement surveys, with results reviewed by the Board to assess and monitor how the desired culture has been embedded. The Board receives regular updates on Diversity, Equity and Inclusion plans and progress and through the Audit and Risk Committee, it also receives regular reporting on culture from a range of business areas, including cultural status indicators, taking corrective action where necessary. Board members undertake site visits and meet colleagues to hear first-hand their experiences of working within the Group.

A key outcome during the year was the Group being awarded the UK's No.4 Best Big Company to Work For by Best Companies in 2025, retaining the 3* World Class recognition in the UK and Ireland. Wellbeing provision for colleagues was also strengthened with the introduction of neonatal miscarriage leave.

Our Board and Committee meetings were held both in person and remotely throughout the year, supporting agile and effective decision-making. The outgoing Chair and Senior Independent Director also held regular calls with the Non-Executive Directors to ensure open communication. Members of the General Management Board (GMB), together with other senior colleagues, attended Board and Committee meetings to encourage open dialogue, provide insight into business performance, review progress, and help inform priorities for the Group and its subsidiaries.

The Board operates to a structured annual programme of activities agreed by the Chair in collaboration with the Company Secretary and, where appropriate, with input from the Group Chief Executive Officer. This programme covers strategy and performance, strategic reviews, financial results, governance matters, legal and regulatory issues, colleagues, culture and values, and risk management. This approach ensures that the Board's discussions and decisions are well-informed, appropriately sequenced, and aligned with the needs of the business, while also taking account of the interests of our stakeholders. Further information on stakeholder engagement during the year can be found in our Section 172 Statement and Stakeholder Engagement Disclosures.

A key area of focus for the Board during the year was overseeing the Chair succession process, which concluded with the appointment of François-Xavier Boisseau as successor to David Henderson. Further detail on this process is included in the Nomination Committee Report.

The following table summarises selected Board decisions and areas of focus during the year, together with the stakeholder groups considered in each case. While not exhaustive, these examples reflect the breadth and depth of matters reviewed by the Board. The Board undertook these activities as part of its ongoing oversight of performance, risk and organisational development, ensuring that each matter considered supported the Company's strategic direction and long-term value creation.

As outlined in our Stakeholder Engagement disclosure, the stakeholder groups considered for these purposes comprise

1 customers; 2 colleagues; 3 communities; 4 shareholders and investors; 5 suppliers (including brokers); 6 regulators and governments; and 7 the environment

Global ERP Platform

As part of its oversight of the Company's Invest strategic priority, the Board received regular updates on the selection and implementation of a new global ERP platform for Group Finance. The Board monitored progress, sought assurance on programme delivery, and reviewed expected benefits, noting that the platform is designed to drive material efficiencies, strengthen financial processes, and enhance consistency across the Group. These updates provided the Board with assurance that the investment remained aligned to the Company's long-term operational and strategic objectives.

Stakeholders Considered:

2 4 5 6

Corporate Governance Code training

During the year, the Board undertook training on the forthcoming changes to the 2024 Corporate Governance Code. The session enhanced the Board's understanding of the updated governance expectations and their implications for Board effectiveness, reporting, and oversight practices.

This training strengthened the Board's ability to provide informed stewardship, ensured that Directors remained up to date with evolving regulatory standards, and supported the Company's commitment to high quality governance and transparent reporting.

Stakeholders Considered:

6 4 7 1 2 5

Climate change update

In line with the Group-wide climate change strategy, the Board received an update from the Group Impact Director on key developments in climate related regulation and reporting, as well as the broader media and political landscape. The Board also reviewed progress on the Group's climate commitments, including its work in relation to recognised external frameworks.

Reflecting the Group's ambition to play our part in protecting our planet, the Board considered how the evolving climate strategy supports the Group's wider societal and environmental objectives. A dedicated Board training session on climate change and sustainability was scheduled for early 2026 to further strengthen Board capability and ensure effective oversight of climate matters.

Further information on the Company's climate change strategy is provided in the Responsible Business Section of the Strategic Report.

Stakeholders Considered:

7 6 3 4 1 5 2

b-heard Survey Results

During the year, the Board reviewed the outcomes of the 2024 b-heard colleague engagement survey, reported in Q1 2025. The Board welcomed the strong participation rate of 85%, viewing this as a positive indicator of colleague engagement and trust in the process.

The Board was pleased to note that the Group achieved an 'Outstanding' rating, with the UK business attaining a 3* World Class accreditation. The Board considered these results to be a strong reflection of the Group's culture, leadership behaviours and ongoing focus on colleague experience. The insights from the survey were discussed in the context of sustaining a healthy culture and supporting continued improvements in engagement, performance and organisational outcomes.

Stakeholders Considered:

2 4 6 7 3

Health and Safety update

The Board received and noted its annual Health and Safety update. As a result, the Board gained assurance on the effectiveness of the H&S Management system, compliance with legal regulatory requirements and any trends in incidents and near misses.

Stakeholders Considered:



Modern Slavery Act Statement 2025-26

As part of its oversight of culture and responsible business practices under the Energise strategic initiative, the Board received an update on the Modern Slavery Act and the findings of the 2024 House of Lords Select Committee review of the Modern Slavery Act 2015. The Board considered the outcomes of a Group-wide gap analysis, noting that no material changes were required to ensure alignment with the Government's updated guidance for 2025.

The Board reviewed the strengthened Group Modern Slavery Statement and took assurance that its principles are embedded across the organisation, particularly within Procurement, where enhanced controls and supplier oversight are in place. The Board also noted the positive cultural outcome of sustained colleague engagement, with all staff receiving regular training on modern slavery risks and ethical conduct.

These updates provided the Board with confidence that the Group continues to uphold high standards of integrity, supports a culture of ethical behaviour, and maintains compliance with evolving regulatory expectations.

Stakeholders Considered:



AI and Data Strategy

At its October Away Day, the Board undertook a deep dive review of the Group's technology, data and AI strategy, recognising its critical role in strengthening analytical capability, supporting more informed decision making and enhancing operational efficiency. The Board's scrutiny and guidance during this session enabled the further development of key AI initiatives and improvements to data governance, helping to ensure the Group is well positioned to adopt emerging technologies responsibly and securely.

Stakeholders Considered:



EdenTree Growth Strategy

The Board considered EdenTree's strategic plans to grow its investment management offering and strengthen its position in key markets. The Board noted that EdenTree was the first asset manager to have achieved SDR labels across its entire fund range, reinforcing its position as a leader in sustainable investment and supporting outcomes for customers, communities and the environment.

Additionally, the Board considered proposals to broaden EdenTree's product range, enhance distribution capability and bring in additional expertise to support growth. It also reviewed early thinking on brand positioning and the phased development of new investment products, ensuring alignment with the Group's values and long-term objectives.

Across these discussions, the Board provided challenge and guidance on the ambition of the plans, emphasising the importance of building a scalable, purpose-led proposition capable of contributing meaningfully to the Group's future strategy.

Stakeholders Considered:



DEI Training

During the year, the Board participated in dedicated training on Diversity, Equity and Inclusion (DEI). This formed part of the Company's ongoing commitment to fostering an inclusive culture that supports the long-term success of the organisation and reflects the values embedded within the Group's strategic framework.

The training provided the Board with enhanced insight into evolving regulatory, workforce and societal expectations relating to DEI, and reinforced the importance of inclusive leadership behaviours in shaping culture and decision-making. The session also supported the Board's understanding of how DEI considerations influence organisational resilience, talent attraction and retention, and stakeholder trust.

By strengthening the Board's capability and awareness in this area, the training underpinned the Company's commitment to maintaining a positive, ethical and inclusive culture, one where we all belong. For more information see the Responsible Business Section of the Strategy Report.

Stakeholders Considered:



Improved Technological Capabilities

The Board received updates on the Group's enhanced technological capabilities and considered the related benefits and risks. Through this oversight, the Board helped ensure that the programme continued to strengthen operational resilience, improve data quality and reduce key technology related risks across the Group.

Stakeholders Considered:



In addition to the matters outlined above, a key area of focus for the Board and its Committees during the year was the oversight and approval of the Group's Corporate Strategic Plan for 2026 to 2028. In undertaking this work, the Board and its Committees engaged extensively with stakeholders to ensure a clear understanding of the potential impact of the Plan on the Group and its stakeholders.

Engagement included discussions with colleagues and with Benefact Trust Limited, the Group's ultimate charitable owner, as well as insights obtained through regular reporting from the Executive Management Team, to whom the day-to-day running of the business is delegated. This activity helped the Directors discharge their responsibilities under Section 172 of the Companies Act 2006 by ensuring that stakeholder interests were considered throughout the decision-making process.

Following this engagement, the Board completed a comprehensive review of the Corporate Strategic Plan and approved it for implementation. The Board recognised the Plan as a critical component in guiding the Group into its next strategic chapter and in supporting sustainable, profitable growth.

In reaching its decision, the Board considered the Plan's alignment with the Group's long-term objectives, including growth, operational efficiency and targeted investment in future capabilities. The Board also noted the Plan's role in preparing the Group for its next strategic transition, scheduled for mid 2026. Assurance was provided by management through robust governance, testing and stress scenario analysis, giving the Board's confidence in the Plan's resilience across a range of economic and operational conditions.

The Board also assessed the implications of the Plan for financial strength and the Group's broader responsibilities, including maintaining stable distributions to its charitable owner and supporting the interests of colleagues, customers and wider stakeholders.

Having considered these factors, the Board concluded that the Plan positions the Group effectively for the period ahead. It enables sustainable growth, strengthens operational efficiency and supports the continued fulfilment of the Group's charitable purpose, while ensuring that financial resilience is maintained.

Whistleblowing

The Group's Whistleblowing Policy and Procedures is overseen by the Audit and Risk Committee. For more information on this, please refer to the Audit and Risk Committee Report.

Conflicts of interest

In accordance with the Companies Act 2006 and the Company's Articles of Association, the Group Company Secretary maintains a formal Register of Directors' conflicts to monitor and manage any actual or potential conflicts of interest. All Directors receive training on their statutory duties under the Companies Act 2006 and are regularly reminded of their obligations to act in the best interests of the Company.

Directors are required to declare any actual or potential conflicts of interest at the earliest opportunity, typically at the first Board meeting following identification. Such declarations are recorded in the Conflicts Register and reviewed by the Board in line with the provisions of the Companies Act 2006 and the Company's Articles of Association. To ensure ongoing compliance, Directors review and confirm the accuracy of their recorded interests recorded on a biannual basis.

The Board also oversees procedures for managing conflicts arising in trading relationships, including those involving brokers and the General Insurance business. These procedures are designed to ensure that customer interests remain paramount and that all dealings are conducted with integrity, transparency, and a commitment to delivering the best possible outcomes for customers.

Division of responsibilities

The Board maintains a clear division of responsibilities between executive and non-executive roles to ensure effective oversight, accountability, and independence. These responsibilities are formally documented, reviewed regularly by the Board, and communicated through the Company's governance framework.

The roles of the Chair and Group Chief Executive are undertaken by separate individuals, as illustrated in the governance structure chart below, in accordance with best practice under the Code. The Chair is responsible for leadership of the Board and ensuring its effectiveness, while the Group Chief Executive is accountable for the operational management and delivery of the Group's strategy.

Throughout the year, the former Chair, David Henderson, held meetings with Non-Executive Directors without the Executive Directors present, providing an opportunity for open discussion and independent challenge. Separately, the Group Chief Executive, Mark Hews, met regularly with the Group Management Board to oversee day-to-day operations. Matters of significance arising outside the scheduled Board meetings were promptly communicated to Directors to ensure timely oversight and decision-making.

An overview of the Board composition and its governance structure as at 16 April 2026 is set out overleaf:

Governance Structure

Documents available at benefactgroup.com

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

THE BOARD



Chair



Senior Independent Director



Non-Executive Directors

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.

COMMITTEES



Audit and Risk Committee



Group Nominations Committee



Group Remuneration Committee

The Board has established three principal Committees, each operating under formally approved Terms of Reference, to which it delegates specific responsibilities. These Committees play a vital role in supporting the Board's oversight and governance, and they collaborate closely where matters overlap.

Following each meeting, the respective Committee Chair provides a comprehensive update to the Board, ensuring transparency and enabling informed decision-making across all areas of governance.

An outline of the Committees' roles and responsibilities is set out below. For more detail on the work of each committee please refer to the individual committee report within these Report and Accounts.

SENIOR MANAGEMENT & GOVERNANCE OFFICERS



Group Chief Executive



Deputy Group Chief Executive



Group Chief Financial Officer



Group Company Secretary

Governance Structure

THE BOARD



Chair
François-Xavier Boisseau

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,
David Paterson and Ian Martin

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.

COMMITTEES



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.

SENIOR MANAGEMENT & GOVERNANCE OFFICERS



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.

Board attendance at meetings in 2025

In 2025, 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 2025. Details of committee attendance can be found in the individual committee reports.

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
Executive Directors		
Mark Hews	June 2009	9/10
Mark Bennett ¹	January 2025	10/10
Former Non-Executive Director		
David Henderson ²	April 2016	10/10
Non-Executive Directors³		
Ian Martin	March 2026	N/A ³
François-Xavier Boisseau ⁴	January 2026	N/A
Rita Bajaj	July 2021	10/10
Chris Moulder	September 2017	10/10
David Paterson	June 2024	10/10

¹ Mark Bennett was appointed to the Board on 1 January 2025.

² David Henderson retired from the Board on 31 December 2025.

³ Ian Martin was appointed to the Board on 19 March 2026 and therefore did not attend any meetings throughout 2025.

⁴ François-Xavier Boisseau was appointed to the Board on 1 January 2026 and therefore did not attend any meetings throughout 2025.

Board composition up to the date of this report

The table adjacent details Board and Board Committee Composition Changes in 2025 and prior to publication of this Report.



Board

Mark Bennett
Appointed 1 January 2025

David Henderson
Resigned 31 December 2025

François-Xavier Boisseau
Appointed as Chair
1 January 2026

Ian Martin
Appointed as
Non-Executive Director on
19 March 2026



Audit and Risk Committee

Ian Martin
Appointed on
19 March 2026



Joint Nominations Committee

David Henderson
Stepped down
31 December 2025

François-Xavier Boisseau
Appointed
23 September 2025



Joint Remuneration Committee

David Henderson
Stepped down
31 December 2025

François-Xavier Boisseau
Appointed
23 September 2025

Internal controls

The Board is ultimately responsible for the systems of risk management and internal control maintained by the Group and reviews their appropriateness and effectiveness annually. The Board views the management of risk as a key accountability and is the responsibility of all management and believes that, for the period in question, the Group has maintained an adequate and effective system of risk management and internal control that complies with the Code. Further details are set out in the Risk Management Report.

The Group embeds risk management into its strategic and business planning activities whereby major risks that could affect the business in the short and long term are identified by the relevant management together with the assessment of the effectiveness of the processes and controls in place to manage and mitigate these risks.

The Group has adopted an Internal Control Framework. In doing so, the Board acknowledges its responsibility in setting the tone for the Group and creating a high degree of control consciousness in all colleagues.

A Code of Conduct and a Code of Ethics are embedded into the culture of our business and is accessible to all colleagues via the intranet.

Assurance on the adequacy and effectiveness of internal control systems is obtained through management reviews, risk, and control self-assessment, second-line reviews conducted by Group Risk and Compliance, and the Group's internal audit programme.

Systems of internal control are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide reasonable, but not absolute assurance as to the prevention and detection of financial misstatements, errors, fraud or violation of law or regulations. Further information on internal controls is set out in the Audit and Risk Committee Report.

The Group is well advanced in its work to implement Provision 29 of the 2024 UK Corporate Governance Code.

François-Xavier Boisseau

Chair

16 April 2026

Group Nominations Committee Report



“ Succession planning takes into account the Group’s strategic ambitions, opportunities and challenges faced as well as considering both current and anticipated future business needs. ”

Dear Stakeholder,

I am pleased to present the Group Nominations Committee’s Report for the year-ending 31 December 2025. This is a joint committee with Ecclesiastical Insurance Office public limited company (‘EIO’). I sit on the Benefact Group plc Board as Non-Executive Director and Senior Independent Director and Chair the Group Nominations Committee on behalf of both Boards.

Chris Moulder
Group Nominations Committee’s Chair
16 April 2026

Committee member	Member since	Meetings attended
Chris Moulder	November 2019	3/3
David Henderson*	January 2018	3/3
Angus Winther**	May 2021	1/2
François-Xavier Boisseau	September 2025	1/1
James Coyle	June 2025	1/1

* stepped down December 2025 **stepped down in June 2025

Committee composition and activity during 2025

The Group Nominations Committee is chaired by the Senior Independent Director of the Benefact Group plc. Given its Group remit, the membership of the Committee comprises a majority of independent Non-Executive Directors from either the Boards of

EIO or Benefact Group plc. Angus Winther and David Henderson stepped down from the Committee in June and December 2025 respectively. Jim Coyle and François-Xavier Boisseau were appointed to the Committee in June and September respectively.

The Committee's focus in 2025 has been on the succession of the Chair for EIO and Benefact Group plc and dealing with any subsequent changes to the composition of the Board. The Committee ensures that the Board, Board Committees and Executive Team continue to have the right composition of skills, experience, knowledge and diversity of thought, as well as robust succession planning to support the delivery of the Group's strategy.

In 2025, the Board approved the appointment of François-Xavier Boisseau as Chair to succeed David Henderson.

The Committee also oversaw changes to the composition of the Board Committees, the Executive Team, and changes to Subsidiary Boards. As reported last year, Mark Bennett was appointed as Group Chief Financial Officer with effect from 1 January 2025 to succeed Denise Cockrem who retired during 2024.

Board composition and changes during the year

The Committee keeps under review the Board's composition and its Non-Executive Director recruitment priorities. Succession planning is a fundamental part of the Committee's remit.

The Corporate Governance Report includes more information on the changes to the Board and Committees during the year and prior to the publication of this report.

Appointment of New Chair

During the year, the Senior Independent Director led the process for appointing a new Chair (to serve as Chair to EIO and Benefact Group plc). The desired qualities for the Chair along with the protocol for appointment were distributed to all the existing Non-Executive Directors of EIO and Benefact Group plc and expressions of interest were received by three Directors who were all considered credible candidates.

An Appointments Panel was established which comprised the Nominations Committee Chair, two non-conflicted EIO Directors and a representative from the ultimate Shareholder. Odgers, a recruitment agency, was engaged to evaluate each of the candidates with a series of questionnaires and an interview. Feedback from Odgers was considered by the Panel. Each candidate was interviewed by the Appointments Panel and separately by the Group Chief Executive Officer. The views of those Directors not involved with the process were sought. The Panel met to evaluate all the feedback and a preferred candidate was selected. The Board subsequently approved that François-Xavier Boisseau be elected as the next Chair with effect from 1 January 2026 to succeed David Henderson. François-Xavier joined the Group in 2019 and has extensive experience in insurance which has been developed during his executive and non-executive career extending to over 35 years in the financial services industry. He is well placed to lead the Board as its Chair.

David Henderson stepped down from the Board on 31 December 2025 to take up the role as Chair of Benefact Trust Limited, having served as a Director for nine years and Chair for six years. The Committee and the Board are very grateful for the significant contribution he has made to the Group.

Appointment of New Non-Executive Director

The Committee agreed that it wanted to strengthen its oversight of the Broking & Advisory Division and agreed that a 'common director' with that Division would be appointed. Ian Martin, an existing director on the Board of Benefact Broking & Advisory Holdings Limited, was approached to see if he would undertake the role and, having consented, he was appointed by the Board on 19 March 2026. The Board has a 'common director' appointed with each of its three Divisional Holding Companies.

Size of the Board

The Committee considers that the size of the Board contributes to its effectiveness and longer-term success. The optimal size of the Board is considered to be six or seven. As at the date of this report, the size of the Board was seven which was considered the right size to oversee its subsidiaries, operate in an efficient and collaborative manner, to ensure an appropriate mix of skills and diversity to support succession planning and to accommodate the additional roles and responsibilities of some of the Directors on Board Committees.

Non-Executive Directors' Length of Service

The Committee monitors the length of tenure of all Directors.

Non-Executive Director's Independence

Excluding the Chair (who is not included in the figures to determine independence), a majority of our Board comprises independent Non-Executive Directors.

Independence is reviewed as part of each Director's annual effectiveness review, 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 the Non-Executive Directors remained independent in character and judgement. No individual participated in discussions relating to their own independence.

During the year, David Paterson was also a director on the Board of Benefact Trust Limited and the Company ('a common director'). 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. With these factors in mind, the Committee and the Board consider it appropriate that a common director is regarded as an

independent Non-Executive Director. A joint Company and Benefact Trust Limited Nominations Committee Meeting is held annually, amongst other things to consider the appointment of common directors.

In addition, Rita Bajaj and Ian Martin are common directors with the Company's subsidiaries EdenTree Holdings Limited and Benefact Broking & Advisory Holdings Limited to ensure effective oversight with those Divisions and are also deemed independent. François-Xavier Boisseau is also the Chair of EIO having been appointed on 1 January 2026 and as Chair is not regarded as independent.

Time Commitment

Prior to their appointment to the Board, all proposed new Directors are asked to disclose their other significant commitments, which are reviewed by the Committee and the Board when considering their appointment to ensure they can discharge their responsibilities. Expected time commitments are agreed with each Non-Executive Director on an individual basis and include time to attend and prepare for Board and Board Committee meetings and to undertake training. During the induction period, a new Non-Executive Director will be expected to devote additional time to gain an understanding of the business.

The Committee evaluates the time Non-Executive Directors spend on the Company's business annually

and is satisfied that, in 2025, 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 and Non-Executive Directors. Prior to approving any significant new external commitment for a Director, the Board will consider the nature of the role, the existence of any actual, potential or perceived conflict of interest, and ensure the commitment required is not excessive. 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.

Director training and development

The Committee and the Group Company Secretary support the Chair in developing and monitoring effective induction, training and development for the Board.

All Directors undertake a formal, comprehensive and tailored induction upon joining the Board designed to provide them with an understanding of the operation of the Group, its purpose, values and strategy and key business areas and functions. This includes sessions with key SMEs across the Company. When a Director is joining a Board Committee, their induction schedule will also include an induction to the operation of that Committee.

In addition, the annual training schedule of the Board is developed in consultation with the Committee, the Executives 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 Directors continued to deepen their understanding of the business through Board deep dives as well as receiving training on IFRS17 (reflections and market insight), the revised UK Corporate Governance Code and Diversity, Equality and Inclusion.

The Group Company Secretary maintains annual Continuing Professional Development (CPD) records for all Directors.

Succession Planning and Talent Development

The Committee oversees succession planning to ensure that the Committee strikes the right balance of skills, experience, diversity of thought and effectiveness on the Board, its Committees and the Executive Team. Succession planning takes into account the Group's strategic ambitions, opportunities and challenges faced as well as considering both current and anticipated future business needs.

In terms of Board and Committee Succession, the Committee regularly reviews the composition of the Board to ensure that its members have the right balance of skills and experience to support the delivery of the Group's Strategy. Each role is considered in terms of an emergency, short-term and long-term successor. This is supported by a robust skills analysis which is conducted for all Directors annually. The Committee uses the results of the succession planning and skills analysis exercise to refresh the Board's Non-Executive Director recruitment priorities and to lead the search process for any new Board appointments.

During 2025, the Committee focused on finding a successor for David Henderson as Chair. The successor for the Chair had been identified by the succession planning process. In 2026, the Committee will focus on recruiting a successor for the Senior Independent Director and Chair of the Audit and Risk Committee when the current incumbent steps down in the Autumn as well as continuing to focus on diversity.

The composition of the Executive Team must comprise the right balance of skills, experience and diversity of thought to drive the delivery of the strategy agreed by the Board. Consequently, the Committee regularly reviews the succession plans and approves any changes to the Executive Team, their immediate direct reports and the Board composition of Subsidiary Boards. The Committee also reviews the development of talent across the broader Group ensuring a diverse pipeline of talent is in place.

Board Effectiveness and Performance

In accordance with the UK Corporate Governance Code 2024, the Committee ensures that a formal and rigorous annual evaluation of the performance of the Board, its Committees and each Director is undertaken. The Company operates a structured evaluation cycle that includes internally facilitated reviews in most years, complemented by an externally facilitated review at least every three years to ensure robust scrutiny and continuous improvement in Board effectiveness.

The 2025 Board and Committee effectiveness reviews were internally facilitated and took place in January 2026, assessing performance over the 2025 financial year. The evaluation process was overseen by the Chair, with support from the Company Secretariat, who administered questionnaires and collated responses.

The evaluation of the Chair was led by the Senior Independent Director in line with the requirements of the Code. All Directors took part in individual effectiveness reviews in January 2026, and the Committee concluded that each Director continued to perform effectively and contribute positively to the Group's long-term sustainable success. In accordance with the Code, all Directors continuing in office and up to the date of this Report intend to offer themselves for election or re-election at the 2026 AGM.

The evaluation confirmed that the Board and its Committees continued to operate effectively and that they maintained a constructive culture of challenge, open discussion and accountability. The Board discussed the outcome of the evaluation including the significant strengths underpinning the effectiveness of the Board and agreed some key areas of focus for 2026.

Changes to Immediate Subsidiary Boards

The EIO Board approved the appointment of François-Xavier Boisseau as Chair who will succeed David Henderson. Having been appointed as EIO Chair, François-Xavier Boisseau stepped down from his existing roles as EIO Senior Independent Director and Chair of the Risk Committee and was succeeded by Jim Coyle and Michael Murphy respectively. Michael Murphy was appointed to the Board as a Non-Executive Director to succeed Neil Maidment who resigned from the Board at the end of 2024. Angus Winther and Maria Darby-Walker stepped down from the Board in June and December respectively. 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. In addition, two additional Non-Executive Directors will be appointed to the EIO Board during 2026, Jane Dale was appointed on 3 February 2026 and Gail Tucker is expected to be appointed on 1 May 2026.

During the year, Ian Martin was appointed to the Board of Benefact Broking & Advisory Holdings Limited. There were no changes to the Board of EdenTree Holdings Limited (both being immediate subsidiaries of Benefact Group) during the year.

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

Audit and Risk Committee Report



“ The Committee ensures the interests of 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. ”

Dear Stakeholder,

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

The Committee’s role is to:

- monitor the integrity of the Group’s financial and regulatory reporting; internal controls processes; and internal and external audit arrangements; and
- monitor 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.

This report describes the work undertaken by the Committee in respect of the 2025 financial year.

The Committee plays a key role in challenging and monitoring the integrity of the Group’s financial reporting, ensuring the Annual Report & Accounts are prepared using appropriate judgements and are a fair reflection of the Group’s performance and position. The significant accounting and financial reporting issues considered in detail by the Committee 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 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 Group Audit and Risk Committee

Members of the Committee

Committee members are Non-Executive Directors and bring a wide range of financial, risk, control and commercial expertise, 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 matters and developments.

In 2025, PricewaterhouseCoopers LLP (PwC) attended seven Committee meetings. During the year, the Committee met privately with the Group's external auditors without management present.

Benefact Group plc Audit and Risk Committee member	Member since	Meetings attended
Chris Moulder Chair	September 2024	8/8
Rita Bajaj ¹	September 2024	7/8
David Paterson	September 2024	8/8
Ian Martin	March 2026	N/A ²

¹ Rita Bajaj was unable to attend one meeting of the Committee due to a prior professional commitment.

² Ian Martin was appointed to the Board on 19 March 2026 and therefore did not attend any meetings throughout 2025.

Auditor appointment and tenure, independence and non-audit services

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 Committee during the year is set out below:

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.

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 triennially by the Committee, however will be reviewed annually for any substantial changes. 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 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 2025, the Group was charged £1,793,000 (ex VAT) by the Group auditor, PwC and Secondary auditor, PKF – Littlejohn (PKF) for audit services. Non-audit fees for audit-related assurance services required by legislation and/or regulation amounted to £449,000, making total fees from PwC and PKF of £2,242,000. There were no other non-audit services provided by PwC or PKF 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 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 2025 statutory audit and audit-related assurance services. The 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 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 by the Group 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 significant areas of focus considered by the Committee in relation to 2025, 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
<p>General insurance reserves</p> <p>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.</p>	<p>The Committee considered a detailed report provided by the Group Actuarial Director on the adequacy of general insurance reserves at the half year.</p> <p>At the full year the Committee received a report and discussed and challenged management across a wide range of assumptions and key judgements.</p> <p>This was a major area of audit focus and the auditor also provided detailed reporting on these matters to the Committee.</p> <p>Other key areas of focus during 2025 were latent claim reserves, the impact of the softening market, weather events impacting Group companies and subsidence in the UK.</p> <p>The Committee concluded at year end 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.</p> <p>The Committee was also satisfied that management had carried out a thorough review of the drivers of uncertainty and had arrived at an appropriate recommendation for the level of booked reserves including the risk adjustment.</p>
<p>Life insurance reserves</p> <p>The calculation of 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.</p>	<p>The Committee considered management's recommendations for life insurance reserves which included their basis and the methodology.</p> <p>The main areas of judgement reviewed by the Committee were the estimated future cash flows and the discount rate applied to future cash flows.</p> <p>The Committee reviewed the work done by the Chief Life Actuary to assess whether the methodology remained appropriate, with a particular focus on mortality rates, surrender rates and future attributable expenses.</p> <p>Following its review, and after consideration of the auditor's report, the Committee was 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.</p>

Matter considered	Action
<p>Pension scheme accounting</p> <p>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.</p>	<p>During 2025, reports were received 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.</p> <p>Following the review, management concluded the future improvements in mortality table will be updated to the CMI 2024 table. In the CMI 2024 table, the default half-life parameter of 1 year will be applied, meaning the pandemic-related mortality effect is assumed to reduce by half each year. The best estimate multipliers for the post-retirement mortality tables were revised following input from the Scheme Actuary.</p> <p>Following consideration, the Committee concluded that the assumptions and disclosures proposed were appropriate.</p> <p>The impact of updating assumptions to reflect those in force at the balance sheet date on the valuation at 31 December 2025 is explained in note 20 to the financial statements.</p>
<p>Valuation of intangible assets</p> <p>The valuation and impairment assessment of intangible assets, particularly internally developed software, is a key area of focus due to the scale of the Group's technology investment and the materiality of these balances.</p> <p>Technological change and evolving business requirements increase the risk that certain assets may not deliver their expected future economic benefits or that useful economic lives may need to be reassessed.</p>	<p>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.</p> <p>The Committee reviewed management's impairment assessment in accordance with IAS 36 Impairment of Assets, including the identification of impairment indicators and the value-in-use calculations supporting recoverable amounts.</p> <p>The Committee scrutinised the key assumptions underpinning these calculations, future cash flow projections, expected cost savings and operational benefits, useful economic lives, discount rates, and growth assumptions, assessing whether they were consistent with approved business plans and current market conditions.</p> <p>The Committee sought evidence supporting management's forward-looking estimates, including the project plans, costs, and the effect of technological developments on expected asset use. Following this detailed review and challenge, the Committee agreed that an impairment was required for certain intangible assets. It was satisfied that the remaining carrying values were supportable, that useful economic lives had been considered where necessary, and that the impairment recognised reflected an appropriate application of IAS 36 Impairment of Assets.</p>

Matter considered	Action
<p>Valuation of unlisted equity</p> <p>This is an area of focus given the materiality and the subjectivity in deriving fair value.</p> <p>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.</p>	<p>The Committee reviewed management's fair value assessment of the Group's unlisted equity investment, including the valuation model prepared in accordance with IFRS 13 Fair Value Measurement. It focused on key areas of judgement such as the selection of comparable companies, calibration of valuation multiples, and the illiquidity discount.</p> <p>A key area of attention was management's first-time use of a model adjustment. Management explained that the adjustment was introduced to reflect specific characteristics and objective evidence of fair value not fully captured in the base model. The Committee examined the evidence supporting these qualitative factors and assessed whether they were consistent with market participant assumptions.</p> <p>The Committee challenged the rationale and transparency of the model including this overlay adjustment and reviewed the supporting analysis. It evaluated whether the approach remained aligned with IFRS 13 requirements to maximise observable inputs while appropriately incorporating relevant unobservable inputs.</p> <p>Following this review, the Committee concluded that the valuation approach, including the model adjustment, was appropriate and that the resulting fair value was appropriate.</p>
<p>Carrying value of goodwill</p> <p>This is an area of focus for the Committees given the materiality of the Group's goodwill balances (£101.4m at 31 December 2025) and the inherent subjectivity in impairment testing.</p> <p>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.</p>	<p>The Committee received detailed reporting from management and challenged the appropriateness of the assumptions made, including:</p> <ul style="list-style-type: none"> • 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. <p>The Committee 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.</p> <p>The Committee 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.</p> <p>Goodwill is disclosed in note 19 of the financial statements.</p>

Fair, balanced and understandable

The Committee considered whether, in its opinion, the 2025 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 2025.

Oversight of 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 2025, the Committee has:

- 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 Committee 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 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 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 Committee summarising findings from audit activity undertaken and the responses and action plans agreed with management. During the year, the Committee monitored 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 Human Resources (Group HR). Throughout the year, the Committee performed regular oversight of the

Group's whistleblowing arrangements, which are the responsibility of the Board and overseen by Group HR. The focus remains on ensuring that all colleagues understand whistleblowing, engage in open dialogue, and feel confident and positive about raising concerns and speaking up within the Benefact Group.

A structured annual whistleblowing programme is in place, encompassing training, communication and monitoring activities. Mandatory online training for all colleagues and managers covers whistleblowing principles and the Code of Conduct. Individual attestations, supported by regular communications, reinforce awareness and promote an open and transparent culture. Whistleblowing policies, procedures, and guidance documents are reviewed and updated annually to ensure they remain accessible, clearly understood, and effective in encouraging individuals to raise concerns with confidence.

Legal and regulatory developments

The Committee 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, including recent geopolitical events which have contributed to changes in financial markets and the wider 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 the Group's 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 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 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. The Committee also 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 ongoing political policies and affairs.

- 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 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.

Group Remuneration Report



“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, and maximising our grant to our charitable shareholder.”

Sir Stephen Lamport

Chair of the Group Remuneration Committee

As Chair of the Group Remuneration Committee (the Committee), I am pleased to introduce the Remuneration Committee Report for 2025 and to highlight 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.

To ensure these arrangements continue to drive the Group’s strategy and to achieve long-term success by the delivery of the expected level of grant to the Group’s shareholder and owner Benefact Trust Limited, remuneration continues to be underpinned by the following principles: fair reward; simplification of the Group’s incentive arrangements; compliance with evolving regulatory and corporate governance requirements; linking pay and performance; alignment of incentive designs with the Group’s strategy and shareholder expectations; and consideration of the reputational impact of any changes.

2025 performance

The Group is reporting a profit before tax for 2025 of £77.1m (2024: £77.6m). The results were driven by an excellent result within the Specialist Insurance division (EIO), reporting a profit before tax of £84.6m (2024: £82.5m), while the Broking and Advisory division

reported a small loss of £0.2m (2024: £6.1m profit). The Asset Management division reported a loss for the year of £7.2m (2024: £4.9m loss).

Please refer to the Chief Financial Officer’s Report for more information on the results above.

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, Benefact Trust Limited, 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 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. Having considered all the relevant factors, the Committee determined that a discretionary adjustment to the Strategic Target outcome be applied based on a material addition to the original strategic targets set at the outset of the year, which impacted a number of key initiatives.

The annual bonus awards for 2025 of 80.5% of maximum for the Group Chief Executive; 82.2% for the Deputy Group Chief Executive; and 83.4% for the Group Chief Financial Officer reflected the performance of the Group during the year. Further details of performance against the targets set for 2025 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 2023 vested at 82.5%, reflecting the Group's performance against the financial and non-financial targets over the 2023-2025 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.

Director changes in the year

As set out last year, in 2024 we reshaped the Boards of Benefact Group and EIO to increase the independence of EIO. Following this, Jacinta Whyte is no longer a Board Director of Benefact Group but remains a Board Director of Ecclesiastical Insurance Office public limited company. Whilst Jacinta is no longer a Director of Benefact Group, her remuneration details have continued to be disclosed for transparency in this report.

As disclosed last year, Mark Bennett was appointed to the Board and as Group Chief Financial Officer on 1 January 2025. All of his remuneration arrangements are in line with our Directors' Remuneration Policy and were disclosed in full last year.

Implementation of Policy for 2026

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. The Committee is of the view that the Remuneration Policy operated as intended during the year and that the overarching remuneration framework continues to be appropriate taking into account both internal and external factors. As a result, no changes are proposed to the Policy for 2026. The full Policy is disclosed in the 2024 Directors' Remuneration Report.

Base salary

The level of salary increases for UK Ecclesiastical employees is a key consideration in setting the level of any salary increase for Executive Directors. The Committee determined, after careful consideration, that the base salary for the Group Chief Executive would be increased by 6% (effective 1 April 2026) due to exceptional circumstances relating to his responsibilities in London. The base salaries of the Deputy Chief Executive and Group Chief Financial Officer would be increased by 3.5% (effective 1 April 2026), which is in line with the wider employee population.

Incentives

There are no proposed changes to the incentive opportunities. The Committee has reviewed the performance measures and weightings and is satisfied that they continue to be aligned to the Group's strategy. Some minor changes are proposed, further details of which are provided in the full report.

Chair and Non-Executive Director fees

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

Committee member	Member since	Meetings attended
Sir Stephen Lamport (Chair)	June 2020	4/4
David Henderson	September 2016	4/4
Rita Bajaj	September 2024	4/4

Gender pay gap

The gender pay report for 2025 showed our median gender pay gap slightly decreased to 18.2% (2024: 19.5%) for EIO. The wider Group median pay gap has also slightly decreased to 23.4% (2024: 25.8%) due to year-on-year changes in the composition of the population across the Group. The Group remains committed to promoting inclusion and diversity throughout our business and to ensuring that all employees have a fair and equal pay opportunity appropriate to their role.

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

16 April 2026

Group Remuneration Committee

Purpose and membership





The Committee is responsible for recommending to the Boards of EIO and Benefact Group plc the Remuneration Policy for Executive Directors and for determining the remuneration packages for Executive Directors, members of the Group Management Board (GMB), Material Risk Takers (MRTs) and heads of strategic business units. None of the individuals within these populations are involved in discussions relating to their own remuneration.

The Committee also has overarching responsibility for the Group-wide Remuneration Policy. In fulfilling its responsibilities, the Committee seeks to ensure that the Policy is fair, transparent, and avoids unnecessary complexity. It considers, among other factors, the extent to which pay arrangements support the Benefact Group's culture, values, and strategic objectives.

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, membership comprises Directors from both Boards ensuring 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 2025.

Meeting	Key discussion points
 January 2025	<ul style="list-style-type: none"> • 2025 annual bonus and 2025-2027 LTIP and CRO opinion on targets • 2024 Directors' Remuneration Report • Material Risk Takers list • Financial Accountability Regime Australia • 2024 Review of Committee performance and 2025 objectives • Review of Remuneration Consultant's performance
 March 2025	<ul style="list-style-type: none"> • 2025 annual bonus and 2025-2027 LTIP • 2024 annual bonus and 2022-2024 LTIP outcomes • Review of 2025 salary proposals • Asset Management remuneration • 2024 Directors' Remuneration Report
 July 2025	<ul style="list-style-type: none"> • Executive remuneration trends • Remuneration Committee advisor expertise in the Insurance, Asset Management and Broking sectors • Bonus arrangements • Remuneration Policy Statements • Wider employee trends and policies • Annual review of Material Risk Taker list methodology
 November 2025	<ul style="list-style-type: none"> • Group Remuneration Policy review • Annual audit of Asset Management (EdenTree) remuneration policy • Update on 2025 Executive Director pay outturns • Update on bonus arrangements • Wider employee remuneration trends and pay • Material Risk Taker list • 2025 Gender and Ethnicity Pay Gap Reporting • 2025 Directors' Remuneration Report • Review of Committee Terms of Reference • Annual Review of Reporting Framework

Advisers to the Committee

During the year, the Committee received external independent advice from Deloitte in relation to the Committee's activities. As a founding member of the Remuneration Consultants Group, Deloitte voluntarily adheres to its Code of Conduct.

Fees for professional advice to the Committee paid to Deloitte were £61,600 (2024: £79,925). The Committee is satisfied that the advice it received during 2025 from Deloitte was impartial.

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.

In the course of its deliberations, the Committee also considered the views of the Group Chief Executive, Group Chief Financial Officer, Group Chief People Officer, Group Chief Risk and Compliance Officer and Group Reward Director. Additionally, the Committee also received updates from the CEO, Benefact Broking & Advisory Holdings Limited, and Head of Distribution. The Company Secretariat advised on legal and governance-related matters. Such input, however, did not relate to their own remuneration.

No other external advisers provided services to the Committee during the year.

Remuneration 'at a glance'

The table below summarises how key elements of the Remuneration Policy will be implemented in 2026 and key decisions taken by the Committee for the year ended

31 December 2025. The full Remuneration Policy can be found in the 2024 Directors' Remuneration Report.

Element of pay	Group Chief Executive	Deputy Group Chief Executive	Group Chief Financial Officer
Base Salary (effective 1 April 2026)	£713,800	£509,476 ¹	£414,000
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	<ul style="list-style-type: none"> Performance measures for 2026 include PBT (including and excluding fair value investment gains/losses); underwriting balanced scorecard; Asset Management gross new money; Broking and Advisory turnover; strategy; Greater Good; and individual. One-third of the total bonus paid is deferred for three years. Malus and clawback provisions apply. 		
LTIP maximum opportunity	200% of salary	150% of salary	150% of salary
LTIP other details	<ul style="list-style-type: none"> Performance measures for 2026 include PBT (including fair value investment gains/losses); return on capital; underwriting profit; Asset Management revenue; Broking and Advisory turnover; Total giving; environmental and customer. Malus and clawback provisions apply. 		
2025 annual bonus	80.5% of maximum	82.2% of maximum	83.4% of maximum
2023-25 LTIP	82.5% of maximum	82.5% of maximum	82.5% of maximum

¹An average 2025 exchange rate of 1.8415 Canadian dollars to 1 GBP has been used.

Annual Report on Remuneration

This section of the Directors' Remuneration Report sets out how the above Remuneration Policy was implemented in 2025 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 opposite shows a single total figure of remuneration received in respect of qualifying services for the 2025 financial year for each Executive Director, together with comparative figures for 2024.

Mark Hews is a NED for MAPFRE RE and was appointed to their Board in December 2013. The fee of £38k (2024: £35.5k) 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.

£000	Fixed remuneration								Variable remuneration						Total remuneration		
	Salary		Benefits ¹		Pension benefit ²		Total		Annual bonus ³		LTIP ⁴		Total		Total		
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	
Executive Director																	
Mark Hews	668	576	36	31	68	60	772	667	813	884	741	423	1,554	1,307	2,326	1,974	
S. Jacinta Whyte ^{5,6}	488	433	26	23	87	81	601	537	506	534	378	216	884	750	1,485	1,287	
Mark Bennett ⁷	400	-	15	-	44	-	459	-	417	-	116	-	533	-	992	-	
Total	1,556	1,009	77	54	199	141	1,832	1,204	1,736	1,418	1,235	639	2,971	2,057	4,803	3,261	

¹ Benefits include car allowance and private medical insurance which are valued at their taxable value. Provision of benefits during 2025 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 Executive Directors 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' 2025 annual bonuses that are deferred is: £271k (Group Chief Executive), £169k (Deputy Group Chief Executive) and £139k (Group Chief Financial Officer).

⁴ LTIP represents the amount payable in respect of the three-year LTIP performance period 2023-2025 for 2025 and 2022-2024 for 2024, as disclosed in the 2024 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 2025 exchange rate of 1.8415 Canadian dollars to 1 GBP has been used in respect of both 2024 and 2025.

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 The figure shown for the Group Chief Financial Officer's LTIP represents the full vesting value of his 2023-2025 LTIP award, after the performance assessment which is the same as for the other Executive Directors. This award was granted before he became an Executive Director. Whilst Mark was a Board Director for only one year of the three-year performance period, the full award value has been included for transparency.

Additional requirements in respect of the single total figure table

Annual bonus outcomes for 2025 (audited)

The annual bonus awards for 2025 were 80.5% of maximum (with the maximum award level being 150% of salary) for the Group Chief Executive; 82.2% for the Deputy Group Chief Executive; and 83.4% 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 2025 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%); Asset Management: 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 2025 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 Senior Leadership annual bonus for Executive Directors and actual performance against those targets for the financial year 2025 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%	£19.8m	£56.6m	£93.4m	£78.2m	0.26
Benefact Group PBT (excluding fair value investment gains/losses)	30%	£18.9m	£37.9m	£56.8m	£37.0m	0.29
GI Underwriting balanced scorecard	10%	50%	75%	100%	70.3%	0.09
Asset Management: Gross new money	5%	£450m	£700m	£950m	£700.7m	0.05
Broking: Turnover	5%	£84m	£94m	£104m	£96.6m	0.06
Strategic targets	15%	50%	75%	100%	90.2%	0.20
Greater Good measures:						
Total Giving	2.5%	£16m	£26m	£31m	£28.3m	0.03
Customer Satisfaction	7.5%	80%	90%	100%	98.9%	0.11
Conduct and Governance	5%	80%	90%	100%	95%	0.06
Aggregate business performance multiplier						1.15

The underwriting balanced scorecard was based on 4 targets relating to rate change, retention, new business and rate strength change. Across the scorecard, this resulted in combined outturn of 70.3% being achieved under this measure for 2025.

The Strategic Targets performance condition measures delivery of the Group's change programme. As set out in more detail in the Strategic Report, 2025 saw continued progress on the Group's strategic initiatives including material progress on key strategic programmes such as operational resilience, shared service effectiveness and a new ERP platform. The Committee determined that a discretionary adjustment to the Strategic Target outcome be applied based on a material addition to the original strategic targets set at the outset of the year, which impacted a number of key initiatives. This resulted in an outturn of 90.2% being achieved for 2025.

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 total charitable giving and the 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 2025 with an outturn of 98.9%, 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 resulted in an outturn of 95%.

Personal performance

Personal performance was assessed taking into consideration delivery against the Group's business plans for 2025, 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.

The assessment of personal performance for 2025 is set out below:



Mark Hews

Delivered a year of outstanding leadership across the Group, with strong business performance despite external challenges, and maintained a market leading position in customer satisfaction. The Group are positioned as No1 in various league tables enhancing our reputation.

Achieved and exceeded our Giving target of £250 million, with in-year grants ahead of plan. Over the decade, the Group is now the 3rd largest corporate donor in the UK.



Colleague engagement levels remained strong when benchmarked independently by Best Companies and the Group is now recognised by them as 'Top 4 UK's Best Big Companies to work for'.

Continue to receive external recognition through awards across all parts of the Group.

The Group has continued to make strong progress in building talent, capability and future succession through attracting a number of senior high-quality hires, strengthening its global pipeline. This has been combined with a well-embedded internal development ethos to further strengthen leadership across the Group, including partnering with the Windsor Leadership Trust to introduce a Senior Leadership Development Programme during the year.

Introduced a cost effectiveness review programme across the Shared Service function.

Supported the smooth transition of Chair and induction of new NEDs to further strengthen the Board and succession.

The assessment of personal performance for 2025 is set out below:	
 S. Jacinta Whyte	<p>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.</p> <p>Drove strategy and change across all GI businesses, to position GI well for the future, simultaneously achieving outstanding feedback in terms of customer satisfaction.</p> <p>Implemented skills and capability assessments across the GI businesses to upskill and build capability for the achievement of current and future ambitions.</p> <p>Further refreshed leadership talent with senior management recruitment for the GI businesses across the Group.</p> <p>Chaired and participated in a wide range of Boards, committees and initiatives.</p>
 Mark Bennett	<p>First full year as Group CFO, led each function to continue to positively impact the business and drive value – including continually improving the efficiency and effectiveness of BAU processes (e.g. Corporate Plan, performance reporting).</p> <p>Led the successful approval and initial stages of a global Finance Transformation initiative.</p> <p>Led a new Share Service effectiveness initiative, tangibly shifting the Group's approach to managing costs, with expected and committed future savings.</p> <p>Continued to lead key capital management deliveries, including recommending £50m dividends from EIO to BG, reducing the intragroup loan to below £100m for the first time in several years, materially improving rating agency capital adequacy, moving to a single VAT group and successfully closing PRA PSM actions.</p> <p>Led key elements of one of the critical 2025 projects for the Group.</p> <p>Chaired and participated in a wide range of Boards, committees and initiatives.</p>

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.

LTIP outcomes in 2025 (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 2023-2025, which vested at 82.5% of maximum. Vesting was dependent on performance over the three financial years ending on 31 December 2025.

The 2023-2025 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 Limited (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.

Key achievements during the period include strong business performance, 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 and significant progress on environmental / net zero impacts.

Combining the financial and non-financial performance results in an overall vesting level of 82.5%.

The Group LTIP outcome that vests in respect of each Executive Director in respect of 2023-2025 is shown below.

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%	£107.4m	£177.4m	£217.4m	£193.9m	21.2%
Return on capital	30%	4.2%	8.5%	10.2%	10.2%	29.9%
GI Underwriting Profit	10%	£57.6m	£97.6m	£137.6m	£134.3m	9.6%
EdenTree Revenue	5%	£59m	£69m	£79m	£50.2m	0%
Broker Turnover	5%	£172.0m	£197.6m	£223.0m	£237.2m	5.0%
Grant to Benefact Trust Limited	10%	£33.2m	£63.2m	£78.2m	£70.0m	7.3%
ESG:						
ClimateWise	5%	54%	60%	66%	69.8%	5.0%
Net zero	5%	50%	75%	100%	95.0%	4.5%
Total						82.5%

	LTIP grant	Total LTIP vesting	
	% of salary	£000	% of maximum
Mark Hews	180%	741	82.5%
S. Jacinta Whyte ¹	120%	378	82.5%

¹ An average 2025 exchange rate of 1.8415 Canadian dollars to 1 GBP has been used in respect of 2025.

As set out earlier, Mark Bennett's award was made before he was appointed to the Board. The vesting outcome as a % of maximum is the same as for the other Executive Directors and the full value has been included in the single figure table.

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. This period is considered appropriate in light of the Group's business cycle and to allow sufficient time for any potential risks to crystallise. Neither malus nor clawback was applied during 2025.

Scheme interests awarded during 2025 (audited)

During 2025, awards comprising of a cash sum were granted under the 2025-2027 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 2028, to the extent that the applicable performance targets are met. The vesting date for these awards is the date on which the Group's 2027 results are announced, anticipated to be during March 2028.

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
2025-2027 Group LTIP						
Mark Hews	8 July 2025	200%	1,300	20%	31 December 2027	<ul style="list-style-type: none"> • Benefact Group PBT (including fair value investment gains/losses) 30%; • Return on Capital 30%; • General Insurance Underwriting Profit 10%; • Asset Management Revenue 5%; • Broking and Advisory Turnover 5%; • Total Giving 10%; and • Environmental targets 10%.
S. Jacinta Whyte ²	8 July 2025	150%	713	20%	31 December 2027	
Mark Bennett	8 July 2025	150%	600	20%	31 December 2027	

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 2025 exchange rate of 1.8415 Canadian dollars to 1 GBP has been used.

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 listed companies are subject. The Group has nonetheless chosen to disclose the ratio of the Group Chief Executive's pay to that of other UK employees¹ in the Group in order to provide greater transparency.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2025	Option A ²	50:1	36:1	25:1
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 2025 were:

	25th percentile	Median	75th percentile
Total remuneration ³	£46,900	£64,438	£91,689
Salary	£37,698	£52,052	£66,782

The Group Chief Executive was paid 36 times the median employee in 2025, with the CEO pay ratios being higher than the prior year. 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. 2025 awards under both the Group's Senior Leadership and employee annual bonus schemes were lower in comparison to the prior year, in line with 2025 performance. Vesting of the 2023-2025 Group LTIP was higher than the prior year.

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 2025.

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 2024 to 2025) for the Board of Directors compared with UK-based employees¹. 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.

Executive Directors ¹	Salary	Taxable benefits ³	Annual bonus
Mark Hews	15.9%	16.7%	-8.0%
S. Jacinta Whyte	12.7%	16.2%	-5.3%
UK-based employees			
Average UK-based employees ²	6.1%	22.7%	1.0%

¹ Mark Bennett commenced as Group Chief Financial Officer on 1 January 2025 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 (taxable company car benefits and taxable travel and accommodation expenses are excluded for administrative reasons).

Relative importance of spend on pay

The table below sets out for 2025 and 2024, 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	2025	2024	change
Remuneration paid to all Group employees	202,361	182,587	19,774
Gross charitable grants to the ultimate parent company, Benefact Trust Limited	24,000	25,000	(1,000)
Non-Cumulative Irredeemable Preference share dividend	8,831	8,782	49
Profit before tax	77,124	77,574	(450)

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 2025.

Financial year ending 31 December										
Financial year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total remuneration (single figure) £000	1,370	1,212	1,240	1,489	1,116	1,285	1,196	1,303	1,974	2,326
Annual bonus received (% of maximum)	97%	99%	84%	96%	45%	88%	78%	68%	90.6%	80.5%
Long-term incentive vesting (% of maximum) ¹	88%	75%	88%	86%	54%	47%	35%	51%	49.5%	82.5%

¹ The LTIP vesting relevant to Mark Hews represents the amount vesting in respect of the three-year LTIP performance period 2014-2016 for 2016, together with the amounts vesting in respect of the Group Chief Executive's three-year incentive plan in 2016. 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.

Wider stakeholder engagement

The Committee is committed to considering the views of key stakeholders when making remuneration decisions. This approach ensures that our policies and practices remain fair, transparent, and aligned with the long-term interests of the Group and its stakeholders.

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.

Single total figure of remuneration for Non-Executive Directors (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 NEDs 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 table outlines the fees payable to all NEDs serving on the Boards of Benefact Group plc and Ecclesiastical Insurance Office public limited company. During 2024, both Boards undertook measures to enhance their independence, transitioning away from a common directorship model. As a result, there were several changes to the composition of the Benefact Group plc Board and the Ecclesiastical Insurance Office public limited company Board during the year, details of which were disclosed in the previous year's report.

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

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

£	Fees		Taxable Benefits ¹	
	2025	2024	2025	2024
Non-Executive Directors				
David Henderson ²	170,500	164,500	3,148	2,101
Chris Moulder ³	97,550	91,875	1,777	180
Rita Bajaj ⁴	78,375	77,250	429	397
The Venerable Karen Best	64,725	23,386	2,291	1,012
François-Xavier Boisseau	95,475	79,313	308	167
James Coyle	82,175	49,275	14,917	9,759
Maria Darby-Walker ⁵	64,725	26,478	1,332	203
Sir Stephen Lamport	82,175	79,625	901	779
Neil Maidment ⁶	-	77,250	-	194
Angus Winther ⁷	35,200	74,750	477	516
David Paterson	63,000	32,550	139	100
Michael Murphy ⁸	4,968	-	-	-
Total	838,868	776,252	25,719	15,408

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. David Henderson retired from Ecclesiastical Insurance Office public limited company and Benefact Group plc on 31 December 2025.

³ Chris Moulder remains Chair of the Ecclesiastical Insurance Office public limited company and Benefact Group plc Joint Nomination Committee.

⁴ Rita Bajaj undertakes an Investment Oversight role having been appointed to EdenTree Asset Management Limited and EdenTree Holdings Limited.

⁵ Maria Darby-Walker resigned from the Ecclesiastical Insurance Office public limited company Board on 31 December 2025.

⁶ Neil Maidment resigned from the Boards of Ecclesiastical Insurance Office public limited company and Benefact Group plc on 31 December 2024.

⁷ Angus Winther retired from the Ecclesiastical Insurance Office public limited company Board on 26 June 2025.

⁸ Michael Murphy was appointed to the Board on 3 December 2025.

Statement of implementation of Remuneration Policy in 2026

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 2026 are set out below, including the changes outlined in the Remuneration Chair's Statement.

Salary (Executive Directors)

The Committee determined, after careful consideration, that the base salary for the Group Chief Executive would be increased by 6% (effective 1 April 2026) due to exceptional circumstances relating to his responsibilities in London. The base salaries of the Deputy Chief Executive and Group Chief Financial Officer would be increased by 3.5% (effective 1 April 2026), which is in line with the wider employee population.

£000	Salary current	Salary 1 April 2026	Percentage increase
Mark Hews	673	714	6.0%
S. Jacinta Whyte ¹	492	509	3.5%
Mark Bennett	400	414	3.5%

¹An average 2025 exchange rate of 1.8415 Canadian dollars to 1 GBP has been used.

Annual bonus for 2026

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 2026 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 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%

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 2026 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.

LTIP for 2026-2028

The 2026-2028 LTIP performance conditions and targets have been set in accordance with the Directors' Remuneration Policy. The Committee has determined to introduce a customer measure for the 2026-2028 LTIP to ensure a long-term focus on customer outcomes. As a result, some minor changes have been made to the weightings.

Group performance measures	Percentage weighting
Benefact Group PBT (including fair value investment gains and losses)	27.5%
Return on Capital	27.5%
Total Giving	10%
General Insurance	10%
Underwriting Profit	10%
Asset Management Revenue	5%
Broking and Advisory Turnover	5%
Environmental	7.5%
Customer	7.5%

Awards under the 2026-2028 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.

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 2026.

£000	Fees (effective 1 April 2026)	Fees (effective 1 April 2025)
All-inclusive fee for the Group Chair ¹	178	172
All-inclusive fee for the Senior Independent Director ²	98	98
Basic fee for a NED (including Committee Membership)	63	63
Fee for chairing the Audit & Risk Committee ³	18	18
Fee for chairing the Group Remuneration Committee ⁴	18	18
Fee for Asset Management Oversight Role	16	16
Fee for Broker Oversight Role	16	16
Fee for chairing the Group Nominations Committee ²	-	13
All-inclusive fee for the BG NED appointed to Lycett, Browne-Swinburne & Douglass Limited, and NED to Ecclesiastical Life Limited and Benefact Broking & Advisory Holdings Limited.	120	-

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 and 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.

***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 2026.

£000	Fees (effective 1 April 2026)	Fees (effective 1 April 2025)
All-inclusive fee for the Chair ¹	178	172
All-inclusive fee for the Senior Independent Director ²	100	96
Basic fee for a NED (including Committee Membership)	68	65
Fee for chairing the Audit Committee ³	18	18
Fee for chairing the Risk Committee ⁴	16	16
Fee for chairing the Group Remuneration Committee ⁵	18	18
Fee for chairing the Group Nominations Committee ⁶	-	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 the Ecclesiastical Insurance Office public limited company Risk Committee.

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.

⁶ The fee for chairing the Group Nominations Committee is included within the All-inclusive fee for the Benefact Group plc Senior Independent Director.

On behalf of the Board.

Sir Stephen Lamport

Chair of the Group Remuneration Committee

16 April 2026

Section Three

Financial Statements

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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 2025 and of the group's and company's profit and the group's cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report & Accounts (the "Annual Report"), which comprise:

- the Consolidated and parent statements of financial position as at 31 December 2025;
- the Consolidated statement of profit or loss for the year then ended;
- the Consolidated and parent statements of comprehensive income for the year then ended;
- the Consolidated and parent statements of changes in equity for the year then ended;

- the Consolidated and parent statements of cash flows 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 Audit and Risk 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 2025 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.

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 Audit and Risk 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 Statement of Directors' Responsibilities for the Annual Report and the financial statements, 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 and Risk Committee;
- 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

We were first appointed by the company for the financial year ended 31 December 2020. Our uninterrupted engagement covers 6 financial years.

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 Remuneration Committee Report in accordance with the provisions of the Companies Act 2006. The directors requested that we audit the part of the Remuneration Committee 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 Remuneration Committee 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
16 April 2026

Consolidated statement of profit or loss for the year ended 31 December 2025

Notes	2025 £000	2024 £000	
Insurance revenue	5, 6	645,329	623,726
Insurance service expenses	7	(434,964)	(450,446)
Insurance service result before reinsurance contracts held		210,365	173,280
Net expense from reinsurance contracts		(100,502)	(84,590)
Insurance service result		109,863	88,690
Net insurance financial result	8	(17,214)	(7,173)
Net investment result	9	89,371	69,390
Fee and commission income	10	102,908	101,012
Other operating expenses	11	(203,658)	(175,384)
Other finance costs		(4,159)	(3,948)
Profit on disposal of business	16	-	5,187
Share of loss of associate	17	(4)	(200)
Profit on disposal of associate	17	17	-
Profit before tax		77,124	77,574
Tax expense	14	(18,232)	(18,002)
Profit for the year		58,892	59,572
Attributable to:			
Equity holders of the Parent		49,524	47,135
Non-controlling interests		9,368	12,437
		58,892	59,572

Consolidated and parent statements of comprehensive income for the year ended 31 December 2025

Notes	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
	58,892	45,946	59,572	23,919
Profit for the year				
Other comprehensive income/(expense)				
<i>Items that will not be reclassified to profit or loss:</i>				
Actuarial gains/(losses) on retirement benefit plans	20	5,153	-	(1,437)
Attributable tax		(1,288)	-	359
		3,865	(1,078)	-
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Losses on currency translation differences	28	(911)	-	(9,325)
Gains on net investment hedges	28	2,302	-	8,809
Attributable tax	28	(704)	-	(1,381)
		687	(1,897)	-
Net other comprehensive income/(expense)		4,552	-	(2,975)
Total comprehensive income		63,444	45,946	56,597
Attributable to:				
Equity holders of the Parent		54,076	45,946	44,160
Non-controlling interests		9,368	-	12,437
		63,444	45,946	56,597



Consolidated and parent statements of financial position at 31 December 2025

	Notes	31 December 2025		31 December 2024	
		Group £000	Parent £000	Group £000	Parent £000
Assets					
Cash and cash equivalents	26	126,218	1,496	136,724	2,366
Financial investments	23	1,557,712	104,783	1,444,537	103,908
Other assets	25	76,739	118,627	58,873	108,754
Current tax recoverable		2,278	-	3,154	-
Reinsurance contract assets	30	234,875	-	239,453	-
Investment property	22	121,901	-	128,563	-
Property, plant and equipment	21	40,091	-	45,496	-
Investment in associate	17	-	-	209	-
Deferred tax assets	32	5,953	-	8,707	-
Goodwill and other intangible assets	19	157,714	-	170,396	-
Pension assets	20	18,710	-	17,552	-
Total assets		2,342,191	224,906	2,253,664	215,028
Equity					
Share capital	27	20,000	20,000	20,000	20,000
Retained earnings and other reserves		587,727	90,802	552,546	44,856
Equity attributable to equity holders of the Parent		607,727	110,802	572,546	64,856
Non-controlling interests		102,865	-	113,079	-
Total equity		710,592	110,802	685,625	64,856
Liabilities					
Other liabilities	33	108,247	16,183	91,152	16,097
Current tax liabilities		1,951	-	908	-
Provisions for other liabilities	31	8,360	-	9,707	-
Insurance contract liabilities	30	747,344	-	730,597	-
Borrowings	36, 37	30,196	96,802	33,046	133,252
Deferred tax liabilities	32	45,215	1,119	42,299	823
Investment contract liabilities	35	659,299	-	627,312	-
Subordinated liabilities	34	26,835	-	25,112	-
Pension deficit	20	-	-	3,574	-
Retirement benefit obligations	20	4,152	-	4,332	-
Total liabilities		1,631,599	114,104	1,568,039	150,172
Total shareholders' equity and liabilities		2,342,191	224,906	2,253,664	215,028

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 £45,946,000 (2024: £23,919,000).

The financial statements of Benefact Group plc, registered number 01718196, on pages 129 to 169 were signed and authorised for issue on behalf of the Board of Directors on 16 April 2026:

Mark Hews
Group Chief Executive

Consolidated and parent statements of changes in equity for the year ended 31 December 2025

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 2025		20,000	-	17,805	534,741	572,546	113,079	685,625
Profit for the year		-	-	-	49,524	49,524	9,368	58,892
Other net income		-	-	686	3,866	4,552	-	4,552
Total comprehensive income		-	-	686	53,390	54,076	9,368	63,444
Acquisition of non-controlling interest		-	-	-	(895)	(895)	(10,751)	(11,646)
Dividends	15	-	-	-	-	-	(8,831)	(8,831)
Gross charitable grant	15	-	-	-	(24,000)	(24,000)	-	(24,000)
Tax relief on charitable grant	15	-	-	-	6,000	6,000	-	6,000
At 31 December 2025		20,000	-	18,491	569,236	607,727	102,865	710,592
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 (expense)/income		-	-	(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
Parent								
At 1 January 2025		20,000	-	-	44,856	64,856		
Total comprehensive income		-	-	-	45,946	45,946		
At 31 December 2025		20,000	-	-	90,802	110,802		
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		

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 2025

Notes	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Profit before tax from operations	77,124	46,243	77,574	23,009
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	7,868	-	8,560	-
Loss/(profit) on disposal of property, plant and equipment	257	-	(68)	-
Amortisation and impairment of intangible assets	24,303	-	9,497	-
Movement in expected credit loss provision	323	-	(37)	-
Profit on disposal of associate	(17)	-	-	-
Impairment of associate undertakings	97	-	-	-
Share of loss/(profit) of associate	4	-	200	-
Profit before tax on disposal of business	-	-	(5,187)	-
Impairment of shares in subsidiary undertakings	-	5,479	-	4,264
Net fair value gains on financial instruments and investment property	(45,590)	(2,387)	(21,557)	(1,316)
Dividend and interest income	(31,345)	(58,162)	(32,680)	(36,930)
Finance costs	4,159	7,840	3,948	8,592
Other adjustments for non-cash items	227	-	262	-
Changes in operating assets and liabilities:				
Net decrease/(increase) in reinsurance contract assets	468	-	(27,129)	-
Net increase in investment contract liabilities	5,286	-	6,359	-
Net increase in insurance contract liabilities	17,523	-	26,633	-
Net increase in other assets	(13,491)	(12,340)	(1,610)	(11,180)
Net increase/(decrease) in other liabilities	14,974	86	4,387	(1,947)
Cash generated/(used) by operations	62,170	(13,241)	49,152	(15,508)
Purchases of financial instruments and investment property	(380,343)	(1,500)	(172,177)	(200)
Sale of financial instruments and investment property	348,497	-	167,155	-
Dividends received	13,661	1,031	12,595	952
Interest received	18,111	7,131	18,864	6,177
Tax (paid)/recovered	(6,666)	(1)	(9,793)	1
Net cash from/(used by) operating activities	55,430	(6,580)	65,796	(8,578)
Cash flows from investing activities				
Purchases of property, plant and equipment	(1,955)	-	(4,468)	-
Proceeds from the sale of property, plant and equipment	5	-	1,963	-
Purchases of intangible assets	(8,917)	-	(8,651)	-
Acquisition of subsidiaries, net of cash acquired	(1,893)	-	(1,479)	-
Acquisition of interest in subsidiary, net of cash acquired	(13,065)	-	(17,002)	-
Disposal of businesses, net of cash transferred	-	-	5,187	-
Acquisition of interest in associate	(500)	-	-	-
Net cash used by investing activities	(26,325)	-	(24,450)	-
Cash flows from financing activities				
Interest paid	(3,480)	(7,840)	(3,315)	(8,592)
Payment of lease liabilities	(3,768)	-	(3,019)	-
(Repayment of)/proceeds from other borrowings	(73)	13,550	(47)	16,331
Dividends paid to non-controlling interests of subsidiaries	(8,831)	-	(10,074)	-
Charitable grant paid to ultimate parent undertaking	(24,000)	-	(33,000)	-
Net cash (used by)/from financing activities	(40,152)	5,710	(49,455)	7,739
Net decrease in cash and cash equivalents	(11,047)	(870)	(8,109)	(839)
Cash and cash equivalents at beginning of year	136,724	2,366	148,317	3,205
Exchange gains/(losses) on cash and cash equivalents	541	-	(3,484)	-
Cash and cash equivalents at end of year	126,218	1,496	136,724	2,366

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Notes to the financial statements

1 Accounting policies

Benefact Group plc (hereafter referred to as the Company, or Parent or Benefact Group), 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 2025, 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

One amendment issued by the International Accounting Standards Board (IASB) and endorsed by the UK is effective for periods beginning on or before 1 January 2025 and is therefore applicable for the 31 December 2025 financial statements in relation to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (issued on 15 August 2023). This amendment does not have a material impact on the Group's Consolidated Financial Statements.

The following new UK Sustainability Reporting Standards have been issued but are not yet effective for the year ended 31 December 2025.

Sustainability reporting standard	Key requirements	Expected impact on the financial statements
UK SRS S1 <i>General Requirements for Disclosure of Sustainability-related Financial Information</i>	Enhanced sustainability-related financial disclosures and climate-related disclosures.	The most notable changes will be: <ul style="list-style-type: none"> 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.
UK SRS S2 <i>Climate-related Disclosures</i>		



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 statements	Effective date
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	The new standard introduces clearer structure to financial statements by defining specific income statement subtotals and categories. It also enhances disclosure requirements, particularly around management-defined performance measures (MPMs), and improves cash flow reporting through targeted amendments to IAS 7.	The adoption of IFRS 18 is expected to result in presentational changes in the consolidated financial statements and disclosure changes in the notes.	Periods beginning on or after 1 January 2027.
Amendments to the Classification and Measurement Requirements for Financial Instruments in IFRS 9 <i>Financial Instruments</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>	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 and costs.	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:

The following standards and amendments were in issue but not yet effective and are not expected to have a material impact on the Group's Consolidated Financial Statements:

- Annual Improvements to IFRS Accounting Standards - Volume 11 was published on 18 July 2024, effective periods beginning on or after 1 January 2026.
- Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity*, was issued on 18 December 2024, effective for annual periods beginning on or after 1 January 2026.
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures* was issued on 9 May 2024, effective for periods beginning on or after 1 January 2027.
- Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency*, was issued on 13 November 2025, effective for annual periods beginning on or after 1 January 2027.

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

Notes to the financial statements

1 Accounting policies (continued)

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.

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



Notes to the financial statements

1 Accounting policies (continued)

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 asset 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 asset 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.

The life company fee and commission income consists of the coupon received on assets under management as part of the structured note holding. Coupons are recorded as revenue on date of receipt, with the final month of the year recognised as it accrues.

The general insurance fee and commission income consists of amounts received from third-party insurers.

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.

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 *Insurance Contracts* 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 (LRC). 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 LRC 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 LRC 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.

Notes to the financial statements

1 Accounting policies (continued)

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.

(ii) 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.

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:



Notes to the financial statements

1 Accounting policies (continued)

- 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; or
- 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.

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.

Notes to the financial statements

1 Accounting policies (continued)

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) Measurement Model – General Measurement Model (GMM)

For information on the GMM, please see (b) (iii) below.

(viii) 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 back testing 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.

(ix) 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.



Notes to the financial statements

1 Accounting policies (continued)

(x) 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.

Under the GMM approach, 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 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.

(xi) 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.

(xii) 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.

Notes to the financial statements

1 Accounting policies (continued)

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.

(xiii) 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.

(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.



Notes to the financial statements

1 Accounting policies (continued)

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



Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Notes to the financial statements

1 Accounting policies (continued)

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.

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.



Notes to the financial statements

1 Accounting policies (continued)

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.

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.

Notes to the financial statements

1 Accounting policies (continued)

In May 2023, amendments to IAS 12 were published to address the implementation of the Organisation for Economic Co-operation and Development (OECD) Base Erosion and Profit Shifting (BEPS) Pillar Two Model Rules. The Group became subject to these rules from 1 January 2025. In accordance with the IAS 12 amendments, the Group continues to apply the mandatory exception from recognising and disclosing 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.



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 contracts 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.

2 Critical accounting estimates and judgements in applying accounting policies (continued)

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.

There are various sources of estimation uncertainty as to how much the Group will ultimately pay with respect to such contracts. Such uncertainty includes:

- 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 courts;
- 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 30(a)(xi).

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.

Notes to the financial statements

2 Critical accounting estimates and judgements in applying accounting policies (continued)

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.

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.

Written premiums

Territory		General insurance			Life insurance		Total £000
		Property £000	Liability £000	Miscellaneous financial loss £000	Other £000	Whole of life £000	
2025							
United Kingdom and Ireland	Gross	337,336	96,932	29,185	5,487	-	468,940
	Net	167,873	108,236	14,163	1,015	-	291,287
Australia	Gross	48,106	39,591	1,227	51	-	88,975
	Net	9,917	18,811	1,207	9	-	29,944
Canada	Gross	67,745	28,118	-	-	-	95,863
	Net	40,078	23,891	-	-	-	63,969
Total	Gross	453,187	164,641	30,412	5,538	-	653,778
	Net	217,868	150,938	15,370	1,024	-	385,200
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



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.



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. Continued geopolitical tensions, means 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			Total £000
	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	Amortised cost £000	Other assets and liabilities £000	
Group							
At 31 December 2025							
Financial investments	1,555,185	2,513	14	-	-	-	1,557,712
Other assets	-	-	62,855	-	-	13,884	76,739
Cash and cash equivalents	-	-	126,218	-	-	-	126,218
Lease obligations	-	-	-	-	(30,189)	-	(30,189)
Subordinated liabilities	-	-	-	-	(26,835)	-	(26,835)
Other liabilities	-	-	-	(480)	(94,819)	(12,948)	(108,247)
Inv't contract liabilities	-	-	-	(659,299)	-	-	(659,299)
Net other	-	-	-	-	-	(225,507)	(225,507)
Total	1,555,185	2,513	189,087	(659,779)	(151,843)	(224,571)	710,592
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
Parent							
At 31 December 2025							
Financial investments	18,580	-	-	-	-	86,203	104,783
Other assets	-	-	118,627	-	-	-	118,627
Cash and cash equivalents	-	-	1,496	-	-	-	1,496
Lease obligations	-	-	-	-	(96,802)	-	(96,802)
Other liabilities	-	-	-	(480)	(15,703)	-	(16,183)
Net other	-	-	-	-	-	(1,119)	(1,119)
Total	18,580	-	120,123	(480)	(112,505)	85,084	110,802
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

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.

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

Group	Fair value measurement at the end of the reporting year based on			Total £000
	Level 1 £000	Level 2 £000	Level 3 £000	
At 31 December 2025				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	272,026	-	130,428	402,454
Debt securities	450,729	96,630	1,149	548,508
Structured notes	-	159,777	-	159,777
Funeral plan investments	-	444,446	-	444,446
Derivatives	-	2,513	-	2,513
Total	722,755	703,366	131,577	1,557,698
At 31 December 2024 (as restated*)				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	247,342	-	99,747	347,089
Debt securities	411,686	108,849	1,110	521,645
Structured notes	-	123,912	-	123,912
Funeral plan investments	-	447,728	-	447,728
Derivatives	-	4,149	-	4,149
Total	659,028	684,638	100,857	1,444,523

*The fair value hierarchy disclosures have been restated to reclassify debt securities of £108.2m from Level 1 to Level 2 and £1.1m from Level 1 to Level 3. This reflects a change in approach that better evidences input observability and provides a more accurate classification.

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			Total £000
	Level 1	Level 2	Level 3	
	£000	£000	£000	
At 31 December 2025				
Financial assets at fair value through profit or loss				
Financial investments				
Equity securities	-	-	18,580	18,580
	-	-	18,580	18,580
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

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	Equity securities	Debt securities	Total £000
	£000	£000	
For the year ended 31 December 2025			
Opening balance	99,747	1,110	100,857
Total gains recognised in profit or loss	29,181	39	29,220
Purchases	1,500	-	1,500
Closing balance	130,428	1,149	131,577
Total gains for the year included in profit or loss for assets held at the end of the reporting year	29,181	39	29,220
For the year ended 31 December 2024			
Opening balance	90,190	1,161	91,351
Total gains/(losses) recognised in profit or loss	9,357	(51)	9,306
Purchases	200	-	200
Closing balance	99,747	1,110	100,857
Total gains/(losses) for the year included in profit or loss for assets held at the end of the reporting year	9,357	(51)	9,306

Notes to the financial statements

4 Financial risk and capital management (continued)

Parent	Financial assets at fair value through profit and loss		
	Equity securities	Debt securities	Total
	£000	£000	£000
For the year ended 31 December 2025			
Opening balance	14,807	-	14,807
Total gains recognised in profit or loss	2,273	-	2,273
Purchases	1,500	-	1,500
Closing balance	18,580	-	18,580
Total gains for the year included in profit or loss for assets held at the end of the reporting year	2,273	-	2,273
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

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	
	2025 £000	2024 £000
Increase in price-to-tangible book ratio	+10% 12,000	9,884
Decrease in price-to-tangible book ratio	-10% (12,000)	(9,884)
Increase in illiquidity discount	+5% (7,059)	(5,814)
Decrease in illiquidity discount	-5% 7,059	5,814



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 (2024: four 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			Total £000
	Within 1 year £000	Between 1 and 5 years £000	After 5 years £000	
At 31 December 2025				
Assets				
Debt securities	2,359	18,641	45,638	66,638
Cash and cash equivalents	8,614	-	-	8,614
	10,973	18,641	45,638	75,252
Liabilities (discounted)				
Life insurance business provision	39	135	196	370
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

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.

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			Non-SPPI
	Cash and cash equivalents ¹ £000	Reinsurance debtors £000	Total SPPI £000	Debt securities £000
At 31 December 2025				
AAA	-	-	-	198,696
AA	66,730	15,076	81,806	171,341
A	59,456	16,906	76,362	101,387
BBB	-	-	-	66,392
Below BBB	24	7	31	1,152
Not rated	8	3,691	3,699	9,540
	126,218	35,680	161,898	548,508
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

¹Cash 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.

Notes to the financial statements

4 Financial risk and capital management (continued)

Parent	SPPI			Total SPPI £000	Non-SPPI Debt securities £000
	Cash and cash equivalents ¹ £000	Reinsurance debtors £000	Other financial assets £000		
At 31 December 2025					
A	1,496	-	-	1,496	-
	1,496	-	-	1,496	-
At 31 December 2024					
A	2,366	-	-	2,366	-
	2,366	-	-	2,366	-

¹Cash 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.

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 and 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	2025	2024
	£000	£000
UK	231,694	228,030
Australia	129,144	122,959
Canada	153,899	142,984
Europe	33,771	27,672
Total	548,508	521,645

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.

	2025 £000	2024 £000
Insurance debtors		
Current	150,126	115,847
0 to 30 days	16,409	18,459
30 days to 90 days	2,512	19,157
More than 90 days	9,784	15,826
	178,831	169,289
Reinsurance debtors		
Current	29,767	19,107
0 to 30 days	120	1,560
30 days to 90 days	2,149	1,439
More than 90 days	3,644	5,281
	35,680	27,387

Amounts arising from expected credit losses on financial assets are as follows:

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Balance at 1 January	5	224	2	174
Increase/(decrease) in expected credit loss provision	(4)	(192)	3	50
Balance at 31 December	1	32	5	224



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:

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
UK	275,097	2,407	232,802	907
Europe	115,005	16,173	98,839	13,900
US	12,352	-	15,448	-
Total	402,454	18,580	347,089	14,807

(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.

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Aus \$	63,437	-	57,248	-
Euro	86,035	16,173	70,724	13,900
Can \$	89,762	-	81,992	-
USD \$	9,629	-	13,691	-
HKD \$	3	-	36	-

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 (2024: four 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 note 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	Variable	Change in variable	Potential increase/ (decrease) in profit		Potential increase/ (decrease) in other equity reserves	
			2025 £000	2024 £000	2025 £000	2024 £000
	Interest rate risk	-100 basis points	6,674	4,012	14	(129)
		+100 basis points	(6,142)	(3,594)	(9)	109
	Currency risk	-10%	5,868	5,398	19,827	17,649
		+10%	(4,801)	(4,417)	(16,222)	(14,440)
	Equity price risk	+/-10%	30,184	26,032	-	-

Parent	Variable	Change in variable	Potential increase/ (decrease) in profit		Potential increase/ (decrease) in other equity reserves	
			2025 £000	2024 £000	2025 £000	2024 £000
	Currency risk	-10%	1,165	1,158	-	-
		+10%	(953)	(948)	-	-
	Equity price risk	+/-10%	1,394	1,111	-	-

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 FCA and the 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.

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 2026, and its SFCR will be made available on the Group's website shortly after.

	2025	2024
	£000	£000
Solvency II Own Funds	651,953	618,675
Solvency Capital Requirement	262,383	257,574
Coverage Ratio	248%	240%

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 Ansva 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 Ansva 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.

- Asset management

The Group provides asset management services both internally and to third parties through EdenTree Investment Management Limited and EdenTree Asset Management Limited.

- Broking & advisory

The Group provides insurance broking through the Lloyd & Whyte Group Limited, Lycetts, Browne-Swinburne & Douglass Limited, a subsidiary of Lycetts Holdings Limited and Access Underwriting 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

- 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 and reconciled to the consolidated statement of profit or loss in note 4:

- 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 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.

	2025			2024		
	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	461,193	-	461,193	436,863	-	436,863
Australia	88,975	-	88,975	95,345	-	95,345
Canada	95,863	-	95,863	101,556	-	101,556
Other insurance operations	7,747	-	7,747	6,837	-	6,837
Total	653,778	-	653,778	640,601	-	640,601
Life business	-	-	-	(149)	-	(149)
Asset management	-	13,211	13,211	-	15,265	15,265
Broking and Advisory	-	87,724	87,724	-	85,203	85,203
Group revenue	653,778	100,935	754,713	640,452	100,468	740,920

Group revenues are not materially concentrated on any single external customer.

Segment results

2025	Combined operating ratio	Insurance	Investments	Other	Total
		£000	£000	£000	£000
General business					
United Kingdom and Ireland	81.0%	49,534	68,272	(2,618)	115,188
Australia	109.3%	(2,721)	3,809	126	1,214
Canada	83.0%	11,346	5,478	(1,211)	15,613
Other insurance operations		4,008	-	-	4,008
	83.7%	62,167	77,559	(3,703)	136,023
Life business		(710)	1,110	1,350	1,750
Asset management		-	-	(7,152)	(7,152)
Broking and Advisory		-	-	(207)	(207)
Corporate costs		-	-	(54,206)	(54,206)
Other activities		-	916	-	916
Profit/(loss) before tax		61,457	79,585	(63,918)	77,124
2024					
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)
Asset 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

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:

	2025		2024	
	Gross written premiums £000	Non-current assets £000	Gross written premiums £000	Non-current assets £000
United Kingdom and Ireland	468,940	316,810	443,551	341,935
Australia	88,975	5,261	95,345	5,134
Canada	95,863	3,228	101,556	4,115
Total	653,778	325,299	640,452	351,184

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

For the year ended 31 December 2025

Contracts not measured under the Premium Allocation Approach

Amounts relating to the changes in the Liability for Remaining Coverage

Expected incurred claims and other expenses after loss component allocation	-	(715)	(715)
Change in the risk adjustment for non-financial risk for the risk expired after loss component	57	31	88
CSM recognised in profit or loss for the services provided	-	684	684
	57	-	57

Contracts measured under the Premium Allocation Approach

Total insurance revenue

	General business £000	Life business £000	Total £000
For the year ended 31 December 2025	645,272	-	645,272
Total insurance revenue	645,329	-	645,329

For the year ended 31 December 2024

Contracts not measured under the Premium Allocation Approach

Amounts relating to the changes in the Liability for Remaining Coverage

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 the Premium Allocation Approach

Total insurance revenue

For the year ended 31 December 2024	623,875	-	623,875
Total insurance revenue	623,875	(149)	623,726



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 2025			
Incurred claims and benefits excluding investment components	310,944	-	310,944
Insurance acquisition cash flows amortisation	134,818	-	134,818
Changes that relate to past service	(10,828)	-	(10,828)
Losses on onerous contracts and reversal of those losses	(6)	-	(6)
Changes that relate to current service	-	36	36
Total insurance service expenses	<u>434,928</u>	<u>36</u>	<u>434,964</u>
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	<u>450,438</u>	<u>8</u>	<u>450,446</u>

8 Net insurance financial result

	General business £000	Life business £000	Total £000
For the year ended 31 December 2025			
Insurance finance (expense)/income from insurance contracts issued			
Interest accreted	(23,464)	-	(23,464)
Effect of changes in interest rates and other financial assumptions	(1,689)	-	(1,689)
Effect of measuring changes in estimates at current rates and adjusting the CSM at rates on initial recognition	-	-	-
Total	<u>(25,153)</u>	<u>-</u>	<u>(25,153)</u>
Insurance finance income/(expense) from reinsurance contracts held			
Interest accreted	7,362	-	7,362
Effect of changes in interest rates and other financial assumptions	644	-	644
Effect of changes in non-performance risk of reinsurers	(67)	-	(67)
Total	<u>7,939</u>	<u>-</u>	<u>7,939</u>
Net insurance financial result	<u>(17,214)</u>	<u>-</u>	<u>(17,214)</u>
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	<u>(11,828)</u>	<u>8</u>	<u>(11,820)</u>
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	<u>4,647</u>	<u>-</u>	<u>4,647</u>
Net insurance financial result	<u>(7,181)</u>	<u>8</u>	<u>(7,173)</u>

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 2025			
<i>Income from financial assets at fair value through profit or loss</i>			
- equity income	13,657	330	13,987
- debt income	14,330	1,902	16,232
<i>Income from financial assets calculated using the effective interest rate method</i>			
- cash and cash equivalents income	3,205	152	3,357
- other income received	3,802	-	3,802
Other income/(expense)			
- rental income	8,255	-	8,255
- exchange movements	(1,856)	-	(1,856)
Investment income	<u>41,393</u>	<u>2,384</u>	<u>43,777</u>
Fair value movements on financial instruments at fair value through profit or loss	39,407	1,650	41,057
Fair value movements on investment property	4,431	-	4,431
Profit on disposal of investment property	102	-	102
Movement in expected credit loss allowance	4	-	4
Net investment return	<u>85,337</u>	<u>4,034</u>	<u>89,371</u>
For the year ended 31 December 2024 (restated)*			
<i>Income from financial assets at fair value through profit or loss</i>			
- equity income	12,086	335	12,421
- debt income	13,634	2,316	15,950
- structured note income	-	1,119	1,119
<i>Income from financial assets calculated using the effective interest rate method</i>			
- 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	<u>43,830</u>	<u>4,006</u>	<u>47,836</u>
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	<u>67,671</u>	<u>1,719</u>	<u>69,390</u>

*The prior year comparatives have been restated to reclassify £1.1m of structured note income previously included within net investment result to fee and commission income to better reflect the nature of the income stream.

Included within fair value movements on financial instruments at fair value through profit or loss are gains of £2,902,000 (2024: £6,877,000 gains) in respect of derivative instruments.



Notes to the financial statements

10 Fee and commission income

During the year the Group recognised £102.9m (2024: £101.0m) 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 2025			
General business	1,997	-	1,997
Asset management	91	13,120	13,211
Broking and advisory	84,440	3,260	87,700
	86,528	16,380	102,908
For the year ended 31 December 2024			
General business	543	-	543
Asset management	205	15,061	15,266
Broking and advisory	81,804	3,399	85,203
	82,552	18,460	101,012

11 Profit for the year

	2025 £000	2024 £000
Profit for the year has been arrived at after charging/(crediting)		
Net foreign exchange losses/(gains)	1,855	(807)
Depreciation of property, plant and equipment	7,868	8,560
Loss/(profit) on disposal of property, plant and equipment	257	(68)
Amortisation of intangible assets	9,721	9,468
Impairment of intangible assets	14,582	29
Increase in fair value of investment property	(4,431)	(291)
Employee benefits expense including termination benefits, net of recharges	202,159	181,709

Notes to the financial statements

12 Auditors' remuneration

	2025 £000	2024 £000
Fees payable to the Company's auditors and its associates for the audit of the Company's annual accounts	119	124
Fees payable to the Group auditors and its associates for other services:		
- The audit of the Company's subsidiaries	1,465	1,436
Total audit fees	1,584	1,560
- Audit-related assurance services	376	355
- Other assurance services	-	-
Total non-audit fees	376	355
Fees payable to the Secondary auditor and its associates for other services:		
- The audit of the Company's subsidiaries	209	200
- Audit-related assurance services	73	70
Total fees payable to the Company's Secondary auditor	282	270
Total auditors' remuneration	2,242	2,185

Amounts disclosed are net of services taxes, where applicable. Audit-related assurance services include PRA and other regulatory audit work.

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	2025			2024		
	General business No.	Life business No.	Other No.	General business No.	Life business No.	Other No.
	United Kingdom and Ireland	1,106	2	1,017	1,025	2
Australia	145	-	-	149	-	-
Canada	111	-	-	88	-	-
	1,362	2	1,017	1,262	2	1,009

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 (2024: nil).

	2025 Group £000	2024 Group £000
Wages and salaries	170,678	154,270
Social security costs	19,148	15,329
Pension costs - defined contribution plans	13,021	12,020
Pension costs - defined benefit plans	360	398
Other post-employment benefits	228	209
Total staff costs	203,435	182,226
Staff costs recharged to related undertakings of the Group	(1,074)	(957)
Capitalised staff costs	(1,538)	(1,207)
	200,823	180,062

The above figures do not include termination benefits of £1.3m (2024: £1.6m). Included within the above figures is a payment of £33,194 made in respect of a director's loss of office during the year.



Notes to the financial statements

14 Tax expense

(a) Tax charged/(credited) to the statement of profit or loss

	2025	2024
	£000	£000
Current tax		
- current year	14,353	16,217
- prior year adjustments	84	204
Deferred tax		
- temporary differences	3,570	1,723
- prior year adjustments	225	(141)
- Impact of change in deferred tax rate	-	(1)
Total tax expense	18,232	18,002

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:

	2025	2024
	£000	£000
Total pre-tax profit	77,124	77,574
Tax calculated at the UK standard rate of tax of 25.0% (2024: 25.0%)	19,281	19,394

Factors affecting charge for the year:

Expenses not deductible for tax purposes	2,024	1,950
Non-taxable income	(4,164)	(3,958)
Overseas taxes in excess of UK headline rate	711	-
Impact of change in deferred tax rate	-	(1)
Increase in deferred tax asset not provided	71	555
Adjustments to tax charge in respect of prior periods	309	62
Total tax expense	18,232	18,002

Deferred tax has been provided at an average rate of 25% (2024: 25%).

(b) Tax charged/(credited) to other comprehensive income

	2025	2024
	£000	£000
Current tax charged on:		
Fair value movements on hedge derivatives	109	276
Fair value gains on property	-	286
Deferred tax (credited)/charged on:		
Fair value movements on property	-	(286)
Actuarial movements on retirement benefit plans	1,288	(359)
Fair value movements on hedge derivatives	595	1,105
Total tax charged to other comprehensive income	1,992	1,022

Tax relief on charitable grants of £6,000,000 (2024: £8,250,000) has been taken directly to equity.

On 20 June 2023, the UK substantively enacted the Pillar Two global minimum tax rules as part of the OECD's Base Erosion and Profit Shifting ("BEPS") initiative. The Group will be within the scope of these rules from 1 January 2025, having exceeded the relevant thresholds for the preceding two years.

Under Pillar Two, a top-up tax may be payable where the effective tax rate of the Group's operations in any jurisdiction, calculated in accordance with the Pillar Two principles, falls below 15%. For 2025 and 2026, simplified transitional safe harbour provisions based on Country-by-Country reporting data will be applied. In January 2026, the OECD announced a one-year extension of the transitional safe harbour to include 2027. Although this has not yet been enacted into UK law, it is expected to be implemented during 2026.

The Group has performed an initial assessment of its exposure to Pillar Two taxes. Based on this review, no material top-up tax is expected during the transitional period for 2025 or 2026 and a similar outcome is anticipated for 2027 once the legislative changes are enacted. Additional analysis will be undertaken to determine the potential impact of the full rules when they take effect from 2028 onwards.

Notes to the financial statements

15 Appropriations

	2025	2024
	£000	£000
Amounts paid directly from equity in the year:		
Dividends		
Non-Cumulative Irredeemable Preference share dividend (8.625 pence per share)	8,831	8,782
Ordinary share dividend	-	1,292
	8,831	10,074
Charitable grants		
Gross charitable grants to the ultimate parent company, Benefact Trust Limited	24,000	33,000
Tax relief	(6,000)	(8,250)
Net appropriation for the year	18,000	24,750

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, was recognised in the consolidated statement of profit or loss in the prior year.

17 Investment in associate

On 16 July 2025, Lloyd & Whyte Group Limited acquired the remaining 80% of its associate undertaking De Novo Risk Solutions Limited, obtaining control of the entity. De Novo Risk Solutions Limited is an unlisted company incorporated in the United Kingdom. See note 18 for further details of the business combination. The process of derecognising the investment in associate has resulted in the recognition of a profit of £17,000 within the statement of profit or loss.

18 Acquisition of subsidiaries

Acquisition of additional interest in Lloyd & Whyte Group Limited

On 30 April 2025, Benefact Broking & Advisory Holdings Limited acquired the remaining 34.9% of the ordinary share capital of Lloyd & Whyte Group Limited (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. A cash consideration of £12.7m was paid to the non-controlling interest shareholders, with £6.35m payable 30 April 2025, and the remaining balance payable 1 April 2026. The difference of £1.3m between the consideration and the carrying value of the interest acquired has been debited in retained earnings within equity.

Acquisition of additional interest in De Novo Risk Solutions Limited

On 16 July 2025, L&W acquired the remaining 80% of the issued ordinary share capital of De Novo Risk Solutions Limited (De Novo) for consideration of £0.5m, hence obtaining control of the entity. Prior to this date, the Group owned 20% of De Novo shares and the investment was accounted for as an associate in accordance with IAS 28 *Investments in Associates and Joint Ventures*. Goodwill of £0.5m was recognised on this acquisition.

Acquisition of interest in M Ladbroke Ltd

On 26 February 2025, Access Underwriting Limited acquired 100% of the ordinary share capital of M Ladbroke Ltd (Ladbroke) for consideration of £0.9m. Ladbroke 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.

Acquisition of interest in Severn Bay Corporate Solutions Ltd

On 1 December 2025, L&W acquired 100% of the ordinary share capital of Severn Bay Corporate Solutions Ltd (Severn Bay) for consideration of £1.2m. Severn Bay 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.



19 Goodwill and other intangible assets

Group	Goodwill £000	Computer software £000	Other intangible assets £000	Total £000
Cost				
At 1 January 2025	117,245	58,579	65,263	241,087
Additions	2,362	8,309	962	11,633
Exchange differences	-	(134)	10	(124)
At 31 December 2025	119,607	66,754	66,235	252,596
Accumulated impairment losses and amortisation				
At 1 January 2025	18,194	30,619	21,878	70,691
Amortisation charge for the year	-	3,583	6,138	9,721
Impairment losses for the year	-	14,582	-	14,582
Exchange differences	-	(122)	10	(112)
At 31 December 2025	18,194	48,662	28,026	94,882
Net book value at 31 December 2025	101,413	18,092	38,209	157,714
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
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
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

£8.4m of the goodwill balance in the current year and prior 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 IFRS5, 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 1.5% for L&W (2024: 1.6%) as being appropriate, based on medium-term rates published in the OBR's November report, a rate of 3% was taken for Lycetts to more closely align to the plan values. 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.

19 Goodwill and other intangible assets (continued)

The carrying amount of the investment in Lycetts Holdings Limited is £43.4m which includes £32.5m of goodwill. The calculated value in use was £46.6m indicating no impairment. This was calculated using projected cash flows to perpetuity, a discount rate of 15.3% and a growth rate beyond initial cash flow projections of 3.0%. If the cumulative growth rate between 2025 and 2028 was 4.6% lower than assumed in management-approved business plans, or the discount rate increased by 1.0%, 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 £23.8m which includes £65.7m of goodwill. The calculated value in use was £53.9m indicating no impairment. This was calculated using projected cash flows to perpetuity, a discount rate of 15.3% and a growth rate beyond initial cash flow projections of 1.5%. If the cumulative growth rate between 2025 and 2028 was 61.6% lower than assumed in management-approved business plans, or the discount rate increased by 19.4%, 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 £16.3m which includes £9.3m of goodwill. The calculated value in use was £18.8m indicating no impairment. This was calculated using projected cash flows to perpetuity, a discount rate of 15.0% and a growth rate beyond initial cash flow projections of 5.0%. If the cumulative growth rate between 2025 and 2028 was 12.1% lower than assumed in management-approved business plans, or the discount rate increased by 1.6%, 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. £0.2m (2024: £0.4m) of the intangible assets relates to the acquisition of the assets of Ecclesiastical Funeral Planning Services Limited and has a remaining useful life of one year. £31.4m (2024: £35.9m) of the intangible assets relates to the acquisition of the assets of L&W. The acquired brand has a remaining useful life of ten years and the acquired customer relationships has a remaining useful life of seven years. £4.8m (2024: £5.4m) 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 eleven years. The acquired customer relationships has a remaining useful life of seven years.

Computer software has been tested for impairment and is carried at cost less accumulated impairment losses and amortisation. The calculations for all recoverable amounts use cash flow projections based on management-approved business plans, covering a three-year period. Cash flows beyond this period are extrapolated using the UK long-term average growth rate, usually sourced from the OBR. Where the value in use is less than the current carrying value in the statement of financial position, the computer software is impaired in order to ensure that the carrying value is not greater than its future value. The value in use was calculated using projected cash flows for the next seven years, a discount rate of 12.0% and a growth rate beyond initial cash flow projections of 1.5%.

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 separate sections: the EIO Section and the Ansvar Section. With effect from 1 January 2021, the two separate 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 EIO 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 2026.

Actuarial valuations were reviewed and updated by an actuary at 31 December 2025 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 £81.7m. 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.

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 (2024: £nil).

Notes to the financial statements

20 Retirement benefit schemes (continued)

The actuarial valuation for the LBSD plan was reviewed and updated by an Actuary at 31 December 2025 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 £2.5m in accordance with IFRIC 14.

In the current year, actuarial gains arising from changes in financial assumptions of £4.9m (2024: actuarial gains of £28.1m) have been recognised in the statement of other comprehensive income. This is primarily due to gains from a 0.05% increase in the discount rate, along with further gains due to a decrease in inflation. In the prior year, the actuarial gains mainly resulted from a 0.97% change in the discount rate, partially offset by a loss due to an increase in inflation.

Experience losses of £0.9m have been recognised in the current year (2024: £0.2m 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 predominantly due to actual inflation exceeding the inflation assumptions. A review and update to certain demographic assumptions resulted in an actuarial loss of £0.9m (2024: actuarial gain of £0.5m) 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 2025, the Trustees have continued to develop the investment strategy to strengthen the resilience of the funding position to downside interest rate and inflation risks.

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	2025 £000	2024 £000
The amounts recognised in the statement of financial position are determined as follows:		
Present value of funded obligations	(215,314)	(217,099)
Fair value of plan assets	318,186	307,955
	102,872	90,856
Restrictions on asset recognised	(84,162)	(76,878)
Net defined benefit pension scheme surplus in the statement of financial position	18,710	13,978

Movements in the net defined benefit pension scheme asset recognised in the statement of financial position are as follows:

At 1 January	13,978	15,667
Expense charged to profit or loss	(360)	(398)
Amounts recognised in other comprehensive income	4,959	(1,932)
Contributions paid	133	641
At 31 December	18,710	13,978

The amounts recognised through profit or loss are as follows:

Current service cost	208	255
Administration cost	881	755
Interest expense on liabilities	11,608	10,794
Interest income on plan assets	(16,550)	(13,989)
Past service cost	-	79
Effect of interest on asset ceiling	4,213	2,504
Total, included in employee benefits expense	360	398

The amounts recognised in the statement of other comprehensive income are as follows:

Return on plan assets, excluding interest income	4,985	(11,612)
Experience losses on liabilities	(941)	(211)
(Losses)/gains from changes in demographic assumptions	(942)	536
Gains from changes in financial assumptions	4,928	28,075
Change in asset ceiling	(3,071)	(18,720)
Total included in other comprehensive income	4,959	(1,932)

The actuarial gains on retirement benefit plans of £5.2m (2024: losses of £1.4m) in the statement of other comprehensive income include gains of £0.2m (2024: gains of £0.5m) in relation to the post-employment medical benefits plan.

The following is the analysis of the defined benefit pension balances:

Group	2025 £000	2024 £000
Pension surplus	18,710	17,552
Pension deficit	-	(3,574)
	18,710	13,978

The principal actuarial assumptions (expressed as weighted averages) were as follows:

Group	2025 %	2024 %
Discount rate	5.53	5.47
Inflation (RPI)	2.97	3.25
Inflation (CPI)	2.57	2.80
Future salary increases	3.78	3.99
Future increase in pensions in deferment	3.05	3.25
Future average pension increases (linked to RPI)	2.86	3.08
Future average pension increases (linked to CPI)	2.01	2.10

*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:

	2025	2024
Male	22.5	22.2
Female	24.0	23.8

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the year-end date, is as follows:

	2025	2024
Male	23.4	23.0
Female	24.9	24.8

Plan assets are weighted as follows:

	2025 £000	2024 £000
Cash and other ¹	9,167	7,336
Equity instruments		
UK quoted	22,339	19,796
Overseas quoted	27,182	28,063
	49,521	47,859
Liability driven investments - unquoted	88,957	86,329
Debt instruments		
UK public sector quoted - fixed interest	17,286	13,833
UK public sector quoted - index linked	1,541	2,002
UK non-public sector quoted - fixed interest	84,953	90,361
UK quoted - index-linked	12,970	18,638
Overseas quoted	3,106	3,171
	119,856	128,005
Derivative financial instruments - unquoted	14,547	(592)
Property	35,020	37,897
Other	1,118	1,121
	318,186	307,955

¹ Includes accrued income, prepayments and other debtors and creditors.

The actual return on plan assets was a gain of £21.5m (2024: a gain of £2.4m).

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:

	2025 £000	2024 £000
Plan assets		
At 1 January	307,955	316,165
Interest income	16,550	13,989
Actual return on plan assets, excluding interest income	4,985	(11,612)
Pension benefits paid and payable	(10,556)	(10,473)
Contributions paid	133	641
Administration cost	(881)	(755)
At 31 December	318,186	307,955
Defined benefit obligation		
At 1 January	217,099	244,844
Current service cost	208	255
Past service cost	-	79
Interest cost	11,608	10,794
Pension benefits paid and payable	(10,556)	(10,473)
Experience losses on liabilities	941	211
Losses/(gains) from changes in demographic assumptions	942	(536)
Gains from changes in financial assumptions	(4,928)	(28,075)
At 31 December	215,314	217,099
Asset ceiling		
At 1 January	76,878	55,654
Effect of interest on the asset ceiling	4,213	2,504
Change in asset ceiling	3,071	18,720
At 31 December	84,162	76,878

	2025 £000	2024 £000	2023 £000	2022 £000	2021 £000
History of plan assets and liabilities					
Present value of defined benefit obligations	(215,314)	(217,099)	(244,844)	(238,191)	(393,689)
Fair value of plan assets	318,186	307,955	316,165	311,236	435,736
	102,872	90,856	71,321	73,045	42,047
Restrictions on asset recognised	(84,162)	(76,878)	(55,654)	(62,119)	(17,468)
Surplus	18,710	13,978	15,667	10,926	24,579

The weighted average duration of the defined benefit obligation at the end of the reporting year is 13.2 years (2024: 13.7 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	
		2025 £000	2024 £000
Discount rate	Increase by 0.5%	(12,621)	(13,111)
	Decrease by 0.5%	13,918	14,594
Inflation	Increase by 0.5%	8,073	8,257
	Decrease by 0.5%	(8,103)	(8,299)
Salary increase	Increase by 0.5%	769	865
	Decrease by 0.5%	(733)	(900)
Life expectancy	Increase by 1 year	5,876	6,079
	Decrease by 1 year	(5,902)	(6,094)



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 widow(ers)' contributions: The self-insured benefit includes a potential liability for members who pay contributions in respect of their spouse and widow(er) 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:

	2025	2024
	£000	£000
Present value of unfunded obligations and net obligations in the statement of financial position	4,152	4,332

Movements in the net obligations recognised in the statement of financial position are as follows:

At 1 January	4,332	4,801
Total expense charged to profit or loss	228	209
Net actuarial gains during the year, recognised in other comprehensive income	(194)	(495)
Benefits paid	(214)	(183)
At 31 December	4,152	4,332

The amounts recognised through profit or loss are as follows:

Interest cost	228	209
Total, included in employee benefits expense	228	209

The weighted average duration of the net obligations at the end of the reporting year is 8.5 years (2024: 9.0 years).

The main actuarial assumptions for the plan are an increase in the medical cost inflation of 7.47% (2024: 7.26%) and a discount rate of 5.52% (2024: 5.47%). The actuarial gain recognised in the current year has been driven by a £0.3m actuarial gain caused by actual experience of the pension scheme differing from actuarial assumptions. This has been partially offset by an actuarial loss of £0.1m arising from a 0.21% increase in the medical cost inflation assumption. In the prior year, an actuarial gain of £0.5m was recognised as a result of an increase in the discount rate. This was partially offset by an actuarial loss of £0.1m arising from a 0.12% increase in the medical cost inflation assumption. 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	
		2025	2024
		£000	£000
Discount rate	Increase by 0.5%	(163)	(258)
	Decrease by 0.5%	174	285
Medical expense inflation	Increase by 1.0%	330	537
	Decrease by 1.0%	(294)	(456)
Life expectancy	Increase by 1 year	352	325
	Decrease by 1 year	(332)	(303)

Notes to the financial statements

21 Property, plant and equipment

Group	Land and buildings	Motor vehicles	Furniture, fittings and equipment	Computer equipment	Right-of-use asset	Total
	£000	£000	£000	£000	£000	£000
Cost or valuation						
At 1 January 2025	600	169	21,495	13,956	48,059	84,279
Additions	-	-	327	1,429	1,270	3,026
Acquisition	-	-	6	-	-	6
Disposals	-	-	(1,476)	(363)	(1,719)	(3,558)
Exchange differences	-	-	(39)	(19)	(60)	(118)
At 31 December 2025	600	169	20,313	15,003	47,550	83,635
Depreciation						
At 1 January 2025	-	128	10,058	11,577	17,020	38,783
Charge for the year	-	19	2,230	1,245	4,374	7,868
Disposals	-	-	(1,272)	(363)	(1,435)	(3,070)
Exchange differences	-	-	(6)	(14)	(17)	(37)
At 31 December 2025	-	147	11,010	12,445	19,942	43,544
Net book value at 31 December 2025	600	22	9,303	2,558	27,608	40,091

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

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 (2024: £0.9m).

Depreciation expense has been charged in other operating and administrative expenses.



Notes to the financial statements

22 Investment property

	2025 £000	2024 £000
Fair value at 1 January	128,563	130,813
Additions - acquisitions	200	-
Disposals	(11,293)	(2,541)
Fair value gains recognised in profit or loss	4,431	291
Fair value at 31 December	121,901	128,563

The Group's investment properties were last revalued at 31 December 2025 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 £8.3m (2024: £8.7m) and is included in net investment return.

23 Financial investments

Financial investments summarised by measurement category are as follows:

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Financial investments at fair value through profit or loss				
Equity securities				
- listed	285,041	-	247,342	-
- unlisted	117,413	18,580	99,747	14,807
Debt securities				
- government bonds	277,879	-	266,436	-
- listed	270,628	-	255,209	-
- unlisted	1	-	-	-
Structured notes	159,777	-	123,912	-
Funeral plan investments	444,446	-	447,728	-
Derivative financial instruments				
- forwards	2,513	-	4,149	-
	1,557,698	18,580	1,444,523	14,807
Loans and receivables				
Other loans	14	-	14	-
Parent investments in subsidiary undertakings				
Shares in subsidiary undertakings				
- listed	-	4,845	-	6,264
- unlisted	-	81,358	-	82,837
Total financial investments	1,557,712	104,783	1,444,537	103,908
Current	639,476	-	524,510	-
Non-current	918,236	104,783	920,027	103,908

The Group's exposure to interest rate risk is detailed in note 4(c).

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 £2.3m, (2024: £8.8m gain) 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	2025			2024		
	Contract/ notional amount £000	Fair value asset £000	Fair value liability £000	Contract/ notional amount £000	Fair value asset £000	Fair value liability £000
Non-hedge derivatives						
<i>Foreign exchange contracts</i>						
Forwards (Euro)	168,417	1,742	-	134,525	1,098	-
Forwards (US dollar)	(9,793)	725	-	35,902	-	215
Hedge derivatives						
<i>Foreign exchange contracts</i>						
Forwards (Australian dollar)	51,554	20	177	53,551	1,992	-
Forwards (Canadian dollar)	81,488	26	303	64,573	1,059	-
	291,666	2,513	480	288,551	4,149	215

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

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Accrued interest and rent	9,363	-	8,941	-
Other prepayments and accrued income	14,491	-	13,084	-
Amounts owed by related parties	11,126	118,450	4,268	108,608
Debtors arising from broking activities	1,087	-	407	-
Other debtors	40,672	177	32,173	146
	76,739	118,627	58,873	108,754
Current	71,146	2,099	52,144	3,754
Non-current	5,593	116,528	6,729	105,000

Included within other debtors of the Group is a letter of credit for £2.0m (2024: £2.0m).

Included within other debtors of the Group is £1.0m (2024: £0.9m) classified as contract assets and £1.7m (2024: £2.8m) classified as receivables in accordance with IFRS 15.

26 Cash and cash equivalents

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Cash at bank and in hand	77,452	1,496	80,262	2,366
Short-term bank deposits	48,766	-	56,462	-
	126,218	1,496	136,724	2,366

Included within short-term bank deposits of the Group and Parent are cash deposits of £1.6m (2024: £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 (2024: £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 £13.8m (2024: £9.2m) pledged as collateral by way of cash calls from reinsurers.

Notes to the financial statements

27 Share capital

	2025 £000	2024 £000
Issued, allotted and fully paid		
Ordinary share capital		
20,000,000 shares of £1 each (2024: 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 liabilities, belongs to the Ordinary shareholders.

28 Translation and hedging reserve

Group	Translation reserve £000	Hedging reserve £000	Total £000
At 1 January 2025	5,490	12,315	17,805
Losses on currency translation differences	(911)	-	(911)
Gains on net investment hedges	-	2,302	2,302
Attributable tax	-	(704)	(704)
At 31 December 2025	4,579	13,913	18,492
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

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 96.6% (2024: 95.6%) of the 106,450,000 (2024: 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 (PY only).

	L&W £000	NcIPs £000	Total £000
At 1 January 2025	11,264	101,815	113,079
(Acquisition)/disposal of non-controlling interest	(11,801)	1,050	(10,751)
Subsidiary profit attributable to non-controlling interest	537	-	537
At 31 December 2025	-	102,865	102,865
At 1 January 2024	13,664	101,815	115,479
Acquisition 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

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 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%.

On 30 June 2025, Benefact Broking & Advisory Holdings Limited acquired the remaining 34.9% of the issued ordinary share capital of L&W. Further details are disclosed in note 18.



30 Insurance liabilities and reinsurance assets

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Gross				
General insurance contract liabilities for incurred claims	654,773	-	635,317	-
General insurance contract liabilities for remaining coverage	92,201	-	94,895	-
Life insurance contract liabilities for remaining coverage	370	-	385	-
Total gross insurance contract liabilities	<u>747,344</u>	-	<u>730,597</u>	-
Reinsurance assets				
General reinsurance contract assets for incurred claims	203,929	-	205,518	-
General reinsurance contract assets for remaining coverage	30,946	-	33,935	-
Total reinsurers' share of insurance liabilities	<u>234,875</u>	-	<u>239,453</u>	-
Net				
General insurance contract liabilities for incurred claims	450,844	-	429,799	-
General insurance contract liabilities for remaining coverage	61,255	-	60,960	-
Life insurance contract liabilities for remaining coverage	370	-	385	-
Total net insurance liabilities	<u>512,469</u>	-	<u>491,144</u>	-
Gross insurance liabilities				
Current	277,060	-	280,279	-
Non-current	470,284	-	450,318	-
Reinsurance assets				
Current	111,619	-	130,213	-
Non-current	123,256	-	109,240	-

30 Insurance liabilities and reinsurance assets (continued)

	Insurance contract liabilities			Reinsurance contract assets		Total £000
	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	
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	<u>127,603</u>	<u>322,835</u>	<u>8</u>	-	-	<u>450,446</u>
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/(income) 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	<u>(496,272)</u>	<u>334,663</u>	<u>149</u>	<u>154,119</u>	<u>(74,176)</u>	<u>(81,517)</u>
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	<u>502,559</u>	<u>(313,808)</u>	<u>(149)</u>	<u>(168,780)</u>	<u>61,734</u>	<u>81,556</u>
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)

	Insurance contract liabilities			Reinsurance contract assets		Total £000
	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	
At 1 January 2025	94,895	635,317	385	(33,935)	(205,518)	491,144
Insurance revenue	(645,329)	-	-	-	-	(645,329)
Incurring claims and other insurance service expenses	-	310,944	-	-	-	310,944
Changes that relate to current service	-	-	36	-	-	36
Changes that relate to past service	-	(10,828)	-	-	-	(10,828)
Losses on onerous contracts and reversal of those losses	(6)	-	-	-	-	(6)
Insurance acquisition cash flows amortisation	134,818	-	-	-	-	134,818
Insurance service expenses	134,812	300,116	36	-	-	434,964
Insurance service result before reinsurance contracts held	(510,517)	300,116	36	-	-	(210,365)
Allocation of reinsurance premiums	-	-	-	148,118	-	148,118
Recoveries of incurred claims and other insurance service expenses	-	-	-	4,273	(47,866)	(43,593)
Changes that relate to past service	-	-	-	-	(3,994)	(3,994)
Recoveries of losses on onerous contracts and reversal of those losses	-	-	-	(29)	-	(29)
Net expense/(income) from reinsurance contracts	-	-	-	152,362	(51,860)	100,502
Finance expense from insurance contracts issued	-	25,153	-	-	-	25,153
Finance income from reinsurance contracts held	-	-	-	-	(7,939)	(7,939)
Net insurance financial result	-	25,153	-	-	(7,939)	17,214
Total amounts recognised in statement of profit or loss	(510,517)	325,269	36	152,362	(59,799)	(92,649)
Exchange differences	(59)	(752)	-	32	461	(318)
Premiums received	657,515	-	-	-	-	657,515
Insurance acquisition cash flows	(149,633)	-	-	-	-	(149,633)
Claims and other directly attributable expenses paid	-	(305,061)	(51)	-	-	(305,112)
Premiums paid	-	-	-	(153,138)	-	(153,138)
Amounts received	-	-	-	-	60,927	60,927
Total cash flows	507,882	(305,061)	(51)	(153,138)	60,927	110,559
Transfer to other items in the statement of financial position	-	-	-	3,733	-	3,733
At 31 December 2025	92,201	654,773	370	(30,946)	(203,929)	512,469

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		Total £000
	Excluding loss component £000	Loss component £000	Liability for remaining coverage £000		
At 1 January 2024	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	128,587	-	-	-	128,587
Insurance service expenses/(income)	128,587	(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
Insurance revenue	(645,272)	-	(57)	-	(645,329)
Losses on onerous contracts and reversal of those losses	-	37	(43)	-	(6)
Insurance acquisition cash flows amortisation	134,818	-	-	-	134,818
Insurance service expenses	134,818	37	(43)	-	134,812
Total amounts recognised in statement of profit or loss	(510,454)	37	(100)	-	(510,517)
Exchange differences	(63)	4	-	-	(59)
Premiums received	657,515	-	-	-	657,515
Insurance acquisition cash flows	(149,633)	-	-	-	(149,633)
Total cash flows	507,882	-	-	-	507,882
At 31 December 2025	89,824	1,777	600	-	92,201



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 2024	554,979	79,840	634,819
Incurring 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
Incurring claims and other insurance service expenses	295,538	15,406	310,944
Changes that relate to past service	(773)	(10,055)	(10,828)
Insurance service expenses/(income)	294,765	5,351	300,116
Insurance service result before reinsurance contracts held	294,765	5,351	300,116
Finance expense from insurance contracts issued	25,153	-	25,153
Net insurance financial result	25,153	-	25,153
Total amounts recognised in statement of profit or loss	319,918	5,351	325,269
Exchange differences	(579)	(173)	(752)
Claims and other directly attributable expenses paid	(305,061)	-	(305,061)
Total cash flows	(305,061)	-	(305,061)
At 31 December 2025	572,202	82,571	654,773

Notes to the financial statements

30 Insurance liabilities and reinsurance assets (continued)

(iii) Reconciliation of the asset for remaining coverage

Reinsurance contracts held

	Excluding loss recovery component £000	Loss recovery component £000	Total £000
At 1 January 2024	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
Allocation of reinsurance premiums	(148,118)	-	(148,118)
Recoveries of incurred claims and other insurance service expenses	(4,273)	-	(4,273)
Recoveries of losses on onerous contracts and reversal of those losses	-	29	29
Net (expense)/income from reinsurance contracts	(152,391)	29	(152,362)
Total amounts recognised in statement of profit or loss	(152,391)	29	(152,362)
Exchange differences	(35)	3	(32)
Premiums paid	153,138	-	153,138
Total cash flows	153,138	-	153,138
Transfer to other items in the balance sheet	(3,733)	-	(3,733)
At 31 December 2025	29,526	1,420	30,946



Notes to the financial statements

30 Insurance liabilities and reinsurance assets (continued)

(iv) Reconciliation of the asset for incurred claims

Reinsurance contracts held

	Estimates of present value of future cash flows £000	Risk adjustment for non- financial risk £000	Total £000
At 1 January 2024	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
Recoveries of incurred claims and other insurance service expenses	36,486	11,380	47,866
Changes that relate to past service	6,863	(2,869)	3,994
Net income from reinsurance contracts	43,349	8,511	51,860
Finance income from reinsurance contracts held	7,939	-	7,939
Net insurance financial result	7,939	-	7,939
Total amounts recognised in statement of profit or loss	51,288	8,511	59,799
Exchange differences	120	(581)	(461)
Amounts received	(60,927)	-	(60,927)
Total cash flows	(60,927)	-	(60,927)
At 31 December 2025	185,368	18,561	203,929

(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.

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 89% (2024: 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	
	2025	2024
UK and Ireland	3.8% to 6.1%	4.6% to 6.2%
Canada	2.7% to 4.9%	3.0% to 4.9%
Australia	4.7%	4.5%

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			
		2025	2024		
		Gross £000	Net £000	Gross £000	Net £000
Deterioration in loss ratio	+1%	(6,449)	(3,806)	(6,232)	(3,634)
Improvement in loss ratio	-1%	6,449	3,806	6,232	3,634
Increase in net liability for incurred claims excluding risk adjustment	+10%	(57,217)	(38,666)	(55,792)	(36,304)
Decrease in net liability for incurred claims excluding risk adjustment	-10%	57,217	38,666	55,792	36,304
Increase in risk adjustment*	+1%	(5,722)	(3,867)	(6,781)	(4,674)
Decrease in risk adjustment*	-1%	5,722	3,867	6,781	4,674

*Calculated on undiscounted present value of future cash flows



Notes to the financial statements

30 Insurance liabilities and reinsurance assets (continued)

At 31 December 2025, 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 £14.0m (2024: £13.6m).

(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	2016 £000	2017 £000	2018 £000	2019 £000	2020 £000	2021 £000	2022 £000	2023 £000	2024 £000	2025 £000	Total £000
At end of year	47,402	45,920	44,053	44,230	45,459	47,289	47,599	52,252	51,781	56,174	
One year later	41,631	41,706	37,456	39,842	37,509	47,102	45,575	50,629	48,113		
Two years later	37,740	37,797	32,867	37,243	36,193	45,079	45,547	47,449			
Three years later	36,337	34,818	31,647	39,164	37,579	46,666	46,780				
Four years later	35,217	36,431	32,884	39,248	35,694	46,023					
Five years later	32,993	36,550	31,722	35,836	33,812						
Six years later	33,896	38,618	30,442	35,330							
Seven years later	34,297	37,595	30,011								
Eight years later	33,022	37,172									
Nine years later	34,151										
Current estimate of ultimate claims	34,151	37,172	30,011	35,330	33,812	46,023	46,780	47,449	48,113	56,174	415,015
Cumulative payments to date	(26,171)	(29,272)	(21,754)	(25,806)	(20,615)	(20,496)	(14,791)	(10,209)	(5,430)	(1,619)	(176,163)
Outstanding liability	7,980	7,900	8,257	9,524	13,197	25,527	31,989	37,240	42,683	54,555	238,852
Effect of discounting											(42,515)
Present value											196,337
Discounted liability in respect of earlier years											146,928
Total discounted net liability for liability classes											343,265
Total discounted net liability for non-liability classes, expenses and reinsurance debtors											107,579
Total discounted net liability included in insurance liabilities in the statement of financial position											450,844

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 2024	337	2	46	385
<i>Changes that relate to current service</i>				
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
<i>Changes that relate to current service</i>				
Experience adjustments	36	-	-	36
	36	-	-	36
Insurance service result	36	-	-	36
Finance income from insurance contracts issued	-	-	-	-
Net insurance financial result	-	-	-	-
Total amounts recognised in statement of profit or loss	36	-	-	36
Claims and other directly attributable expenses paid	(51)	1	(1)	(51)
Total cash flows	(51)	1	(1)	(51)
At 31 December 2025	317	4	49	370



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 2025 and 2024 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.

	2025	2024
Non-Profit Life Business	3.7% to 6.0%	3.7% to 6.0%

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 £21.23 per annum (2024: £19.36 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 2026 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 increased by £0.4m (2024: £2.8m decrease).

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 £0.1m increase (2024: £0.4m increase).

(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.

Variable	Change in variable	Potential (decrease)/ increase in the result	
		2025 £000	2024 £000
Deterioration in mortality	+10%	(783)	(857)
Improvement in mortality	-10%	911	1,002
Increase in fixed interest/cash yields	+1% pa	(369)	(624)
Decrease in fixed interest/cash yields	-1% pa	398	771
Worsening of base renewal expense level	+10%	30	30
Improvement in base renewal expense level	-10%	(30)	(30)
Increase in expense inflation	+1% pa	64	68
Decrease in expense inflation	-1% pa	(51)	(54)

(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 2025				
CSM release after accretion	6	19	24	49
At 31 December 2024				
CSM release after accretion	6	18	26	50

Notes to the financial statements

31 Provisions for other liabilities and contingent liabilities

Group	Regulatory provisions £000	Other provisions £000	Contingent Consideration £000	Total £000
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
At 1 January 2025	2,200	4,513	2,994	9,707
Additional provisions	4,757	218	554	5,529
Used during year	(4,770)	(95)	-	(4,865)
Not utilised	-	(1,296)	(718)	(2,014)
Exchange differences	-	3	-	3
At 31 December 2025	2,187	3,343	2,830	8,360
Current	2,187	325	193	2,705
Non-current	-	3,018	2,637	5,655

Regulatory 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.

Other provisions

The other provisions relate 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 L&W, recognised on acquisition and the provision recognised within Benefact Broking & Advisory Holdings Limited, in relation to the acquisition of Access Underwriting Limited in the current year.

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.



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 2024	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
Charged/(credited) to profit or loss	6,212	(60)	(101)	(2,256)	3,795
Charged to profit or loss	-	-	-	-	-
- Impact of change in deferred tax rate	-	-	-	-	-
Charged to other comprehensive income	-	1,288	-	595	1,883
Transfer on acquisition of subsidiary	-	-	-	1	1
Exchange differences	3	-	-	(12)	(9)
At 31 December 2025	41,782	3,640	(619)	(5,541)	39,262

Parent

The deferred tax liability, shown below, arises on unrealised gains on investments. The increase of £0.3m (2024: decrease of £0.9m), 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:

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Deferred tax liabilities	45,215	1,119	42,299	823
Deferred tax assets	(5,953)	-	(8,707)	-
	39,262	1,119	33,592	823

Included in the above are unused tax losses of £9.5m (2024: £9.3m), which are available for offset against future tax profits and can be carried forward indefinitely. Also included in the above are £1.0m (2024: £nil) of double tax relief credits carried forward for offset against future tax liabilities.

The Group expects a net deferred tax liability of £1.5m (2024: £1.3m) 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

	2025		2024	
	Group £000	Parent £000	Group £000	Parent £000
Derivative liabilities	480	-	215	-
Other creditors	43,592	-	37,078	-
Amounts owed to related parties	795	13,173	-	13,087
Accruals and deferred income	63,380	3,010	53,859	3,010
	108,247	16,183	91,152	16,097
Current	107,802	16,183	90,662	16,097
Non-current	445	-	490	-

Derivative liabilities are in respect of equity futures contracts and are detailed in note 24.

Included within deferred income of the Group is £2.8m (2024: £2.7m) classified as contract liabilities in accordance with IFRS 15.

34 Subordinated liabilities

	2025	2024
	£000	£000
6.3144% EUR 30m subordinated debt	26,835	25,112
	26,835	25,112

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

	2025	2024
	£000	£000
Investment contract liabilities	659,299	627,312
	659,299	627,312

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 and are classified as level 2 liabilities.



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 (2024: £0.1m). 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 2025	29,775	603	661	31,039
Acquisition	-	-	-	-
Additions	757	513	-	1,270
Disposals	(15)	(269)	-	(284)
Depreciation expense	(3,980)	(199)	(195)	(4,374)
Exchange differences	(43)	-	-	(43)
At 31 December 2025	26,494	648	466	27,608
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

Set out below are the carrying amounts of lease obligations:

Group	2025 £000	2024 £000
Current	2,697	3,172
Non-current	27,492	29,800
	30,189	32,972

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:

	2025 £000	2024 £000
Depreciation expense of right-of-use assets	4,374	4,660
Interest expense on lease liabilities	1,839	1,573
Expenses relating to low value leases	8	57
	6,221	6,290

The Group had total cash outflows for leases, including interest paid of £3.8m (2024: £4.6m). 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:

	2025 £000	2024 £000
Year 1	6,511	7,601
Year 2	5,744	6,333
Year 3	4,898	5,644
Year 4	2,933	4,490
Year 5	2,080	2,617
After 5 years	10,020	9,936
	32,186	36,621

38 Commitments

At the year end, the Group and Parent had capital commitments of £0.6m (2024: £0.4m) relating to development costs.

The Group and Parent had no lease contract commitments for right-of-use assets that had not commenced at 31 December 2025.



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 2025 is as follows:

Company	Company Registration Number	Share Capital	2025		2024		Activity
			Holding of shares by Company	Group	Holding of shares by Company	Group	
Subsidiary undertakings							
Incorporated in the United Kingdom							
Ecclesiastical Insurance Office public limited company ¹	24869	Ordinary	100%	-	100%	-	Insurance
		Preference	3.37%	-	4.35%	-	
Benefact Management Services Limited ¹⁴	1811698	Ordinary	100%	-	100%	-	Dormant company
Benefact Broking & Advisory Holdings Limited ¹⁵	14493617	Ordinary	100%	-	100%	-	Investment holding company
Ecclesiastical Life Limited ¹	0243111	Ordinary	-	100%	-	100%	Life insurance
Ecclesiastical Financial Advisory Services Limited ¹⁵	2046087	Ordinary	-	100%	-	100%	Independent financial advisory
Ecclesiastical Planning Services Limited ¹	02644860	Ordinary	-	100%	-	100%	Funeral plan administration
Ecclesiastical Underwriting Management Limited ¹⁵	02368571	Ordinary	100%	-	100%	-	Insurance management services
EdenTree Holdings Limited ¹⁵	14496067	Ordinary	100%	-	100%	-	Investment holding company
EdenTree Asset Management Limited ¹	1923964	Ordinary	-	100%	-	100%	Asset management
EdenTree Investment Management Limited ¹	2519319	Ordinary	-	100%	-	100%	Asset management
E.I.O. Trustees Limited ¹⁴	0941199	Ordinary	-	100%	-	100%	Trustee company
Ecclesiastical Group Healthcare Trustees Limited ¹⁵	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 ¹⁵	10906990	Ordinary	-	100%	-	100%	Risk management services
Robertson-McIsaac Limited ¹⁵	03544899	Ordinary	-	100%	-	100%	Insurance agents and brokers
G. D. Anderson & Co. Limited ¹⁵	00776446	Ordinary	-	100%	-	100%	Insurance agents and brokers
Lycetts Holdings Limited ¹⁵	05866203	Ordinary	-	100%	-	100%	Investment holding company
Cheviot Insurance Services Ltd ¹⁵	09303679	Ordinary	-	100%	-	100%	Insurance agents and brokers
Lloyd & Whyte Group Limited ³⁵	01143899	Ordinary	-	100%	-	65.07%	Insurance agents and brokers
Mi Specialty Limited ⁵	07313009	Ordinary	-	100%	-	65.07%	Insurance
Specialist Broking Retail Limited ³⁵	10301653	Ordinary	-	100%	-	65.07%	Insurance agents and brokers
Stride Limited ⁷	01122247	Ordinary	-	-	-	65.07%	Insurance agents and brokers
Lloyd & Whyte Limited ³⁵	03686765	Ordinary	-	100%	-	65.07%	Insurance agents and brokers
The Medical Insurance Advisory Bureau Limited ³⁵	07217140	Ordinary	-	100%	-	65.07%	Insurance agents and brokers
SEIB Insurance Brokers Limited ¹⁵	06317314	Ordinary	-	100%	-	65.07%	Insurance agents and brokers
Lloyd and Whyte (Financial Services) Limited ³⁵	02092560	Ordinary	-	100%	-	65.07%	Financial intermediary
Membership Plans Limited ³⁵	06322047	Ordinary	-	100%	-	65.07%	Insurance agents and brokers
Lloyd & Whyte Community Broking Limited ³⁵	04640518	Ordinary	-	100%	-	65.07%	Insurance agents and brokers
Cleddau Holdings Limited ⁷	06537988	Ordinary	-	-	-	65.07%	Investment holding company
Cleddau Insurance Services Limited ⁷	06542667	Ordinary	-	-	-	65.07%	Insurance agents and brokers
Naturesave Policies Limited ³⁵	02797137	Ordinary	-	100%	-	65.07%	Insurance
Boshers Ltd ³⁵	02946794	Ordinary	-	100%	-	65.07%	Insurance agents and brokers
Clearbroking Ltd ³⁵	08024522	Ordinary	-	100%	-	65.07%	Insurance agents and brokers
De Novo Risk Solutions Limited ^{35 9}	10246240	Ordinary	-	100%	-	20%	Insurance agents and brokers
Severn Bay Corporate Solutions Ltd ^{5 6 10}	07254924	Ordinary	-	100%	-	-	Insurance agents and brokers
Access Underwriting Limited ¹⁵	03880990	Ordinary	-	100%	-	100%	Insurance agents and brokers
Grout Insurance Brokers Limited ¹⁵	05127052	Ordinary	-	100%	-	100%	Insurance agents and brokers
M Ladbroke Ltd ^{15 8}	05711191	Ordinary	-	100%	-	-	Insurance agents and brokers

Notes to the financial statements

39 Related undertakings (continued)

Incorporated in Australia

Ansvar Insurance Limited ²	007216506	Ordinary	-	100%	-	100%	Insurance
Ansvar Insurance Services Pty Limited ^{2 12}	162612286	Ordinary	-	100%	-	100%	Dormant company

Associated undertakings

Provenance IB Ltd ^{3 11}	11131702	Ordinary	-	45%	-	45%	Insurance agents and brokers
Virtuoso Ins Group Ltd ⁷	13800790	Ordinary	-	-	-	45%	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 Registered office: 11 Drake Walk Brigantine Place, Cardiff, CF10 4AN

⁷ Entity was dissolved within the year

⁸ On 26 February 2025, Access Underwriting Limited acquired the entire issued share capital of M Ladbroke Ltd.

⁹ On 16 July 2025, Lloyd & Whyte Group Limited acquired the remaining issued share capital of De Novo Risk Solutions Limited.

¹⁰ On 1 December 2025, Lloyd & Whyte Group Limited acquired the entire issued share capital of Severn Bay Corporate Solutions Ltd.

¹¹ Exempt from audit under s477 of the Companies Act 2006

¹² Exempt from audit

¹³ Entity was dissolved on 31 March 2026

On 30 April 2025, Benefact Broking & Advisory Holdings Limited acquired the remaining issued share capital of Lloyd & Whyte Group 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
2025			
Group			
Trading, investment and other income, including recharges, and amounts received	1,121	-	1,395
Trading, investment and other expenditure, including recharges, and amounts paid	(7,997)	-	2,322
Amounts owed by related parties	8,003	-	177
Amounts owed to related parties	-	-	773
Parent			
Trading, investment and other income, including recharges, and amounts received	-	64,884	-
Trading, investment and other expenditure, including recharges, and amounts paid	-	(31)	-
Amounts owed by related parties	-	118,886	-
Amounts owed to related parties	-	109,833	-
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	-

Trading, investment and other income of the Parent includes loan advances from subsidiaries totalling £13.5m (2024: £28.1m) and dividends received from subsidiaries of £42m (2024: £30.0m)

Trading, investment and other expenditure of the Parent consists of loan advances to related parties totalling £1.3m (2024: £18.0m) and share issues of £4.0m (2024: £9.3m) in relation to EdenTree Holdings Limited (2024: in relation to EdenTree Holdings Limited and Benefact Broking & Advisory Holdings Limited).

On 6 February 2024, Benefact Broking & Advisory Holdings Limited acquired 100% of the shares in Access Underwriting Limited.

On 27 June 2024, Benefact Broking & Advisory Holdings Limited acquired £1.0m of shares in Ecclesiastical Financial Advisory Services Limited.

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 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.

On 30 April 2025, Benefact Broking & Advisory Holdings Limited acquired the remaining shares in the broker group, Lloyd & Whyte. As a consequence, the Group recognised a loss directly in equity of £1.3m on the acquisition to adjust the non-controlling interest.

On 9 December 2025, Benefact Group plc acquired £4.0m of shares in EdenTree Holdings Limited.

On 9 December 2025, EdenTree Holdings Limited acquired £2m of shares in EdenTree Asset Management Limited and £2m of shares in EdenTree Investment Management Limited.

Notes to the financial statements

40 Related party transactions (continued)

Amounts owed by related parties to the Parent includes loans of £94.5m (2024: £91.7m) and amounts classified within other assets of £24.4m (2024: £17.3m) disclosed in note 25.

Amounts owed to related parties by the Parent includes borrowings of £97.5m (2024: £133.9m) which are included in note 36 and amounts classified within other liabilities of £12.4m (2024: £12.4m) 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.

	2025 £000	Restated* 2024 £000
Key management personnel		
Short term employee benefits	7,520	7,704
Post employment benefits	370	355
Other long term benefits	2,119	1,263
	10,009	9,322

*Key management personnel remuneration has been re-presented in accordance with IAS 24 *Related party transactions*. The amounts exclude employer social security costs.

Directors' individual remuneration is disclosed in the Group Remuneration Report.

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.



41 Reconciliation of Alternative Performance Measures

The Group uses alternative performance measures (APM) 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, the combined operating ratio and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and are used to manage the Group's general insurance business. EBITDA is a measure widely used by other users of the accounts to evaluate comparability of companies as it excludes the impact of differing capital structures and tax positions, variations in tangible asset portfolios, and differences in identification and recognition of intangible assets. 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 (2024: 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	2025
General insurance	£000
Insurance revenue	[1] 644,949
Deduct change in the gross unearned premium	8,886
GMM insurance revenue adjustments	(57)
Gross written premiums	653,778
Outward reinsurance premiums written	(268,578)
Net written premiums	385,200
Change in the net unearned premium provision	(4,555)
Net earned premiums	[3] 380,645

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.

	2025							Total
	Insurance		Inv'mnt return	Inv'mnt mngt	Broking and advisory	Corporate costs	Other income and charges	
	General	Life						
£000	£000	£000	£000	£000	£000	£000	£000	
Insurance revenue	[1] 644,949	-	442 *	-	-	-	(62)	645,329
Insurance service (expenses)/income	(453,550)	(36)	18,560 **	-	-	-	62	(434,964)
Insurance service result before reinsurance contracts held	191,399	(36)	19,002	-	-	-	-	210,365
Net expense from reinsurance contracts	(100,502)	-	-	-	-	-	-	(100,502)
Insurance service result	90,897	(36)	19,002	-	-	-	-	109,863
Net insurance financial result	-	-	(17,214)	-	-	-	-	(17,214)
Net investment result	-	1,336	90,272	253	(2,490)	-	-	89,371
Fee and commission (expense)/income	-	(444)	(6,485)	13,211	94,653	-	1,973	102,908
Other operating (expenses)/income	(28,730)	(1,566)	(5,990)	(20,617)	(91,463)	(54,206)	(1,086)	(203,658)
Other finance costs	-	-	-	-	(920)	-	(3,239)	(4,159)
Share of profit of associate	-	-	-	-	(4)	-	-	(4)
Profit on disposal of associate	-	-	-	-	17	-	-	17
Profit/(loss) before tax	[2] 62,167	(710)	79,585	(7,153)	(207)	(54,206)	(2,352)	77,124

* instalment handling charges

** discounting on non-latent claims provisions and broker commission intercompany elimination

Combined operating ratio = ([3] - [2]) / [3] 83.7%

41 Reconciliation of Alternative Performance Measures (continued)

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].

		2025				
		UK & Ireland	Australia	Canada	Other	Total
		£000	£000	£000	£000	£000
Gross written premiums by segment						
Insurance revenue	[1]	452,821	90,238	94,797	7,092	644,948
Deduct change in the gross unearned premium provision		8,429	(1,263)	1,066	655	8,887
GMM insurance revenue adjustments		(57)	-	-	-	(57)
Gross written premiums		461,193	88,975	95,863	7,747	653,778
Outward reinsurance premiums written		(194,009)	(59,031)	(31,894)	16,356	(268,578)
Net written premiums		267,184	29,944	63,969	24,103	385,200
Change in the net unearned premium provision		(5,877)	(739)	2,716	(655)	(4,555)
Net earned premiums	[3]	261,307	29,205	66,685	23,448	380,645
		2025				
		UK & Ireland	Australia	Canada	Other	Total
		£000	£000	£000	£000	£000
Underwriting result by segment						
Insurance revenue	[1]	452,822	90,238	94,797	7,092	644,949
Insurance service expenses		(308,510)	(67,639)	(68,660)	(8,741)	(453,550)
Insurance service result before reinsurance contracts held		144,312	22,599	26,137	(1,649)	191,399
Net (expense)/income from reinsurance contracts		(74,992)	(23,194)	(7,973)	5,657	(100,502)
Insurance service result		69,320	(595)	18,164	4,008	90,897
Other operating expenses		(19,786)	(2,126)	(6,818)	-	(28,730)
Underwriting result	[2]	49,534	(2,721)	11,346	4,008	62,167
Combined operating ratio = ([3] - [2]) / [3]		81.0%	109.3%	83.0%		83.7%

Notes to the financial statements

41 Reconciliation of Alternative Performance Measures (continued)

Group	2024							
	General insurance		Life	Other	Corporate	Other	Total	
	£000	£000	£000	£000	£000	£000	£000	
Insurance revenue	[1]	623,195	734	*	-	-	(54)	623,726
Deduct change in the gross unearned premium provision		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						

	2024								
	Insurance	Inv/mnt return	Inv/mnt mngt	Broking and advisory	Corporate costs	Other income and charges	Total		
	£000	£000	£000	£000	£000	£000	£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 (expenses)/income		-	(336)	(6,345)	15,265	91,884	-	544	101,012
Other operating expenses		(25,058)	(941)	(3,656)	(20,251)	(88,519)	(36,162)	(797)	(175,384)
Other finance income/(costs)		-	-	-	-	(845)	-	(3,103)	(3,948)
Share of profit of associate		-	-	-	-	(200)	-	-	(200)
Profit on disposal of subsidiary		-	-	-	-	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%

Notes to the financial statements

41 Reconciliation of Alternative Performance Measures (continued)

	2024					
	UK & Ireland	Australia	Canada	Other	Total	
	£000	£000	£000	£000	£000	
Gross written premiums by segment						
Insurance revenue	[1]	418,569	96,281	101,881	6,464	623,195
Deduct change in the gross unearned premium provision		18,294	(936)	(325)	373	17,406
Gross written premiums		436,863	95,345	101,556	6,837	640,601
Outward reinsurance premiums written		(185,084)	(50,669)	(27,965)	2,524	(261,194)
Net written premiums		251,779	44,676	73,591	9,361	379,407
Change in the net unearned premium provision		(14,822)	(747)	(109)	(372)	(16,050)
Net earned premiums	[3]	236,957	43,929	73,482	8,989	363,357

	2024					
	UK & Ireland	Australia	Canada	Other	Total	
	£000	£000	£000	£000	£000	
Underwriting result by segment						
Insurance revenue	[1]	418,569	96,281	101,881	6,464	623,195
Insurance service expenses		(294,224)	(89,888)	(73,308)	(8,485)	(465,905)
Insurance service result before reinsurance contracts held		124,345	6,393	28,573	(2,021)	157,290
Net expense from reinsurance contracts		(53,408)	(7,333)	(9,463)	(14,386)	(84,590)
Insurance service result		70,937	(940)	19,110	(16,407)	72,700
Other operating expenses		(17,325)	(2,294)	(5,439)	-	(25,058)
Underwriting result	[2]	53,612	(3,234)	13,671	(16,407)	47,642
Combined operating ratio = $([3] - [2]) / [3]$		77.4%	107.4%	81.4%		86.9%



Notice of Meeting

NOTICE is hereby given that the Annual General Meeting of Benefact Group plc will be held at Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW on Thursday, 25th June 2026 at 12.50pm for the following purposes:

Ordinary business

1. To receive the Report of the Directors and Accounts for the year ended 31st December 2025 and the report of the auditors thereon.
2. To re-elect Mrs R. Bajaj as a director.
3. To re-elect Mr M. Bennett as a director.
4. To re-elect Mr M. C. J. Hews as a director.
5. To re-elect Mr C. J. G. Moulder as a director.
6. To re-elect Mr D. Paterson as a director.
7. To elect Mr F. X. Boisseau as a director.
8. To elect Mr I. Martin as a director.
9. To consider the declaration of a dividend.
10. To re-appoint PricewaterhouseCoopers LLP as auditors and authorise the Directors to fix their remuneration.

By Order of the Board

Mrs R J Hall

Secretary

19 March 2026

Only a member holding ordinary shares, or their duly appointed representative(s), is entitled to attend, vote and speak at the annual general meeting.

A member holding ordinary shares is entitled to appoint a proxy or proxies (who need not be a member of the Company) to exercise all or any of their rights to attend, speak and vote on their behalf at the annual general meeting. Such a member may appoint more than one proxy in relation to the annual general meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member.

Any corporation which is a member holding ordinary shares can appoint one or more corporate representatives who may exercise, on its behalf, all of the same powers as that corporation could exercise if it were an individual member, provided that they do not do so in relation to the same share or shares and that they act within the powers of their appointment.



BENEFACT GROUP

Annual Report & Accounts 2025

Benefact Group
Benefact House, 2000 Pioneer Avenue
Gloucester Business Park
Brockworth, Gloucester GL3 4AW