



onefamily

Annual Report and Consolidated Financial Statements

31 December 2025



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Welcome to the 2025 OneFamily annual report

Read on to discover how we've continued to deliver on our commitments to our members and customers through our bold, powerful and straight forward vision – Inspiring Better Futures.



£81 million capital above requirements*



206% Capital coverage ratio *



8.4 (out of 10) Customer Satisfaction (CSAT) score



£6.2 billion funds under management



Present value of new business premium of £1,314m

* In our Non-Profit fund



Strategic report

This Strategic report on pages 5 to 49 incorporates the following sections:

o Chair's review	6
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We have tried to use plain English throughout this annual report, however, due to the nature of our business some of the terms are quite technical, hence a glossary is provided on page 156.

Chair's review

Steve Colsell

It was a tremendous honour to serve as Chair of the OneFamily Board during our fiftieth year. 2025 was a successful year for OneFamily where we built upon the foundations laid in earlier years. Our purpose – to create and protect value for our members – has never been more relevant as the external environment, outside of OneFamily, continued to evolve rapidly.

In 2025, the UK economy showed healthier signs, with interest rates easing and a drop in inflation, albeit this remained above Bank of England targets at the end of 2025. Globally, economic growth was tepid and there continued to be significant geopolitical uncertainty. In 2026, we have seen global tensions rise with the Iran war, impacting fuel costs and interest rate volatility. These factors all filter down to everyday life, volatility in the outside world translates to volatility in the lives of our members and their families.

In such a context, the products that protect and grow the financial wellbeing of our members are essential. All mutuals play a vital role in supporting financial security and wellbeing, and it is heartening to see the continued enthusiasm, from both our government and our regulators, for a strong and sustainable mutual sector. In 2025 I am proud that we played our own role in this, whilst continuing to set ourselves up for a strong future. Looking towards that strong future, in February 2026 we also announced our plans to effect a merger, subject to regulatory approval, with fellow mutual Scottish Friendly, which we aim to complete in the first part of 2027. More information on our plans in this area is provided in the Chief Executive's Report and elsewhere, but essentially the merger is intended to deliver long-term value for our members by bringing together the best of both organisations.

As such it will build on the exciting new and existing capabilities we have developed in recent years to grow our business. With regards to that existing growth strategy, I am pleased to say that, following the successful integration of Beagle Street and the consolidations of our technology platform in 2024, we formally launched our intermediary life insurance business in late 2025. This provides us a powerful new distribution channel, that complements the direct-to-consumer sales channel that sat within the Beagle Street business.

On the investment side of our business, we achieved record sales of Lifetime ISAs and continued to service hundreds of thousands of vital Child Trust Fund maturities, providing a simple digital maturity journey to get this money quickly to young adults when they instruct us. We also undertook several significant internal projects that simplify our business and add new capability for the future, and these are outlined in more detail within the Chief Executive's Report.

I am immensely proud of how our teams have delivered these achievements during a period of uncertainty and rapid change. Across every part of the business, I see colleagues demonstrating resilience, adaptability, and a relentless commitment to our members. Colleagues have not only maintained industry-leading customer service standards but also continued to innovate, ensuring our products remain relevant and competitive in a dynamic market.

Our ambition is both clear and bold: to grow both our business and our sector sustainably, deliver outstanding member outcomes, and set the benchmark for mutual excellence in the UK.

These achievements reflect a culture of collaboration and purpose, where every individual understands the importance of creating and protecting value for our members. Looking ahead I am confident we have a great platform that we can bring to our merger with Scottish Friendly, sitting at the heart of a stronger financial mutual sector in the UK.

Our ambition is both clear and bold: to grow both our business and our sector sustainably, deliver outstanding member outcomes, and set the benchmark for mutual excellence in the UK.

We made a number of changes to the chairs of board sub-committees, with Peter O'Donnell becoming Audit Sub-Committee Chair and Alison Davies Remuneration Sub-Committee Chair. Peter has recently become Senior Independent Director and Vice Chair, taking over from Graham Lindsay. In early 2026, Phil Willcock has also taken over as Member, Customer & Culture Sub-Committee Chair.

In terms of board composition, we amended our succession plans to reflect the planned merger with Scottish Friendly.

Given the desire for continuity and stability as we plan for the proposed merger, the Board have asked Graham and I to remain in role until the merger completes. I am delighted that John McGuigan, currently chair at Scottish Friendly, will take over as Chair of OneFamily at that point, subject to regulatory approval.



In addition, I'm pleased to say that it has been agreed that Jim Islam will continue as Chief Executive of the combined entity.

Steve Colsell
Chair

Chief Executive's report

Jim Islam

I am immensely proud of what we have accomplished in 2025, which was our fiftieth year, and even more energised by the exciting opportunities that lie ahead.

Building on the strong foundations laid in 2024, we enhanced our growth agenda and delivered a series of landmark achievements. In the second half of 2025 we extended our life insurance business to provide financial advisers with access to our great products. This provides us with access to even larger parts of the life insurance market, creating a platform to serve our purpose at greater scale than before. The UK protection market is at an exciting juncture as we await the final outcomes of the FCA Market Study into Pure Protection. We hope that this will provide a foundation for even better outcomes for all customers.

We also saw significant growth in our investment product range, extending our direct-to-consumer sales model with exciting new advertising activity. As the year drew to a close, His Majesty's Government announced the intention to reform the Lifetime ISA, with a consultation, in early 2026, regarding the future shape of a product to support the needs of first-time home-buyers. Removing barriers to home ownership is a critical generational challenge for families in the UK, and we welcome the opportunity to contribute to the expansion of solutions and hope to see a larger market emerge as a result of the changes in due course.

2025 was also a year of considerable achievements in terms of strengthening the infrastructure of our business further. We acted boldly to enhance capability, leverage technology and simplify operations in various areas. We formed a strategic partnership with Microsoft and ANS, which is a leading UK-based cloud and technology services provider. This partnership will unlock advanced digital capabilities to improve operational efficiency and derive greater benefit from emerging data and AI technologies. We also launched a new Customer Relationship Management system, that will enhance the engagement with our members.

We were able to take forward engagement with our membership more broadly. We launched a new shopping app that shows our members where they can save money through our membership benefits scheme, and we have worked to improve the offers and discounts available. As a mutual we recognise that we need to advocate for what is right, and in 2025 we continued our work to influence government regarding the simplification of access to Child Trust Funds for young adults without capacity. We engaged actively with the new government, and I was able to raise the profile of this issue on the BBC Moneybox programme. Meanwhile we continued to support young adults in this position within our own membership with a simplified access process.

It is important to continually review the effectiveness and efficiency of business operations and in 2025 we took the difficult decisions to close both our Swindon and Peterborough offices, and we also streamlined elements of our Brighton-based team. This led us to say goodbye to some much-loved colleagues, and I thank them again for their service and support to OneFamily. Such actions reflect our commitment to running our business in a responsible and sustainable manner that focuses on the activities that matter the most.

We continue to pride ourselves on the service provided to our members. This is evidenced externally by our Trustpilot scores, which sat at 4.3 or "Excellent". Service delivery of this standard was supported by an exciting upgrade to our phone systems, as well as improvements to the ways that we manage digital interactions with our members and our service quality frameworks. It is vital that we offer the best support to customers when they need us most, and with that in mind we have reviewed and improved the bereavement support service offered during life insurance claims.

Looking ahead, OneFamily is positioned to thrive. In February 2026, we announced our proposal to merge with Scottish Friendly to create one of the UK's largest mutuals.

Our dedication to members remains unwavering. We continue to deliver outstanding service, innovate for better outcomes, and advocate for financial inclusion. None of this would be possible without my exceptional team. During 2025, we launched important development initiatives for colleagues, including a new career mapping framework and a programme to support aspiring managers. These evidence the importance we place on allowing colleagues to flourish and grow further in their roles. We recognise that the external world brings challenges for colleagues as well as our customers, and accordingly we introduced a new app, Help@Hand, to support their wellbeing.

The resilience, creativity, and passion of my team has been the driving force behind our success, and I would like to thank each and every colleague again for their contribution.

Looking ahead, OneFamily is positioned to thrive. In February 2026, we announced our proposal to merge with Scottish Friendly to create one of the UK's largest mutuals. The combined mutual will have over £10 billion assets under management and serve over 2.3 million members across the UK. This is subject to regulatory approval under Part VIII of the Friendly Societies Act 1992 and is expected to be effective in early 2027. The combined organisation will bring together the mutual heritage and strengths of both OneFamily and Scottish Friendly and with greater scale, will combine strong propositions, data-driven insight, digital capability and high customer service standards to champion members' interests and redefine what a modern mutual can deliver.



With commitment to a base in both Brighton and Glasgow, the combined organisation will bring together the strengths of both organisations and build on their mutual values and heritage. Whilst the combined mutual will operate under the OneFamily group name, the Scottish Friendly brand will continue alongside the OneFamily and Beagle Street brands. A detailed integration plan will be developed and put in place in the months ahead.

I'm honoured to have been selected to continue in the role of Chief Executive of the merged organisation.

Jim Islam
Chief Executive Officer

Our strategy

Strategic framework

Our strategy is defined by our purpose. As a mutual this is simply to protect and enrich the lives of our members. The world contains a very different set of challenges to those that existed when the first mutuals emerged in the 18th century, or even to when OneFamily was founded fifty years ago.

Whilst the world moves on, and families face different challenges and threats, the purpose remains the same for us and the other financial mutuals in our sector.



The context for our members

Further changes will take place in our world in 2026, and in five particular areas that affect families in the UK. These themes are high levels of social inequality, declining social protections, an aging population, the difficulties of transitioning to a carbon-free economy, and the changing world of work. Our vision is to inspire better futures, and our strategy is simply to grow the value and sustainability of OneFamily by selling products and services that help our members tackle these five challenges.

The components of our strategy

Product and market expansion

Our legacy lies in offering simple investment products that help families access stock market growth, an example of how we have pushed against the social mobility challenge in prior times.

We will continue with this strand of activity but also see a great opportunity to expand and tackle another of the big challenges which is the declining levels of welfare provision in the UK. We will play our part in addressing the UK “protection gap” and empowering families to put their own protections in place via simple and well-priced insurance policies.

Organisation transformation

Viability in the long-term is critical in a changing market. Another strand of the strategy is therefore to modernise the business with the latest technologies, to support efficient operation as well as the evolving customer needs that we see in today’s market. By modernising our operational processes and models we can remain fit for the future.

Driving immediate impact

As outlined, we are set up to tackle the five big customer challenges via the products and services we offer. However, we also want to drive immediate and direct social impact into some of the communities and families that have the deepest challenges.

Our charity partnerships are the tools to achieve this. At the same time, we will continue to build our membership benefits programme, so that members receive value from the Society on a more “day-by-day” basis than is the case with financial products traditionally.

The Inspiring Better Futures section of this report contains more information about our charity partnerships and the member benefit programme.

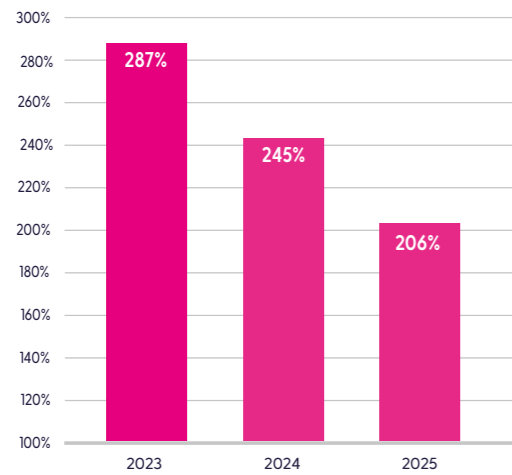
One Team

The final strategy component relates to the team that make all this happen. Our goal is to invest in and nurture the people across our business, because we recognise that delivery of this bold agenda is demanding.

At the same time, our colleagues inhabit the same challenging world as our members, and so we must equip them with the resilience and skills needed to flourish both in the workplace and their broader lives.

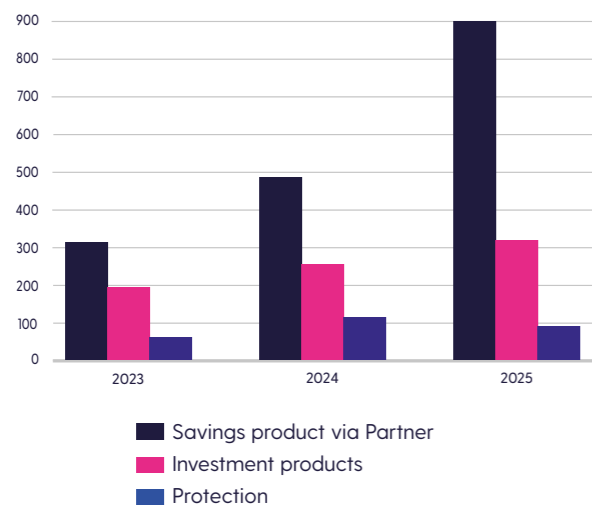
Group performance highlights

Non-Profit Fund Solvency UK Coverage Ratio (Unaudited)



The Society's solvency coverage ratio remains strong and well above regulatory requirements and our risk appetite. The decrease during the year reflects the continued investment of some of our surplus capital in driving our long-term strategic growth and efficiency initiatives which can be read about within this Annual Report. Within these efficiency initiatives is the simplification of our Group structure, including the movement of Investment savings business from subsidiary companies to the Society. Whilst this simplification has multiple benefits, including significant cost savings, it has led to a reduction in the coverage ratio due to risks associated with the business now being included in the Solvency UK calculation.

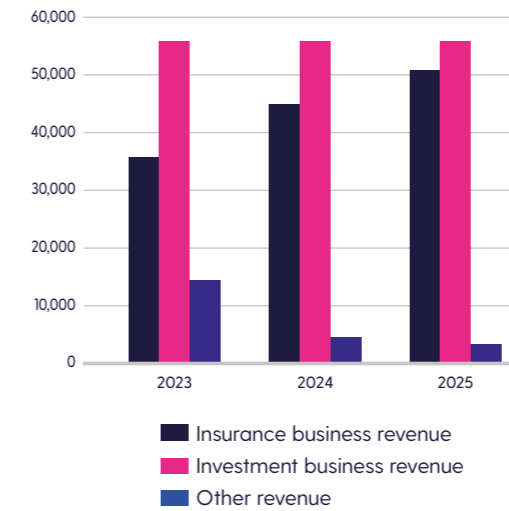
Present Value of New Business Premiums (£m)*



This metric represents the present value of future premiums (for insurance products) and regular payments (for investment products) that we expect to receive from new contracts written during the year; the present value of increased/new direct debits on existing investment policies; and ad-hoc contributions made by customers to investment products during the year.

2025 illustrates the strong performance of investment products, especially ISAs, Lifetime ISAs and the savings ISA offered via a partner. Whilst overall Protection is down compared to 2024 (partly reflecting a subdued market for intermediated Over 50s life cover) we are well positioned for 2026 following an increase in Protection volumes achieved in late 2025.

Income (£'000)*



Income reflects the following items which can be found within the notes to the financial statements

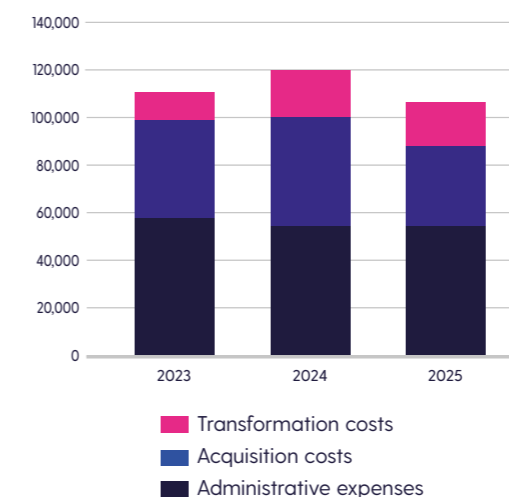
- Insurance business revenue reflects Gross written premiums (Note 4)
- Investment business revenue reflects Annual management charges (within Note 13 and Note 23) and Annual management rebates (within Note 12)
- Other revenue reflects remaining income in Notes 12 and 13

The chart reflects how management categorises revenue by product line rather than the statutory accounting view in the table below. The increase in insurance business revenue reflects the continued growth of term and critical illness business. The steady level of investment business revenue illustrates that our income from sales of investment products such as ISAs and Lifetime ISAs is offsetting the reduction in income from Child Trust Funds as they continue to mature.

		2023 £'000	2024 £'000	2025 £'000
Gross written premiums	(Note 4)	36,617	44,605	50,537
Other technical income	(Note 12)	450	551	55
Other income	(Note 13)	61,146	50,536	48,343
Annual Management Charges	(Note 23)	9,422	9,251	10,715
		107,635	104,943	109,650

Please note that investment business revenue does not include the deposits received from policyholders, but does include the charges earned from the funds under management.

Net Operating Expenses (£'000)

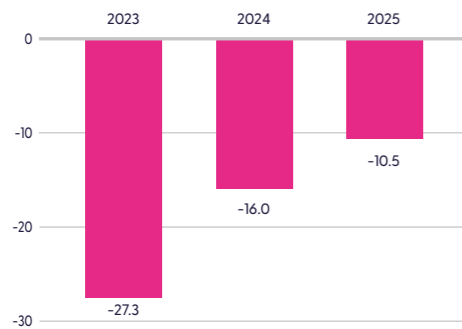


Net operating expenses reflect costs within the Group and are shown within the technical and non-technical account on pages 92 to 93. Overall, these have reduced from £120m in 2024 to £107m in 2025, largely due to efficiencies being delivered and a reduction on acquisition expenses. Our core administrative expenses have reduced from £53.7m to £52.2m.

Transformation activities discussed in previous years such as modernising our policy administration system are now complete, however new projects have been initiated in 2025 to deliver further cost savings, including bringing core actuarial work in-house and simplifying our Group structure.

The reduction in acquisition expenses reflects the focus of our sales teams into our Brighton office and the closure of the Swindon office, alongside reduced commission costs due to the FCA market study into Pure Protection.

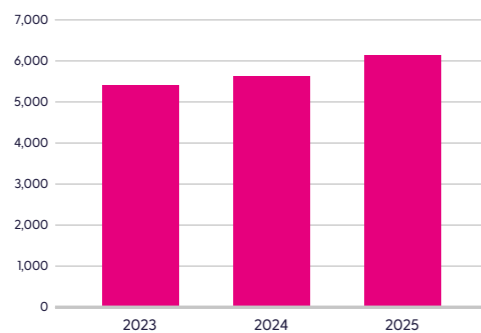
Operating capital generation* (Unaudited) (£'m)



Our business is managed on an economic capital basis rather than UK GAAP. This means that we assess operating capital generation as a measure of how we build value over the long-term. This measure comprises capital generated through trading activities (which includes generation of value from writing new business and our management of in-force business) and further elements such as strategic development expenses, business development expenses and the impact of experience variances and assumption changes.

The chart shows how we have been investing in our business over recent years for future growth. During 2025 our trading capital contribution was £31m, please see the Chief Finance Officer's report for a full breakdown of movements in 2025.

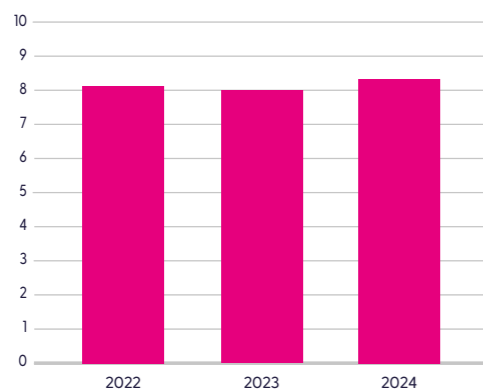
Customers' Funds Under Management* (Unaudited) (£'000)



The increase in customers' funds under management illustrates the investment into savings products in the year, particularly Stocks and Shares ISAs, Lifetime ISAs and Cash ISAs managed on behalf of a third-party, plus the growth in the value of the underlying assets. These positive factors have more than offset the reduction due to the maturity of Child Trust Fund policies.

Deposits paid into Stocks and Shares ISAs, Lifetime ISAs and Junior ISAs in 2025 were £267m, 18% higher than in 2024.

Customers' Satisfaction Scores*



The metric presented for Customer Satisfaction is a 'CSAT' score which is an accepted industry standard. The score reflects a real-time survey of customer satisfaction with our services.

As can be seen our CSAT score remains strong. This figure does not reflect the Beagle Street protection business which maintained an average Trustpilot rating of 4.6 out of 5 in 2025, in line with the 2024 average.

*These metrics are known as alternative performance measures (APMs), as they are not defined in accordance with UK GAAP. Please see the glossary for further information.

Chief Finance Officer's report

Philippa Herz

Overview

Our 2025 results reflect major milestones on our journey to modernise our systems and simplify our business structure to focus on our offering of protection and investment products. These actions are already having a positive impact on our key performance indicators, as shown on the previous pages, and position us for a strong future.



- In late 2025 we launched our protection products into wider intermediated channels, delivering a new adviser portal and enhancements to our protection product offering. We aim to accelerate growth through the intermediary channels.
- In our direct-to-customer business we implemented a new telephony system and Customer Relationship Management tools, boosting our sales capabilities. Our new business results for our investment products, reflect the greater productivity these developments have brought.
- Throughout the year we've taken steps to simplify our business structure and to ensure efficient use of our resources. We've:
 - reduced ongoing costs in certain areas;
 - centralised at our Brighton office;
 - outsourced certain activities; and
 - transferred some retail investment business, previously undertaken by our subsidiary companies, to the Society. This business is now treated as unit-linked investment business. Alongside this, we launched new funds to provide more customers choice while maintaining simplicity.
- Following the buy-in, in 2024, of liabilities of the Family Assurance Friendly Society Defined Benefit Pension Scheme (Family Scheme) and Homeowners Friendly Society Limited Defined Benefit Scheme (Engage Scheme) whereby

the Society provides insurance for the principal liabilities of the schemes, in 2025 the buy-out of the Engage Scheme was successfully concluded. With the buy-out for the Engage Scheme now complete, the complex accounting (and resulting deficit) introduced in 2024, due to the Society being both insurer and sponsoring employer, has been removed for this scheme (it remains for the Family Scheme pending completion of the buy-out of that scheme). The Society and Group accounts now reflect the individual insurance contracts entered into with the former members of the Engage Scheme. Please see the Statutory results section below and Note 27 for further details. See the glossary for an explanation of a buy-in and buy-out.

- We expanded the role of our in-house actuarial function, developing modelling capability and strengthening internal technical expertise. We conduct regular scenario testing to provide comfort in our resilience and ability to withstand extreme circumstances. To inform this, at the time of writing, we are monitoring the impact of the Iran war on financial markets and Bank of England policy decisions.

OneFamily is a long-term business and in managing the Group's financial health we take a long-term view, consistent with our mutual status. Whilst in the short-term, initiatives such as modernising our platform may lead to in-year losses or a reduction in capital coverage, we proactively take actions necessary to ensure that we remain financially resilient. As a mutual, we receive no external funding, therefore when we need to invest in our business, for growth, efficiency or sustainability, we must use our own funds. We conduct regular scenario testing to provide comfort in our resilience and ability to withstand extreme circumstances.

Financial performance

Please refer to the financial statements on pages 92 to 96, and also alternative performance metrics shown on pages 12 to 14.

Financial strength

Our insurance business is long-term in nature and it is important that our capital position allows us to withstand turbulent years and also invest in the future. The capital coverage ratio of our non-profit fund (measured under Solvency UK) remains high at 206% as at the end of 2025 (compared to 245% at the end of 2024). This continues to be significantly above the base level regulatory requirement. A key reason for the reduction in capital coverage ratio is our decision to simplify our business by transferring a number of products that were held in subsidiaries to the Society. This generates significant efficiency and value for our business, however the risks associated with the transferred business are now included in the assessment of the Solvency UK capital coverage ratio. To mitigate the impact of this, a mass lapse reinsurance agreement was entered into for the Child Trust Fund, Junior ISA and Bond products within the Society. The reduction also reflects investment of some of our surplus capital in driving our long-term strategic growth, and efficiency initiatives. The surplus capital in our non-profit fund also continues to be robust in absolute terms at £81.0m (2024: £90.4m).

Present Value of New Business Premiums (PVNBP)

This metric represents the present value of future premiums (for insurance products) and regular payments (for investment products) that we expect to receive from new contracts written during the year; the present value of increased/new direct

debits on existing investment policies; and ad-hoc contributions made by customers to investment products during the year. This is an alternative performance measure (APM) as it is not defined in accordance with UK GAAP.

2025 saw significant growth compared to the prior year (from £876m to £1,314m). Key drivers of this growth are detailed below:

- The present value of new business premiums of ISAs and Lifetime ISAs grew by 33% compared to 2024 benefitting from the new telephony and customer management tools mentioned previously along with effective marketing campaigns.
- The savings product sold via a partner is a cash ISA. New investments increased significantly in the year due to attractive rates compared to the wider market.

Income

Income is an alternative performance measure (APM) as it is not defined in accordance with UK GAAP. Its composition can be seen on page 13. Investment business revenue does not include the deposits received from policyholders, but does include the charges earned from the funds under management.

2025 saw a 13% increase in income from insurance business (representing gross written premiums), reflecting the continued growth in protection business sales, albeit at a lower level than in 2024. The steady level of investment business revenue across the last few years illustrates that our income from sales of investment products such as ISAs and Lifetime ISAs is offsetting the reduction in income from Child Trust Funds as they continue to mature.

Net operating expenses

Net operating expenses across the technical account (Society – insurance related) and non-technical account (subsidiary related), decreased from £120.2m in 2024 to £107.2m in 2025.

These figures include transformation costs (which have been expensed rather than capitalised) of £18.7m. In previous years we have reported that the benefits from this transformation programme would drive growth and efficiency across the Group for many years. We are now starting to see this in both our income figures and the level of administrative expenses, with the latter decreasing from £53.7m in 2024 to £52.2m in 2025.

Acquisition costs in the year (excluding commission) have fallen from £18.0m in 2024 to £14.3m in 2025. This is largely a result of the consolidation of our direct sales activity into our Brighton office and the closure of the Swindon office.

Statutory result

The 2025 statutory result is a loss of £13.5m compared to a loss in 2024 of £15.3m. This largely reflects the impact of transformation costs incurred in the year, albeit at a lower level than 2024. Our expansion in the intermediated protection market also occurred late in the year, so had limited opportunity to impact the results in 2025.

The statutory result in the year, has also been impacted through the buy-out of the Engage pension scheme in the year. The gain arising on settlement of the scheme of £9.1m is considered material and has therefore been shown as a separate line item on the statement of income and expenditure. Please note that this gain is offset by a change in the long-term business provision (£11.6m) due to the recognition of the individual insurance contracts. It is anticipated that the buy-out of the Family Scheme will be completed in 2026. Pending that event, a long-term business provision is not recognised for the Family scheme, however a pension liability remains. See the glossary on page 156 for definitions of a buy-in and buy-out.

Operating Capital Generation

Operating capital generation is an alternative performance measure (APM) as it is not defined in accordance with UK GAAP. It is a key measure that the Board and management use to manage the business and is based on a view of economic capital for the Group as a whole rather than Solvency UK reporting of the Society alone. It represents surplus generated by the Group adjusted to remove the impact of financial market movements and certain one-off items.

The chart below illustrates the components of operating capital generation in 2025. Trading capital generation is a key element and monitored closely as we work to increase our profitable sales of protection and investment products. In 2025, the Group maintained the 2024 level of trading capital generated at £31m.

Offsetting this trading capital are the costs of strategic and business development plus the impact of variances in our experience against the valuation assumptions we have previously made. Being a mutual and receiving no external funding, the costs of developing our business have to be met from our own funds, and therefore in years of heavy investment there is a significant impact on our operating capital.



Change in OneFamily investment funds

During 2025, the Group continued to simplify its business structure and as a result transferred management of stocks and shares ISAs, Lifetime ISAs, some Child Trust Fund policies and legacy ISAs from subsidiary companies to the Society. As part of this transfer, the investments underlying the policies were also changed from being within OneFamily managed collective investment schemes, to being in unit-linked life funds. These unit-linked life funds in turn now invest in externally managed collective investment schemes. The funds affected are:

Previous Collective Investment Scheme	Products affected	New unit-linked fund	Asset components
OneFamily Global Equity Fund	Stocks and Shares ISA Lifetime ISA	OneFamily Global Select 100% Shares	Global equities 100%
OneFamily Global Mixed Investment Fund	Stocks and Shares ISA Lifetime ISA	OneFamily Global Select 35% Shares	Global equities 35% (max) Fixed interest 65% (min)
OneFamily Stockmarket 100 Trust	Child Trust Fund (ex- Engage Mutual)	OneFamily UK Shares	UK equities 100%

In addition to the new unit-linked funds listed above, a further new unit-linked fund – OneFamily Global Select 65% Shares – has been launched for Stocks and Shares ISAs, Lifetime ISAs and new Junior ISA policies to invest in. New Junior ISA policies can also invest in the OneFamily Global Select 100% and 35% unit-linked funds.

We plan to make further transfers of policies from OneFamily managed collective investment schemes to unit-linked life funds in 2026. When all policyholders within any of the Group's collective investment schemes are removed, the scheme will be wound up.

OneFamily investment fund performance

In 2025, the global economy experienced slower and uneven growth as countries continued adjusting to higher trade barriers, policy uncertainty and the fading effects of earlier economic support measures. Inflation continued to ease but was still above target in some regions. Overall, the picture was one of steady but subdued expansion, with both advanced and developing economies facing pressure from weaker trade, higher production costs and cautious investment decisions.

Within the UK, despite the economy growing by only 1.3% in the year, the FTSE 100 had its best year since 2009 rising by 21.5%. The All-Share index also saw an increase of almost 20%. UK markets were helped by several factors including high gold, silver and copper prices increasing the value of mining and commodity companies and banks benefitting from stronger profits. Globally, stock markets also

had a strong year despite it being volatile at the start with concerns over tariffs and slowing growth. In the US, the S&P 500 rose by 16.4% over the year.

The growth in markets is evidenced by the 1-year performance across our funds as shown in the table on the next page.

The Bank of England, continued to cut interest rates throughout the year as inflation came further under control, dropping to 3.75% in December 2025. However, rates remained higher than pre-2023 levels, impacting borrowing and investment decisions.

Market movements impact our customers where their policy is linked to underlying assets, as they will see volatility in the value of their holding. Investing in stocks and shares is typically for the longer term and while investment values can fall as well as rise, over the long-term, stocks and shares have historically grown more than cash accounts.

The performance of our main funds over a one, three and five year timeframe is shown on the next page. The table contains both unit-linked funds and collective investment schemes. Please note that only unit-linked funds are included within the Statement of financial position of the Society and Group. The collective investment schemes are managed by a subsidiary company and are not consolidated within the financial statements (see Note 1E). They are only included by way of any investment holding through the Society.

The table on the next page shows the performance of the largest funds managed by the Group in the year.

Unit Price Growth ¹				
Funds ²	Fund Type ³	One Year	Three Year	Five Year
Family Investments Child Trust Fund	CIS	20.52%	42.71%	55.37%
Family Balanced International Fund	CIS	16.00%	30.96%	30.50%
Family Charities Ethical Trust	CIS	20.76%	40.53%	66.31%
Family Asset Trust	CIS	24.07%	41.99%	67.36%
OneFamily Global Equity Fund	CIS	7.22% ⁴	47.95% ⁴	62.24% ⁴
OneFamily Global Mixed Investment Fund	CIS	4.42% ⁴	22.08% ⁴	9.15% ⁴
OneFamily Stockmarket 100 Trust	CIS	15.58% ⁵	32.01% ⁵	57.98% ⁵
Family Sovereign Fund	U-L	13.53%	31.83%	29.88%
OneFamily Global Select 100% Shares	U-L	3.93% ⁶	n/a	n/a
OneFamily Global Select 35% Shares	U-L	1.64% ⁶	n/a	n/a
OneFamily UK Shares	U-L	4.29% ⁷	n/a	n/a

Notes

- 1) Past performance should not be seen as an indication of future performance. Investors are reminded that the price of units, and the income from them, is not guaranteed and may go down as well as up. Growth shown is cumulative not annualised.
- 2) Funds are valued at bid price.
- 3) CIS = Collective investment scheme managed by a subsidiary company and are not consolidated within these financial statements. They are only included by way of any investment holding through the Society. Please see Note 1E for further details.
U-L = Unit-linked fund included within the Statement of financial position of the Society and Group
- 4) Fund ceased being active on 26/9/25 – the performance is therefore only to this date.
- 5) Funds ceased being active on 17/10/25 – the performance is therefore only to this date.
- 6) Fund established on 26/9/2025 – the performance is therefore only since this date.
- 7) Fund established on 17/10/2025 – the performance is therefore only since this date.

Climate-focussed funds and ESG (Environment, Social and Governance) focus

The objectives of the new OneFamily Global Select unit-linked funds are climate-focussed. That means that the underlying external funds within these unit-linked funds have been selected for their ethical/sustainable criteria where possible.

Following the transition to new OneFamily Global Select funds at the end of September 2025, we have also widened the products that are able to invest in these climate focussed funds to now include Junior

ISAs (as well as Stocks and Shares ISAs and Lifetime ISAs).

Our with-profits fund also has an ESG focus with its fixed income assets and equities being ESG centric.

We continue to actively engage with our investment managers to understand their stewardship activities including those relating to sustainability. Their stewardship activity is monitored through regular meetings and reporting to the Executive Investment Committee. Our main investment manager for unit-linked assets, State Street Investment Management (formerly State

Street Global Advisers), works with companies on oversight and governance issues to seek long-term value. The aim of their stewardship programme is to promote robust governance, including board oversight and disclosures. They undertake thematic engagements on various topics and have ongoing interactions on financially material sustainability risks and opportunities. They also vote on management proposals and against directors as needed to hold management accountable and prioritise long-term value creation. In 2025 key topics included:

- climate transition plan disclosure
- data centres and energy demand
- CEO transitions
- Remuneration
- Cyber risk

Outlook

The announcement of the proposed merger with Scottish Friendly is an exciting time for OneFamily and will provide an important opportunity to build long-term value for members. Whilst the merger is not expected to be effective until early 2027, work will take place across 2026 both to deliver the requirements for the legal merger and also to develop a detailed integration plan for the combination of the two mutuals which will operate in both Brighton and Glasgow offices. Alongside this, we will continue to deliver the growth strategy of OneFamily via sales of protection and investment products made possible by the investment into our infrastructure and people in recent years.



Philippa Herz
Chief Finance Officer



Inspiring Better Futures

Our vision is driven by supporting our members, investing in our colleagues and making a difference in our communities. You can read more about how we brought our vision to life in 2025 below.

To ensure we're able to deliver on our Inspiring Better Futures vision for years to come, we must remain committed to growing our business. As we marked our 50th year in 2025, our mission of creating and protecting value for our members, investing in our colleagues and giving back to our communities remains at the heart of what we do.

Putting our customers and members first

To deliver on this mission we need to grow and adapt our business, providing products, services and benefits that give peace of mind and promote financial wellbeing.

Growing our protection business

Beagle Street won 'Best Life Insurance Provider' at the 2025 YourMoney.com Personal Finance awards, for the third year running. Welcoming

this dedicated life insurance and critical illness provider into the OneFamily Group in 2022 opened more opportunities to help our customers to grow their financial resilience. Our research has found that almost three in ten (28%) young adults with a mortgage don't have life cover to protect them and their families¹, so it's crucial that we provide financially inclusive tools that enable our customers to build a robust safety net.

We also discovered that over a third of those with life insurance said they had found their insurance through an adviser, who could highlight the different options available to them². With its launch to the intermediary market, Beagle Street now offers its products through advisers, with an easy to access process designed from the ground up to make their lives easier in their business transactions with us and enable them to find the right product for their customers.

¹ Research conducted by Opinium, on behalf of OneFamily, 14th – 19th February 2024, among a sample of 2,000 UK adults aged between 18-40.

² Research conducted by Opinium, on behalf of OneFamily, 14th – 19th February 2024, among a sample of 2,000 UK adults aged between 18-40.

Supporting our customers' financial wellbeing

Our member benefits roll-out continued in 2025, taking the number of registered members to over 53,000. Once signed up, members can gain access to hundreds of savings and offers including shopping, wellbeing, technology, advice and travel. With the cost of living still being felt by many, giving our members the opportunity to save on everyday and larger expenses is another way we can help them boost their financial wellbeing. We will be inviting even more members to sign up and take advantage of these benefits in 2026.

Doing the right thing for our customers

We've been campaigning for over five years for the government to simplify access to child trust fund (CTF) savings for young people who lack mental capacity. In these cases, the child's family should go through the Court of Protection to ask for the money to be released. This is often a stressful, lengthy and costly process, with some people unfairly missing out on money that's legally theirs. So far, we've helped around 2,000 of our customers, who would otherwise have had to apply to the Court of Protection, to reach their savings.

Another cause close to our hearts affects our lifetime ISA customers. The lifetime ISA (LISA) can be used by account holders to buy their first home or for retirement. Individuals can invest up to £4,000 per year and benefit from a 25% government bonus on top of the money they pay in. However, if money is withdrawn for anything other than a first home or retirement (from the age of 60) then the account holder must pay a penalty charge of 25%. This means that, as well as losing the bonus, they may lose some of their savings too. The rising cost of homes means that the 2017 cap that was put on the cost of the property that could be bought with a LISA - £450,000 - is outdated. If a buyer cannot use their LISA to buy their first home, because it costs more than £450,000, they may have to withdraw their savings and then incur the 25% penalty fee. We've been urging the government to make changes to the LISA penalty and property cap. These simple updates could enable the LISA to be a critical tool in helping the next generation to move out of rented accommodation and into the stability of their own homes. We were pleased to hear the announcement, at the end of 2025, that the government are looking to reform LISAs with a consultation due in early 2026. OneFamily welcomes the opportunity to participate in this process.

Delivering excellent customer service

Creating a positive experience for our customers forms a core part of our mutual ethos. We invest in our people so they can be the best they can be for our customers, delivering excellent service and providing extra support when it's needed. This is reflected in our customer satisfaction scores which averaged 8.4 out of 10 across 2025.

Some of our focus areas for customer service in 2025:

- New phone system** introduced: we upgraded our phone system to connect customers to the right person faster. With clearer call quality and better functionality, we will be able to make it easier for customers to get the support they need, when they need it.
- Customer Experience:** We're continuing to explore new ways of working to better support our customers. Key indicators like customer satisfaction (CSAT), Speech Analytics, and Trustpilot reviews remain strong, reflecting the quality of service we aim to provide.
- Secure messaging and live chat:** we're making it easier for customers to get in touch by encouraging the use of secure messaging and live chat. Our focus on resolving queries in a single interaction has helped to significantly reduce response times and improved first contact resolution by around 20%.
- Quality of service:** We've built on the quality framework introduced in 2024 to support our teams and ensure a consistently high standard across both calls and administrative tasks. This helps us deliver a smoother and more reliable service.

Supporting access to education

The cost of further education can be a barrier for many young people and their families. We firmly believe access to education - and the career opportunities this opens - should be available to everyone, which is why we created our Young Person's Education Grants in 2019. Customers can apply throughout the year, and the grant can be used to fund laptops, travel costs, equipment and more. We're proud to have donated over £23,000 to young people in 2025, helping them to invest in a better future. You can read about how our charity partners are championing access to education and employment in the 'Charity Partnerships' section of this report.

Investing in our colleagues

Through our 'Invested' employee value proposition, we aim to give our colleagues the training, skills, and development they need to empower them to be bold in their thinking and to look creatively for new opportunities for the business. We're passionate about creating a collaborative, inclusive and dynamic workplace culture where our people can be themselves and thrive. We know that when a colleague feels safe, seen and part of a community at work, this has a direct and positive impact on productivity, innovation, collaboration, retention and wellbeing.

Here's how we invested in our people in 2025:

Engagement

The results of our WorkL employee engagement survey in January 2025 secured our place on the 'Sunday Times Best Places to Work' list in 2025, for the third year running.

Colleague engagement is hugely important when it comes to shaping our culture and identifying where we can improve. We had an excellent response rate of 81%, which meant that 478 colleagues provided feedback on how happy they are at work. We achieved an overall engagement score of 70%, which means we maintain a good overall WorkL engagement score.

We had some great outcomes from the survey; Job satisfaction was our top scoring factor and 'I have a good relationship with my manager' was the highest scoring statement for the third year running at 86%, 'I feel safe in my working environment' also scored highly at 86%.

In July we ran a pulse survey to assess how colleagues were feeling, having been through a period of change. We also used this opportunity to revisit the Diversity, Equity, & Inclusion and Psychological safety survey that we first ran in April 2024. We achieved a 74% response rate overall and received some great scores confirming that we are considered an inclusive employer and that colleagues feel able to bring their whole selves to the office and feel that they belong.

In January 2026 we completed our annual engagement survey and were delighted to achieve a good score for the fourth year in a row, we are now working on plans to ensure we maintain this level of colleague engagement throughout 2026.

Our internal employee forum, Talking Family, is dedicated to offering unbiased representation, assistance, and guidance to all employees. Representatives meet regularly with stakeholders across the business, facilitating effective two-way communication that enhances workplace relationships. These reps were especially vital in 2025 as the organisation transformed. They have provided support and guidance to impacted colleagues and shared questions, concerns and proposals with the business ensuring that colleagues' voices were heard.

Personal growth and development

Providing opportunities for our colleagues to develop and grow and enabling them to achieve their potential, is a promise that we have made to colleagues since the launch of Invested in 2023. Throughout 2024 and 2025 we have launched several initiatives and programmes to support colleagues at all stages of their careers.

The Aspiring Managers Programme was launched in 2024, The programme's aim is to provide our core colleagues and specialist, who have been identified as future People managers, with the skills, knowledge and behaviours required of a OneFamily Manager. The 2024 programme was a great success, with very positive feedback. All delegates took on additional responsibilities as a result of attending the programme and five of the twelve subsequently secured their first OneFamily manager role. The 2025 programme provided opportunities to more colleagues and secured similarly positive feedback.

The Career Mapping framework is a tool that is available to all colleagues who want to develop and grow in their current role or start building the tools and skills to take their next move. The framework has four zones for colleagues to work through, as they progress through their careers at OneFamily.

The Accelerate Manager Development toolkit is aimed at existing managers who are looking to build on their experience or progress to more senior roles in the future, as well as subject matter experts who have aspirations to become a manager. The toolkit covers twelve modules that have been designed specifically for OneFamily and that capture the knowledge, skills and behaviours required of our senior managers. We are currently piloting the toolkit as a development programme for a group of future leaders from across the business.

Equity, Diversity and Inclusion (ED&I)

Our organisation is made up of brilliant people. Each of us is unique, whether in terms of our background, personal characteristics, experience, skills, or motivations. And we value our people for the differences they bring to the table.

Fostering an inclusive culture helps each of us to benefit from a wider range of these different perspectives, experiences and skills.

In 2025 we communicated our ED&I strategy to colleagues, as well as publishing it on our website, www.onefamily.com/our-story/company-information/diversity-and-inclusion-strategy/, to clearly show our commitment to ED&I across the organisation and in our communities. Our strategy is simple, we aim to **Celebrate, Educate and Increase Visibility**. As well as actions, our strategy lays out targets for the next three years.

Our ED&I networks have a big part to play in achieving the strategy and enabling the organisation to live up to our purpose to celebrate, educate and provide visibility to colleagues of minority groups, acknowledging and celebrating our differences and promoting a safe and inclusive culture for all.

- o **LGBTQ+ Network** – Celebrating its second anniversary in 2025, the network, now named Proudly@, worked together, with the support of colleagues across the business to fundraise for Brighton & Hove Trans-Pride. The network held bake sales, ran educational forums and encouraged colleagues to wear the colours of the Trans Pride flag, pink, blue and white.
- o **Ethnicity and Culture Network (ECN)** – A colleague-led initiative launched in 2024 with the aim to foster an inclusive and supportive environment and promote ethnic and cultural inclusion. ECN hosted their second Movie Night in September, with all colleagues invited to enjoy a film screening and socialise with people across the business. Several world food events were held in 2025, with the network bringing in an array of delicacies for colleagues to experience. The ECN have also recognised Black History month, with educational and inspirational articles being hosted on our Intranet.
- o **Neurodiversity Network** – launched in 2024 the network continues to provide a support for neurodiverse colleagues, as well as those that support, care for or have family members who are neurodiverse. The network has also, this year, published a number of articles to celebrate

Neurodiversity celebration week, as well as hosting a Games lunch to recognise National Inclusion week – encouraging colleagues to get to know each other through playing board games

Our three networks work together to recognise intersectionality in the workplace and to build a plan for 2026 on how they can support each other to fulfil their purpose.

We've continued to live up to our Disability Confident Employer status. We completed an access audit in our Brighton office, which resulted in the installation of a ramp and automatic doors, improved signage on each floor, provision of an accessible parking bay and further adjustments to improve accessibility. We are working towards achieving our Disability Confident Leader status in 2026.

For the fourth year, we have hosted interns through the 10,000 Black Interns programme. Interns join us for 12 weeks to gain experience of the workplace. This year we hosted interns in our Marketing, Risk & governance and Underwriting departments with great feedback being received from interns and colleagues alike.

Gender equality and pay

We're proud to be a signatory of the Women in Finance Charter, an initiative that requires us to set targets for gender diversity in senior management and to report on our progress and the steps that we're taking. We're committed to ensuring strong representation of women in senior management roles and throughout the organisation.

We set a target to increase female representation at senior level to at least 40% by the end of 2025. We're pleased to report that we exceeded this target by the end of December 2025, with females accounting for 44% of this group. For 2026 our target is to maintain at least 40% female representation at the senior management level.

Gender Pay Gap

You can find our 2025 Gender Pay Gap Report on our website at www.onefamily.com/assets/consumer/downloads/company-information/Gender-Pay-Gap-2025.pdf. This is a government initiative that requires companies of a certain size to report on the difference between the average and median pay of all men and women in a workforce and is expressed as a percentage of men's earnings. It thereby encourages organisations to promote the right practices and culture in the workplace.



Women continue to make up a significant part of our workforce at 46% (2024: 45%). We have seen a welcome decrease in our pay gap this year with the difference between male and female pay falling to 7.9% from 14.12% (mean). This is the lowest since we began reporting in 2017 and reflects our ongoing progress in increasing the proportion of senior roles held by women. The median difference also marginally decreased to 15.36% from 15.41%. Our mean bonus gap is also at its lowest recorded level, 20.4%, down from 30.8%. The median gap has also seen a significant reduction, from 38.5% to 17.5%.

Gender diversity plays a key role in our corporate objectives. We aim to attract, engage and retain talented women at all levels, with an emphasis on increasing the proportion of female colleagues holding senior manager positions. We're doing this by recruiting in a gender-neutral way, supporting women through key stages in their lives and offering female talent programmes to help colleagues gain the confidence to progress.

We have achieved strong female representation at the most senior levels of the organisation, where the Executive team comprises 25% men and 75% women.

Wellbeing

Our Wellbeing Champions have continued to promote and deliver wellbeing initiatives across the business. This included hosting a Menopause cafe, promoting our cycle to work scheme, as well as building awareness of the benefits, tools and support available to support our people with their health and wellbeing.

We have also introduced a new healthcare benefit, the Help@Hand app, which provides colleagues with access to "in time" help and guidance for mental and physical wellbeing.

Celebrating success

We want to celebrate and recognise colleagues who embrace our values and display the behaviours that support our vision and purpose. Our 2025 Values Awards saw 109 individual colleague nominations and 20 team nominations, with winners attending a celebration event to reward their achievements.

Supporting our communities

2025 has been a year of growth for our business. But our mutual ethos remains at the heart of what we do, reflected in our drive to make a difference in our communities. Through local and national charity partnerships, volunteering and fundraising, we provide financial and practical support to those that need it most.

Charity partnerships

We formed our charity partnerships to make a meaningful contribution to causes aligned with our values. This doesn't just amount to funding. It also means getting involved in other ways too – whether that's giving our time, providing office space or fundraising. Here's how we brought our partnerships to life in 2025:

Money Ready

Our national charity partner, RedSTART, has recently joined Money Ready. This merger brings together two charities with a shared goal of making financial education accessible to everyone, regardless of background.

Together, they'll deliver high-impact financial education programmes to more than 50,000 people across the UK each year. Covering topics such as saving, debt and student finance, their mission is to empower individuals, from early years to adulthood, to manage their money with confidence.



Leon Ward, CEO of Money Ready, said: "At Money Ready, we believe that every young person deserves the chance to build a secure and confident financial future, regardless of background.

"We rely on financial literacy every single day, often without even realising it. Yet too often, people aren't taught how the system works. When these skills are taught early, we don't just help children avoid costly mistakes later in life, we empower them to build healthy financial habits, make confident choices, and contribute to their own stability and the wider economy.

"The year three results from our Change the Game research with Kings College London shows year on year improvements in our learners' financial knowledge, ability, and mindset, demonstrating that consistency and quality in delivery is key. After three years of exposure to Change the Game, the financial knowledge of pupils receiving Change the Game was 5.6% higher than the control school pupils. We are extremely grateful to OneFamily for their continued support of our work, allowing us to bring impactful, expert-designed financial education to more people than ever."

How we supported Money Ready's mission in 2025:



We hosted a Lunch and Learn session to give colleagues a hands-on look at the activities delivered in Money Ready programmes. They explored how children learn to distinguish needs from wants and understand the real cost of 'Buy Now, Pay Later' schemes. The session helped prepare colleagues for upcoming volunteering workshops, where they'll run these games and teach children about financial education.



Our donation supported their Change the Game programme, which teaches primary school children from disadvantaged areas about money, with the aim to build strong evidence of the positive impact of early and ongoing financial education. Their findings will be used to inform public policy and ultimately provide a scalable blueprint for the government to follow in primary schools.



Spear Brighton Trust runs an award-winning coaching programme that empowers young people aged 16 to 24 to take their next steps into employment or education. Their vision is to transform the lives of up to 90 young people facing barriers to work in Brighton each year, giving them the support, skills and confidence they need to get into work. 75% of participants move into work or education and remain there a year after completing the programme.

How we worked with Spear in 2025:

We ran five mock interviews at our Brighton office throughout the year, where our colleagues helped Spear candidates practise their interview skills to prepare for the real thing. These sessions are designed to build confidence and set the young people up for career success, young people's futures.





The Clock Tower Sanctuary provides the only drop-in day centre in Brighton for 16-to-25 year olds experiencing homelessness. The charity gives a warm welcome and a safe place for young people in need of support, as well as freshly cooked meals, laundry facilities, weekly activities and more.

Our partnership in 2025:

Our donation this year supported improvements to their day centre, including making one-to-one support more effective and the service more accessible for young people. We also have donation boxes in the office with wish lists, and our team regularly brings in items to help meet the day centre's ongoing needs.



Our partnership in 2025:

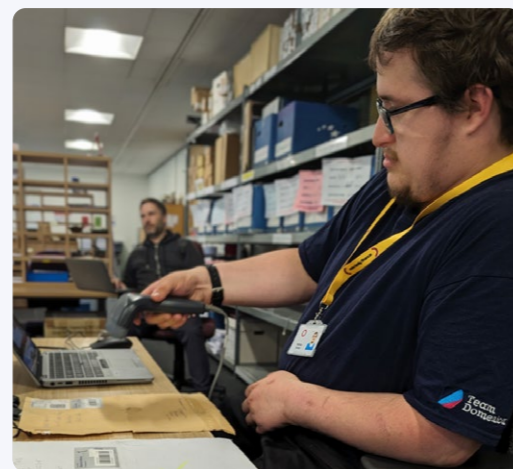
Our donation this year supported improvements to their day centre, including making one-to-one support more effective and the service more accessible for young people. We also have donation boxes in the office with wish lists, and our team regularly brings in items to help meet the day centre's ongoing needs.



Team Domenica support young people with learning disabilities to gain paid employment and reach their full potential. The Brighton-based charity create brighter futures for their candidates through improving their confidence, independence, wellbeing and employability skills.

In 2025, we continued to grow our partnership to provide meaningful support where it was needed most:

We welcomed a candidate into our Brighton office to gain valuable work experience over several months, as part of Team Domenica's Supported Employment Programme. These opportunities help build the skills and confidence candidates need to succeed in their future careers.



Our annual donation also supported training across the charity's programmes and contributed to exciting developments, including the creation of a new café site that will feature an education and employment centre.

Volunteering

The drive to make a positive difference runs all the way through our organisation, from the range of charities our Board members support to the local causes our colleagues give their time to.

In 2025, our colleagues put their three volunteering days to meaningful use, getting involved with a wide variety of charities. Some of our highlights include:

Our volunteers braved all weathers to help in the beautiful gardens at Martlets hospice, weeding flower beds, repairing compost bins and more. Martlets provides vital care and respite for people with terminal illnesses and their families, so every contribution counts.

One colleague spent the day supporting St Barnabas Food Bank, helping ensure food reaches those who need it most. Another colleague dedicated time to the Rotary Club Shoe Box scheme, checking, sorting and packing shoeboxes filled with gifts ready to be shipped to disadvantaged children for Christmas.

A team of OneFamily colleagues joined forces to waterproof a garden shed and clear allotment space for the Brighton Unemployed Centre & Families Project. These allotments are central to the centre's work, teaching people to grow fruit, vegetables, herbs and salads that go into healthy community lunches for those who need them most.

We also rolled up our sleeves for a day of hard physical work at Raystede Centre for Animal Welfare, clearing weeds and building much-needed furniture to support the charity's mission of caring for animals.

And at the Terrence Higgins Trust's Brighton hub, our colleagues helped assemble sexual health packs, ready to be distributed in local pubs and clubs during Brighton Pride.

Donations and Fundraising

In addition to the charity partnerships mentioned above, we also donated to Brighton Unemployed Families Centre, Justlife and Safe Haven, supporting the vital work they do to improve wellbeing and offer stability to people facing challenging circumstances. We also donated to Seaford Head Senior School to support improvements to their student run animal farm, where young people gain hands on experience and recognised qualifications like the BTEC in Animal Care. The initiative provides meaningful, close to home learning for students of all backgrounds, helping them build practical skills and confidence.

OneFamily matches colleague fundraising up to £500, helping them maximise their donations to the causes they care about most. In 2025, our colleagues climbed mountains, ran marathons, hiked and baked all in support of charities close to their hearts. Together, we contributed circa £6,000 in matched donations to organisations providing mental health services, supporting hospitals and local schools, helping people affected by cancer, and more.

Our work with ICMIF (International Cooperative and Mutual Insurance Federation)

We are delighted to continue our support and engagement with ICMIF. Their work focuses on reducing financial inequality and improving financial education and resilience of underserved communities that have traditionally been overlooked by mainstream insurers and financials. With their global network of Mutuals they provide valuable insights into innovative & emerging strategies that are successfully building long-term financial resilience for current and future generations. Our contribution funds some of these programs and we benefit from a deeper understanding of those new global activities that could influence OneFamily and the UK mutual sector in better serving our own members.

Our environment

We recognise our responsibility to protect the environment and contribute to a sustainable future and have taken steps to align our operations with best practices, which we regularly review.

Please see page 49 of the Climate-related financial disclosure report for how we have made improvements to reduce carbon emissions in our premises in West Street, Brighton.

To encourage and enable efficient recycling, we have centralised recycling points in our office. Additionally, we use a building management system to ensure the heating and cooling systems are only operated when the office is occupied, shutting down automatically during weekends and evenings to reduce our emissions.

All ageing office equipment is replaced with energy-efficient products, and we set ourselves internal targets for paper reduction, transitioning several of our operations to become paperless.

We also aim to minimise our environmental impact through our employee benefits. The car salary sacrifice scheme we run enables our colleagues to purchase electric vehicles, and we also run a cycle to work scheme.



Section 172 report on our stakeholders

When making decisions, the directors recognise that the long-term success of our business is dependent on the way the Group interacts with a large number of stakeholders

Whilst the Group continues to report under the Friendly Societies Act, it has elected to present a Section 172 statement as set out in the Companies Act 2006.

When discharging their duties and making decisions, section 172 of the Companies Act 2006 requires directors to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;

- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly between members of the company

The Board depends on a range of different resources to succeed and needs to work with and listen to the views of its various stakeholders to achieve this.

The six stakeholder groups in the table below have been identified as key to us successfully delivering our strategy. OneFamily interacts with each of these groups of stakeholders in a different way. It is essential that the Board and management of OneFamily reflect on the views of these stakeholders, considering what further actions can be taken to align stakeholder concerns with OneFamily's strategy.

Our members and customers

What they care about	Where to find more about our actions and engagement through the year
◦ Good service and customer led engagement	Chair's review
◦ Clear, fair and transparent products that meet their needs, offer value for money and are easy to access and manage	CEO's Report
◦ Financial security and particularly protection of loved ones in the event of illness or death of a family member	Our Strategy
◦ Good investment performance outcomes	CFO's report
◦ Clear strategy	Inspiring Better Futures
◦ Environmental and social issues	Corporate governance report
◦ Creation and protection of value	Directors' remuneration report
◦ How the organisation is governed and that rewards for directors are not disproportionate	
◦ Member benefits	

Our Colleagues

What they care about	Where to find more about our actions and engagement through the year
<ul style="list-style-type: none"> Having the means to serve customers well Personal growth and career development Positive working culture & knowing their voice is heard Environmental and social issues Ensuring Health and Safety is taken seriously, including mental health & wellbeing The cost of living Getting a fair deal and fair treatment OneFamily's strategy and purpose Supporting our local communities and charities Equity, Diversity and Inclusion 	<ul style="list-style-type: none"> CEO's Report Our strategy Inspiring Better Futures Directors' remuneration report

The Regulators

What they care about	Where to find more about our actions and engagement through the year
<ul style="list-style-type: none"> That the Group has a sustainable long-term business model and remains solvent That the Group delivers good customer outcomes and is operated in line with regulations That the Group is operationally resilient and sustainable That the Group is proactive and seeks to understand and work to comply with evolving regulation That the Group acts as a good custodian of member capital That the Group is applying tax legislation appropriately both as a business and for policyholders That the correct level of tax is paid to HMRC Good governance and culture 	<ul style="list-style-type: none"> CEO's report Our strategy CFO's report Risk management report Corporate governance report

Third party partners, intermediaries and suppliers

What they care about	Where to find more about our actions and engagement through the year
<ul style="list-style-type: none"> Collaborative, long-term relationships <p>Partners:</p> <ul style="list-style-type: none"> Partnering for mutual success Delivery to agreed service level agreements Ring-fenced data Dedicated partnership support Developing trusted partner relationships <p>Intermediaries:</p> <ul style="list-style-type: none"> Offering a comprehensive and fairly priced proposition They can trust us. We will pay (valid) claims at the point of claim Dedicated Intermediary support Being paid commission on time <p>Suppliers:</p> <ul style="list-style-type: none"> Being paid on time 	<ul style="list-style-type: none"> CEO's report Our strategy

The wider community

What they care about	Where to find more about our actions and engagement through the year
<ul style="list-style-type: none"> Local people and places Support of people in need Access to education and training Support finding people employment opportunities 	<ul style="list-style-type: none"> Inspiring Better Futures

Those impacted by our influence on the environment

What they care about	Where to find more about our actions and engagement through the year
<ul style="list-style-type: none"> The OneFamily Group's impact on the environment The provision of ESG funds for customer investment The identification and measurement of financial risks associated with climate change 	<ul style="list-style-type: none"> Inspiring Better Futures Climate related financial disclosure Corporate Governance Report - Our role as an institutional investor

During 2025, the Board and its sub-committees focussed on a number of matters with material or strategic importance to the Group. Examples of key items are listed below along with the considerations made and how stakeholders were reflected in these discussions.

Matters discussed	How stakeholders and other factors were considered
Proposed merger with Scottish Friendly	<p>The Board held additional meetings during 2025 to discuss the proposed merger including consideration of regulatory expectations and process, capital implications and execution risks. The Board considered the strategic rationale for the proposed merger. This involved assessment of numerous factors (impacting all stakeholder groups) including:</p> <ul style="list-style-type: none"> The benefit for both members and colleagues of a stronger, more impactful combined mutual The joining of two friendly societies with similar mutual ethos and culture The combined product and distribution opportunities of the new entity
Protection proposition – intermediary launch	<p>Throughout the year the Board received regular updates on the progress of the protection proposition and the launch to intermediaries. They also had a deep dive on the intermediary market. This allowed the Board to understand the key factors that the intermediary market is looking for when dealing with insurers.</p>
Simplification of business structure	<p>The Board were regularly updated on the progress of projects to simplify the business structure. For example, this included the consideration of outsourcing administration for certain products to experts in the relevant field and also the transfer of the administration of investment contracts from subsidiary companies to the Society along with changes in the investment funds held by these policyholders. These projects were considered from the point of view of customer (including consumer duty), colleague and regulator impact.</p>
Rationalising operations	<p>During 2025, the proposals for rationalising operations, including focussing our presence in Brighton, was considered by the Board and its sub-committees in relation to the long-term benefits for members and any impacts on customers. In addition, the Chair of the Member, Customer & Culture Sub-Committee attended regular Talking Family meetings and heard the perspectives of colleagues in relation to the various changes being proposed.</p>

Matters discussed	How stakeholders and other factors were considered
Pension scheme buy-out	Following consideration of the Pension scheme buy-ins in 2024, during 2025 the Board have monitored the progress of the buy-outs of the two Group pension schemes. They were updated on completion of the buy-out process for the Engage Scheme, which saw some members of this Scheme become individual policyholders of the Society.
Strategic partnerships	The Board were kept informed of a strategic partnership entered into during the year with Microsoft. This partnership will see OneFamily migrate data from physical servers to the 'cloud', modernise applications and enhance data security. The Board were updated on how the proposals will impact our colleagues – through the provision of simpler processes, powerful tools and better data and insights leading to smarter decisions. From a member and customer perspective the Board were informed how the partnership will result in faster innovation and create a secure, flexible foundation for our future alongside cost savings.
Operational resilience	The Risk Sub-Committee had (and continue to have) a standing agenda item on operational resilience. During the year they reviewed and recommended to the Board, for approval, the Group's review of important business services, impact tolerances and written self-assessment as required by the regulators.
Cyber risks	Early in 2025, the Board were provided with a 'toolkit' aimed at non-executive directors to help them govern cyber risk more effectively. This included details on how cyber risk is managed in a supplier chain. This was followed later in the year with a deep dive session on how cyber risk is managed within OneFamily including the tools at our disposal and how these are used to mitigate different risks. The Board also gained an appreciation of the changing nature of cyber risks and security. Cyber risk is a standing agenda item at each Risk Sub-Committee meeting.
Culture	Through the year, the Member, Customer & Culture Sub-Committee reviewed culture metrics for the Group. They also considered the gender pay gap reporting and agreed that the target for women within senior management roles should be retained at 40%. In 2025 the Sub-Committee were provided with relevant findings of an Internal Audit on Diversity & Inclusion. Following this, the Sub-Committee reviewed and approved the Diversity, Equity & Inclusion charter.
Consumer duty	The Board considered the annual assessment of the Group against the Consumer Duty regime, and the Member, Customer & Culture Sub-Committee received regular management information throughout the year. Consumer Duty has proven to be a catalyst for improved outcomes for customers across the industry including at OneFamily.

Risk management report

Effective risk management is essential in enabling us to create and protect value for members. The Board-approved risk culture, strategy, appetite and risk management framework articulates the approach to taking and managing current and emerging risks.

The Board reviews and sets a risk appetite at least annually, in the context of the current business and economic conditions. This covers capital, liquidity, market, insurance, ESG (environmental, social and governance) and operational risk.

The table of principal risks and uncertainties, trends, and how these are managed, are set out in the section below.

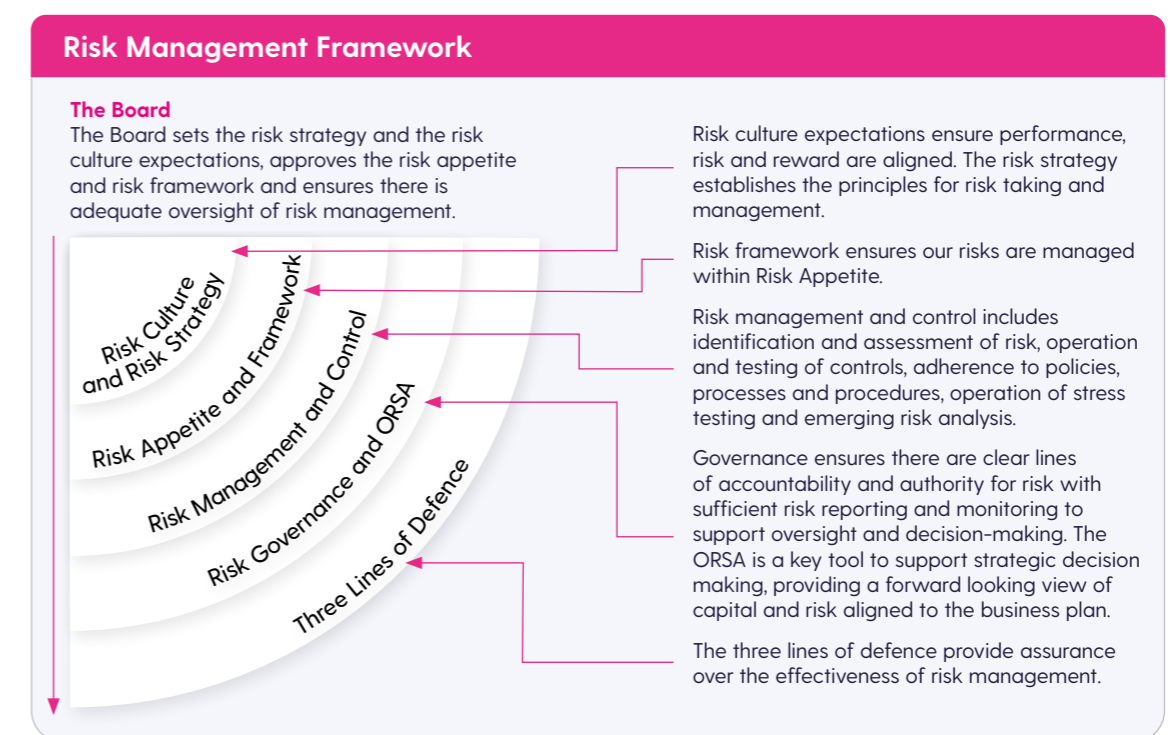
Risk management framework

OneFamily's risk management framework is the foundation for the delivery of effective risk management and control. It seeks to ensure that risks are identified, assessed, controlled, monitored and managed within the approved risk appetite

and reported through established governance routes in line with delegated authorities. The risk culture and strategy set the foundation to take rewarded risks that are understood and consistent with our purpose and business strategy while helping to ensure that we remain compliant with all regulatory and legislative requirements, as well as our values.

The Board sets the risk culture expectations, which promote a culture of openness and transparency in decision making, balancing performance with principles to do what's right for all our stakeholders. The Remuneration Sub-Committee measures performance and guides remuneration with reference to cultural factors such as adherence to risk and control requirements and adequacy of governance and conduct risk.

The Board has ultimate accountability for risk management and receives recommendations from the Risk Sub-Committee. The Risk Sub-Committee also monitors the impact of regulatory change and receives reports on regulatory compliance.



The internal control framework is overseen by the Risk Sub-Committee and receives reports on its operation and evidence of its effectiveness.

The Own Risk and Solvency Assessment (ORSA) is an ongoing assessment of the risks to which OneFamily is exposed and an evaluation of the sufficiency of capital resources and risk mitigation strategies to support delivery of the business strategy over the plan horizon. It is overseen by the Risk Sub-Committee and recommended to the Board for approval annually.

OneFamily operates a three lines of defence model for risk management. The first line comprises management and colleagues in the business and shared functions who are responsible for identifying, managing and reporting risks in their areas.

The second line is the Risk and Compliance teams who advise, challenge, monitor and support the first line on taking risks and dealing with risk exposures. The second line produces independent reports on its opinions for the Board and Executive team providing close challenge and oversight of business plans, strategic initiatives, regulatory compliance and business operations.

The third line is the Internal Audit team which provides reasonable assurance as to the effectiveness of control frameworks operated by both first and second lines of defence.

A number of management committees fulfil important roles in supporting the challenge and oversight of risk matters. These include:

- **The Executive Committee** – which oversees the work of other management committees and ensures appropriate prioritisation of activities. This includes a Growth, Efficiency and Mandatory (GEM) project change review and recommendation process
- **The Capital Management and Reporting Committee** – covering matters relating to capital management, ORSA, financial reporting and the actuarial key function
- **The Conduct Risk and Culture Committee** – covering matters relating to conduct risk including compliance with the Consumer Duty, culture, financial crime and data protection

- **The Executive Operational Resilience Group** – covering the oversight of the operational resilience strategy and associated risks relating to third parties, technology, cyber security, people, process, climate and premises
- **The Executive Investment Committee** – covering matters relating to the development of investment strategy and the management of investments in line with the investment strategy and risk appetite
- **The Product and Pricing Committee** – covering matters relating to pricing and product changes relating to existing products and also to pricing and product terms for new products prior to launch

Principal risks and uncertainties

Our current principal risks and uncertainties, with their corresponding actions to manage and mitigate these risks, are summarised in the following table.

Recent years have seen shifting geopolitical tensions, economic uncertainty and continued cost of living challenges. These have in large part shaped the economic environment impacting consumer behaviour and volatility in investment values. Rapid technological advances are reshaping the operational landscape, introducing both efficiencies and new risks – particularly in areas such as cyber, operational resilience and artificial intelligence. These developments require robust risk management frameworks. The risks arising from climate change are diverse, interconnected with other sustainability issues and present both risks and opportunities. The framework to assess and address the risks arising from climate change continue to be embedded and enhanced within our governance and risk framework. This is covered further in the Climate-related financial disclosure section.

We continue to monitor the potential impact on our principal risks and uncertainties and take mitigating action accordingly.

Risk	Impact	Management and mitigation
<p>Strategic Risk:</p> <p>Risk of not delivering a sustainable operation caused by failing to achieve cost efficiencies, effectively manage the change or effectively deliver strategic transactions</p>	<ul style="list-style-type: none"> ◦ Our financial position could be impacted if our operations require more resources or more costly resources than anticipated, for example due to changed regulatory expectations, increase in desired service standards, lower level of adoption of automated servicing or higher complaints. ◦ The delivery of efficiencies and strategic benefits from change programmes could be adversely affected by insufficient resource and capabilities as well as ineffective scheduling, oversight, business case, prioritisation or over optimistic assumptions. ◦ The delivery of strategic transactions such as the acquisition of new businesses or portfolios or the execution of mergers could present execution, integration and legacy business risks. 	<ul style="list-style-type: none"> ◦ We have strategic programmes in place to remove complexity and deliver efficiencies. ◦ We continually investigate and deliver options to reduce cost and drive efficiency. ◦ We operate and continue to review our project delivery methodology. ◦ We have implemented a Mergers and Acquisitions strategy and embedded this into risk appetite. Mergers and Acquisitions are overseen by a dedicated sub-committee of the Board. ◦ With the delivery of strategic programmes, review of change management methodologies, the significant reduction in the cost base and outsourcing of sub-scale pension portfolio this risk has reduced over the reporting period.
<p>Strategic Risk:</p> <p>Risk new business and fund retention initiatives fail to produce an adequate return on capital</p>	<ul style="list-style-type: none"> ◦ Changes to the bonus structures, eligibility rules or withdrawal charges of tax-free savings products (Lifetime ISA, ISA) could materially impact product profitability, consumer behaviour and long-term demand. ◦ Cost of living challenges may reduce customers' ability to save and/or maintain insurance premiums. There is the potential for this to be offset by demand from a growing need to address the "protection gap". ◦ While we operate in customer markets where there is strong demand, we face competition risk and risks associated with the business models and decision-making of third party distributors, regulatory uncertainty and delivery of key products and propositions. ◦ Investment market volatility and actual or anticipated falls in asset values may undermine customers' confidence in stockmarket based investment products – although inflation concerns may increase the appeal of real investments for those with long-term time horizons. 	<ul style="list-style-type: none"> ◦ Continued lobbying both directly and through industry forums on potential changes to these products and full participation in the planned Lifetime ISA consultation. ◦ Our product development actions, in particular in the protection space, mean we can play a fuller role as a mutual life insurer in supporting better social outcomes by protecting more customers, supported by own and acquired capabilities and the capabilities of the modernised platform. ◦ We are continuing to broaden distribution channels for Protection and have improved the quality framework in support of this. ◦ We regularly challenge business cases for new product and distribution initiatives. ◦ We continually review and take actions to increase sales efficiency and effectiveness in our chosen growth markets. ◦ With the delivery of strategic programmes including the investment in digital sales, intermediary expansion and transfer of the Lifetime Mortgage portfolio this risk has reduced over the reporting period.

Risk	Impact	Management and mitigation
<p>Operational Risk:</p> <p>Cyber & Operational Resilience</p>	<ul style="list-style-type: none"> o Cyber: Third parties and other unauthorised users may attempt to gain access to our systems for misuse of customer and OneFamily data, or to disrupt the business using malware and viruses. This could lead to corrupted or lost data, business interruption, compliance breaches, regulatory fines and reputational damage. Continued uncertainty with the Ukraine and Middle East conflicts increases the risk of cyber-attacks targeting the UK Financial Services sector. o Operational Resilience: We are exposed to the risk of causing intolerable levels of disruption to our customers and stakeholders if we cannot maintain the availability of our important business services within impact tolerance levels when faced with major IT, operational or third party disruptions. o Third Parties and Outsourcing: We have a number of material relationships with outsourcers and third parties. Whilst these providers complete processing or specialist work, we remain fully responsible for the oversight, management and performance of the outsourced activity. We may be unable to meet our customer obligations following the failure of, or a significant degradation in, service received from a material outsourcer or third party. 	<ul style="list-style-type: none"> o Cyber: We make investments in line with the Cyber Strategy to reduce exposure to vulnerabilities and strengthen controls. We operate ongoing pro-active monitoring, prevention and testing of controls to mitigate our cyber risk. Testing of cyber security awareness forms a key part of our training programme. We continually review our arrangements to help ensure that cyber investment remains appropriate to mitigate the continued and changing nature of cyber risk. o Operational Resilience: We have an Operational Resilience programme in place that aims to ensure that important business services would be able to operate within impact tolerances in a range of severe but plausible scenarios. o Third Parties and Outsourcing: We have a continuous programme of review and due diligence over the key third parties we work with, to identify and manage potential weaknesses including resilience, continuity and cyber risk. We undertake reviews of contingency plans for planned and stressed exits of third parties. o With the delivery of strategic programmes including the investment in digital sales, intermediary expansion and transfer of the Lifetime Mortgage portfolio this risk has reduced over the reporting period.
<p>Operational Risk:</p> <p>People risk</p>	<ul style="list-style-type: none"> o Delivery of the OneFamily strategy and business plan is dependent on attracting and retaining a talented, diverse and engaged workforce with the specialist skills and capabilities required to drive an increasingly digital business with the envisioned levels of new product and proposition development. o The economic outlook may impact our colleagues and in turn, productivity, wellbeing and retention. o Strategic change, the growth strategy, downsizing and other business initiatives have the potential to create periods of uncertainty for our people. 	<ul style="list-style-type: none"> o We ensure that our Employee Value Proposition aligns with what motivates and attracts colleagues. Focusing on development, wellbeing, clear career pathways and establishing strong talent pipelines. o Our operating model focuses on increasing productivity, creativity, and engagement aligned to the growth strategy. This is measured through engagement surveys, supported by wellbeing and health support measures and frequent CEO communication. o The aggregate management of the impact of the business plan on colleague capacity is considered carefully in strategic decision-making. o The continued emphasis on the Employee Value Proposition, clear and frequent communications and good overall WorkL engagement score, notwithstanding the downsizing actions, mean that this risk has not materially changed over the reporting period.

Risk	Impact	Management and mitigation
<p>Operational Risk:</p> <p>Operational process (including compliance) failure</p>	<ul style="list-style-type: none"> o Through our day-to-day operations, we are exposed to the potential for operational errors emerging or persisting, causing rework, backlogs and unplanned cost. o We operate in a highly regulated environment which is experiencing a period of change. There are also a number of regulatory initiatives intended to streamline regulation, reducing burdens on firms, and enabling innovation and growth. o Our regulatory footprint is impacted by developments in the business such as potential restructuring of legal entities and funds, acquisitions and divestments and the development of new products, propositions and distribution arrangements. 	<ul style="list-style-type: none"> o Our operational risk & control management framework includes the tools and processes necessary to identify, measure, manage, monitor and report on the operational risks. o Our change programme includes a number of initiatives designed to increase operational efficiency and reduce error levels. o We have a programme of ongoing risk assessment of the impact of major change activity on the risk profile. This includes the impact on regulatory risk. o We undertake a programme of regulatory monitoring reviews to assess our ongoing compliance posture. Our monitoring of regulatory change and the integration of new regulatory requirements within our change management processes helps ensure we remain compliant over time while taking advantage of opportunities to streamline compliance obligations and support innovation and growth. o We undertake second line reviews of major projects, acquisitions and product developments. o The proposed merger with Scottish Friendly will likely raise the level of change activity meaning that this risk has increased over reporting period.
<p>Market Risk:</p> <p>Risk of adverse fluctuations in values of, or income from, assets or in interest or exchange rates</p>	<ul style="list-style-type: none"> o Equity risk is our largest source of market risk. o Falls in gilt yields will also have an adverse impact due to the nature of insurance liabilities. o We anticipate a level of volatility in interest rates, although the higher costs of running the business become baked in. o We might, however, expect more significant impacts from the effects of high inflation on asset valuations and the challenges faced by our customers in meeting large rises in the cost of living. 	<ul style="list-style-type: none"> o Monitoring market status and impact on solvency coverage ratios. o Assessment of potential short and long-term implications of market movements. o Investment Strategy defined in line with the Prudent Person Principle. o Monitoring and oversight of asset and liability matching (ALM). o This risk has increased over the reporting period given the volatility introduced by the Iran war.

Risk	Impact	Management and mitigation
<p>Insurance Risk:</p> <p>Risk of loss due to adverse deviation of claim payments from those expected when pricing products and setting the technical provisions</p>	<ul style="list-style-type: none"> We have long-term liabilities which are sensitive to adverse variations in lapse, surrender, mortality, morbidity and longevity experience as well as the risks related to expenses and reinsurance terms. 	<ul style="list-style-type: none"> Regular experience investigations to determine and respond to trends. Use of capital management techniques to manage insurance risk, e.g. a mass lapse reinsurance agreement was implemented in 2025 to mitigate the level of lapse risk for the Child Trust Fund, Junior ISA and Bond products within the Society. Review of the reinsurance approach to test commercial and risk outcomes against alternative strategies. Pricing capability involves the setting of assumptions for long-term trends in factors such as mortality, lapse rates, expenses, interest rates and credit defaults. Whilst the overall risk to the Group has not materially changed over the reporting period, the transfer of retail investment business from subsidiaries to the Society does impact the mass lapse risk as seen in our solvency coverage ratio as this relates solely to the Society and not the wider Group.
<p>Conduct Risk:</p> <p>Risk that our behaviour or actions result in detriment or unfair outcomes for our customers</p>	<ul style="list-style-type: none"> We are exposed to the risk that we fail to deliver fair outcomes for our customers leading to adverse customer experience and potential customer detriment. This could also lead to reputational damage and/or financial losses. 	<ul style="list-style-type: none"> Our ethics, values and corporate culture, organisation structure and control functions put the customer at the heart of the business, with additional consideration for those customers deemed to be vulnerable. Oversight and challenge of conduct risk exposures through the Conduct Risk and Culture Committee and escalation to the Risk Sub-Committee and Member Customer and Culture Sub-Committee. Product Management Framework whereby the design and review processes help ensure customer needs and conduct risk are considered throughout the product lifecycle. This risk has not materially changed over the reporting period.

Risk	Impact	Management and mitigation
<p>Strategic Risk:</p> <p>Risk of failing to appropriately prepare for and manage the risks and opportunities of climate change and other ESG risks</p>	<ul style="list-style-type: none"> We are exposed to the risk of failing to adequately respond to Environmental, Social and Governance (ESG) risks and deliver on our vision and purpose. This includes for example, failing to develop, adapt, promote and manage products or manage invested assets which meet customer and stakeholder expectations for ESG over time. This includes the wider reputational risk of not being seen to do the right thing. In addition, we are also exposed to risks related to climate change as a result of both the transition to a low carbon economy and/or the physical impact of more extreme weather patterns on the value of our current and future investment holdings, our operation and customer sentiment towards our products. We are seeing increased intervention from governments and regulators to mitigate this risk. This in turn creates a risk that we fail to keep pace with new legislation and regulation by not developing or modifying propositions or adhering to disclosure requirements. 	<ul style="list-style-type: none"> Our Inspiring Better Futures vision defines the strategy and approach to ESG related risks, see Inspiring Better Futures section for further details. Approach to managing financial risk resulting from Climate Change (as part of the risk management framework) covers opportunities, governance, strategy, risk management and metrics. (See Climate-related financial disclosure section). Close monitoring of regulatory developments and adaption of our approach accordingly. Continuing engagement with our third party investment managers on their progress in monitoring climate change impacts. This risk has not materially changed over the reporting period.
<p>Liquidity Risk:</p> <p>Risk of not having sufficient financial resources to meet obligations as they fall due or of only being able to secure them at excessive cost.</p>	<ul style="list-style-type: none"> A lack of available funds could impact the ability to meet obligations to counterparties and stakeholders. This could include obligations such as maturities, claims, withdrawals, expenses, third party suppliers, reinsurers and payroll. Loss of value due to selling financial assets below fair value. 	<ul style="list-style-type: none"> Continuous monitoring of cash flow requirements and availability of liquid funds across key transactions in the business. Setting investment strategies with consideration to the level of liquid and readily marketable assets, to allow for timely adjustments to match expected liabilities, if required. Holding an appropriate liquidity buffer. Entering into Financial Reinsurance contracts to support cash demands from protection products Maintaining a liquidity recovery plan. This risk has increased over the reporting period owing to the increased liquidity demands of supporting the expansion into the Term Assurance market.

Emerging risks

Emerging risks are assessed and reviewed annually, with reference to internal and external sources. If a risk emerges which might materially impact the Group’s execution of the business plan, these are brought into the ORSA process for risk mitigation and management actions.

Climate-related financial disclosure

As a UK financial services mutual our environmental footprint is small in comparison to many other businesses. We aim to play our part in tackling the climate crisis we all face by doing the right thing – sustainably and responsibly – to reduce our carbon footprint.

Pillar 1 – Governance

The Board retains ultimate accountability for climate-related risks and opportunities. In 2025 the Board approved the climate risk appetite, the climate analysis, and the climate related disclosures as part of the 2025 Annual Report and Consolidated Financial Statements. The Board approved the business plan and the strategic aims for greater integration of climate considerations into our own funds and customer funds, together with activity aimed at reducing our scope 1 and scope 2 emissions.

The Risk Sub-Committee of the Board oversees the risk management processes to review the climate change exposures and actions. This covers both the OneFamily activities to reduce our carbon footprint, and also our investment and supply chain exposures and climate scenario analysis. Climate analysis is an integral part of the Own Risk and Solvency Assessment which gives a forward-looking view of the impact of financial risk on our risk profile.

The Audit Sub-Committee oversees financial reporting procedures and recommends for approval by the Board the Annual Report and Consolidated Financial Statements, which includes this climate change section.

The Remuneration Sub-Committee oversees the implementation of the OneFamily remuneration policy, and this includes approval of the design and targets for performance related pay, which includes climate objectives.

Our Chief Executive Officer, supported by the Executive team, is accountable for the development and execution of our strategy, including the management of climate-related risks and opportunities. As part of the Senior Managers & Certification Regime, the Chief Executive has allocated accountability for climate change risk management to the Chief Risk Officer (CRO) and the Chief Finance Officer (CFO).

Pillar 2 – Strategy

Identification of climate related risks and opportunities

Our approach is focussed on the key climate-related risks and as they relate to our business. These are monitored across multiple time horizons:

- **Short-term is zero to 5 years** – Our capital projection methodology is based on a 5-year horizon and is used to manage performance and expectations. These projections incorporate climate change mitigation measures.
- **Medium-term is 5 to 10 years** – Some of our products include medium to long-term savings and include our bond products which have fixed durations of up to 10 years.
- **Long-term is 10 to 30 years** – Long-term is 10 to 30 years. Some of our products, such as our life products, have a duration beyond 10 years. Given the business plan, it is expected that our product mix beyond a 10-year horizon will see a higher proportion of climate friendly funds, relative to legacy funds.

Potential materiality impacts are rated as low, medium and high in terms of potential loss of capital or lost income. In addition, considerations are made in relation to risks to reputation, customer, and operational continuity.

Risk Category	Potential Materiality	Risk potential Impact ⁴
Strategic	Low/Medium	Transition: Shift in customer sentiment, demand, availability, and expectations for “greener” products that we may not be able to fulfil, or perceptions of “green washing” which could impact future sales income, increase lapse rates, and reduce available capital. Short to Long-Term
		Changes to government policy in relation to the speed and scale of implementation of carbon taxes and green investment incentives may drive customer sentiment and the availability or attractiveness of more climate friendly investments. Short to Long-Term
Market	Medium	Transition: Risk of losses resulting from the adjustment to a carbon-neutral economy and costs of reducing emissions e.g. automotive industries converting to electric, power generators converting to renewables. The losses could impact our own capital and the value of customers funds. Short to Medium-Term
	Medium	Physical: Risk of losses resulting from the direct effects of climate change, in particular for impacted sectors, e.g. infrastructure, energy, utilities, agriculture, forestry, automotive. The losses could impact our own capital and the value of customers funds. Medium to Long-Term
Regulatory	Low	Transition: The pace and volume of new climate-related regulation could pose compliance and operational challenges that may increase operational costs. Potential carbon taxation developments could significantly impact the valuation of assets and impact capital. Short to Medium-Term
Operational	Low	Physical: Operational risk losses for example from failures of interdependent power and transport networks, and water supply impacts from sewer flooding or heavy rainfall and drought. The loss of operational resilience could increase operational costs and create adverse customer service impact. Medium to Long-Term

⁴ Refer to Pillar 3 section for definitions of Physical and Transition risk impacts.

Risk Category	Potential Materiality	Risk potential Impact ⁴
Litigation	Low	Transition: Increase in volume and nature of litigation cases with a climate focus which have a direct or indirect impact on OneFamily. Short to Long-Term
Insurance	Low	Physical: Risks to health/mortality from higher temperatures, reduced air quality, vector borne pathogens, increased incidence of infectious diseases and poor water quality. This risk could increase our liabilities and our capital requirements. Medium to Long-Term

In addition to the risks identified above, there are opportunities which present themselves through the drive to adapt to climate change.

Risk Category	Potential Materiality	Risk potential Impact ⁴
Strategic	Low/Medium	Transition: Enhanced business profitability as a result of new propositions, or modification of existing ones to meet the growing demand for savings products, which address customer demand and expectations for combating climate change. Short to Medium-Term
Market	Medium	Transition and Physical Enhanced returns from investments aligned with the transition to a low carbon economy, and less exposure to extreme and more frequent physical climate events. Short to Long-Term
Operational	Low	Physical: Enhanced operational availability, lower costs and travel from flexible working arrangements and greater resource and energy efficiency. Short to Medium-Term
Insurance	Low	Physical: Mortality rates could reduce in the event of a successful transition to a low carbon economy. This would reduce lapse, mortality, and morbidity risks, in turn lowering our liabilities and capital requirements. Medium to Long-Term

Impact of climate risks and opportunities

Investments, products and services

During 2025, as part of our legal entity and fund rationalisation programme, we transitioned our customers from our legacy climate friendly funds to a series of new climate funds with enhanced climate strategies. The new funds built on the climate objectives of the previous funds by:

- Reducing exposure to companies with high carbon intensity, high fossil fuel assets and those involved in controversial behaviours⁴
- Increasing exposure to companies and projects supporting the transition to the lower carbon economy
- Expanding climate metrics to make greater use of forward-looking metrics, including implied temperature rise to 2100, Climate VaR and Carbon Risk Rating (a measure of climate risks and opportunities)

The majority of our new investment business is underpinned by these funds with all being supportive of the pathway towards Net Zero⁵ and alignment to the 1.5°C Paris Agreement target. These funds aim for performance over time to trend toward Net Zero through a strategy of mitigation and adaptation. The mitigation strategy decreases exposure to carbon emissions and increases exposure to alternative and green energy companies, while the adaptation strategy increases exposure to companies that are pro-actively minimising their exposure to the current or expected impacts of climate change. We continue to see a reduction in the size of our highest carbon emitting funds, which support the legacy child trust fund (CTF) and this will continue up to 2029, at which point the residual exposure will be negligible. For our own funds we aim to reduce carbon intensity over time and anticipate that the further corporate and fund restructuring to be delivered through our modernisation programme will provide opportunities for further climate alignment over the medium term.

As described in the corporate governance section of this report, we actively engage with and influence our investment managers to drive better climate stewardship. During 2025, our main investment manager's (State Street Investment Management) asset stewardship programme included campaigns relating to climate, supply chain management, human rights, governance, risk management and employee health and safety. These covered direct engagement with companies and over 2000 engagements at AGMs covering six of the main funds underpinning our customer's investments.

We have previously carried out research into customer and member views using online surveys, interviews and focus groups. This research informs our business planning, product development and priorities. Our plans reflect the key messages of our customer and member research in seeking to enhance our recycling, reduction of water pollution and investment in renewable energy.

Operations

We have declared an objective to be Net Zero by 2050, and we are pleased to be able to confirm that we have achieved this goal for our scope 1 and scope 2 emissions on a market based approach⁶. This has been confirmed by our external data verifier Coral Energy Limited (see the Operational Emissions section under Metrics and Targets for further information). Having achieved zero emissions for scope 1 in 2024, our change to a fully renewable electricity supply contract in Q3 2024 for our primary location has delivered zero scope 2 emissions over 2025. We are participants in phase 3 of the energy savings opportunity scheme (ESOS). This scheme is run by the UK Environment Agency and identifies cost-effective opportunities to reduce energy and carbon emissions. Our business plan includes a multi-year operational resilience programme which incorporates an ongoing programme of scenario analysis for extreme but plausible events, including those which could arise from physical climate events. This includes disaster recovery testing, loss of main premises, and the resilience of the supply chain.

⁴ Arctic Oil & Gas, Controversial Weapons, Civilian Firearms, Oil Sands, Thermal Coal, Tobacco, and Violations of UNGC Principles.

⁵ Net zero refers to achieving a balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere.

⁶ "Net zero on a market basis" refers to achieving zero scope 2 emissions using the GHG Protocol's market based method. In simple terms, it means a company has purchased enough credible, high quality renewable energy certificates (EACs) or entered contractual renewable supply agreements (e.g., PPAs) to claim that the electricity it buys has zero or very low emissions, even if the physical electricity grid still contains fossil fuel generation.

Supply chain

In accordance with our Third Party Supplier and Outsourcing Policy, a supply chain due diligence and annual review is in place which includes considerations for environmental and climate matters. Over 2025 the proportion of our key supplier inventory who have carbon reduction targets increased from 62% to 76%. During 2025, the Operational Resilience programme undertook stress testing activity to assesses material operational continuity risks arising from our supply chain. The learnings from the assessments were used to identify and implement improvements and contingencies which aim to reduce these risks.

Climate scenario analysis

Our scenario methodology and scope is informed by The Bank of England's 2021 Climate Biennial Exploratory Scenario (CBES), which is itself based upon a subset of the Network for Greening the Financial System (NGFS) climate scenarios. Climate scenario analysis is a key tool which allows us to better understand the impact of the physical and transition risks in future possible scenarios. Our approach is to assess, over a 30-year horizon the impact of three climate scenarios. Two of the scenarios tested (an orderly "Early Action" scenario and a disorderly "Late Action" scenario) were consistent with a lower than 2°C warming potential, while a third "No Action" scenario was consistent with a 3.3°C warming potential. We recognise that there are inherent limitations of any long-term scenarios whilst following the CBES approach.

The key findings from the scenario exercise were:

- The "No Action" and "Late Action" scenarios, which explore transition risk to a greater degree, are more onerous than the "Early Action" scenario, given the higher costs in transitioning over a shorter period, and more significant shifts in business models. The Early Action has a more gradual impact, with the benefits of moving towards Net Zero more quickly than in the "Late Action" scenario. OneFamily demonstrates resilience to each of the scenarios with a less than 1% loss of the non-profit non-linked fund in the "Early Action" scenario, 2% for the "Late Action" scenario and 2% for the "No Additional Action" scenario. Over 2025 the exposure to equities in the non-profit non-linked fund has reduced and this has in turn reduced the carbon intensity of this fund to negligible levels.

- The funds supporting the CTF business have exposure to the "Early Action" and "No Action" scenarios and are projected to lose between 2-6% in value. However, as these funds are expected to run-off before 2030 the impact by then will be negligible in absolute terms.
- The climate friendly funds have the lowest impact of our customer funds across all scenarios, and the strategy is to ensure these funds stay aligned to their climate objectives in line with 2050 Net Zero targets.

Pillar 3 - Risk management framework

We consider climate change as a cross-cutting risk which impacts a number of our risk categories.

We also include climate change risk in our annual emerging/horizon risk review.

Climate change is integrated into the Risk Management Governance Framework and reporting. These can be seen in the Risk Management section of this Annual Report. The Risk Management section addresses our risk appetite setting, risk identification, risk measurement, risk management and risk reporting.

Pillar 4 - Metrics and targets

We use a series of metrics to manage, monitor and report our alignment with targets on climate change mitigation and the associated potential financial impact on our business. Whilst recognising the limitations of the metrics and tools used we believe they are still valuable in supporting our climate-related governance, strategy and risk management:

Metric Category	Metrics	Target	Progress To Date
Operational Carbon Footprint	Tonnes of Carbon dioxide equivalent emissions (tCO2e)	<ul style="list-style-type: none"> ○ Net zero by 2050 ○ 60% reduction in direct emissions from controlled or owned premises by 2030 ○ 50% reduction in emissions from purchased electricity by 2030 	<ul style="list-style-type: none"> ○ 100% reduction in direct emissions (scope 1) since 2020 and achieved zero emissions from controlled or owned premises in 2024 and 2025 ○ 100% reduction in emissions from market based scope 2 emissions since 2020
Customer Linked Investment Funds Portfolio Climate Goals	Weighted Average Carbon Intensity (WACI) Brown Revenue Green Revenue Fossil Fuel Reserves Climate Adaptation Score	<ul style="list-style-type: none"> ○ On a continuous basis ○ WACI to be 60-80% lower than the benchmark⁷ ○ Brown Revenue⁸ to be 90% lower than benchmark ○ Green Revenue⁹ to be 300% or greater than benchmark ○ Fossil fuel reserves¹⁰ to be 90% lower than benchmark ○ Climate Adaptation¹¹ score to be better than target 	At mid-2025: <ul style="list-style-type: none"> ○ WACI 59% lower than target ○ Brown Revenues 90% lower than target ○ Green Revenue is 307% versus a target of 300% ○ Fossil fuel reserves of -94% compared to benchmark ○ Climate Adaptation score 0.25 vs 0.25 target

⁷ Average of the Morgan Stanley All World Index.
⁸ Brown revenue (S&P Trucost) defined as the proportion of revenues derived from activities related to the extraction of fossil fuels, or power generation using fossil fuel-based energy sources.
⁹ Green revenue (FTSE Russell) measures revenue exposure in the transition to the green economy.
¹⁰ Fossil Fuel Reserves: (S&P Trucost) are defined as total GHG emissions from proven and probable fossil fuel reserves expressed in million tons CO₂.
¹¹ Adaptation Score (ISS ESG) is a measure of a company's position and actions on climate change, higher is better.

Greenhouse gas emissions data

Operational Emissions¹²

We have reported on the emission sources as required under Streamlined Energy & Carbon Reporting (SECR) framework. The Greenhouse Gas (GHG) emissions data is reported in line with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard 'Operational Control' method, and emissions factors for fuels and electricity are published at www.bit.ly/UKG_GHG. The table below shows the details of the emissions arising from our operations. In accordance with the SECR, we have established our base year against the 2020 recorded emissions.

Streamlined Energy and Carbon Reporting (SECR) data

Emissions	Category	2025	2024	2023	2022	2021	2020 (Baseline)	% Change 2025 vs Baseline
Scope 1 GHG Emissions (tCO2e)	Natural Gas	0	0	55	134	294	169	-100%
Scope 2 GHG Emissions (tCO2e)	Market based	0	144	173	128	0	227	-100%
	Location based	97	177	173	158	161	227	-57%
Scope 3 GHG Emissions (tCO2e)	Electricity Transmission	10	16	15	15	13	20	-48%
	Transport Grey Fleet	15	27	21	21	10	21	-28%
	Transport Taxi Journeys	0	0	0	0.01	0	0	0%
	Homeworking	229	294	222	412	469	426	-46%
Total Scope 1 and 2	Market based	0	144	228	262	294	397	-100%
	Location based	97	177	228	292	456	397	-75%
Total Scope 1, 2 and 3	Market based	255	481	485	710	786	863	-71%
	Location based	352	514	485	740	948	863	-59%

Carbon Intensity	tCO2/fte	0.71	0.71	0.67	1.38	1.95	1.91	-63%
	tCO2/£m income	3.19	4.81	4.40	7.02	8.69	8.14	-61%

Energy Consumption KWh	613,975	969,239	1,220,692	2,190,000	2,387,000	1,813,000	-66%
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¹² We have followed the requirements of the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard (revised edition) using emissions factors from the UK government-produced 2021 conversion factor guidance. Reporting covers the financial year 2025 and reflects emissions from the leased, owned, and controlled assets for which we are directly responsible. The Swindon and Peterborough offices are not in scope due to the full service nature of the premises where OneFamily have no control or responsibility.

Our scope 2 emissions over 2025 were zero on a market basis, benefitting from the introduction of a renewable electricity contract in Q3 2024. The Homeworking emissions have decreased since 2024 owing to the reduction in workforce and a marginal increase in office-based working.

Paper usage fell by overall and on a per policy basis during 2025, driven by more customers opting to engage with us digitally through our online portal and changes in policy volumes through run-off.

In line with SECR, we have calculated our base year against the 2020 recorded emissions.

In line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard, we continue to be engaged in a process aimed at reducing our energy and greenhouse gases, in response to our continued focus to reduce our environmental impact and align ourselves to increased customers' expectations and corporate legislation.

The following improvements were undertaken to reduce our carbon emissions in our business:

- Securing a renewable electricity supply contract
- Embedding digital adoption with our customers through the modernisation of our technology platform which reduces paper usage

- Continue to replace ageing office equipment with energy efficient products e.g. Photocopiers, printers, laptops, printers and monitors
- Continued implementation of the Energy Saving Opportunity Scheme (ESOS)

Some of the key measures we plan to take to further reduce our carbon footprint include:

- Continuing to source 100% of our electricity from renewable sources
- Take further opportunities to increase digital options as further phases of our technology modernisation programme complete
- Providing guidance and support to colleagues to help reduce their own carbon footprints, such as encouraging a move to LEDs, encouraging colleagues to switch to renewable energy tariffs for their home energy and investing in more energy efficient technology for colleagues that work from home by using green criteria in our technology replacement processes.

Corporate Governance

Corporate governance on pages 51 to 79 incorporates the following sections:

o Board of Directors	51
o Corporate governance report	55
o Directors' report	67
o Directors' remuneration report	71

Board of Directors

Non-Executive Directors



Steve Colsell **Chair**

Steve became Chair with effect from the Society's Annual General Meeting in June 2022, having been appointed to the Board in July 2016. He is Chair of the Nominations Sub-Committee and is also a member of the Remuneration Sub-Committee.

Steve is a qualified actuary whose financial services career has spanned banking, insurance and mortgage lending, notably with Zurich Insurance plc, Lloyds Banking Group plc and Kensington Group Limited. He has also held non-executive directorships at Starling Bank where he was Chair of the Risk Committee, St James' Place and esure Insurance Limited.

Steve holds non-executive director roles with Secure Trust Bank Plc and Pepper Money Group.



Alison Davies **Non-Executive Director**

Alison was appointed to the Board in March 2023. She is Chair of the Remuneration Sub-Committee, is a member of the Risk, Nominations and Member, Customer & Culture Sub-Committees and is the Non-Executive lead for employee engagement and Whistleblowing.

Alison's financial services career spans more than 30 years in both the retail and mutual sectors. She has extensive knowledge of financial technology and digital and corporate strategy. Most recently Alison was Head of Digital at Skipton Building Society where she was influential in steering its digital strategy and developing the online customer experience. Prior to this Alison had executive positions at first direct and HSBC.

Alison is Chair at Age International, a member of the Board of Governors and Chair of the People Committee at York St John University, and is a strategic adviser for a Fin Tech start up business. She has been an active ambassador for a range of charities helping to improve the lives of children and young people.

Non-Executive Directors (continued)



Melanie Hind Non-Executive Director

Melanie was appointed to the Board in September 2022. She is Chair of the Risk and With-Profits Sub-Committees and is also a member of the Audit, Remuneration and Nominations Sub-Committees.

Melanie is a Chartered Accountant and former partner in PwC whose extensive business experience includes strategy and change leadership, financial risk and capital management, corporate and regulatory reporting, and stakeholder management. She previously held senior roles at BDO International as Head of Assurance Quality, at the Financial Reporting Council as an executive director, and as Chief Risk Officer at Friends Life Group.

Melanie is an audit non-executive for KPMG UK's audit practice, a non-executive director and Audit Committee Chair with Talbot Underwriting Limited, and an independent trustee and Honorary Treasurer for the Disasters Emergency Committee which brings together 15 leading UK aid charities to raise funds quickly and efficiently at times of crisis overseas.



Graham Lindsay Non-Executive Director

Graham was appointed to the Board in July 2016.

He is a member of the Remuneration, Audit and Nominations Sub-Committees. He is also Chair of Trustees for OneFamily's closed staff retirement benefits scheme.

Over a 40-year career with Lloyds Banking Group plc, Graham held a number of senior executive roles including as Managing Director of the Lloyds branch network and Group Director for Corporate Responsibility. He has also held board positions at the Institute of Financial Services and the Chartered Banker Professional Standards Board and is a Fellow of the Institute of Banking and Finance.

Graham is Vice-Chair of Skipton Group and a non-executive director of Vanquis Bank. In addition, he is Emeritus Trustee of the Brain Tumour Charity and Trustee at Break, a charity which strives to make life better for young people on the edge of care, in care and leaving care.



Peter O'Donnell Non-Executive Director and Vice Chair

Peter was appointed to the Board in November 2024 becoming Senior Independent Director and Vice Chair in February 2026. He is Chair of the Audit Sub-Committee and is a member of the Nominations, Remuneration and Risk Sub-Committees.

Peter is a Chartered Management Accountant with a financial services career spanning more than 35 years that includes Aviva, Royal Sun Alliance, Prudential and Unum. Peter has comprehensive experience of the UK and International markets and has extensive leadership experience in the insurance and financial services sectors.

Peter is a Non-Executive Director at Nottingham Building Society and Queen Victoria Hospital Foundation Trust.



Phil Willcock Non-Executive Director

Phil was appointed to the Board in January 2025. He is Chair of the Member, Customer & Culture Sub-Committee and a member of the Nominations, Risk, Remuneration and With-Profits Sub-Committees.

As an experienced Chief Executive Officer in businesses across the UK, Europe and Asia, Phil brings with him an extensive knowledge of the financial services industry. Most recently, Phil was the CEO of AIG Life Ltd in the UK, where he led the sale of the business to Aviva Plc.

Phil is Chair at Athora Re and AUL Insurance Limited and Non-Executive Director at Servaada, which is the UK regulated arm of Wipro.

Executive Directors



Jim Islam Chief Executive Officer

Jim was appointed as Chief Executive Officer (CEO) of OneFamily in December 2023, having previously held the role of Chief Finance Officer (CFO) since joining the Board in January 2020.

A qualified actuary, Jim has 25 years' leadership experience at board level in the insurance, investment management, savings and pensions sectors.

Jim has developed the business's new growth strategy and cultivated the additional capabilities needed to deliver this. He has led on OneFamily's modernisation programme and progressed the commercial culture within the organisation.

Before joining OneFamily, Jim held senior finance and general management roles at Lloyd's of London and Legal & General, including Divisional CEO, CFO, Chief Operating Officer (COO) and Board Director roles. Within these organisations - covering the UK, France and global businesses - Jim transformed financial, capital and operating performance.

Jim is the non-executive chair of the People's Partnership, the provider of The People's Pension, and is a trustee of the RNLI, the charity that saves lives at sea.



Philippa Herz Chief Finance Officer

Philippa has over 30 years of insurance company leadership - and a wealth of Board level experience. She is a qualified actuary and has been Chief Finance Officer (CFO) of OneFamily since December 2023, having previously held the role of Chief Risk Officer from July 2016. In her current role, Philippa is responsible for OneFamily's Finance, Actuarial and Investment functions.

Prior to joining OneFamily, Philippa was Group Enterprise Risk Director at Bupa, working to implement risk management frameworks across the global group and deliver reporting to the Group Board covering both insurance and healthcare provision businesses. She has also previously held leadership positions at Friends Life and Legal & General, as well as roles in the Actuarial and Regulatory consultancy practices of PwC.

Outside of work Philippa volunteers as a mentor for sixth form students and serves as Safeguarding Governor of her local primary school.

Corporate governance report

Compliance with AFM Governance Code

OneFamily is committed to high standards of corporate governance. We report against the Corporate Governance Code for Mutual Insurers ('the Code') issued by the Association of Mutuals ('AFM'), whilst also continuing to adopt relevant best practice from the 2024 UK Corporate Governance Code.

Under the AFM's Code we are required to explain in our annual report how we have applied its six high-level principles in the way that is most appropriate for our organisation, and how this has contributed to better governance.

The six principles are set out below, followed by a summary of how we have applied each of them.

1. Purpose and Leadership

An effective board promotes the purpose of an organisation, and ensures that its values, strategy and culture align with that purpose.

How we have applied this principle

The Board is responsible for setting our strategy, which establishes the objectives we intend to follow in order to deliver our purpose and vision as a mutual organisation in the best interests of our members and stakeholders. The Executive team is responsible for implementing the agreed strategy and reporting progress against strategic objectives to the Board.

Our mission ('To create and protect value for members'), vision ('Inspiring Better Futures') and strategic objectives are communicated to all employees and feature prominently in internal communications.

Through the Remuneration Sub-Committee, the Board ensures that strategic objectives are reflected in objectives and incentive scheme targets for our Executive team and senior managers.

Strategic objectives are reflected in business plans and annual budgets. Regular reports provide the information that the Board needs in order to monitor performance against those plans; whilst the Board's annual strategy day, with interim checkpoints during the year, enable any changes to the agreed strategy to be made at the appropriate time.

The Member, Customer & Culture Sub-Committee provides oversight of culture across the organisation. During the year the Committee reviewed and strengthened the data metrics used to gain insight into the culture of the organisation.

2. Board Composition

Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the organisation.

How we have applied this principle

All non-executive directors and the Chief Executive Officer (CEO) have an annual performance review which is carried out by the Chair. The CEO reviews the performance of the Chief Finance Officer. The Chair's performance is reviewed by the Senior Independent Director who seeks feedback on their performance from the wider Board. Each director also completes a self-evaluation questionnaire and an evaluation questionnaire on each of the other directors, with results collated anonymously for discussion with the Chair and identification of any development needs.

The Chair, supported by the Company Secretary, leads an annual evaluation of the Board and its sub-committees, including the composition of the Board. The evaluation is ordinarily facilitated externally every three years with the latest review carried out in 2024 by Board Alchemy. The review concluded there was a good understanding of the purpose and role of the Board and its sub-committees, supported by good underlying processes and meetings well chaired in an inclusive way. Non-executives are well prepared and provide good challenge, with the Executive responding openly and without defensiveness. The key recommendations related to developing relationships and greater involvement of non-board executives. The Board has also carried out an internal evaluation of its effectiveness and that of its sub-committees in 2025.

A skills and competencies matrix is maintained for members of the Board. This is updated annually and when there are changes to Board composition. This helps develop our Board succession planning and helps identify areas to be included in training and development sessions for the Board and its sub-committees.

The Board has a diversity policy which requires appointments to the Board to complement and expand the skills, knowledge and experience of the Board as a whole. It also requires that when identifying suitable candidates for appointment, that the Nominations Sub-Committee will consider candidates against objective criteria with due regard for the benefits of diversity on the Board. Female Board representation is 3/8.

Directors are required to disclose details of other significant appointments before joining the Board. Any subsequent proposed changes must also be approved by the Board. This helps ensure that directors have sufficient time available to carry out their duties.

The Nominations Sub-Committee oversees Board composition and succession planning for the Board and the Executive team.

3. Directors

The board and individual directors should have a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision making and independent challenge.

How we have applied this principle

Role descriptions are in place for each director reflecting their respective responsibilities, including designated positions held under the Senior Managers Certification Regime. There is a clear demarcation between the responsibilities of the CEO and the Chair. The CEO's delegated authority levels are also clearly documented.

Induction programmes for new directors help ensure that there is clear understanding of responsibilities under S172 of the Companies Act, which the Society voluntarily elects to follow.

Directors are required to disclose details of any factors that could lead to an actual or perceived conflict of interests before joining the Board. Any subsequent changes must also be notified, with an annual attestation required from each director of the disclosures recorded in the register of interests.

Conflicts of interest is a standing agenda item at each Board and sub-committee meeting.

The Board has its own Terms of Reference and Schedule of Matters Reserved to the Board. These documents are kept under regular review and updated as required.

Terms of reference are also in place for each of the Board's sub-committees and are subject to annual review with any recommended changes submitted for Board approval.

Processes for managing the timely flow of decision-making information to the Board are in place, facilitated by forward agenda plans maintained by the secretariat function. A comprehensive management information summary is provided ahead of each Board meeting. This includes key information about the Society's capital position, capital generation from trading activities, business performance measures, and progress against strategic objectives.

4. Opportunity and Risk

A board should promote the long-term sustainable success of the organisation by identifying opportunities to create and preserve value, and establishing oversight for the identification and mitigation of risks.

How we have applied this principle

The Board has a clearly articulated and communicated strategy of optimising the business for sustainability through a diversified product range and increased operational efficiency, whilst managing the organisation within our risk appetite.

The Board sets the risk culture expectations, which promote a culture of openness and transparency in decision making, balancing performance with principles to do what's right for all our stakeholders. The Risk Sub-Committee reviews the design and effectiveness of the Group's risk management, capital management, liquidity management and internal control frameworks, excluding internal financial controls which are reviewed by the Audit Sub-Committee.

The Audit Sub-Committee reviews the Internal Audit Charter, Quality Assurance & Improvement Programme (QAIP) and the annual internal audit plan to ensure alignment to the key risks of the business.

The Board regularly reviews progress against strategic plans. This is supported by key metrics to enable early identification of any emerging issues.

Further information on how we apply this principle is included in the Risk management report on page 35 and the overview of the Risk Sub-Committee on page 60.

5. Remuneration

A board should promote executive remuneration structures aligned to the long-term sustainable success of an organisation, taking into account pay and conditions elsewhere in the organisation.

How we have applied this principle

Information on how we apply this principle is included in the Directors' remuneration report on page 71, and the overview of the Remuneration Sub-Committee on page 59.

6. Stakeholders

Directors should foster effective stakeholder relationships aligned to the organisation's purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.

How we have applied this principle

Information on how we apply this principle is included in the Inspiring Better Futures report on page 21 and the Section 172 report on our stakeholders on page 31.

Attendance at board meetings

The table on page 64 shows the number of Board and standing sub-committee meetings held in 2025 and directors' attendance at those meetings.

Independence of non-executive directors

Other than the Chair, by virtue of him holding this office only, all the current non-executive directors are considered to be independent of OneFamily at the date of this report. The Chair was considered independent on appointment.

In applying the AFM Corporate Governance Code, the Board considered the tenure of Steve Colsell and Graham Lindsay, who have served since 2016. While the Code does not prescribe a maximum term, it encourages regular review of director effectiveness and independence. Directors who have been in office for over 9 years are not counted in the minimum number of two independent non-executive directors on the Board, and are re-elected annually.

The Board has undertaken an evaluation of both directors' performance and independence, concluding that they continue to contribute

effectively and independently, remain independent in character and judgment, and that there are no relationships or circumstances which are likely to affect their independence. This assessment is based on their continued constructive challenge, objective oversight, and lack of any material conflicts of interest.

The Board considers the retention of both directors beyond nine years to be appropriate and in the best interests of the Society at this time. In line with the requirements of the AFM Corporate Governance Code, the Board has assessed the circumstances and concluded that extending their tenure supports effective succession planning and ensures essential continuity during a period of strategic transition. Given the proposed merger with Scottish Friendly, the Board believes that the experience, historical knowledge and judgement of both Steve Colsell and Graham Lindsay are integral to maintaining stability and effective governance until the transaction completes. The merger is expected to conclude in early 2027, at which point both directors will step down from the Board.

All directors are subject to annual re-election.

Board performance monitoring and evaluation

Each year the Board sets business objectives for OneFamily as part of its rolling five-year plan, which are based on the objectives outlined in the report on Our strategy on page 10. The Board monitors performance against these objectives at regular intervals.

Board of directors

During 2025, and up to the date of signing this Annual Report and Consolidated Financial Statements, the Board comprised:

Non-executive directors

Steve Colsell (Chair)

Alison Davies

Melanie Hind

Graham Lindsay (Vice Chair and Senior Independent Director to 28 February 2026)

Peter O'Donnell (Vice Chair and Senior Independent Director from 28 February 2026)

Phil Willcock (from 1 January 2025)

Sally Williams (to 30 April 2025)

Executive directors

Jim Islam (Chief Executive Officer)

Philippa Herz (Chief Finance Officer)

Secretary

Josie Green

Sub-Committees

The Board operates the following standing sub-committees. Further details of the duties of the Sub-Committee are contained in the terms of reference which can be viewed at www.onefamily.com.

Nominations Sub-Committee

Steve Colsell (Chair)

Alison Davies

Melanie Hind

Graham Lindsay

Peter O'Donnell (from 3 April 2025)

Phil Willcock (from 3 April 2025)

Sally Williams (to 30 April 2025)

The Nominations Sub-Committee comprises all non-executive directors, with the CEO normally in attendance at meetings at the discretion of the Chair.

The purpose of the Sub-Committee is to regularly review the structure, size and composition of the membership of the Board and to examine the skills, knowledge, experience, diversity, independence and effectiveness of the Board.

The Sub-Committee also oversees executive succession.

Details of the duties of the Nominations Sub-Committee are contained in the terms of reference which can be viewed at www.onefamily.com/assets/consumer/downloads/company-information/nominations-committee-terms-of-reference.pdf.

During 2025 the Sub-Committee progressed succession planning for the Chair and Senior Independent Director. The Committee reviewed the membership of sub-committees having regard to skills and experience of Directors, and the independence of Directors with terms over 9 years. The Sub-Committee also reviewed the Board Diversity Policy.

Remuneration Sub-Committee

Alison Davies (Chair from 30 June 2025)

Graham Lindsay (Chair to 30 June 2025)

Steve Colsell

Melanie Hind

Peter O'Donnell (from 24 February 2026)

Phil Willcock (from 24 February 2026)

The primary purpose of the Remuneration Sub-Committee is to recommend to the Board and oversee the implementation of the OneFamily remuneration policy.

Details of the duties of the Remuneration Sub-Committee are contained in the terms of reference which can be viewed at www.onefamily.com/assets/consumer/downloads/company-information/remuneration-committee-terms-of-reference.pdf.

Areas of consideration of the Sub-Committee during 2025 included:

- Review of the business-wide remuneration policy

- Approval of the design and targets for performance-related pay schemes operated by OneFamily and approval of the total annual payments made under such schemes (Long-term incentive scheme, Short-term incentive scheme, Staff Bonus Scheme)
- Consideration of industry benchmarks and recommendation to the Board in relation to the Chair and Non-Executive Director fees, and executive Director (including CEO) remuneration

Details of the directors' remuneration can be found in the Directors' remuneration report on pages 71 to 79. The Chief Risk Officer (CRO) has appropriate input into the setting of the remuneration policy and remuneration decisions other than their own.

Risk Sub-Committee

Melanie Hind (Chair)
 Alison Davies
 Graham Lindsay (to 30 April 2025)
 Peter O'Donnell
 Sally Williams (to 30 April 2025)
 Phil Willcock (from 30 April 2025)

The members of the Risk Sub-Committee have been selected with the aim of providing a wide range of financial and commercial expertise. In addition, by invitation, all meetings are attended by the CEO, CFO and CRO.

Details of the duties of the Risk Sub-Committee are contained in the terms of reference which can be viewed at www.onefamily.com/assets/consumer/downloads/company-information/risk-committee-terms-of-reference.pdf

Areas of consideration of the Sub-Committee during 2025 included:

- Review and approval of OneFamily's risk management framework including risk assessment of significant strategic initiatives
- Recommendation to the Board of OneFamily's overall risk appetite, strategy and related policies
- Recommendation to the Board of the Own Risk and Solvency Assessment (ORSA)
- Recommendation to the Board of the development of recovery & resolution and operational resilience plans, including oversight of third parties and outsourcing risk

- Oversight of the identification, management and monitoring of strategic, financial, operational, conduct and emerging risks, as well as climate-related and reputational risks
- Review of the simplification of our business structure through legal entity and fund rationalisation
- Review of technology and cyber risk and oversight of the related control framework
- Development of the Material Controls Framework and approach to the related provisions under the 2024 UK Corporate Governance Code
- Insurance risk metrics and review of the liquidity risk framework

The Sub-Committee continually reviews its activities in the light of changes to OneFamily's strategy and changing UK regulation.

Audit Sub-Committee

Peter O'Donnell (Chair from 30 April 2025)
 Sally Williams (Chair and Member to 30 April 2025)
 Melanie Hind
 Graham Lindsay

The Board is satisfied that the Audit Sub-Committee members have the appropriate range of financial expertise, as well as competence relevant to the sector in which the Group operates, to challenge management appropriately. The qualifications and experience of each member of the Sub-Committee are included in their biographies on pages 51 to 54.

Details of the duties of the Audit Sub-Committee are contained in the terms of reference which can be viewed at www.onefamily.com/assets/consumer/downloads/company-information/audit-committee-terms-of-reference.pdf

Significant areas of judgement and estimation, in relation to the financial statements, considered by the Sub-Committee in the year

Area of focus	Audit Sub-Committee action in year	Outcomes
Annual report and consolidated financial statements	<p>Review of the Annual Report and Financial Statements, after reviewing processes for their production and challenging assumptions underlying the models and valuations which underpin them. This review included considering the appropriateness of alternative performance measures shown in the Group performance highlights section of the Annual Report.</p> <p>Review and challenge of significant areas of judgement such as the valuation of the long-term business provision (see below), asset impairment assessments, and the valuation of Level 3 assets and accounting policies.</p> <p>Review of the presentation and disclosure in respect of the buy-out of the Engage Pension Scheme and the defined benefit pension scheme reporting under FRS102.</p> <p>Review and challenge the going concern assessment and the long-term viability statement prepared by management.</p>	<p>The Sub-Committee advised the Board that it considers that:</p> <p>Taken as a whole, the 2025 Annual Report and Consolidated Financial Statements are fair, balanced and understandable and provides the information for members to assess OneFamily's position and performance, business model and strategy and that they concur with the going concern and long-term viability statements included in the financial statements</p>
Valuation of the long-term business provision for insurance and pension annuity business	<p>Review and challenge the methodology and assumptions proposed by management for both demographic and economic assumptions. Particular focus was applied to key areas where judgement had been applied such as prudence margins and expense assumptions.</p> <p>Observations from the external auditors were also considered.</p>	<p>The methodology and assumptions papers were recommended to the Board for approval.</p>
Effectiveness of internal financial control systems supporting the financial statements	<p>Review of regular reports regarding the operational effectiveness of the internal financial control systems from both the second line of defence (Risk) and the third line (Internal Audit).</p> <p>These included progress reports on the mitigation of previously recognised issues. In addition, the Head of Internal Audit performed an annual overall assessment, which found the adequacy of OneFamily's general risk management framework and internal control environment to be satisfactory.</p>	<p>In conjunction with the Risk Sub-Committee, the Audit Sub-Committee was satisfied that the internal financial control systems are appropriately designed and effective.</p>

Other areas of consideration of the Sub-Committee during 2025 included:

- Monitoring the integrity of the annual regulatory return, including the Solvency and Financial Condition Report
- Review and challenge of the Client Assets risk framework and the findings of the external audit of Client Assets, approval of Client Assets policies and monitoring progress of the resolution of any audit findings

Internal audit

Internal Audit provides independent and objective assurance over the adequacy and effectiveness of the Group's governance, risk management and internal control processes. The Sub-Committee is responsible for monitoring the effectiveness of the internal audit function. The Head of Internal Audit presented the annual internal audit strategy and plan to the Sub-Committee for review, discussion and approval. The Sub-Committee was satisfied that the internal audit function had appropriate resources and budget to fulfil its mandate. During the year, it received reports from the Head of Internal Audit summarising the status of the internal audit plan, findings from internal audits and status of actions taken by management to implement recommendations arising. Some of the reviews completed during the year include the integrity of valuation extracts and experience analysis data; cyber security – vulnerability management; compliance with client assets mandates regulations; equality, diversity & inclusion; as well as various follow-up reviews to assess the implementation of agreed management actions. The Sub-Committee also reviewed and approved the Internal Audit Charter and the related Internal Quality Assurance Improvement Programme. The Chair of the Sub-Committee undertook an annual review of the impact and effectiveness of the internal audit function and its activities.

The Sub-Committee considered the report and concluded that the internal audit function had operated effectively, has appropriate standing within the Group and that the Head of Internal Audit has the appropriate reporting lines to maintain independence.

External audit

The Sub-Committee considered the appropriateness of the annual external audit plan, including materiality and the proposed testing of key judgements, such as reserving, prior to approving this. The Sub-Committee reviewed and

discussed reports from the external auditors on the progress and findings of the external audit process.

Following the 2024 year-end audit, the Sub-Committee considered the effectiveness of the external audit following a review of the audit process. Opportunities to enhance the effectiveness of the audit process were discussed during the year with the auditors and these were incorporated into the 2025 year-end process. Overall, the Sub-Committee concluded that the external audit was effective.

Deloitte was appointed as auditor to OneFamily in 2022. A resolution to appoint Deloitte as auditor for 2025 was approved by members at the 2025 Annual General Meeting and a resolution for their re-appointment for 2026 will be presented at the meeting in June.

UK legislation defines OneFamily, being an insurance group, as a public interest entity. As such there are detailed restrictions of non-audit services that may be provided by external auditors both by type of service and the overall value.

The Sub-Committee approves any change to the external auditor services policy and reviews this at least annually and monitors adherences to the policy. The Sub-Committee is responsible for reviewing and monitoring the external auditor's independence and objectivity and considered this at the year end. The Sub-Committee concluded that Deloitte remained independent throughout the year.

With-Profits Sub-Committee

Melanie Hind (Chair from 30 April 2025)
Sally Williams (Chair and Member to 30 April 2025)
Steve Ferrari (to 10 February 2025)
Feryal Nadeem (from 25 February 2025)
Phil Willcock (from 30 April 2025)

The Sub-Committee comprises at least three members, a majority of whom will be independent non-executive directors. Meetings are attended, by invitation, by the CEO, CFO, and the With-Profits Actuary.

Details of the duties of the With-Profits Sub-Committee are contained in the terms of reference which can be viewed at www.onefamily.com/assets/consumer/downloads/company-information/with-profits-committee-terms-of-reference.pdf

Areas of consideration of the Sub-Committee during 2025 included:

- Overseeing OneFamily's with-profits business in accordance with the relevant Principles and Practices of Financial Management (PPFMs), as well as Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) rules
- Review of bonus declarations and considering whether surrender and paid-up values granted reflect the fair treatment of with-profits policyholders
- Considering the impact on policyholders as the number of policies in the closed with-profit fund reduces and the threshold conditions for conversion to non-profit policies approaches
- Annual review of the investment strategy
- Recommend to the Board the annual report to policyholders

Member, Customer & Culture Sub-Committee

Phil Willcock (from 30 April 2025, Chair from 24 February 2026)
Alison Davies (Chair to 24 February 2026)
Graham Lindsay (to 30 April 2025)
Philippa Herz
Jim Islam
Sally Williams (to 30 April 2025)

Details of the duties of the Member, Customer & Culture Sub-Committee are contained in the terms of reference which can be viewed at www.onefamily.com/assets/consumer/downloads/company-information/member-committee-terms-of-reference.pdf

During 2025 the Sub-Committee's activities included focus on the following:

- Review of customer experience and customer satisfaction metrics against agreed targets
- Monitoring of OneFamily's approach to the FCA's Consumer Duty principles and annual Consumer Duty assessment
- Review of enhanced people culture metrics including colleague engagement and satisfaction metrics, and the Employee Value Proposition initiatives in the year
- Review of OneFamily's Inclusion and Belonging Strategy, and Equality, Diversity and Inclusion Charter

- Review of the percentage target for women within senior management roles
- Review, challenge and approval of the whistleblowing policy and receipt of any related reporting

Additional sub-committees

In addition to the standing sub-committees detailed above, the Board may also convene additional committees depending on business needs. For instance, a Mergers & Acquisitions Sub-Committee may be formed if appropriate. The Board receives regular reports from the Executive Investment Committee, and OneFamily's main investment manager State Street Investment Management attends Board meetings on request.

Governance of subsidiary companies

OneFamily's subsidiary companies each have a board of directors comprising executive directors, with non-executive directors also appointed when appropriate – for example to the boards of start-up companies, or to meet regulatory requirements. Family Investment Management Limited had non-executive director representation during 2025.

Attendance at meetings in 2025

The Chair and non-executive directors have opportunities to meet independently of the executive directors at least four times a year.

The attendance of directors at Board meetings and standing sub-committee meetings during the year is set out below. The number of meetings that each director could have attended is shown in brackets. The Chief Risk Officer is a member of the With-Profits Sub-Committee.

The Chief Executive, Chief Finance Officer and Chief Risk Officer also attend all Board and sub-committee meetings with the exception of those where there may be a conflict of interest. Other members of the Executive team also attend Board and sub-committee meetings regularly for items relevant to their areas of responsibility.

	Board of Directors	Nominations Sub-Committee	Remuneration Sub-Committee	Risk Sub-Committee	Audit Sub-Committee	With-Profits Sub-Committee	Member, Customer & Culture Sub-Committee
Steve Colsell	9 (9)	3 (3)	4 (4)				
Alison Davies	8 (9)	3 (3)	4 (4)	4 (4)			2 (2)
Melanie Hind	9 (9)	3 (3)	4 (4)	3 (4)	5 (5)	5 (5)	
Graham Lindsay	8 (9)	2 (3)	3 (4)	1 (1)	3 (5)		1 (1)
Sally Williams ^{*1}	2 (2)	0 (1)		1 (1)	2 (2)	1 (1)	1 (1)
Philippa Herz	9 (9)						2 (2)
Jim Islam	9 (9)						2 (2)
Peter O'Donnell	9 (9)	3 (3)		4 (4)	5 (5)		
Phil Willcock	9 (9)	3 (3)		3 (3)		4 (4)	1 (1)

Notes *1 To 30 April 2025

Directors make every effort to attend meetings, however, occasionally there are unavoidable circumstances that prevent this. In these circumstances the directors concerned receive the papers and submit any comments or questions to the chair of the meeting for consideration at the meeting.

Directors are recorded as having been present if they attended for the majority of the substantive business considered.

The Society's AGM

The Society's AGM must be held within 15 months of the previous AGM, usually takes place in June and provides a forum for members to meet directors and learn more about OneFamily and how it is governed. We encourage as many members as possible to attend and have their say in how the Society is run, and we also provide proxy postal and online voting arrangements for members unable to attend the meeting in person so that their views can also be taken into account. Details of OneFamily's member relations strategy are available at www.onefamily.com or from the Company Secretary.

Our role as an institutional investor

The UK Stewardship Code was introduced by the Financial Reporting Council with the aim of enhancing the engagement between institutional investors and companies, thereby improving governance in those companies and enhancing shareholder value.

We delegate management of our assets externally to State Street Investment Management (formerly known as State Street Global Advisors) for all our collective investment schemes and most of our unit-linked funds (or the collectives held within them). The management of the non-linked assets in the non-profit and with-profits funds is delegated to Invesco Asset Management. We are not involved with undertaking stewardship activity on a day-to-day basis and so do not have direct engagement with companies held within the portfolios managed by these third parties. We actively monitor the stewardship activities of our investment managers through regular meetings and reporting. We challenge our investment managers to explain how they are engaging with companies and exercising votes in order to promote good stewardship.

As a responsible investor, we take our role seriously as an owner of the companies we are invested in and endorse the UK Stewardship Code. We expect all our third party investment managers to be signatories to the Code.

Please see page 19 within the Chief Finance Officer's report for more detail on our main investment manager's stewardship activities.

Longer term viability statement

OneFamily's approach to the assessment

The directors have assessed OneFamily's long-term business prospects in light of the principal risks and uncertainties it faces up until the end of December 2030. A five-year period is appropriate for this viability assessment because OneFamily's internal strategic planning process also covers this time frame. Our business model and strategy are integral to understanding OneFamily's future prospects.

OneFamily adopts a prudent approach to strategy, with a focus on delivering value to our members whilst helping to ensure that we have a sustainable business model.

The Board participates fully in the planning process and performs a thorough review and challenge of the strategy and assumptions used, through stress and scenario testing of key economic, insurance and operational risks.

The assessment process

The assessment looks at OneFamily's financial performance, capital management, cash flow, and solvency position, as well as the principal risks and uncertainties that could impact on future performance, solvency or liquidity.

The process makes use of the full range of planning and forecasting information and tools available internally, which provide an in-depth analysis of OneFamily's risk profile, liquidity, profit and capital projections.

As part of the annual risk management and business planning cycle, OneFamily produces an Own Risk and Solvency Assessment (ORSA), which also covers the five-year planning period. The ORSA helps management determine the appropriate level of capital required to meet overall solvency needs for the planning period, taking into account OneFamily's current risk profile, strategy and risk appetite. For the 2024 ORSA, the Board approved the following stress and scenario tests:

- Business Model Underperformance, being a series of individual and aggregate stresses to explore the impact of underperformance relative to assumptions on capital over a 5-year horizon.

- An adverse economic, counterparty and longevity stress, based on the 2022 PRA Life Insurance Stress Test, covering adverse movements in interest rates, credit spreads, equities, credit downgrades and a property devaluation.

- A mass lapse shock, being the impact of a sudden downward mass lapse.

- Financial risk from climate change, exploring the physical and transition impact of three alternative climate transition pathways based on the 2021 Bank of England Biennial Climate Scenario.

The Board also approved reverse stress scenarios covering:

- Business model failure, with stresses against the investment and protection business a severe equity shock, higher levels of inflation than anticipated and an operational risk loss
- A geopolitical recession similar to the 1970s Israeli-Arab conflict leading to a global oil shock and resulting in extreme equity and spread shocks together with inflation, mass lapses and expense shocks and a conduct stress

The likelihood of all of the expected impacts of either scenario happening simultaneously or at a speed which would inhibit the Board from effecting management actions is deemed to be well beyond a one-in-two hundred year return period.

The ORSA assessment process also considered OneFamily's financial resilience (including solvency and liquidity) and operational resilience in light of the heightened uncertainties and impacts arising from developments in the geopolitical and economic situation - helping to keep the directors informed of the sensitivities of OneFamily's capital strength to equity, interest rate and credit spread changes.

OneFamily's liquidity management framework assesses the long-term base and stressed liquidity position. The stresses consider inter alia the cessation of counterparties inflows, increased operational demands, mass lapses and unplanned outflows.



Outcome of the assessment process

On the basis of the ORSA and the business plan, the directors have formed a judgement that OneFamily's strategy is robust and that OneFamily has sufficient capital and liquidity to:

- Meet regulatory capital requirements
- Satisfy its risk appetite
- Maintain a sustainable business model

As OneFamily has no shareholders and therefore has no requirement to pay dividends, it is less constrained in investing in the business for the future.

The directors are also satisfied that OneFamily has appropriate risk management and governance procedures in place to manage and mitigate the risks that have been identified over the planning period.

Viability statement

This detailed assessment was made recognising the principal risks and uncertainties that could have an impact on the future performance of OneFamily as detailed on pages 36 to 41 and its long-term prospects in light of these. The directors are confident that OneFamily will be able to continue in operation and meet its liabilities as they fall due over the five-year period to 31 December 2030.

Steve Colsell
Chair

Directors' report

The Annual Report and Consolidated Financial Statements including the strategic report have been prepared in accordance with The Friendly Societies (Accounts and Related Provisions) Regulations 1994 (the Regulations).

The Directors who held office during the year and to the date of signing of this report were as follows:

Steve Colsell (Non-Executive Chair)
Graham Lindsay (Non-Executive Director)
Alison Davies (Non-Executive Director)
Melanie Hind (Non-Executive Director)
Peter O'Donnell (Senior Independent Director)
Phil Willcock (Non-Executive Director from 1 January 2025)
Sally Williams (Non-Executive Director to 30 April 2025)
Jim Islam (Chief Executive Officer)
Philippa Herz (Chief Finance Officer)

Directors' biographies can be found on pages 51 to 54.

Statement of responsibilities of the Board of Directors

The Friendly Societies Act 1992 (the Act) requires the Board of Directors to prepare the Annual Report and Consolidated Financial Statements for each financial year which give a true and fair view of the state of the affairs of the Society and of the Group as at the end of the financial year, and of the income and expenditure of the Society and of the Group for that period. Under the Act the directors have elected to prepare the Annual Report and Consolidated Financial Statements in accordance with UK accounting standards and applicable law (UK generally accepted practice).

In preparing the Annual Report and Consolidated Financial Statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent

- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts
- Assess the Group and Society's ability to continue as a going concern, disclosing as applicable, matters related to going concern
- Prepare Annual Report and Consolidated Financial Statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business

The Board confirms that it has complied with the above requirements in preparing the accounts and believes they provide a fair, balanced and understandable view of the Society and the Group.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of OneFamily and ensuring that the accounts comply with the Act. It is also responsible for safeguarding the assets of OneFamily and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. They are also responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

The Board is responsible for OneFamily's systems of control and acknowledges that such systems can provide only reasonable and not absolute assurance against material misstatement or loss. The Board conducts, through the Risk and Audit Sub-Committees, an ongoing review of the effectiveness of OneFamily's systems of internal controls and risk management and is satisfied that there are no material shortcomings in the internal control framework – see the Risk Sub-Committee and Audit Sub-Committee reports on pages 60 to 66. The Board, through the Audit Sub-Committee, noted areas for improvement in the control environment identified by Deloitte and the recommended improvements. The Board is comfortable that these areas for improvement have not led to any material misstatements in reporting.

In accordance with the Act, the Board confirms that all activities carried out during the year by the Society and its subsidiary undertakings are believed to have been carried out within their respective powers.

The Board considers that the skills, independence and experience of the non-executive directors provide an appropriate balance to help ensure that the Group is effectively managed and controlled.

The Annual Report and Consolidated Financial Statements provide the information necessary for members to assess the Society and Group's performance, business model and strategy.

As at 31 December 2025, the Group's margins of solvency comfortably exceeded the minimum requirements as prescribed by the Prudential Regulation Authority.

Going concern

OneFamily's business activities, financial performance and solvency, as well as future outlook, are summarised in Our strategy report and the Chief Finance Officer's report, on pages 10 and 15 respectively.

Principal risks faced by OneFamily, including liquidity risk, are summarised in the Risk management report on pages 35 to 41. This information helps to explain how we manage going concern and liquidity risks to secure OneFamily's long-term success.

The Board acknowledges that a balanced risk appetite is essential for the long-term success of OneFamily and to manage and mitigate risk it receives regular recommendations and reports from the Risk Sub-Committee.

In assessing going concern of the Society and the Group, the Board has also taken into account the impact of changes in the wider economic, political and global environments. This has included assessment of the Group's financial resilience (including solvency and liquidity) and sensitivities to further equity, interest rate and credit spread changes. The Group's operational resilience has also been considered by the Board in the assessment of going concern. Further details on the impact of these factors on the business from both a financial and operational perspective can be found in the Risk management report on pages 35 to 41.

As a result of the Board's consideration of the above factors, the directors have formed a judgement that there is a reasonable expectation that the Group has adequate financial resources to continue in operation as a going concern for a period of at least 12 months from the date of approval of these financial statements and continue to prepare the financial statements on that basis.

Principal risks and uncertainties

As a result of its normal business activities, OneFamily is exposed to a variety of risks. OneFamily has established a number of sub-committees and policies to successfully manage these risks. These principal risks and uncertainties are set out in the Risk management report on pages 35 to 41 and in Note 2 to the financial statements.

Information about our approach to managing climate-related risks, including energy and emissions data can be found on pages 42 to 49.

Energy and Carbon Disclosures

Please see the Climate-related financial disclosure section on pages 42 to 49.

Employees

OneFamily employed an average of 503 full time equivalent employees during 2025 (2024: 683) at a total cost (excluding Defined benefit pension costs – see Notes 11 and 27) of £35.3 million (2024: £41.5 million). The Board recognises that OneFamily's most valuable resource is its employees and that they are key to its success in implementing its strategy. The Board believes that the continued learning and development of colleagues is essential, in order to help ensure effective management of OneFamily, and provision of appropriate service to customers. As at 31 December 2025 the gender mix at management levels was:

	2025		2024	
	Male	Female	Male	Female
Board of Directors	62%	38%	50%	50%
Senior management	56%	44%	57%	43%



There is a statement on gender pay on page 24 and further information on our approach to diversity and inclusion, including how we support those with different forms of disability to fulfil their potential at work, can also be found on page 24.

In addition to individual team meetings, all colleagues are kept informed on matters of concern to them such as business performance and strategy; changes to the economic and competitive environment that OneFamily operates in; wellbeing initiatives; the OneFamily modernisation programme; rationalisation initiatives; and changes to the Executive team through a number of regular communication channels including:

- Town Hall events with updates from the CEO and other senior managers and opportunities to raise questions.
- Emails from our Internal Communications teams, including a weekly update to all colleagues from the CEO.

- Regular breakfast sessions with the CEO and other senior managers which all colleagues are invited to attend.

The Talking Family employee consultative committee meets at least monthly to provide a forum for representatives of employees to provide their views on issues affecting them. Its Chair and Vice-Chair provide feedback arising from its discussions by attending the Executive team's meeting on a monthly basis; whilst the Non-Executive Chair of the Member, Customer & Culture Sub-Committee is invited to attend all Talking Family meetings. She provided regular updates to the OneFamily Board on the themes discussed including any current issues of concern to colleagues.

The results of the annual staff engagement survey are reviewed by the Board and actions in response to it are communicated to all colleagues.

Future Developments

In 2026 and future years we will continue to drive positive social outcomes, leveraging the capabilities provided by our modernisation programme to reach as many customers as possible and build commercial value for OneFamily, including:

- Continuing to invest in capabilities for our core protection and investments products - growing our business sustainably, creating and protecting value for our customers.
- Continuing to develop our protection proposition further with a phased launch in 2026.
- Build on our modernisation and rationalisation programme, partnering with third parties to further streamline our IT estate.
- Providing further cost efficiencies and continuing to enhance the business's operational resilience and sustainability.

In addition, in 2026 and early 2027 we will be working on our plans for the proposed merger with Scottish Friendly, subject to regulatory approval.

Customer complaints

It is OneFamily's policy to investigate and resolve all customer complaints promptly and fairly, but in the event that customers are not satisfied with the response the Financial Ombudsman Service provides a complaints resolution service. Full details can be obtained from the Company Secretary or at www.onefamily.com. In 2025 we resolved 99.7% of complaints within four weeks (2024: 98.6%).

Appointment of auditor

A resolution to re-appoint Deloitte LLP as the external auditor will be proposed at the 2026 AGM.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditor is unaware; and each director has taken all the steps that they ought to as a director to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Actuarial function

John Jenkins (of Milliman) is Chief Actuary to the Group. Paul Simmons (of Willis Towers Watson) was Chief Actuary to the Group until 1 October 2025. The With-Profits Actuary is Tom Michael (of Willis Towers Watson).

Charitable and political donations

In 2025, OneFamily made charitable donations of £117k (2024: £102k). Further details of our charitable partnerships can be found on pages 26 to 28. Within the £117k, £30k was awarded to a variety of great causes, including one-off donations to charities supporting disadvantaged families, young persons education grants and donations to match colleague fundraising. OneFamily also continued sponsorship of Brighton Pride for the 10th year running. Our charity partnerships enable us to support initiatives that align with our Inspiring Better Futures vision.

No political donations were made (2024: nil).

Directors' interests

None of the directors had any interests in the Group or its subsidiary companies, other than those interests in respect of fees or salaries paid to them as directors, those interests in respect of the policies which they hold with the Group under standard terms and conditions and those interests specifically disclosed in Note 29 to the financial statements.

Directors' insurance and indemnities

The directors have the benefit of the indemnity provisions contained in the Society's Rules, and the Society has maintained throughout the year directors' and officers' liability insurance for the benefit of the Society, the directors and its officers. The Society has entered into qualifying third party indemnity arrangements for the benefit of all its directors which were in force throughout the year and remain in force.



Josie Green
Secretary
3 April 2025

Directors' remuneration report

Annual statement from the Remuneration Sub-Committee Chair

Dear Members

On behalf of the Board and as Chair of the Remuneration Sub-Committee, I am pleased to present the Directors' remuneration report for 2025. This is my first report as Chair since taking the role in June 2025. I would like to pass on my gratitude to Graham Lindsay as the outgoing chair for the care and commitment he has shown during his time in the role.

Remuneration Sub-Committee governance and reporting

The purpose of the Sub-Committee is to ensure that OneFamily attracts and retains colleagues with the appropriate skills and experience by setting the remuneration policy to drive the organisation forward in line with its strategy, risk appetite, long-term sustainable success and long-term member interests while respecting its values and purpose. OneFamily is committed to high standards of corporate governance and our remuneration policy and practices reflect this.

During 2025 the Remuneration Sub-Committee met four times.

OneFamily developments in 2025

Throughout 2025 we continued to deliver on our strategy. Our particular highlights have come from the successful build of the intermediary proposition, strong performance from our Lifetime ISA product, and from robust delivery of our cost reduction commitments. Our continued focus on transforming and simplifying the business puts us in an excellent position for future growth.

OneFamily continues to focus on its overarching corporate objectives: excellent customer satisfaction, good colleague engagement, strong trading capital generation and strategic, transformative change throughout the business.

More details on OneFamily's performance and strategy can be found in the strategic report section of the Annual Report on pages 5 to 49.

Remuneration and fees

OneFamily's success is dependent on the work and dedication of our colleagues, and we are committed to offering fair pay and benefits. Consequently, we are proud to have renewed our commitment as a Real Living Wage employer, while in March 2025 our overall colleague pay review of 3.5% took account of the impact of inflation on our people.

In 2025, following a benchmarking exercise in late 2024, we made a number of adjustments to non-executive base fees and committee chair fees, to reflect the market benchmarks and the time required to deliver the role. Given the recency of the benchmarking exercise, in 2026 a standard increase of 3% has been applied to non-executive base fees, in line with the overall organisational increase.

Review of executive director remuneration

During 2024, the Remuneration Sub-Committee undertook a comprehensive review of the executive directors' remuneration policy with external independent advice provided by Korn Ferry who were appointed in September 2024. The purpose of this review was to ensure that the policy remains aligned with market best practice and continues to support the interests of our stakeholders.

The Sub-Committee also considered detailed benchmarking analysis, focusing on both remuneration structures and quantum within financial services mutuals and other businesses of a comparable size. Due to this extensive benchmarking exercise conducted in 2025, we are comfortable that our executive directors are fairly paid both with regards to fixed pay but also variable pay, and as such an increase of 3% of base salary has been awarded to them in line with the rest of the company.



A small number of other remuneration policy changes have been made to simplify the policy and where possible ensure that it better aligns with market best practice. Full details of the proposed policy changes are set out in the policy section below.

Concluding remarks

The directors' remuneration report will be subject to an advisory vote at the forthcoming 2026 AGM and I look forward to receiving your support for this resolution.

I would like to pass on my gratitude to all colleagues at OneFamily and my fellow Sub-Committee members who show their commitment and enthusiasm for our vision and purpose of Inspiring Better Futures.

Alison Davies
Chair of the Remuneration Sub-Committee

Remuneration policy

This remuneration policy sets out how we remunerate our colleagues to ensure that we follow a fair and consistent approach across our colleague population.

Approach to determining the remuneration policy

Equity, diversity and inclusion stand at the forefront of our values. Equitable pay is key to achieving diversity and inclusion and this policy ensures all colleagues at OneFamily are fairly remunerated, based on their skills and their overall performance.

The policy guidelines and principles are based on the business' regulatory guidelines and requirements set out in the AFM Corporate Governance Code for Mutual Insurers, the UK Corporate Governance Code and in the relevant remuneration regulations published by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA). Although we are not required to meet the principles of the UK Corporate Governance Code, we adopt relevant best practice and report accordingly.

The Remuneration Sub-Committee reviews and approves the remuneration policy annually, ensuring that remuneration practices are in line with our business strategy and objectives, our risk management strategy and risk profile as well as with the long-term interests and performance of the organisation.

No director is involved in the determination of, or votes on, any matter relating to their own remuneration.

Remuneration in context

OneFamily is proud to offer a total reward package that includes base pay, pension, employee benefits and a variable pay element that allows all colleagues to share in the success of the Group, while driving behaviours that are consistent with our purpose, values, and strategy.

To remain competitive, we benchmark salaries using information from Willis Towers Watson and Korn Ferry, our Remuneration Sub-Committee advisor, aiming to pay within a narrow range of the median industry salary for each role. We also provide competitive benefits, as well as wellbeing and other initiatives designed to help ensure that OneFamily is an enjoyable, fulfilling and supportive place to work.

Performance-based incentives are driven by metrics that reflect the overall performance and financial position of the organisation. The Sub-Committee believes the reward practices to be fair and consistent with the reward policies for all OneFamily's colleagues.

Main elements of remuneration policy for executive directors

The following table sets out the main elements of the remuneration policy currently in place for executive directors:

Element	Purpose	Operation	Potential value
Base salary	To provide a competitive level of base salary, reflecting the skills and experiences required and to reward ongoing contribution to the role.	Base salaries are determined by the scope and responsibilities of each role, individual performance and by reference to appropriate market rates obtained from external sources. They reflect individuals' skills and experience and are reviewed annually in the context of annual performance assessment. This is the only element of remuneration which is pensionable.	Base salary increases are assessed annually, taking into consideration increases applied to the broader colleague population, along with reference to market rates and consideration of affordability. Higher increases may be awarded, for example, for an increase in scope or responsibilities.

Element	Purpose	Operation	Potential value
Benefits	To provide a range of market competitive benefits that are valued.	Includes private medical insurance and life cover.	Benefits are provided in line with the market.
Pensions	To encourage planning for retirement and long-term savings.	Participation in the defined contribution pension plan is offered to all colleagues. Where contributions would impact an individual's position with regard to pensions allowances and limits, executive directors may be permitted to take a cash alternative in place of contributions.	Pension contributions of 6%, rising to a maximum of 9% where additional contributions are matched, in line with pension scheme rules or cash supplement for executive directors.
Short-term incentive scheme	To drive and reward performance against annual financial and non-financial objectives that are consistent with the business strategy, purpose and values that align to members' interests.	<p>Short-term incentive awards are calculated based on business performance against corporate objectives. These fall into four areas: customer, colleague, strategy and financial performance.</p> <p>Payments under the awards are made in instalments over several years.</p> <p>Short-term incentive scheme is subject to malus and claw back provisions. Malus provisions apply to an unvested award and claw back provisions apply to the vested amount for five years following the vesting of such awards.</p>	<p>The potential maximum award as % of bonusable earnings for current executive directors is:</p> <p>Chief Executive Officer (CEO): 125%</p> <p>Chief Finance Officer (CFO): 125%</p> <p>75% of the maximum potential award is paid for achievement of baseline targets and up to 100% of the maximum potential award is paid for achievement of stretch targets.</p> <p>Any payment under the scheme is at the discretion of the Remuneration Sub-Committee.</p>

Element	Purpose	Operation	Potential value
Long-term incentive scheme	To incentivise sustainable long-term alignment with members' interests and OneFamily purpose, values and strategy.	<p>Performance will be assessed over three years against performance measures which may include: capital growth, cost efficiency, customer satisfaction, colleague engagement and ED&I.</p> <p>Payments under the awards are made in instalments over several years, with the first instalment after the end of the third and final business year to which the award refers.</p> <p>Long-term incentive awards are subject to malus and claw back provisions. Malus provisions will apply to an unvested award and claw back provisions will apply to the vested amount for five years following the vesting of such awards.</p>	<p>The potential maximum award as % of base salary for current executive directors is:</p> <p>CEO: 100%</p> <p>CFO: 65%</p> <p>50% of the maximum potential award is paid for achievement of threshold targets; and up to 100% of the maximum potential award is paid for achievement of stretch targets.</p> <p>Any payment under the scheme is at the discretion of the Remuneration Sub-Committee.</p> <p>Individuals will not be rewarded for poor performance.</p>

Remuneration opportunity for current executive directors in 2026

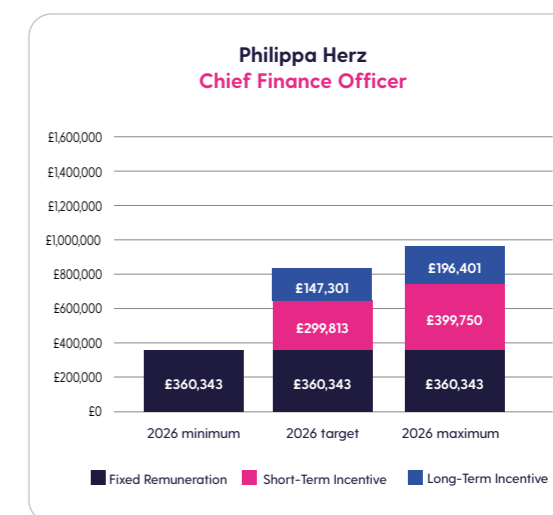
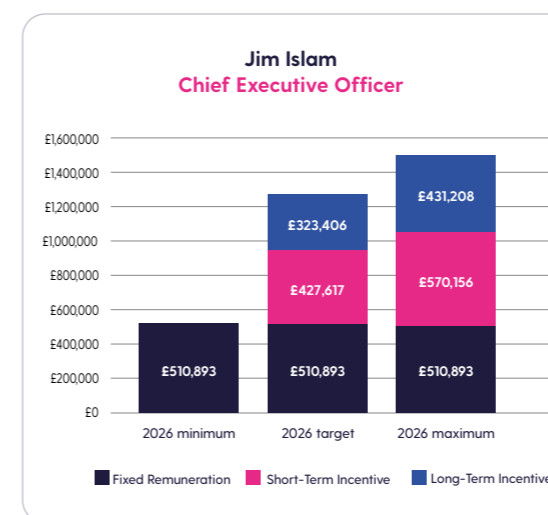
The charts illustrate the amounts that executive directors could be paid in 2026 under different performance scenarios:

Minimum – fixed remuneration elements only (base salary, benefits, and pension).

Target – assumes target levels of performance are achieved.

Maximum – assumes that stretch levels of performance are achieved.

Short-term incentive plan (STI) and long-term incentive plan (LTI) incentives represent the target and maximum opportunities that may vest in the year.



Non-executive director fees for 2026

Non-executive directors' fees are set in the light of responsibilities, required skills and time commitment while also referencing market benchmarks. Fees were reviewed in March 2025 and were informed by external benchmarking carried out by our remuneration advisers, Korn Ferry. As noted in the Remuneration Sub-Committee Chair's annual statement, in 2026 the non-executive base fees have been increased by 3%.

Non-executive director fees are made up of a base fee, plus a sub-committee chair fee as appropriate. The Chair of the Board does not receive any additional fees. Fees are paid monthly, and expenses are paid in line with market practice. No variable pay is provided so that the Chair and non-executive directors can maintain appropriate independence. They do not receive pensions or other benefits.

None of the non-executive directors has a servicer contract; rather they have letters of appointment.

Non-executive director fees structure	2026* £'000	2025* £'000
Chair	151.9	147.5
Base fee	61.8	60.0
Vice chair	75.7	73.5
Audit Sub-Committee chair	12.9	12.5
Risk Sub-Committee chair	12.9	12.5
Remuneration Sub-Committee chair	10.3	10.0
Member, Customer and Culture Sub-Committee chair	7.7	7.5
With-Profits Sub-Committee chair	2.6	2.5

* Changes are effective from 1 March

Variable remuneration schemes

OneFamily has three variable remuneration schemes. Most colleagues benefit from the staff bonus scheme which pays out a range up to a maximum of 20% of bonusable earnings. The short-term incentive plan (STIP) is awarded to executives and some other material risk takers; and the long-term incentive plan (LTIP) is awarded to executive team members. All have quantitative targets, with financial targets linked to economic value creation. This aligns with our ambition of delivering sustainable capital generation and is the way the Board assesses the business.

These quantitative metrics are supplemented by other factors, such as wider societal impacts, risk considerations, supporting the transformation

agenda and engaging with colleagues. Finally, consideration is given to individual performance over the year and colleagues' adherence to the Group's values and expected behaviours to determine the individual awards. The amount available for distribution is decided by the Remuneration Sub-Committee using its judgement and discretion.

The CEO recommends the executives' individual awards to the Sub-Committee, based on achievement of these targets, as well as each executive's performance and behaviours. The Chair of the Sub-Committee recommends the CEO's awards to the Board.

Annual Report on Remuneration disclosures

This section of the report shows details of remuneration paid to executive and non-executive directors during 2025. Unless otherwise stated, the information within this report is unaudited.

Single figure of total remuneration – Audited

Board of Directors Remuneration												
	Salary/Fees		Short-Term Incentive Scheme		Long-Term Incentive Scheme		Pension ¹		Other benefits ²		Total remuneration	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000	2025 £'000	2024 £'000
						restated ³						restated ³
Executives												
Jim Islam	438	400	410	372	169	152	24	22	29	25	1,070	971
Philippa Herz	307	280	288	208	74	68	17	16	22	19	708	591
Non-Executives												
Steve Colsell	145	134	–	–	–	–	–	–	–	–	145	134
Alison Davies	72	63	–	–	–	–	–	–	–	–	72	63
Melanie Hind	73	66	–	–	–	–	–	–	–	–	73	66
Graham Lindsay	78	80	–	–	–	–	–	–	–	–	78	80
Peter O'Donnell⁴	68	9	–	–	–	–	–	–	–	–	68	9
Philip Willcock⁵	59	–	–	–	–	–	–	–	–	–	59	–
Sally Williams⁶	24	68	–	–	–	–	–	–	–	–	24	68
	1,264	1,100	698	580	243	220	41	38	51	44	2,297	1,982

¹ Pension includes either contributions to a defined contribution pension plan or a cash alternative.

² Other benefits include allowances, private medical insurance, taxable expenses, and a grossed-up payment of the associated tax due on these taxable expenses claimed (taxable expenses include for example travel between offices).

³ The Long-Term Incentive Scheme figures disclosed in 2024 (relating to the 2022-2024 period) have been restated to correct for an error in their calculation.

⁴ Appointed 1/11/2024.

⁵ Appointed 1/1/2025.

⁶ Resigned 30/4/2025.

Bonus scheme outcomes for 2025

The metrics for the staff bonus and STIP schemes were based on four key areas: financial, strategic change, member experience and colleague engagement. Metrics for the LTIP scheme were based on a wider series of metrics. Our capital performance in the year, along with other achievements particularly in New Business Sales and Colleague Engagement ensured payments under all schemes.

Long-term and short-term incentive schemes

Details of bonuses vested, paid and deferred in the year and as at the 31 December are set out below:

Short-Term Incentive Scheme					
	Value of deferred bonus as at 31 Dec 2024 £'000	Bonus paid during 2025 £'000	Bonus vested in 2025 to be paid in 2026 £'000	Bonus vested in 2025 but payment deferred to 2027/2029 £'000	Value of deferred bonus at 31 Dec 2025 £'000
Jim Islam					
Performance period					
2022	38	(38)	–	–	–
2023	91	(45)	–	–	46
2024	372	(216)	–	–	156
2025	–	–	238	172	410
	501	(299)	238	172	612
Philippa Herz					
Performance period					
2023	6	(3)	–	–	3
2024	208	(121)	–	–	87
2025	–	–	167	121	288
	214	(124)	167	121	378
Total	715	(423)	405	293	990

Long-Term Incentive Scheme						
	Value of deferred bonus as at 31 Dec 2024 £'000	Bonus paid during 2025 £'000	Bonus vested in 2025 to be paid in 2026 £'000	Bonus vested in 2025 but payment deferred to 2027/2028 £'000	Adjustment to previously disclosed bonus £'000	Value of deferred bonus at 31 Dec 2025 £'000
Jim Islam						
Performance period						
2020-2022	25	(25)	–	–	–	–
2021-2023	63	(33)	–	–	(3)	27
2022-2024	188	(94)	–	–	(36)	58
2023-2025	–	–	84	85	–	169
	276	(152)	84	85	(39)	254
Philippa Herz						
Performance period						
2021-2023	37	(18)	–	–	–	19
2022-2024	86	(43)	–	–	(18)	25
2023-2025	–	–	37	37	–	74
	123	(61)	37	37	(18)	118
Total	399	(213)	121	122	(57)	372

Payments to past directors and payments for loss of office

There were no payments for loss of office for executive directors nor payments to past directors.

Remuneration for current non-executive directors in 2026

	2026 £000's
Steve Colsell	151
Graham Lindsay*	64
Melanie Hind	77
Alison Davies**	73
Peter O'Donnell*	86
Phil Wilcock**	68

* Peter O'Donnell replaced Graham Lindsay as Vice Chair on 28 February 2026

** Phil Wilcock replaced Alison Davies as Chair of the Member, Customer and Culture Sub-Committee on 24 February 2026

Relative importance of spend on pay

Colleague costs (excluding defined benefit pension costs – see Notes 11 and 27) form a significant element of Group expenditure, representing 33% (2024: 35%) of the net operating expenses.

Board Remuneration Sub-Committee external advisor

Korn Ferry were appointed as advisers to the Committee from September 2024. Korn Ferry are signatories to the voluntary code of conduct in relation to remuneration consulting in the UK. As advisers, their remit is to provide support and guidance on reporting regulations, requirements, and best practice, as well as market updates regarding remuneration.

The Sub-Committee is satisfied that the advice received is both objective and independent. Korn Ferry has no connection with any of the executive or non-executive directors at OneFamily.

Engagement with members

We encourage engagement with members, who cast an advisory vote on the directors' remuneration report at the AGM. The results at the AGM in June 2025 were as follows:

For	Against	Vote withheld
8,937	497	161

In addition to the full directors' remuneration report, we publish information on our website on the AGM page and this is also sent to the members who receive postal packs. We have a Q&A section on the AGM page, and we respond to all members who submit questions in advance of and at the AGM. There are informal opportunities for members to raise questions before / after the meeting when talking to directors.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FAMILY ASSURANCE FRIENDLY SOCIETY LIMITED

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of Family Assurance Friendly Society Limited (the 'Society') and its subsidiaries (the 'Group'):

- give a true and fair view of the state of the Group's and of the Society's affairs as at 31 December 2025 and of the Group's and the Society's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 "Insurance Contracts"; and
- have been prepared in accordance with the requirements of the Friendly Societies Act 1992.

We have audited the financial statements which comprise:

- the Group and Society statement of income and expenditure accounts;
- the Group and Society statement of other comprehensive income;
- the Group and Society statement of changes in equity and members' reserves;
- the Group and Society statement of financial position;
- the statement of accounting policies; and
- the related notes 2 to 30.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103 "Insurance Contracts" (United Kingdom Generally Accepted Accounting Practice).


2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and the Society for the year are disclosed in note 9 to the financial statements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Society.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	<p>The key audit matter that we identified in the current year is:</p> <ul style="list-style-type: none"> • Significant assumptions used in determining the valuation of the long-term business provision, specifically: <ul style="list-style-type: none"> - base mortality and mortality improvement; and - maintenance expenses. <p>Within this report, the key audit matter identified is as follows:</p> <p> Similar level of risk</p>
Materiality	The materiality that we used for the Group financial statements was £3.8m which was determined on the basis of 2.5% of retained earnings and funds for future appropriations.
Scoping	On an absolute basis, our testing covered 99% of revenue, 100% of total assets and 99% of net assets.
Significant changes in our approach	There are no significant changes in our approach and no new key audit matters have been identified for the 2025 year-end audit

4. Conclusions relating to going concern

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.

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

- obtaining an understanding of management's process and controls related to the review of the Group and Society's going concern assessment;
- making enquiries of Group management about the assumptions used in their going concern assessment, and assessing the reasonableness of those assumptions;
- evaluating the liquidity and solvency of the Group and Society by inspecting management's base case liquidity and solvency projections used in the going concern assessment;
- inspecting the Group's Solvency II Own Risk and Solvency Assessment ("ORSA") to support our understanding of the key risks faced by the Group and Society and its ability to continue as a going concern, including solvency and liquidity risks;
- obtaining and inspecting correspondence between the Group and Society and their regulators, the Financial Conduct Authority (FCA) and Prudential Regulation Authority (PRA), as well as attending Audit Sub-Committee and Risk Sub-Committee meetings regularly, to identify any items of interest that could potentially indicate either non-compliance with legislation or potential litigation or regulatory action held against the Group or Society; and
- assessing the appropriateness of going concern disclosures in the financial statements.

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 Society'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.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Significant assumptions used in determining the valuation of the long-term business provision, specifically: base mortality and mortality improvement and maintenance expenses

Key audit matter description The long-term business provision was valued at £152.9m (2024: £168.0m) as at 31 December 2025. The valuation of the long-term business provision involves significant estimates and assumptions. We have identified a key audit matter in relation to the following assumptions within the valuation of the long-term business provision:

1. Demographic assumptions - Base mortality & mortality improvements

Setting these assumptions requires a high degree of judgement. Factors to consider include portfolio experience, industry trends, management views on future trends, and external factors arising from market developments. Management has engaged actuarial experts to support on the demographic assumption setting.

2. Maintenance expenses assumptions

Expense assumptions are set to reflect the expected future costs of administering the underlying policies. This is a highly subjective assumption, particularly the apportionment of expenses, inflation assumption used, and any short or long-term expense overlays. We consider expenses as a whole, given the allocation to one block of business will impact the allocation to another.

See page 61 of the Audit Sub-Committee report and Note 22 of the financial statements for further details on the long term business provision.

How the scope of our audit responded to the key audit matter

Demographic assumptions (Mortality: base & improvements)

- We have identified and tested the relevant controls surrounding the demographic basis setting.
- Together with our actuarial specialists, we have performed the following procedures:
 - We obtained a detailed understanding of the demographic basis setting methodology, including the rationale for key judgements and the appropriateness of changes made during the year.

- We have considered the appropriateness of key expert judgements applied following calculation of an “actual versus expected” analysis, including those made in relation to Covid-19, and other past and potential future, internal and external, events.
- We have assessed the competence, capability and objectivity of management’s expert in their role.

Maintenance expenses assumptions

- We have identified and tested the relevant controls surrounding the business plan and the expense assumptions.
- We have evaluated the business plan used as a base for expected future costs and assessed the methods used to determine exceptional costs, and to identify maintenance expenses.
- We have tested the accuracy and completeness of the business plan through reconciliation of actual cost data back to the ledger.
- We have challenged key judgements relating to expense assumptions, particularly those around future savings. Specifically, we have:
 - assessed the derivation of per policy expense assumptions based on the business plan and projected policy counts;
 - assessed the reasonableness of the split of expenses between maintenance expenses, acquisition costs and development costs; and
 - assessed supporting and contradictory evidence for any short- or long-term expense overlays or unmodelled provisions held in addition to the expense assumptions derived from the business plan.
- In addition, we have assessed the reasonableness of changes to assumptions, where relevant.

Key observations

The significant assumptions, above, used in the valuation of long-term business provision are reasonable.

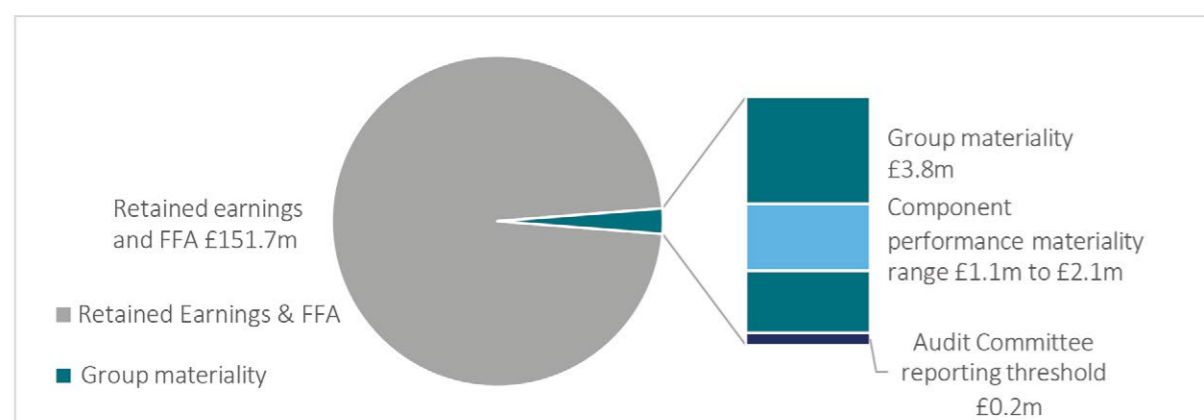
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Society financial statements
Materiality	£3.8m (2024: £3.7m)	£3.6m (2024: £3.5m)
Basis for determining materiality	2.5% of retained earnings and funds for future appropriations ("FFA") (2024: 2.2% of retained earnings and funds for future appropriation).	Society materiality was determined on a consistent basis to the Group materiality, but capped at 95% of Group, equating to 2.4% of retained earnings and FFA (2024: 1.5% of retained earnings and FFA, based on the Group materiality capped at 95%).
Rationale for the benchmark applied	Retained earnings and FFA represent funds not yet allocated to policyholders and is considered an equivalent to a net asset figure for Friendly Societies. The materiality determined equated to 0.19% (2024: 0.28%) of total assets and 2.45% (2024: 2.20%) of long term business provision.	The Society is the main insurance entity within the Group and contributes substantially to the financial performance and the retained earnings and FFA of the Group. As such, the materiality considerations for the Society are the same as that are assessed for the Group.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Society financial statements
Performance materiality	60% (2024: 60%) of Group materiality	60% (2024: 60%) of Society materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered: <ul style="list-style-type: none"> our cumulative audit knowledge from our prior year audits; the complexity of the underlying information technology architecture; the quality of the control environment; and the history of misstatements. 	

6.3. Error reporting threshold

We agreed with the Audit Sub-Committee that we would report them all audit differences in excess of £0.2m (2024: £0.2m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Sub-Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

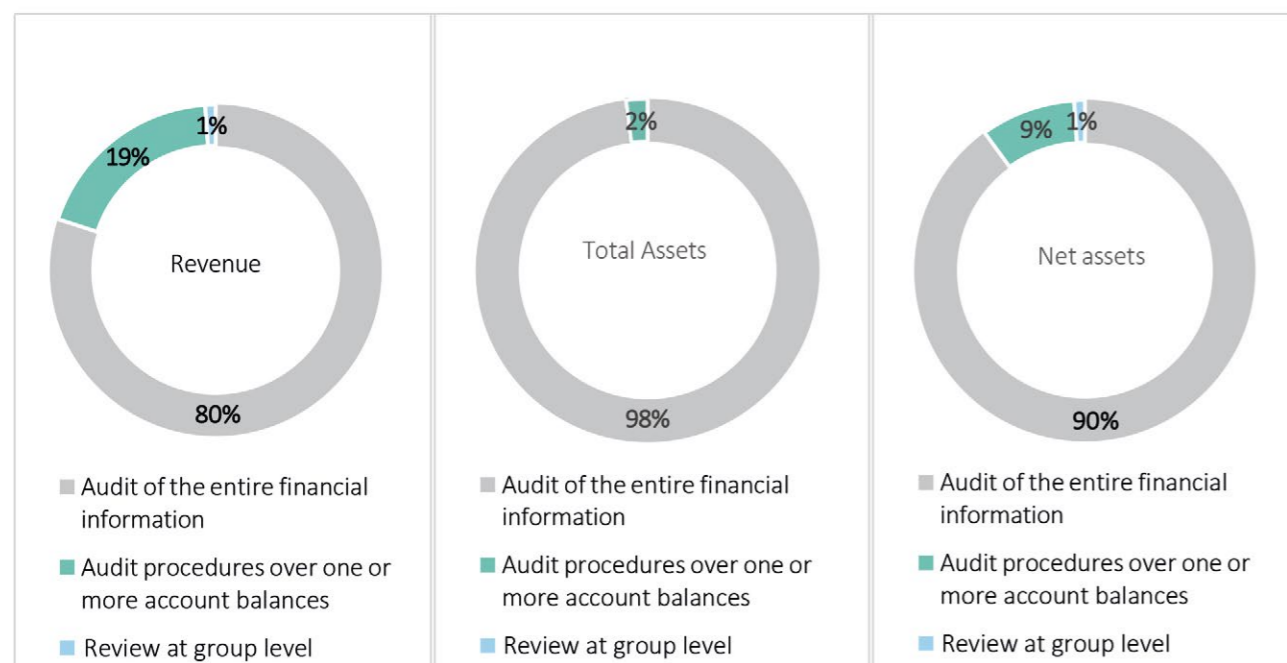
7. An overview of the scope of our audit

7.1. Identification and scoping of components

Consistent with the prior year, our audit scope has been based on a risk-based approach by developing an appropriate audit plan for each significant account. We have taken into account both qualitative and quantitative factors in our assessment.

An audit of the entire financial information of the Society was performed. Specified audit procedures of one or more account balances were completed in respect of three (2024: three) components where we identified specific audit risks which needed to be addressed. Components were identified on an entity basis and component performance materialities were in a range from £1.1m to £2.1m. We have performed testing of all material consolidation entries. All components were audited directly by the Group engagement team and for the remaining components, we performed group-level analytical review procedures.

On an absolute basis, our testing covered 99% (2024: 97%) of revenue, 100% (2024: 99%) of total assets and 99% (2024: 98%) of net assets.



7.2. Our consideration of the control environment

We performed walkthroughs to gain an understanding of the control environment and tested the controls related to financial reporting and certain other account balances including the long term business provision. We have involved our IT audit specialists in obtaining an understanding of and testing general IT controls in the year. We were able to rely on controls over certain IT systems and business processes in the current year.

7.3. Our consideration of climate-related risks

In planning our audit, we considered the impact of climate change on the Group’s operations and subsequent impact on its financial statements. The Group sets out its assessment of the potential impact on pages 42 to 49 of the Group Strategic Report section of the annual report.

We held discussions with management and reviewed their supporting papers to understand the climate-related risk assessment, legal and regulatory requirements, ESG strategy, governance, and disclosures.

As part of our procedures, we also read the other information and to consider whether it is materially inconsistent with the financial statements and our knowledge obtained during the course of our audit.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors’ responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 Society’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 Society or to cease operations, or have no realistic alternative but to do so.

10. Auditor’s 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 auditor’s 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.

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 auditor’s report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment, and business performance including the design of the Group’s remuneration policies, key drivers for directors’ remuneration, bonus levels and performance targets;

- results of our enquiries of management, internal audit, the directors and the Audit Sub-Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the investment and protection sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement and relevant internal specialists, including actuarial, IT, pensions and data analytics specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the significant assumptions used in determining the valuation of the long-term business provision, specifically: base mortality and mortality improvement and maintenance expenses. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the pensions legislation, tax legislation, and Solvency II Regulations.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included relevant FCA and PRA regulations.

11.2. Audit response to risks identified

As a result of performing the above, we identified the significant assumptions used in determining the valuation of the long-term business provision, specifically: base mortality and mortality improvement, and maintenance expenses as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Sub-Committee, and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with the PRA and FCA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments, assessing whether the judgements made in making

accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Friendly Societies Act 1992

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Society and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Friendly Societies Act 1992 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Society; or
- the Society's financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations and access to documents we require for our audit.

We have nothing to report in respect of these matters.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the Audit Sub-Committee, we were appointed by the Group's members on 21 June 2022 to audit the financial statements for the year ending 31 December 2022 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is four years, covering the years ending 31 December 2022 to 31 December 2025.

14.2. Consistency of the audit report with the additional report to the Audit Sub-Committee

Our audit opinion is consistent with the additional report to the Audit Sub-committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the Society's members, as a body, in accordance with section 73 of the Friendly Societies Act 1992. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.



Tom Noble FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP Statutory

Auditor Bristol, United Kingdom

1 April 2026



Consolidated Financial Statements

Group and Society statement of income and expenditure accounts
 for the year ended 31 December 2025

Technical account		Group	Group	Society	Society
Long-term business		2025	2024	2025	2024
	Notes	£'000	£'000	£'000	£'000
Earned premiums, net of reinsurance					
Gross premiums written	4	50,537	44,605	50,537	44,605
Outward reinsurance premiums	4	(23,154)	(19,244)	(23,154)	(19,244)
Investment income	5	75,830	61,523	79,830	65,936
Unrealised gains/(losses) on investments	5	78,401	(2,541)	4,509	(7,833)
Other technical income	12	55	551	2,498	3,311
Income from Group companies relating to recharged operating expenses		-	-	35,444	31,584
Claims incurred, net of reinsurance					
Gross claims incurred	6	(37,380)	(40,254)	(37,380)	(40,254)
Outward claims reinsurance	6	20,400	20,858	20,400	20,858
Change in long-term business provision, net of reinsurance	22	8,529	42,922	8,529	42,922
Change in gross liability for investment contracts	23	(133,330)	(53,599)	(133,330)	(53,599)
Goodwill and intangibles amortisation	15, 16	(1,903)	(2,892)	(1,903)	(2,892)
Net operating expenses	8	(66,026)	(81,213)	(101,470)	(112,797)
Gain on pension scheme settlement	27	9,118	-	9,118	-
Investment expenses and charges	5	(2,239)	(1,721)	(2,239)	(1,721)
Taxation credit	14	(29)	1,180	(29)	1,180
Transfer from the fund for future appropriations		(195)	366	(195)	366
Balance on the long-term business technical account		(21,386)	(29,459)	(88,835)	(27,578)

The notes to the financial statements on pages 97 to 155 are an integral part of these financial statements.

Group and Society statement of income and expenditure accounts
 (continued) for the year ended 31 December 2025

Non-technical account		Group	Group	Society	Society
		2025	2024	2025	2024
	Notes	£'000	£'000	£'000	£'000
Balance on the long-term business technical account		(21,386)	(29,459)	(88,835)	(27,578)
Other income	13	48,345	50,536	-	-
Net operating expenses	8	(41,201)	(38,960)	-	-
Goodwill and intangibles amortisation	15, 16	(1,287)	(1,426)	-	-
Excess of (expenditure over income) on ordinary activities before tax		(15,529)	(19,309)	(88,835)	(27,578)
Tax on excess of (expenditure over income) on ordinary activities	14	(1,134)	(2,440)	-	-
Excess of (expenditure over income) after tax		(16,663)	(21,749)	(88,835)	(27,578)

The notes to the financial statements on pages 97 to 155 are an integral part of these financial statements.

Group and Society statement of other comprehensive income
 for the year ended 31 December 2025

	Notes	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
Excess of (expenditure over income) after tax		(16,663)	(21,749)	(88,835)	(27,578)
Remeasurement of defined benefit scheme	27	3,116	6,479	3,116	6,479
Unrealised (loss) on property revaluation	17	–	–	–	–
Total recognised (loss) in the year	26	(13,547)	(15,270)	(85,719)	(21,099)

Group and Society statement of changes in equity and members' reserves
 for the year ended 31 December 2025

	Notes	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
Retained earnings					
Reported at 1 January		161,021	176,291	229,341	250,440
Excess of (expenditure over income)/income over expenditure after tax		(16,663)	(21,749)	(88,835)	(27,578)
Other comprehensive income	17, 27	3,116	6,479	3,116	6,479
As at 31 December		147,474	161,021	143,622	229,341

The notes to the financial statements on pages 97 to 155 are an integral part of these financial statements.

Group and Society statement of financial position
 as at 31 December 2025

	Notes	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
Assets					
Intangible assets					
Goodwill	15	4,646	5,577	–	29
Other intangible assets	16	20,317	22,576	20,517	22,390
Investments					
Investment in land and buildings	17	7,836	7,845	8,678	8,678
Investment in group undertakings	18	–	–	15,088	88,002
Non-linked financial investments	19	169,487	186,553	169,487	186,553
Assets held to cover linked liabilities	19	1,556,714	872,493	1,556,714	872,493
Debtors	19, 20	49,137	47,369	29,350	38,338
Reinsurers' share of technical provisions					
Long-term business provision	22	113,255	119,815	113,255	119,815
Other assets					
Tangible assets	21	231	408	231	408
Cash at bank	19	30,697	31,865	22,795	14,823
Deferred taxation	14	–	–	–	–
Prepayments and accrued income					
Accrued interest and rent		3,368	4,539	1,475	1,650
Other prepayments and accrued income		3,652	3,480	3,652	3,480
Total assets		1,959,340	1,302,520	1,941,242	1,356,659

The notes to the financial statements on pages 97 to 155 are an integral part of these financial statements.

Group and Society statement of financial position (continued)
as at 31 December 2025

Liabilities	Notes	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
Retained earnings	26	147,474	161,021	143,622	229,341
Fund for future appropriations (FFA)	25	4,254	4,059	4,254	4,059
Technical provisions					
Long-term business provision	22	152,945	168,034	152,945	168,034
Claims outstanding	22	13,763	10,697	13,763	10,697
Technical provision for linked liabilities	23	1,556,714	872,493	1,556,714	872,493
Creditors					
Creditors arising out of insurance operations		3,619	1,461	3,619	1,461
Other creditors including taxation and social security	24	32,483	27,096	24,772	17,468
Deferred tax liability	14	242	242	242	242
Accruals and deferred income		24,964	22,519	18,429	17,967
Total liabilities		1,936,458	1,267,622	1,918,360	1,321,762
Net pension liability	27	22,882	34,897	22,882	34,897
Total liabilities including the pension liability		1,959,340	1,302,519	1,941,242	1,356,659

The notes to the financial statements on pages 97 to 155 are an integral part of these financial statements.

The financial statements were approved at a meeting of the Board of Directors on xx April 2026 and signed on its behalf by:

Jim Islam
Chief Executive Officer

Steve Colsell
Chair

Josie Green
Secretary

Notes to the financial statements

for the year ended 31 December 2025

1. Statement of accounting policies

A. Statement of compliance

The Group and individual financial statements of the Society have been prepared in compliance with the Friendly Societies (Accounts and Related Provisions) Regulations 1994 and the Friendly Societies Act 1992.

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102) and Financial Reporting Standard 103 "Insurance contracts" (FRS 103) as they apply to the financial statements of the Group and the Society for the year ended 31 December 2025.

B. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these Group and individual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

C. Basis of preparation

These Group and individual financial statements have been prepared on the going concern basis supported by an assessment of the Group's forecast profitability and capital resilience over the period of at least 12 months from the date of approval of these financial statements. This included assessment of the Group's financial resilience (including solvency and liquidity) and sensitivities to further equity, interest rate and credit spread changes. The Group's operational resilience has also been considered by the Board in the assessment of going concern.

They have also been prepared under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1k, unless otherwise stated.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to use judgement in applying the Group's and Society's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The Group (and Society) is exempt from preparing a cash flow statement due to its status as a mutual life assurance company.

1. Statement of accounting policies (continued)

D. Business combinations and goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued plus the costs directly attributable to the business combination. Where control is achieved in stages the cost is the consideration at the date of each transaction. Any contingent consideration is initially recognised at an estimated amount where the consideration is probable and can be measured reliably.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values of the Group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Where the Group is unable to make a reliable estimate, goodwill is amortised over a period not exceeding 10 years. Goodwill is assessed for impairment when there are indicators of impairment. Impairment is charged to the income and expenditure account. Reversals of impairment are recognised when the reasons for impairment no longer apply.

The accounting policies in relation to the acquired assets and liabilities are harmonised with those of the Group.

For those transactions where there is insufficient guidance in UK GAAP, the Group looks to the guidance in IFRS 3 Business Combinations.

E. Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities, and results of the Society and its subsidiary undertakings, excluding authorised funds managed by a subsidiary company, drawn up to 31 December each year. A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

As required by FRS 102.9, subsidiaries (in this instance authorised fund holdings) that are held as part of an investment portfolio are not consolidated and are included within the consolidated financial statements as investments within non-linked financial investments and assets held to cover linked liabilities.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary results to apply the Group's accounting policies when preparing the consolidated financial statements.

Any subsidiary undertakings sold or acquired during the year are included up to, or from the date of change of control.

Where control of a subsidiary is lost, the gain or loss is recognised in the consolidated statement of income and expenditure accounts. The gain or loss also includes amounts included in other comprehensive income that are required to be reclassified to the income and expenditure account but excludes those amounts that are not required to be reclassified.

1. Statement of accounting policies (continued)

All intra-group transactions, balances, income and expenses are eliminated on consolidation. The Group does not recognise customer funds under management which are managed by subsidiary companies, including child trust fund (CTF) assets, in its statement of financial position as it is neither exposed to the risks and rewards of ownership nor does it receive the investment returns generated from those assets held in trust accounts.

F. Classification of contracts

The Group issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are defined as those containing significant insurance risk if, and only if, an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract. Such contracts which may also transfer financial risk, remain insurance contracts until all rights and obligations are extinguished or expire.

Buy-in contracts issued to Group defined benefit pension schemes are not recognised as insurance contracts where they are considered to be non-transferable by the pension scheme.

Contracts that are not classified as insurance contracts are investment contracts. Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Unit-linked contracts, where the liability under the contract is dependent on the value of the underlying financial assets, are classified as investment contracts unless the contracts also contain features that transfer significant insurance risk.

Contracts initially classified as investment contracts can be reclassified as insurance contracts after inception, if insurance risk becomes significant.

Amounts received from and paid to policyholders of investment contracts are accounted for as deposits received (or repaid) and are not included in the premiums and claims in the Technical account – Long-term business. For unit-linked contracts the related liability is established on the due date for payment. Fees for investment management and other services are recognised in the Technical account – Long-term business in the period in which the services are provided. The liability for the unit-linked business is disclosed in the Statement of financial position as 'Technical provisions for linked liabilities'.

The above approach for accounting for investment contract deposits and withdrawals is generally referred to as 'deposit accounting.'

A number of contracts issued by the Group contain a discretionary participation feature (DPF). Such features entitle the contract holder to receive, as a supplement to guaranteed benefits, a minimum percentage of the surplus arising in designated funds. The percentage allocated to contract holders may be higher and the timing of the allocation and/or the amount of the benefits to individual contract holders is to some extent at the discretion of the Group. Investment contracts with DPFs are recognised and measured in the same way as insurance contracts.

G. Long-term business

Premiums

Long-term business premiums relating to insurance contracts, including reinsurance premiums, are recognised when they become due for payment. New business premiums, including single premiums, are recognised when they are received.

1. Statement of accounting policies (continued)

Claims

For insurance contracts, death claims are accounted for when notified to the Group. Annuity payments are recorded when due. Maturities and surrenders are recorded on the earlier of the date when paid or when the policy ceases to be included within the long-term business provision. Reinsurance recoveries are credited to match the relevant gross amounts.

The provision for outstanding claims represents the total estimated ultimate cost to the Group of settling all incurred insurance contract claims arising from notified events that have occurred up to the end of the financial year, less amounts already paid in respect of such claims.

Policyholder liabilities

See accounting policy N - 'Valuation of insurance liabilities'.

Reinsurance

Long-term insurance business is ceded to reinsurers under contracts to transfer part or all of one or more of the following risks: mortality, morbidity and lapse.

Amounts recoverable from reinsurers are estimated based upon the related gross insurance provisions, having due regard for collectability. The recoverability of reinsurance assets is assessed having regard to market data on the financial strength of each of the reinsurance companies. The reinsurers' share of claims incurred, disclosed in Note 6, reflects the amounts received and receivable from reinsurers in respect of claims incurred during the period. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised in the Technical Account – Long-term business when payable.

H. Investment income and unrealised gains and losses on investments ('investment return')

Investment return comprises all investment income, realised gains and losses and movements in unrealised gains and losses, net of investment expenses.

Dividends on equity holdings are included as investment income on the date the equity shares are quoted ex-dividend and are stated net of the dividend withholding tax. Interest, including mortgage interest, rent and expenses are accounted for on an accruals basis or using the effective interest method as appropriate.

Dividends on accumulation shareholdings in open ended investment companies (OEICs) and accumulation unit holdings in unit trusts are included as investment income on the date the dividend voucher is received.

Realised gains and losses on investments are calculated as the difference between sale proceeds and purchase price. Movements in unrealised gains and losses on investments represent the difference between the fair value at the statement of financial position date and their purchase price or their fair value at the last statement of financial position date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

I. Financial instruments

The Group has chosen to adopt Sections 11 Basic Financial Instruments and 12 Other Financial Instruments Issues of FRS 102 in respect of financial instruments.

The Group classifies its financial instruments as either financial assets at fair value, with adjustments through income and expenditure, or loans and receivables.

1. Statement of accounting policies (continued)

Basic financial instruments

Financial assets and liabilities

Basic financial assets including trade and other debtors, and cash and bank balances, are recognised initially at transaction price plus attributable transaction costs. Basic financial liabilities including trade and other creditors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses (for financial assets). At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is calculated as the difference between the carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the income and expenditure accounts.

Loans and receivables, comprising secured and other loans are carried at amortised cost using the effective interest method. To the extent that the loan is uncollectable, it is written off as impaired in the long-term business account. Subsequent recoveries are credited back to the long-term business technical account.

Where an arrangement constitutes a financing transaction, for example, if payment is deferred beyond normal business terms, then the financial liability is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets held at fair value through income and expenditure

The Group initially measures other financial assets including investments in equity instruments which are not subsidiaries at fair value, usually the transaction price excluding transaction costs. Such assets are subsequently carried at fair value and the changes in fair value are recognised in income and expenditure. The Group's methodology for determining the fair value of financial assets is as follows:

- Listed and other quoted investments are carried at stock exchange bid values at the statement of financial position date
- Linked investments, including redeemable debt and other fixed income securities, and listed and other quoted investments, are stated at bid price
- Unlisted investments are carried at fair value as determined by the Directors

In compliance with FRS 102, the Group discloses in Note 19 for each class of financial instrument held at fair value in the statement of financial position, an analysis of the level in the fair value hierarchy into which the fair value measurements are categorised. The three levels applied are summarised below:

Valuation methodology	Level
Using the unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.	1
Using inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.	2
Using inputs that are unobservable (i.e. for which market data is unavailable) for the asset or liability.	3

1. Statement of accounting policies (continued)

Recognition and de-recognition of financial instruments

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. Loans and receivables, comprising secured and other loans, are recognised when cash is advanced to borrowers. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all the risks and rewards of the asset. Purchases and sales of financial assets are accounted for at the trade date; that is the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Investments in Group undertakings and participating interests

The Group's subsidiaries are held at fair value with movements in fair value taken through income and expenditure as permitted under FRS 102. Fair value is determined using techniques including present value of future projections and recoverable amount.

Other financial instruments

Other financial instruments are those that do not meet the definition of basic financial instruments.

Complex financial instruments

Complex financial instruments include hedge funds, collateralised debt, mortgage backed securities and derivatives.

These are initially recognised at fair value, which usually represents their cost, including any premium paid. They are subsequently re-measured at each balance sheet date at their fair value with changes in the fair value recognised immediately in unrealised gains and losses on investments. All derivatives are carried as assets when the fair values are positive and as liabilities when the fair values are negative. None of the derivative financial instruments used by the Group are used for hedge accounting.

The notional or contractual amounts associated with derivative financial instruments are not recorded as assets or liabilities on the statement of financial position as they do not represent the fair value of these transactions. Collateral pledged by way of cash margins on futures contracts is recognised as an asset on the statement of financial position within cash and cash equivalents.

J. Non-technical account

Revenue is recognised as follows:

Fee income receivable in relation to the provision of administration services is recognised when the services are provided, to the extent the amounts are considered recoverable (this is predominantly calculated as a percentage of the funds under management during the year).

For insurance intermediary services, service income is recognised over the life of the service.

All other sources of income and expenditure included in the non-technical account are recognised on an accruals basis. The results of subsidiaries that are not conducting long-term insurance business are also included in the non-technical account.

1. Statement of accounting policies (continued)

K. Intangible assets

General

Intangible assets are initially recognised at cost (or fair value in the case of intangibles acquired in a business combination) and are amortised over their estimated Useful Economic Lives (UEL), defined as the period over which the asset will bring positive cashflows. Goodwill arising on long-term business is amortised over a period of 10 years.

Project development costs are capitalised where they will generate economic benefit to the Group in future periods and where UK GAAP criteria for capitalisation are met.

The UEL of other intangible assets are as follows:

Brand	Up to 10 years
IT, systems & project development	3 to 7 years
Beneficial contracts	4 years
Acquired funds under management	Up to 10 years

Amortisation is charged to net operating expenses in the income and expenditure accounts.

Where factors, such as technological advancement or changes in market price, indicate that the residual value or useful life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The assets are reviewed annually at the statement of financial position date, if the above factors indicate that the carrying amount may be impaired. Impairment is charged to the income and expenditure account.

Present value of in-force (PVIF) business

A PVIF asset is recognised on acquisition of long-term business. The PVIF asset is amortised over the expected life of the acquired policies, details of which can be found in Note 16.

The PVIF asset is reviewed annually at the statement of financial position date for factors which indicate impairment. Impairment is charged to the income and expenditure account.

L. Tangible assets

Tangible assets are recognised at cost less accumulated depreciation, and any accumulated impairment losses. Depreciation is provided on the cost of the assets over their estimated Useful Economic Lives (UEL). The UEL applied for each class of assets is as follows:

Fixtures, fittings & office equipment	5 years
Computer equipment	4 years

The assets' residual values and useful lives are reviewed and, if appropriate, adjusted at the end of each reporting period. The effect of any change is accounted for prospectively.

A review for evidence of impairment of tangible assets is performed at each statement of financial position date. Impairment is charged to the income and expenditure account.

1. Statement of accounting policies (continued)

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income and expenditure account.

Land and buildings

Owner-occupied properties are initially recognised at cost. Subsequent to initial recognition, properties held by the Group for its own use are measured at their revalued amount, which is the fair value at the date of revaluation less subsequent depreciation and impairment losses. Fair value is calculated using valuations made by independent, professionally qualified chartered surveyors following RICS guidelines or using a contractually agreed sale price. Valuations are carried out annually. On revaluation of a property the accumulated depreciation is eliminated against the gross carrying amount and the net amount is restated to the revalued amount. Increases in the net carrying amount are recognised in other comprehensive income, except to the extent that the increase reverses a previous revaluation deficit on the same asset recognised in income and expenditure accounts.

Any deficit on revaluation is recognised in income and expenditure accounts except to the extent that it reverses a previous revaluation surplus on the same asset, in which case it is recognised in other comprehensive income.

Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost. Subsequent to initial recognition, investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in the statement of income and expenditure account in the period that they arise. No depreciation is provided in respect of investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as a tangible fixed asset in accordance with section 17 of FRS 102 until a reliable measure of fair value becomes available.

Fair value valuations are based on independent valuations carried out by surveyors under RICS guidelines, usually on an annual basis or based on the sale price where a contract has been agreed to dispose of the property.

M. Impairment of non-financial assets

At each statement of financial position date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the income and expenditure account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the income and expenditure account.

1. Statement of accounting policies (continued)

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income and expenditure accounts.

N. Valuation of insurance liabilities

The long-term business provision (LTBP) is determined by the Group's Chief Actuary following their annual investigation of the long-term business, which is based on methods and assumptions that have been approved by the Board of Directors. It is calculated using the requirements of the current Solvency UK regulatory regime adjusted to remove the Solvency UK risk margin and instead include a margin of prudence appropriate under applicable United Kingdom accounting standards.

Linked investment contracts

Linked investment contract liabilities are measured at fair value as their value is directly linked to the market value of the underlying portfolio of assets. The fair value of a unit-linked contract is equal to the market value of the units held (i.e. the unit reserve).

O. Taxation

Tax is recognised in the income and expenditure account except to the extent that it relates to items recognised in other comprehensive income. Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws enacted or substantively enacted at the statement of financial position date.

Deferred tax is provided on timing differences that have originated but not reversed by the statement of financial position date. Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantially enacted at the statement of financial position date. Deferred tax balances are not discounted.

P. Provisions, contingent assets and contingent liabilities

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering that class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

In particular:

- i. Restructuring provisions are recognised when the Group has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring

1. Statement of accounting policies (continued)

- ii. Provision is not made for future operating losses

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Contingent assets and liabilities

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events which will only be confirmed by the occurrence of uncertain future events not wholly within the Group's control. The liability is not recognised because either (i) it is not probable that there will be an outflow of resources or (ii) the amount cannot be reliably measured at the reporting date.

Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Q. Employee benefits

The Group provides a range of benefits to employees, including, but not limited to, cash-settled bonus arrangements, private healthcare, life assurance, paid holiday arrangements and defined benefit and defined contribution pension plans. Details of benefits paid to the executive directors are included in the remuneration report.

i. Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

ii. Pension plans

The Group operates two defined benefit pension schemes (collectively 'the Schemes') following the merger with Homeowners Friendly Society Limited (HFSL). All rights of the HFSL defined benefit scheme members were preserved under the instrument of transfer at merger. The Schemes' funds are administered by trustees and are independent of the Group's finances.

The Group now makes contributions to a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

The Family Assurance Staff Pension Scheme (the Family Scheme)

The Group operated a defined benefit pension scheme, the Family Scheme. The Family Scheme closed to all further benefit accrual with effect from 31 December 2009.

In its place the Group makes pension contributions to a defined contribution pension scheme on behalf of staff when they become eligible for pension benefits. The defined contribution scheme is administered by Legal & General Assurance Society Limited.

1. Statement of accounting policies (continued)

The Homeowners Staff Pension Scheme (the Engage Scheme)

The HFSL Group operated a defined benefit pension scheme, the Engage Scheme. The Engage Scheme was for the benefit of those staff whose employment commenced before 6 April 2001; the Engage Scheme was closed to further accruals on 31 December 2012. Following a buy-out of the Engage Scheme's liabilities, the Group has no remaining defined benefit obligations in relation to this scheme. The Scheme is being wound up at the reporting date.

Defined Benefit Plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligations in respect of defined benefit schemes are calculated separately for each scheme by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. Plan assets exclude any non-transferable financial instruments (including buy-in policies) issued by a Group entity and held by the Schemes. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability (asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the statement of financial position date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to, the terms of the entity's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in income and expenditure accounts.

iii. Annual bonus plan

The Group operates an annual bonus plan for employees. Bonus payments are not a guaranteed element of salary. The decision as to whether to pay a bonus and the amount of the bonus is entirely at the Group's discretion. An expense is recognised in the income and expenditure account when the Group has a legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

iv. Short-term incentive scheme

The Group operates a cash-settled short-term incentive scheme for certain members of the Executive team and senior management. This is linked to annual individual performance against agreed objectives and the performance of the business. A liability for the plan is raised on the estimated amount payable.

v. Long-term incentive scheme

The Group operates a cash-settled long-term incentive scheme for certain members of the Executive team. Performance is assessed (over three years) taking into account factors including capital growth, cost efficiency, customer satisfaction, colleague engagement and Equity, Diversity & Inclusion. A liability for the plan is raised on the estimated amount payable.

1. Statement of accounting policies (continued)

R. Foreign currency

i. Functional and presentation currency

The Group financial statements are presented in pound sterling and rounded to the nearest £1k, unless otherwise stated. The Group's functional currency is pound sterling.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period-end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure account.

S. Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases.

Operating lease payments are accounted for on a straight line basis over the term of the lease.

T. Cash flow statement

The Society (and the Group), being a mutual life assurance company, is exempt from the requirement under FRS 102 to produce a cash flow statement.

U. Retained earnings and Fund for Future Appropriations

Under FRS 102 the Group designates reserves between those it classes as liabilities and those which are akin to equity.

The non-profit fund surplus is designated as retained earnings and all profits and losses of the Group and Society that do not relate to with-profits funds are classified within retained earnings in the statement of financial position.

The Group includes a 100% ring-fenced with-profits fund. The surplus of the with-profits fund is for the benefit of the with-profits policyholders, as such the surplus has been deemed a liability and referred to as the Fund for Future Appropriations (FFA). This balance represents all with-profits surpluses, the allocation of which to individual policies has not yet been determined by the end of the financial year.

V. Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

2. Management of financial and insurance risk

Set out below is the Group's exposure and management of financial and insurance risk. For more details on all risk exposures and how we manage them, please see the Risk management report on page 35.

A. Market risk – interest rate and equity

Interest rate risk

Interest rate risk is the risk that adverse interest rate changes will require reserves to be increased, and by a greater amount than the increase in the Group's corresponding assets. The Group seeks to manage this risk by investing in assets that closely match the expected benefit payments (a process known as asset-liability management).

A separate interest rate risk arises from the impact of interest rate changes on unit-linked funds invested in fixed interest rate assets. Changes in current interest rates directly affect the market values of the fixed interest assets, which in turn affect unit values. A significant element of the Group's income is directly related to the value of the unit funds through annual management charges. The interest rate risk in this case is that adverse interest rate movements will reduce the value of these unit-linked funds and hence the Group's income.

Equity price risk

The Group has exposure to equity securities both directly through equity securities held and indirectly through holdings in Open Ended Investment Companies (OEICs) and Authorised Unit Trusts which in turn invest, partially and wholly, in equity securities.

The Group has in place a number of agreements with investment managers, to monitor that investment transactions are managed within agreed mandates and benchmarks and which limit the exposure in aggregate terms to equity investments, as well as between specific sectors and asset classes.

On the unit-linked and OEIC / Unit Trust funds which the Group manages, the equity price risk is borne by policyholders, since the value of the policyholders' liabilities relate directly to the value of the underlying assets held on their behalf. However, a significant element of income for the Group is derived as a fixed percentage of the market value of unit-linked and OEIC / Unit Trust assets and as such any changes in the value of assets impacts future income.

B. Credit risk

Credit risk is the risk that counterparties will be unable to pay amounts in full when they fall due. The Group is exposed to credit risk in relation to corporate bonds, bank deposits and its reinsurance arrangements, both in relation to the reinsurers' share of the long-term business provision and in relation to amounts they owe on claims which the Group has already paid. The sensitivity of the Group to changes in credit spreads is shown below in Note 2J.

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, the Group remains liable for the payment to the policyholder.

The Group monitors the financial strength of its reinsurance counterparties by reviewing credit ratings provided by rating agencies and other publicly available financial information.

2. Management of financial and insurance risk (continued)

Other credit risk arises from exposure to various business counterparties, including insurance intermediaries. The Group conducts appraisals of the level of risk associated with business counterparties at the inception of an agreement, as well as on an ongoing basis. The Group does not have significant credit risk relating to amounts due from contract holders since policy benefits are directly related to the payment of outstanding premiums. The assets bearing credit risk, together with an analysis by credit rating are shown below:

Credit risk	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
Non-linked financial investments subject to credit risk	153,213	160,696	153,213	160,696
Debtors	49,123	47,333	29,336	38,302
Cash at bank	30,697	31,865	22,795	14,823
Reinsurers' share of technical provisions	113,255	119,815	113,255	119,815
Total assets bearing credit risk	346,288	359,709	318,599	333,636
Debt and other assets rated as:				
UK government	99,024	100,098	98,947	100,098
A rated and above	196,876	204,518	178,723	178,705
B rated – BBB	23,089	23,980	23,089	23,980
Not rated*	27,299	31,113	17,840	30,853
Total assets bearing credit risk	346,288	359,709	318,599	333,636

For unit-linked policies the policyholder is exposed to the credit risk, since policy benefits are linked directly to assets. These assets are therefore not disclosed in the above credit risk exposures.

2. Management of financial and insurance risk (continued)

C. Foreign exchange risk

The only material exposure to foreign exchange risk is in relation to linked assets where there are assets held in foreign currencies. This risk is borne by the policyholder since policy benefits are directly linked to assets.

The Group may, at times, look to mitigate this risk to policyholders by entering into a currency hedge.

D. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet its cash commitments as they fall due. Liquidity risk may result from either the inability to sell financial assets quickly at their fair values; or from a counterparty defaulting on repayment of a contractual obligation; or from an insurance liability falling due for payment earlier than expected; or from the inability to generate cash inflows as anticipated.

The Group manages a significant value of tax-exempt savings plans based on wholesale cash deposits and maintains a prudent liquidity profile in relation to such deposits. Amounts payable on linked contracts are generally payable on demand and the Group is responsible for ensuring there is sufficient liquidity in the investment portfolio to ensure payments can be made as they fall due. However, the Group policy on the linked funds is such that in certain circumstances, and in line with customer contracts, it may defer the payments until such time liquid assets can be realised at an appropriate value.

With the planned growth in protection business, there is an increase in demand for liquidity to support advance intermediary commission payments. This is due to the timing difference between when commissions are paid and when premiums are received on the business written. To mitigate this liquidity risk, the Group has a financing reinsurance treaty in place.

The Group liquidity policy is focused on having sufficient liquid assets to meet outflows, on a stressed basis, over the following 12 months. In line with the liquidity policy, these demands are closely monitored with further mechanisms considered as appropriate to support liquidity. See the Risk management report for further details.

With-profits contracts can be surrendered before maturity for a cash surrender value. The Group has the discretion to impose market value reductions (MVRs) on early surrender which reduce the amount payable. MVRs contribute to managing the liquidity risk in the with-profits fund as well as ensuring an equitable treatment between policyholders surrendering and those remaining in the with-profits fund.

2. Management of financial and insurance risk (continued)

An analysis of the expected maturity periods of the policyholder insurance liabilities, on a non-discounted basis, net of reinsurance, is set out below.

Liquidity risk	Total £'000	Within 1 year £'000	1–5 years £'000	5–15 years £'000	More than 15 years £'000
As at 31 December 2025					
Long-term business					
Non profit fund	103,990	(15,384)	(26,941)	23,394	122,921
With-profits fund 2	18,073	2,207	6,448	6,908	2,510
Total	122,063	(13,177)	(20,493)	30,302	125,431
As at 31 December 2024					
Long-term business					
Non profit fund	113,635	(13,544)	(26,133)	24,959	128,353
With-profits fund 2	19,485	2,468	7,138	7,143	2,736
Total	133,120	(11,075)	(18,995)	32,102	131,088

Due to the long-term nature of the insurance liabilities and the requirement of the Group's investment policies to hold a significant proportion of liquid assets, there is sufficient liquidity to meet claims as they arise.

Investment liabilities of £1,556,714k (2024: £872,493k) are classed as repayable on demand but we would not expect these to all become due over the next 12 months. However, there is considered to be sufficient liquidity to meet claims as they arise, and the Group has the right to defer repayments in order to realise the corresponding linked assets. As such an analysis of expected maturity periods of the investment liabilities has not been presented.

2. Management of financial and insurance risk (continued)

An analysis of the expected maturity periods of the other liabilities is set out below.

	Total £'000	Within 1 year £'000	1–5 years £'000	5–15 years £'000	More than 15 years £'000
As at 31 December 2025					
Other liabilities					
Claims outstanding	13,763	13,763	–	–	–
Creditors arising out of insurance operations	3,619	3,619	–	–	–
Other creditors including taxation and social security	32,483	32,483	–	–	–
Accruals and deferred income	24,965	22,272	2,595	86	12
Total	74,830	72,137	2,595	86	12
As at 31 December 2024					
Other liabilities					
Claims outstanding	10,697	10,697	–	–	–
Creditors arising out of insurance operations	1,461	1,461	–	–	–
Other creditors including taxation and social security	27,096	27,096	–	–	–
Accruals and deferred income	22,520	20,212	2,199	94	15
Total	61,774	59,466	2,199	94	15

E. Lapse risk

Lapses (or surrenders) occur when a policy is terminated by the policyholder before the maturity date. When calculating the value of the policyholder liabilities, a best-estimate allowance is made for the proportion of policyholders expected to lapse over future periods. This allowance is referred to as the lapse rate. Lapse risk occurs when future lapse rates differ from the allowance made.

F. Expense risk

When calculating the value of the policyholder liabilities a best-estimate allowance is made for future maintenance expenses. To the extent that future expenses differ from this allowance the Group is exposed to expense risk.

The Group has internal management information and governance activity in order to help ensure that the levels of on-going management and acquisition expenses remain within expected levels.

2. Management of financial and insurance risk (continued)

G. Mortality and longevity risk

Mortality risk arises in relation to whole of life business, term assurance and group life business, if the mortality of the lives assured is different to that assumed. The Group manages mortality risk at a portfolio level by using reinsurance arrangements which transfer a large percentage of the mortality risk to our reinsurance partners in return for an agreed reinsurance premium.

Longevity risk in relation to the annuity business would arise if annuitants lived longer than anticipated. The Group manages annuitant longevity risk by monitoring actual experience. The Group also monitors the need for reinsurance as a tool for managing longevity risk.

H. Unit-linked investment contracts

For unit-linked investment contracts the Group matches all the policyholder liabilities with assets on which the unit prices or value of the policies are based. There is therefore minimal first order interest, market or credit risk for the Group on these contracts, see Note 2A for the impact on annual management charges.

Amounts payable on linked contracts are generally payable on demand and the Group is responsible for ensuring there is sufficient liquidity in the investment portfolio to ensure payments can be made as they fall due. However, the Group policy on the linked funds is such that in certain circumstances it may defer the payments until such time as liquid assets can be realised.

I. Capital management

The Group and its regulated subsidiaries maintain sufficient capital, consistent with the Group's risk appetite and the relevant regulatory requirements.

The Society is a mutual organisation and there are no shareholders. The Society's regulated subsidiaries are subject to regulation and capital requirements as stipulated by the Financial Conduct Authority (FCA).

The Society is subject to regulation by the Prudential Regulation Authority (PRA). From 1 January 2016, the Society has been required to maintain and report its capital position to the PRA under Solvency UK (the insurance regulatory regime previously known as Solvency II). Under Solvency UK the Society is required to hold sufficient capital to withstand adverse outcomes from its key risks. This 'Solvency Capital Requirement' (SCR) is calibrated to be able to withstand a one in 200 year event over a one year period.

For the purposes of determining its Regulatory Capital, the Society uses the Solvency UK standard formula without adjustment.

The Society's objectives in managing capital are that:

- Obligations to customers across the Group are met in full when due
- Risks are subject to structured analysis in accordance with the risk appetite agreed by the Board
- Sufficient capital resources are available to fund the growth of the Group
- The aggregate risk exposure of the Group is to be managed to ensure that the capital resources available always meet the minimum capital requirements set out by the PRA plus a buffer determined by the Board

The Society has not breached its Solvency UK capital requirement at any point in 2025.

The Society and the Group have no shareholders' funds and also have no borrowings.

2. Management of financial and insurance risk (continued)

Funding of subsidiary undertakings

All Group companies are wholly owned subsidiaries of Family Assurance Friendly Society Limited.

The value of assets held to meet the liabilities of the Society and its regulated subsidiaries' capital requirements is determined in accordance with PRA regulations. The value of the subsidiaries is restricted to amounts which are likely to be recovered.

Restrictions on available capital resources

The Society and its regulated subsidiaries are required to hold capital sufficient to meet PRA/FCA minimum capital requirements.

The available capital resources held in the with-profits fund is only available to meet the capital requirements or be allocated to policyholders of the fund. There are no similar restrictions on the available capital held in the non-profit fund.

Guarantees

The following guarantees which would have a material value to policyholders are:

- Maturity values – on conventional and unitised with-profits policies there is a guarantee that on the maturity date there will be a minimum pay out of the sum assured plus any declared bonuses
- Return of premium guarantees – on certain unitised with-profits policies there is a guarantee that an amount not less than the initial premium will be paid out on the policies' 5th, 10th and each subsequent 10th anniversary. An explicit charge is made for this guarantee

Whilst not specifically a guarantee or option, pay outs through annual bonuses on conventional and unitised with-profits policies are smoothed over time to reduce the effect of short-term fluctuations in investment returns. This primarily applies to pay outs on maturities; however, it can apply to a lesser extent on early surrender of certain policies.

J. Sensitivities

The capital position is sensitive to changes in market conditions, due to both changes in the value of the assets as well as the effect these changes in market conditions would have on the value of the liabilities. It is also sensitive to the expense and lapse experience and to changes in mortality.

As noted in 2B above, the Group is exposed to credit risk through rising bond spreads which will reduce asset values, asset management fees and impact our small annuity book. The Group is exposed to inflation risk through the impact on future expenses modelled within the long-term business provision.

The timing of any impact on capital would depend on the interaction of past experience and assumptions about future experience. In general, if experience had deteriorated or was expected to deteriorate, and management actions were not expected to reduce the future impact, then assumptions relating to future experience would be changed. In this way, liabilities would be increased to anticipate the future impact of the worse experience with an immediate adverse impact on the capital position.

The Board has quantified the impacts of the principal risks on the Group's long-term business provisions and assets both in the current and prior year. This is presented in the following tables along with the impact on the Group's retained earnings and Fund for Future Appropriations (FFA).

2. Management of financial and insurance risk (continued)

2025	Mortality		Lapse		Expenses		Fixed Interest Yield		Equities/Property		Credit		Inflation	
	10%	-10%	10%	-10%	10%	-10%	100bp	-100bp	10%	-10%	100bp	-100bp	100bp	-100bp
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Impact on long-term business provision (LTBP)														
Fund														
Non-profit fund	(525)	1,030	1,042	(1,077)	2,442	(2,406)	(8,991)	11,587	1	(1)	(2,448)	2,584	1,594	(1,362)
With-profits fund 2	(10)	11	(6)	6	-	-	(512)	577	383	(382)	(373)	408	2	(1)
Change in LTBP	(535)	1,041	1,036	(1,071)	2,442	(2,406)	(9,503)	12,164	384	(383)	(2,821)	2,992	1,596	(1,363)
Impact on asset valuations														
Fund														
Non-profit fund	-	-	-	-	-	-	(17,262)	22,202	954	(954)	(3,258)	3,729	-	-
With-profits fund 2	-	-	-	-	-	-	(523)	589	416	(416)	(521)	587	-	-
Change in asset valuations	-	-	-	-	-	-	(17,786)	22,791	1,370	(1,370)	(3,779)	4,316	-	-
Impact on retained earnings and the FFA														
Retained earnings (non-profit fund)														
	525	(1,030)	(1,042)	1,077	(2,442)	2,406	(8,271)	10,615	953	(953)	(810)	1,144	(1,594)	1,362
FFA (with-profits funds)														
	10	(11)	6	(6)	-	-	(11)	12	33	(34)	(148)	179	(2)	1

The non-profit mortality assumptions impact both annuity and non-annuity business. The 10% increase in mortality shows the impact of increasing mortality rates across both annuity and non-annuity business to 110% of the expected rate. The 10% fall in mortality sensitivity shows the impact of reducing mortality rates on both annuity and non-annuity business to 90% of the expected rate. Within these increases and decreases there would be an element of offset across product types. A decrease in mortality on annuities would expect to be offset, to an extent, by a decrease in mortality on the whole of life business, and vice versa.

2. Management of financial and insurance risk (continued)

2024	Mortality		Lapse		Expenses		Fixed Interest Yield		Equities/Property		Credit		Inflation	
	10%	-10%	10%	-10%	10%	-10%	100bp	-100bp	10%	-10%	100bp	-100bp	100bp	-100bp
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Impact on long-term business provision (LTBP)														
Fund														
Non-profit fund	(819)	1,289	272	(292)	2,303	(2,298)	(10,287)	13,079	(1)	2	(2,410)	2,519	1,924	(1,677)
With-profits fund 2	(498)	555	6	(5)	(6)	6	-	-	(21)	22	564	(556)	(725)	843
Change in LTBP	(1,317)	1,844	278	(297)	2,297	(2,292)	(10,287)	13,079	(22)	24	(1,846)	1,963	1,199	(834)
Impact on asset valuations														
Fund														
Non-profit fund	(99)	106	(3,873)	4,282	(2,808)	2,808	(17,517)	22,333	8,979	(8,977)	(3,935)	4,579	(1,433)	1,300
With-profits fund 2	-	-	-	-	-	-	(724)	850	533	(533)	(607)	706	-	-
Change in asset valuations	(99)	106	(3,873)	4,282	(2,808)	2,808	(18,241)	23,183	9,512	(9,510)	(4,542)	5,285	(1,433)	1,300
Impact on retained earnings and the FFA														
Retained earnings (non-profit fund)														
	720	(1,183)	(4,145)	4,574	(5,111)	5,106	(7,230)	9,254	8,980	(8,979)	(1,525)	2,060	(3,357)	2,977
FFA (with-profits funds)														
	498	(555)	(6)	5	6	(6)	(724)	850	554	(555)	(1,171)	1,262	725	(843)

3. Critical accounting estimates and judgements

In the preparation of these financial statements, the Group is required to make estimates and judgements that affect items reported in the statement of income and expenditure, statement of financial position, and other primary statements and related supporting notes.

Critical accounting estimates and judgements are those which involve the most complex or subjective judgements or assessments. Where applicable the Group applies estimation and assumption setting techniques that are aligned with relevant actuarial and accounting guidance based on knowledge of the current situation. This requires assumptions and predictions of future events and actions. There have been no significant methodology changes to the critical accounting estimates and judgements that the Group applied at 31 December 2025.

Principal areas of judgement

Classification of long-term contracts

The Group has exercised judgement in its classification of long-term business between insurance and investment contracts, which fall to be accounted for differently in accordance with the policies set out in accounting policy F – 'Classification of contracts'. Insurance contracts are those where significant risk is transferred to the Group under the contract and judgement is applied in assessing whether the risk so transferred is significant.

Non-consolidation of authorised funds

Unit Trusts and an Investment Company managed by a subsidiary company of the Society and invested in by the Society, as part of assets held to cover linked liabilities, are not consolidated within these Group financial statements. This is due to any investment being held for resale as part of the investment portfolio.

Key sources of estimation uncertainty

Long-term business provisioning

The Group prepares its long-term business provisioning by making estimates and judgements that are in keeping with market practice and recognised techniques for the evaluation of such liabilities. The reserving is carried out and reviewed by appropriately skilled actuarial resources.

Key assumptions are considered and approved by the Board having sought appropriate guidance from the Chief Actuary. The sensitivity of the long-term business provision to the principal risks facing the Group are presented in Note 2J.

Defined benefit pension scheme

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service. That benefit is discounted to determine its present value. The fair value of any plan assets is deducted to determine whether each scheme has a net asset or liability as at the balance sheet date. The Group determines the net interest expense or income on the net defined benefit liability or asset for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability or asset taking account of changes arising as a result of contributions and benefit payments.

The Group recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

3. Critical accounting estimates and judgements (continued)

The mortality rate is based on publicly available mortality tables for the UK. COVID-19 caused a short-term increase in deaths in the UK and there have continued to be repercussions for the nation's health, through areas such as delayed diagnosis and disrupted treatments in the health care system.

The discount rate is the yield at the statement of financial position date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to, the terms of the Group's obligations. A full valuation is performed every 3 years by a qualified actuary using the projected unit credit method.

The sensitivity of the defined benefit obligations to changes in key assumptions is presented in Note 27 Pension commitments.

4. Premium analysis

Group and Society	2025 £'000	2024 £'000
Gross premiums written	50,537	44,605
Less: reinsurers' share	(23,154)	(19,244)
Net earned premiums – insurance business	27,383	25,361

Long-term business only includes premiums in respect of insurance business. Consideration received in respect of investment contracts of £66,019k (2024: £11,156k) is treated as customer deposits and taken directly to the statement of financial position (see Note 23).

The Group administers business that is classified as retail investment business. In addition to the amounts included in Net earned premiums above, the Group undertakes a significant volume of retail investment business, on which it earns an annual management charge which is included in other income (see Note 13).

During 2024, the Society entered into two buy-in contracts with the Group's defined benefit pension schemes. The amount paid by the Schemes to enter these contracts totalled £44.4m. However, due to accounting standards and given the deemed non-transferability of the policy by the Schemes, the contract could not be recognised within the Society or Group accounts and therefore was not included within gross premiums in 2024.

During 2025, the Society refunded £0.2m to one of the Schemes relating to the net impact of a data cleansing exercise and benefit augmentation. In line with the 2024 treatment, this refund of premiums has not been reflected within gross premiums in 2025.

5. Investment income

	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
Income from other investments	28,851	27,563	32,851	31,976
Interest income	2,224	2,930	2,224	2,930
Realised gains on investments	44,755	31,030	44,755	31,030
Total investment income	75,830	61,523	79,830	65,936
Unrealised gains/(losses) on investments	78,401	(2,541)	4,509	(7,833)
Investment management expenses	(2,239)	(1,721)	(2,239)	(1,721)
Total net investment return	151,992	57,261	82,100	56,382

All of the above gains and losses are at fair value through the income and expenditure accounts.

6. Claims incurred, net of reinsurance

Group and Society	2025 £'000	2024 £'000
Gross claims paid	34,314	37,096
Change in provision for claims outstanding at year-end	3,066	3,158
Gross claims incurred	37,380	40,254
Reinsurers share of claims incurred	(20,400)	(20,858)
Total claims incurred, net of reinsurance	16,980	19,396

Policies defined as investment rather than insurance contracts are accounted for on a deposit basis. The claims analysis above excludes £136,567k (2024: £104,860k) of payments made in relation to investment contracts (see Note 23).

7. Bonuses

The value of terminal bonuses paid to with-profit policyholders in the year was £894k (2024: £676k).

8. Net operating expenses

Technical account – long-term business	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
Acquisition costs	28,862	35,772	28,862	35,772
Administrative expenses (including auditor's remuneration)	37,164	45,441	37,164	45,441
Expenses recharged to Group companies	-	-	35,444	31,584
Net operating expenses	66,026	81,213	101,470	112,797
Non-technical account				
Acquisition costs	7,403	11,019	-	-
Administrative expenses	33,798	27,941	-	-
Net operating expenses	41,201	38,960	-	-
Total net operating expenses	107,227	120,173	101,470	112,797

Acquisition costs relate to business written in the Society and its subsidiaries and are expensed as incurred. Administrative expenses include strategic development costs.

Total commission paid by the Group on new business was £21,990k (2024: £28,785k).

9. Auditor's remuneration

During the year, the Group obtained services from Deloitte LLP, as detailed below:

Audit services	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
Fees payable to the Society's auditor for the audit of the annual accounts	1,156	1,053	1,156	1,053
Audit of the accounts of subsidiaries	161	222	–	–
Audit-related assurance services	391	329	–	–
Other assurance services	37	40	37	40
Total	1,745	1,644	1,193	1,093

Excluded from the numbers above is £110k (2024: £110k) incurred in connection with audits of the unit trusts and open ended investment company managed by a subsidiary company, of which £110k (2024: £110k) was borne by the Group.

In 2025, further audit service costs in relation to the 2024 audits were incurred. These included £48k in relation to the audit of the 2024 annual accounts and £75k in relation to audit related assurance services.

10. Operating lease rentals

Group and Society	2025 £'000	2024 £'000
Operating lease amounts payable:		
– less than one year	509	1,450
– between one and five years	482	1,164
– over five years	–	–
Total	991	2,614
Payments made under operating leases (recognised as an expense)		
Hire of fixtures and fittings – rental under operating leases	459	460
Property rental expenses in the year	994	1,258
Total	1,453	1,718

These payments relate to leases for software, office equipment and property rentals.

11. Staff costs

	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
Wages and salaries	29,952	35,860	29,952	33,510
Social security costs	3,523	3,675	3,523	3,434
Defined contribution pension costs	1,802	2,013	1,802	1,854
Defined benefit pension costs (see note 27)	1,658	1,832	1,658	1,832
Total staff costs	36,935	43,380	36,935	40,630

During 2025, the trustees of the Homeowners Friendly Society Pension Scheme (the Engage Scheme) completed a full buy-out of the Scheme's liabilities (see Note 27). As a result, a settlement gain of £9,118k has been recognised in the Income and Expenditure Statement. This gain is not included in the costs above.

The average number of full time equivalent (FTE) employees in the Group and Society during the year, including directors, is as follows:

Full time equivalent (FTE) employees	Group 2025 FTE	Group 2024 FTE	Society 2025 FTE	Society 2024 FTE
Acquisition	163	270	163	245
Administration	138	158	138	144
Development	202	255	202	238
Total number of staff	503	683	503	627

In 2025 all staff were employed and remunerated by the Society. The directors have been wholly remunerated by the Society for their services to the Society and other Group undertakings. During 2025, the total remuneration paid to the directors was £2,297k (2024 restated: £1,982k) and the total remuneration paid to the highest paid director was £1,070k (2024 restated: £971k). The restatement of 2024 relates to an error found in the calculation of executive directors' long-term incentive scheme figures.

Key management compensation

Compensation to key management personnel (including executive directors) in the year was £4,368k (2024 restated: £4,275k).

12. Other technical income

	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
Annual management charge rebates	156	352	157	352
Fee income	(314)	29	(314)	29
Mortgage interest receivable	3	4	3	4
Other income	210	166	2,652	2,926
Total other technical income	55	551	2,498	3,311

Other income includes charges from the Society to subsidiaries as a management charge on the child trust fund business, and other administration charges.

13. Other income

	Group 2025 £'000	Group 2024 £'000
Annual management charges	45,608	47,047
Lifetime mortgage fee income	175	390
Other operating income	2,562	3,099
Total other income	48,345	50,536

14. Taxation

Analysis of the tax charge for the year:

The tax charge for the Group is £1,163k (2024: tax charge £1,260k).

The applicable UK corporation tax rate is 25% (2024: 25%).

The Society primarily writes tax exempt business, with a small proportion of taxable business. The UK rate of income tax applicable to this taxable business is 20% (2024: 20%).

Tax charge/(credit)	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
Technical account	29	(1,180)	29	(1,180)
Non-technical account	1,134	2,440	-	-
Total tax charge/(credit)	1,163	1,260	29	(1,180)
Analysed as follows:				
Corporation tax				
Tax charge/(credit)	1,163	1,260	29	(1,180)
Total tax charge/(credit)	1,163	1,260	29	(1,180)

14. Taxation (continued)

At 31 December 2025, the Group did not hold any provisions for uncertain tax positions.

Reconciliation of current year tax charge for the Non-Technical account	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
Excess of income over expenditure	(15,529)	(19,309)	(88,835)	(27,578)
Tax on result (2025: 25%, 2024: 23.5%)	(3,882)	(4,827)	(22,209)	(6,895)
Factors affecting tax charge:				
Accounting result not subject to tax	4,898	7,090	22,209	6,895
Items taxed on a different basis	117	(5)	–	–
Adjustments in respect of prior periods	–	180	–	–
Losses utilised during the year	1	2	–	–
Tax on excess of income over expenditure on ordinary activities	1,134	2,440	–	–

Items taxed on a different basis include profits taxed in subsidiaries.

Analysis of deferred tax asset	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
Deferred tax provision on unrealised gains	(242)	(242)	(242)	(242)
Total recognised deferred tax provision	(242)	(242)	(242)	(242)
Deductible expenses	9,943	9,586	9,198	9,586
Tax losses carried forward	745	745	–	–
Unrealised capital gains	(745)	(311)	(915)	(477)
Total unrecognised deferred tax assets	9,943	10,020	8,283	9,109
Total	9,701	9,778	8,041	8,867

The Group and Society recognises a net deferred tax liability of £242k (2024: £242k) in relation to unrealised gains on owner occupied properties. This has been calculated at a deferred tax rate of 25% which is the rate expected to apply to the gain/loss that may arise on the future disposal of the property.

The Group has an unrecognised net deferred tax asset of £9,943k (2024: £10,020k).

The Society has an unrecognised net deferred tax asset of £8,283k (2024: £9,109k).

It is considered unlikely that the net deferred tax assets will be used and therefore it continues to not be recognised.

15. Goodwill

	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
Cost				
At 1 January	9,581	9,581	1,147	1,147
At 31 December	9,581	9,581	1,147	1,147
Amortisation				
At 1 January	4,004	3,046	1,118	1,005
Provided in the year	931	958	29	113
At 31 December	4,935	4,004	1,147	1,118
Net book value at 31 December	4,646	5,577	–	29

16. Other intangible assets

Group	IT, systems & project development £'000	Acquired funds under management £'000	Acquired present value of in force business – insurance £'000	Acquired present value of in force business – investment £'000	Total £'000
Cost					
At 1 January 2025	5,177	6,875	27,591	21,215	60,858
At 31 December 2025	5,177	6,875	27,591	21,215	60,858
Amortisation					
At 1 January 2025	4,906	5,871	16,162	11,343	38,282
Provided in the year	240	488	338	1,193	2,259
At 31 December 2025	5,146	6,359	16,500	12,536	40,541
Net book value at 31 December 2025	31	516	11,091	8,679	20,317
Net book value at 31 December 2024	271	1,004	11,429	9,872	22,576

16. Other intangible assets (continued)

In 2016, the Group acquired contractual rights relating to Child Trust Fund (CTF) assets at a cost of £5,000,000. The acquired funds under management asset is amortised over its estimated useful economic life (UEL) of 10 years and the amortisation is included in administrative expenses. The remaining amortisation period is one year.

As part of the merger with Engage in 2015, the Group acquired in force business assets with a valuation of £48,806,000. The asset is amortised over its UEL of up to 40 years, based on persistency and lapse assumptions, and the amortisation is included in administrative expenses. The remaining amortisation is up to 30 years. An annual assessment is carried out to check if there are any indications of impairment.

Society	Brand £'000	IT, systems & project development £'000	Acquired present value of in force business – insurance £'000	Acquired present value of in force business – investment £'000	Total £'000
Cost					
At 1 January 2025	920	709	27,591	21,215	50,435
At 31 December 2025	920	709	27,591	21,215	50,435
Amortisation					
At 1 January 2025	102	438	16,162	11,343	28,045
Provided in the year	102	240	338	1,193	1,873
At 31 December 2025	204	678	16,500	12,536	29,918
Net book value at 31 December 2025	716	31	11,091	8,679	20,517
Net book value at 31 December 2024	818	271	11,429	9,872	22,390

17. Investment in land and buildings

Group	Current value investment £'000	Total £'000	Historical cost investment £'000	Total £'000
At 1 January 2025	7,845	7,845	6,887	6,887
Revaluation/fair value adjustment	(9)	(9)	–	–
Balance at 31 December 2025	7,836	7,836	6,887	6,887
Group				
At 1 January 2024	7,652	7,652	6,887	6,887
Revaluation/fair value adjustment	193	193	–	–
Balance at 31 December 2024	7,845	7,845	6,887	6,887

Of the revaluation deficit for the Group of £9k (2024: £193k), £9k (2024: £193k) has been recognised in the income statement.

Included within Group Land and buildings is £3,996k (2024: £3,996k) which is categorised as investment property.

Society	Current value investment £'000	Total £'000	Historical cost investment £'000	Total £'000
At 1 January 2025	8,678	8,678	6,887	6,887
Revaluation/fair value adjustment	–	–	–	–
Balance at 31 December 2025	8,678	8,678	6,887	6,887
Society				
At 1 January 2024	8,731	8,731	6,887	6,887
Revaluation/fair value adjustment	(53)	(53)	–	–
Balance at 31 December 2024	8,678	8,678	6,887	6,887

The revaluation deficit for the Society of £nil (2024: £53k) has been recognised in the income statement.

Included within Society Land and buildings is £8,678k (2024: £8,678k) which is categorised as investment property.

Land and buildings at 31 December 2025 relates to a freehold property largely held for own use in West Street, Brighton. A full external professional valuation of the property was carried out by G L Hearn, Chartered Surveyors at 31 December 2025. In 2022, part of the property was let to a third party and during 2024, the Group signed a lease to let out a further part of the property to another third party.

18. Investment in Group undertakings

Society investments	Society 2025 £'000	Society 2024 £'000
The Society investment in subsidiaries can be analysed as follows:		
Fair value at 1 January	88,002	93,046
Dividends paid to Society	(4,000)	(4,413)
Investments during year	1,000	–
Other fair value changes	(69,914)	(631)
Fair value as at 31 December	15,088	88,002

Following the transfer of part of Family Equity Plan Limited's and Engage Mutual Funds Limited's businesses to the Society, income and present value of future profits is expected to reduce for these entities. A fair value reduction of £69,914k (2024: £631k) has therefore been recognised in 'Other fair value changes'.

During 2025, the Society made investments of £1m into Onefamily Advice Limited.

Set out below are the Society's investments in subsidiary undertakings as at 31 December 2025 all of which are included in the consolidation; the carrying value of these subsidiaries cancel out on consolidation. All companies are incorporated in England and Wales.

Name of subsidiary undertaking	Nature of business
Family Equity Plan Limited	Management of savings and investment policies
Family Investment Management Limited	Fund management
OneFamily Advice Limited ²	Insurance administration
Engage Mutual Funds Limited	Previously - Management of Child Trust Fund policies
OneFamily Lifetime Mortgages Limited ²	Previously - Provider of mortgage products
BGL Direct Life Limited ²	Previously - Insurance agent and brokerage
EMFL Nominees Limited ¹	Dormant
Family Assurance Staff Pension Scheme Trustees Limited ¹	Dormant
Family Money Limited ¹	Dormant
Family Nominees Limited ¹	Dormant
Family.co.uk Limited ¹	Dormant
FEPL Nominees Limited ¹	Dormant

¹The Society has taken advantage of the exemption from audit offered by Section 480 of the Companies Act 2006.

²Subsidiary that will take advantage of the audit exemption set out within Section 479A of the Companies Act 2006 for the year ended 31 December 2025. As required, the Society, which is the ultimate parent undertaking and controlling party of the Group, guarantees all outstanding liabilities to which this subsidiary company is subject at the end of the financial year, until they are satisfied in full. This is in accordance with Section 479C of the Companies Act 2006. The guarantee is enforceable against the Society as the ultimate parent undertaking, by any person to whom the subsidiary company listed above are liable in respect of those liabilities.

The subsidiaries are wholly owned by the Society and the Society holds 100% of ordinary and preference shares within all the subsidiaries.

The registered address of the Society and all subsidiaries is 16-17 West Street, Brighton, BN1 2RL. Please refer to General information section for details.

19. Financial instruments

Management consider that the carrying value of all financial assets and liabilities in the financial statements are equal to or approximate to their fair value.

	2025 £'000	2024 £'000
The financial investments held by the Group are valued as:		
Linked financial investments	1,556,714	872,493
Non-linked financial investments	169,487	186,553
Debtors	49,137	47,369
Cash at bank	30,697	31,865
Total Group financial investments	1,806,035	1,138,280
Financial liabilities		
Financial liabilities held at fair value through profit and loss	1,556,714	872,493
Financial liabilities held at amortised cost	36,102	28,557
Total Group financial liabilities	1,592,816	901,050

During 2025, to simplify the Group's business structure, management of stocks and shares ISAs, Lifetime ISAs, some Child Trust Fund policies and legacy ISAs were transferred from subsidiary companies to the Society. Whilst held in the subsidiary companies, these contracts were not recognised within the Statement of Financial Position. As a result of this transfer, the policies are now invested in unit-linked funds held by the Society and both the Assets held to cover linked liabilities (Linked financial investments) and the associated Technical provision for linked liabilities (Financial liabilities held at fair value) are recognised.

19. Financial instruments (continued)

The above investments, which exclude land & buildings, and the financial liabilities, can then be further analysed out into the following categories:

Group financial assets held at fair value through profit and loss	Fair value 2025 £'000	Fair value 2024 £'000	Cost 2025 £'000	Cost 2024 £'000
Shares, other variable yield securities and holdings in collective investment schemes	1,503,266	830,281	1,239,113	623,963
Debt securities and other fixed income securities	153,762	161,996	168,901	197,721
Investment property	7,622	7,622	5,091	5,091
Financial assets held at fair value through profit and loss	1,664,650	999,899	1,413,105	826,775
Loans and receivables				
Loans secured by mortgage	80	77	80	77
Deposits with credit institutions	90,410	88,043	90,410	88,043
Accrued income and receivables	50,895	50,261	50,895	50,261
Loans and receivables	141,385	138,381	141,385	138,381
Total Group financial assets (excluding land & buildings)	1,806,035	1,138,280	1,554,490	965,156

19. Financial instruments (continued)

Group analysis – linked and non-linked, excluding land & buildings

Group financial assets held at fair value through profit and loss	Linked fair value 2025 £'000	Non-linked fair value 2025 £'000	Total fair value 2025 £'000	Linked fair value 2024 £'000	Non-linked fair value 2024 £'000	Total fair value 2024 £'000
Shares, other variable yield securities and holdings in collective investment schemes	1,487,621	15,645	1,503,266	805,801	24,480	830,281
Debt securities and other fixed income securities	–	153,762	153,762	–	161,996	161,996
Investment property	7,622	–	7,622	7,622	–	7,622
Financial assets held at fair value through profit and loss	1,495,243	169,407	1,664,650	813,423	186,476	999,899
Loans and receivables						
Loans secured by mortgage	–	80	80	–	77	77
Deposits with credit institutions	59,713	30,697	90,410	56,178	31,865	88,043
Accrued income and receivables	1,758	49,137	50,895	2,892	47,369	50,261
Loans and receivables	61,471	79,914	141,385	59,070	79,311	138,381
Total Group financial assets	1,556,714	249,321	1,806,035	872,493	265,787	1,138,280
Financial liabilities						
Financial liabilities held at fair value through profit and loss	1,556,714	–	1,556,714	872,493	–	872,493
Financial liabilities held at amortised cost	–	36,102	36,102	–	28,557	28,557
Total Group financial liabilities	1,556,714	36,102	1,592,816	872,493	28,557	901,050

19. Financial instruments (continued)

The financial investments held by the Society are valued as:	2025 £'000	2024 £'000
Linked financial investments	1,556,714	872,493
Non-linked financial investments	169,487	186,553
Debtors	29,350	38,338
Cash at bank	22,795	14,823
Investment in group undertakings	15,088	88,002
Total Society financial investments	1,793,434	1,200,209
Financial liabilities		
Financial liabilities held at fair value through profit and loss	1,556,714	872,493
Financial liabilities held at amortised cost	28,391	18,928
Total Society financial liabilities	1,585,105	891,421

The above investments, which exclude land & buildings, and the financial liabilities, can then be further analysed out into the following categories:

Society financial assets held at fair value through profit and loss	Fair value 2025 £'000	Fair value 2024 £'000	Cost 2025 £'000	Cost 2024 £'000
Shares, other variable yield securities and holdings in collective investment schemes	1,503,266	830,281	1,239,113	623,963
Debt securities and other fixed income securities	153,762	161,996	168,901	197,721
Investment property	7,622	7,622	5,091	5,091
Investment in group undertakings	15,088	88,002	67,833	67,833
Financial assets held at fair value through profit and loss	1,679,738	1,087,901	1,480,938	894,608
Loans and receivables				
Loans secured by mortgage	80	77	80	77
Deposits with credit institutions	82,508	71,001	82,508	71,001
Accrued income and receivables	31,108	41,230	31,108	41,230
Loans and receivables	113,696	112,308	113,696	112,308
Total Society financial assets	1,793,434	1,200,209	1,594,634	1,006,916

19. Financial instruments (continued)

Society analysis – linked and non-linked, excluding land & buildings

Society financial assets held at fair value through profit and loss	Linked fair value 2025 £'000	Non-linked fair value 2025 £'000	Total fair value 2025 £'000	Linked fair value 2024 £'000	Non-linked fair value 2024 £'000	Total fair value 2024 £'000
Shares, other variable yield securities and holdings in collective investment schemes	1,487,621	15,645	1,503,266	805,801	24,480	830,281
Debt securities and other fixed income securities	–	153,762	153,762	–	161,996	161,996
Investment property	7,622	–	7,622	7,622	–	7,622
Investment in group undertakings	–	15,088	15,088	–	88,002	88,002
Financial assets held at fair value through profit and loss	1,495,243	184,495	1,679,738	813,423	274,478	1,087,901
Loans and receivables						
Loans secured by mortgage	–	80	80	–	77	77
Deposits with credit institutions	59,713	22,795	82,508	56,178	14,823	71,001
Accrued income and receivables	1,758	29,350	31,108	2,892	38,338	41,230
Loans and receivables	61,471	52,225	113,696	59,070	53,238	112,308
Total Society financial assets	1,556,714	236,720	1,793,434	872,493	327,716	1,200,209
Financial liabilities						
Financial liabilities held at fair value through profit and loss	1,556,714	–	1,556,714	872,493	–	872,493
Financial liabilities held at amortised cost	–	28,391	28,391	–	18,928	18,928
Total Society financial liabilities	1,556,714	28,391	1,585,105	872,493	18,928	891,421

19. Financial instruments (continued)

Valuation Methods – These are based on FRS 102 (section 34) disclosure requirements on the three levels indicated, see accounting policy I for details.

2025 Group	Level 1 Active quoted prices £'000	Level 2 Other observable inputs £'000	Level 3 Other £'000	Total £'000
Financial assets held at fair value through profit and loss				
Shares, other variable yield securities and holdings in collective investment schemes	1,048,996	454,266	4	1,503,266
Debt securities and other fixed income securities	141,329	12,199	234	153,762
Investment property	–	–	7,622	7,622
Financial assets held at fair value through profit and loss	1,190,325	466,465	7,860	1,664,650
Financial liabilities held at fair value through profit and loss	–	1,556,714	–	1,556,714

2024 Group	Level 1 Active quoted prices £'000	Level 2 Other observable inputs £'000	Level 3 Other £'000	Total £'000
Financial assets held at fair value through profit and loss				
Shares, other variable yield securities and holdings in collective investment schemes	308,101	522,176	4	830,281
Debt securities and other fixed income securities	118,981	42,634	381	161,996
Investment property	–	–	7,622	7,622
Financial assets held at fair value through profit and loss	427,082	564,810	8,007	999,899
Financial liabilities held at fair value through profit and loss	–	872,493	–	872,493

Level 3 assets consist of investment property, venture capital and certain debt securities.

Investment properties are valued by reference to independent valuations as detailed in Note 17. The Investment Method of Valuation is used to value the investment property classified at level 3 in the fair value hierarchy. A key unobservable input is the present value of future market rents, adjusted for risk factors that are envisaged to exist at point of sale in an arms-length transaction.

19. Financial instruments (continued)

2025 Society	Level 1 Active quoted prices £'000	Level 2 Other observable inputs £'000	Level 3 Other £'000	Total £'000
Financial assets held at fair value through profit and loss				
Shares, other variable yield securities and holdings in collective investment schemes	1,048,996	454,266	4	1,503,266
Debt securities and other fixed income securities	141,329	12,199	234	153,762
Investment property	–	–	7,622	7,622
Investment in group undertakings	–	–	15,088	15,088
Financial assets held at fair value through profit and loss	1,190,325	466,465	22,948	1,679,738
Financial liabilities held at fair value through profit and loss	–	1,556,714	–	1,556,714

2024 Society	Level 1 Active quoted prices £'000	Level 2 Other observable inputs £'000	Level 3 Other £'000	Total £'000
Financial assets held at fair value through profit and loss				
Shares, other variable yield securities and holdings in collective investment schemes	308,101	522,176	4	830,281
Debt securities and other fixed income securities	118,981	42,634	381	161,996
Investment property	–	–	7,622	7,622
Investment in group undertakings	–	–	88,002	88,002
Financial assets held at fair value through profit and loss	427,082	564,810	96,009	1,087,901
Financial liabilities held at fair value through profit and loss	–	872,493	–	872,493

20. Debtors

Group and Society	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
Amounts owed from Group undertakings	–	–	13,219	23,820
Amounts owed from policyholders	1,081	486	466	486
Amounts owed from intermediaries	332	324	332	324
Debtors arising out of reinsurance operations	9,556	6,352	9,556	6,352
Other debtors	38,168	40,207	5,777	7,356
Total	49,137	47,369	29,350	38,338

Amounts owed from Group undertakings in the Society include £nil (2024: £nil) falling due after more than one year. Other debtors includes accrued income of £13,541k (2024: £16,348k), with £9,967k (2024: £12,276k) falling due after more than one year.

21. Tangible assets

Group and Society	Total £'000
Cost	
At 1 January 2025	1,161
Additions	20
At 31 December 2025	1,181
Depreciation	
At 1 January 2025	753
Provided in the year	197
At 31 December 2025	950
Net book value at 31 December 2025	231
Net book value at 31 December 2024	408

The charge for depreciation for the Group in the year ended 31 December 2025 was £197k (2024: £252k).

The charge for depreciation for the Society in the year ended 31 December 2025 was £197k (2024: £253k).

Tangible assets comprise of computer equipment.

Depreciation is included in operating expenses.

22. Technical provisions

Group and Society	Long-term business provision £'000	Reinsurers share £'000	Provision for outstanding claims £'000
At 1 January 2025	168,034	(119,815)	10,697
Movement in provision for outstanding claims	–	–	3,066
Change in long-term business provision	(15,089)	6,560	–
At 31 December 2025	152,945	(113,255)	13,763

Provisions for outstanding claims represent amounts where notification of a claim has been received but full supporting documentation is still outstanding which means that it cannot be processed. Typically, these amounts would be expected to unwind in the first half of the following accounting period.

Uncertainties and estimation techniques

One of the purposes of insurance is to enable policyholders to protect themselves against uncertain future events. Insurance companies accept the transfer of uncertainty from policyholders and seek to add value through the aggregation and management of these risks. The uncertainty inherent in insurance is inevitably reflected in the financial statements of insurance companies and principally arises in respect of the technical provisions of the company. As a consequence of this uncertainty, the insurance company needs to apply sophisticated estimation techniques to determine the appropriate provisions.

Long-term business provisions (LTBPs) are computed using statistical and other mathematical techniques, which are expected to give approximately the same results as if an individual liability were calculated for each long-term contract. The computations are made by suitably qualified personnel engaged by the Group on the basis of recognised actuarial methods. This methodology takes into account the risks and uncertainties of the particular classes of long-term business written and the results are certified by the professionals undertaking the valuations.

Allowance for prudence

Under FRS 102 the value of policyholder liabilities must be valued on a prudent basis. The approach taken to calculate the prudent value of liabilities uses a best-estimate of those liabilities plus a prudence margin. The methodology used to calculate prudence is based on the Solvency UK regulatory requirements, save for an adjustment to reflect management's risk appetite rather than the regulator's risk appetite.

Process for determining assumptions

The process used to determine any assumptions is intended to result in the best estimates of the most likely, or expected, outcome. The assumptions are set using internal and external information, combined with expert judgement and undergo robust challenge as part of the Group's governance process.

For insurance contracts the Group regularly considers whether the long-term business provision is reliable and adequate, and whether the assumptions are appropriate. The assumptions that are considered include the expected number and timing of deaths, critical illness, as well as other claims and investment returns, over the period of risk exposure.

22. Technical provisions (continued)

The principal assumptions underlying the calculation of the long-term business provision are:

Mortality and morbidity– Assumptions for current mortality and morbidity are typically based on the latest relevant industry standard tables published by the Continuous Mortality Investigation (CMI), with adjustments to reflect the Group's historic and expected future experience.

The mortality and morbidity assumptions for significant product lines are shown in the table below:

Product Group	2025	2024
Individual annuities	PMA16 / PFA16 with adjustments Mortality improvements based on the 2024 CMI model	PMA16 / PFA16 with adjustments Mortality improvements based on the 2023 CMI model
Bulk Purchase Annuities (re pension scheme buy-out)	S3MPA / S3FPA with adjustments Mortality improvements based on the 2024 CMI model	N/A
Over 50s whole-of-life	AMN00 / AMS00 / AFN00 / AFS00 with adjustments	AMN00 / AMS00 / AFN00 / AFS00 with adjustments
Term assurance	TMN16 / TMS16 / TFN16 / TFS16 with adjustments	TMN16 / TMS16 / TFN16 / TFS16 with adjustments
Critical illness	Standalone rates derived from AC16 with adjustments Accelerated rates from AC16 with adjustments	Standalone rates derived from AC04 with adjustments Accelerated rates from AC16 with adjustments

Discount rate and investment return – this is set to be the basic Solvency UK risk-free interest rate curve plus volatility adjustment (for applicable products), as prescribed and published by the PRA.

Expenses – these assumptions are determined from the results of an internal expenses investigation. The expense investigation performs a detailed analysis of budgeted costs and allocation of these costs across products based on appropriate cost drivers. It is performed on an annual basis.

Persistency – assumptions about the rate at which policyholders will stop paying premiums and lapse their policy are determined primarily based on actual experience.

With-Profits bonuses

The calculation of the LTBP uses policyholder guaranteed benefits as at the valuation date, including reversionary bonuses declared over the previous year. The cost of terminal bonuses on with-profits policies is included in "Gross claims incurred" in the Long-term business – Technical account.

23. Technical provisions for linked liabilities

Policies defined as investment, rather than insurance contracts are accounted for on a deposit basis.

Group and Society	2025 £'000	2024 £'000
At 1 January	872,493	912,598
Deposits received from policyholders	66,019	11,156
Withdrawals by policyholders	(136,567)	(104,860)
Annual management charges	(10,715)	(9,251)
Contracts transferred to the Society	621,439	–
Change in fair value of gross liabilities	144,045	62,850
At 31 December	1,556,714	872,493

During 2025, to simplify the Group's business structure, management of stocks and shares ISAs, Lifetime ISAs, some Child Trust Fund policies and legacy ISAs were transferred from subsidiary companies to the Society. Whilst held in the subsidiary companies, these contracts were not recognised within the Statement of Financial Position. As a result of this transfer, the policies are now invested in unit-linked funds held by the Society and both the assets held to cover linked liabilities and the associated technical provision for linked liabilities are recognised.

24. Other creditors including taxation and social security

	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
Amounts owed to group undertakings	–	–	2,276	51
Other taxes and social security costs	2,238	3,826	469	1,340
Other creditors	19,457	11,529	11,239	4,336
Financing Liability	10,788	11,741	10,788	11,741
Total	32,483	27,096	24,772	17,468

All other creditors are payable within one year.

The financing liability relates to a financial reinsurance arrangement which is carried in the balance sheet at amortised cost.

The financing liability is recognised at the initial funding received, net of the associated fees payable. The advanced funding is recognised as a liability in the Statement of Financial Position and the interest due is in the income and expenditure statement. Subsequently, the advanced funding is recognised at amortised cost which is the amount at which financial liability is measured at initial recognition, minus the principal repayments, and minus any adjustments to the liability as agreed with the reinsurer. The interest accruing on the reinsurance liability due is charged at the effective interest rate and added to the outstanding liability.

25. Fund for Future Appropriations

Group and Society	2025 £'000	2024 £'000
At 1 January	4,059	4,425
Transfers from/(to) the long-term business technical account	195	(366)
At 31 December	4,254	4,059

26. Retained earnings

	Group 2025 £'000	Group 2024 £'000	Society 2025 £'000	Society 2024 £'000
At 1 January	161,021	176,291	229,341	250,440
Recognised (losses) in the year	(13,547)	(15,270)	(85,719)	(21,099)
At 31 December	147,474	161,021	143,622	229,341

Following the transfer of part of Family Equity Plan Limited's and Engage Mutual Funds Limited's businesses to the Society, income and present value of future profits is expected to reduce for these entities, leading to a fair value reduction of £69,914k for the value of group undertakings within the Society. As a result, recognised losses of £85,719k (2024: £21,099k) have been incurred in the Society.

27. Pension commitments

Defined benefit schemes

Following the merger of Homeowners Friendly Society Limited and Family Assurance Friendly Society Limited on 1 April 2015, the Group operated two defined benefit pension schemes. The following note summarises the pension valuation and commitments under FRS 102 for each Scheme individually.

Defined contribution schemes

Following the closure of these defined benefit schemes to future accrual, the Group makes pension contributions to a defined contribution stakeholder pension scheme on behalf of staff when they become eligible for pension benefits.

The stakeholder scheme is provided by Legal and General Assurance Society Limited. The defined pension contributions for 2025 were £1,802k (2024: £2,013k).

Family Assurance Friendly Society Defined Benefit Scheme (the Family Scheme)

The Society operates a defined benefit pension scheme, the Family Assurance Staff Pension Scheme ("the Scheme"). The Scheme funds are administered by trustees and are independent of the Society's finances.

Contributions are paid to the Scheme in accordance with the recommendations of an independent actuary.

The defined benefit scheme closed to all further benefit accrual with effect from 31 December 2009. In its place the Society makes pension contributions to a defined contribution pension scheme on behalf of staff eligible for pension benefits. The defined contribution scheme is administered by Legal & General Assurance Society Limited.

Details in respect of the Scheme are provided below in accordance with FRS102.

27. Pension commitments (continued)

The funding plan is for the Scheme to hold assets equal to the value of the benefits earned by employees, based on a set of assumptions used for funding the Scheme. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there is a shortfall against this funding plan, then the Society and trustees agree on deficit contributions to meet this deficit over a period. As part of the actuarial valuation with an effective date of 31 December 2022 it was agreed that the Society would pay no further contributions except when required in accordance with a Funding Deed signed in January 2024. During January 2024, OneFamily made a contribution into the Scheme to facilitate a further buy-in covering the remaining uninsured liabilities of the Scheme.

Our calculations are based on membership data as at 31 December 2022 provided by the LCP administration team for the formal valuation of the Scheme at this date, updated to the accounting date by an independent qualified actuary in accordance with FRS102, allowing for contributions, benefit payments made and changes in market conditions.

As required by FRS102, the defined benefit liabilities have been measured using the projected unit method.

Under FRS102, a pension asset can only be recognised on the balance sheet to the extent that is recoverable by the employer through reduced contributions for future pensionable service or refunds (either over the course of the Scheme's life, or when it is ultimately wound up), and where that is within the control of the employer. The Trustees of the Scheme have full control over all investment and benefit decisions of the Scheme and therefore the Society does not have the necessary control to support recognition of the net surplus on the balance sheet. The impact of this limit on the balance sheet, profit and loss, and the actuarial gains and losses entries are shown in the figures on the next page.

In 2024, the trustees of the Scheme in consultation with the Society implemented a new investment strategy and used the Scheme assets to secure a contract with the Society which matches the pension liabilities in a transaction known as a 'buy-in'. While the Society remains legally responsible for the Scheme the transaction removed the Society's exposure to funding and investment risks within the Scheme.

Due to accounting standards in respect of buy-ins between related parties, and the fact that the policy was deemed as non-transferable for accounting purposes, the buy-in contract could not be recognised within the Society or Group's FRS102 Scheme assets. Therefore, the results below show a pension scheme deficit as at 31 December 2025 of £22.9m (31 December 2024 £25.3m), which as noted was from an FRS102 accounting perspective only. If the buy-in policy was recognised within the Scheme assets the deficit would have fallen to £1.0m (2024: £1.1m) which is equal to the provision for GMP equalisation and the Barber case, which equalised normal retirement dates causing a levelling up of benefits.

The buy-in carried out in 2024 with the Society, was separate to the buy-in with an insurer outside of the Group, which has been in place since 2019. The overall impact of this is set out in the table below:

27. Pension commitments (continued)

Summary deficit position of the Family Scheme	See note below	2025 £'000	2024 £'000
Total fair value of assets (excluding internal buy-in)	a	7,513	7,854
Present value of defined benefit obligations	b	(30,395)	(33,113)
Scheme deficit (excluding internal buy-in)		(22,882)	(25,259)
Adjustment for asset limit	d	-	-
Net scheme deficit recognised in Society balance sheet		(22,882)	(25,259)
Adjustment for internal buy-in policy not recognised in Society/Group accounts		21,875	24,150
Economic scheme deficit including internal buy-in policy		(1,007)	(1,109)

The following tables set out, as at 31 December 2025 and 2024, the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS102 liabilities and the surplus or deficit of the assets over the FRS102 liabilities (the gross pension asset or liability). The key FRS102 assumptions used for the Scheme are also set out below.

a) Family Scheme fair value of assets	2025 £'000	2024 £'000
Buy-in policy with third-party	7,510	7,855
Cash	421	96
Other net assets	(418)	(97)
Total fair value of assets (excluding internal buy-in)	7,513	7,854

The Scheme does not invest directly in property occupied by the Society or in financial securities issued by the Society.

Changes in present values of the defined benefit obligations (DBO) are as follows:

b) Family Scheme change in present value	2025 £'000	2024 £'000
Opening defined benefit obligation	33,113	34,929
Interest on obligation on funds	1,780	1,543
Actuarial (gain)	(2,965)	(2,076)
Benefits paid	(1,533)	(1,283)
Closing defined benefit obligation	30,395	33,113

27. Pension commitments (continued)

Changes in the fair value of the scheme assets are as follows:

c) Family Scheme change in fair value	2025 £'000	2024 £'000
Opening value of scheme assets	7,854	40,457
Interest on scheme assets	414	581
Net (losses) on scheme assets	(101)	(4,889)
Contributions by the employer	–	3,458
Benefits paid	(1,533)	(1,283)
Reimbursement of benefits by the Society	879	597
Transfer to the Society	–	(31,067)
Closing value of scheme assets	7,513	7,854

See above, for a reconciliation to the economic position of the Scheme, including the internal buy-in policy.

Changes in the value of the asset limit are as follows:

d) Family Scheme change in value of asset limit	2025 £'000	2024 £'000
Opening asset limit	–	(5,528)
Net interest on asset limit	–	(16)
Change to asset limit	–	5,544
Closing asset limit	–	–

The following amounts have been included within profit and loss under FRS 102:

e) Family Scheme amounts included in income and expenditure	2025 £'000	2024 £'000
Net interest on the net defined benefit liability	(1,366)	(979)
Loss recognised in income and expenditure	(1,366)	(979)

27. Pension commitments (continued)

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

f) Family Scheme change in comprehensive income	2025 £'000	2024 £'000
Experience (loss) on scheme assets	(102)	(4,889)
Experience (loss)/gain on scheme liabilities	(110)	41
Actuarial gain due to the changes in assumptions of the DBO	3,075	2,035
Actuarial gains/(losses)	2,863	(2,813)
Gain due to movement in the statement of financial position limitation	–	5,544
Gain recognised outside income and expenditure	2,863	2,731

Family Scheme assumptions	2025	2024
Retail prices index inflation	2.80%	3.40%
Consumer prices index inflation	2.40%	3.10%
Revaluation in deferment	0.00%	3.10%
Pension increases:		
- pre April 1997 pension	0.00%	0.00%
- post April 1997 pension	2.70%/2.40%*	3.40%/3.10%*
- post April 2005 pension	1.80%*	2.50%*
Salary growth	N/A	N/A
Discount rate	5.50%	5.50%
Life expectancy:		
- uninsured male aged 65 at the statement of financial position date	22.5 years	22.4 years
- male aged 65 in 2049 (25 years from the statement of financial position date)	24.2 years	24.7 years

* assumptions for members who transferred into the scheme from the Family Assurance Friendly Society Limited staff pension scheme

27. Pension commitments (continued)

Family Scheme sensitivity of defined benefit obligation to alternative assumptions as at 31 December 2025	Reduction of deficit £'000
Discount rate – Effect of 0.5% increase	1,800
Inflation – Effect of 0.1% pa reduction	200
Life expectancy – 1 year increase	(800)

Updating the assumptions as described above could reduce the FRS102 measure of the pension scheme liability as noted.

Homeowners Friendly Society Defined Benefit Scheme (the Engage Scheme)

The Society operated a defined benefit pension scheme, the Homeowners Friendly Society Pension Scheme ("the Scheme"). The Scheme funds were administered by trustees and were independent of the Society's finances.

Contributions were paid to the Scheme in accordance with the recommendations of an independent actuary.

The defined benefit scheme closed to all further benefit accrual with effect from 31 December 2012. In its place the Society makes pension contributions to a defined contribution pension scheme on behalf of staff eligible for pension benefits. The defined contribution scheme is administered by Legal & General Assurance Society Limited.

Details in respect of the Scheme are provided below in accordance with FRS102.

The funding plan was for the Scheme to hold assets equal to the value of the benefits earned by employees, based on a set of assumptions used for funding the Scheme. The funding assumptions differ from the assumptions used to calculate the figures for these accounts, and therefore produce different results. If there was a shortfall against this funding plan, then the Society and trustees agreed on deficit contributions to meet this deficit over a period. As part of the actuarial valuation with an effective date of 31 December 2022 it was agreed that the Society would pay no further contributions except when required in accordance with a Funding Deed signed in January 2024. During January 2024, OneFamily made a contribution into the Scheme to facilitate a further buy-in covering the remaining uninsured liabilities of the Scheme.

In 2024, the trustees of the Scheme in consultation with the Society implemented a new investment strategy and used the Scheme assets to secure a contract with the Society which matched the pension liabilities in a transaction known as a 'buy-in'. While the Society remained legally responsible for the Scheme, the transaction removed the Society's exposure to funding and investment risks within the Scheme.

Due to accounting standards in respect of buy-ins between related parties, and the fact that the policy was deemed as non-transferable for accounting purposes, the buy-in contract could not be recognised within the Society or Group's FRS102 Scheme assets. Therefore, the results below show a pension scheme deficit as at 31 December 2024 of £9.6m, which as noted is from an FRS102 accounting perspective only. If the buy-in policy had been recognised within the Scheme assets the 2024 deficit would have fallen to £0.5m which was equal to the past service cost recognised in the year relating to an uplift in member benefits.

The buy-in carried out during 2024 with the Society, was separate to the buy-in with an insurer outside of the Group, which has been in place since 2019.

27. Pension commitments (continued)

During 2025, the trustees of the Scheme completed a full buy-out of the Scheme's liabilities. This was with the two insurers that buy-in policies were held with as at the end of 2024, one external to the Group and the other being the Society. Following these buy-outs, the Group has no remaining defined benefit obligations in respect to this Scheme. The Scheme is now in wind-up.

Our calculations are based on membership data as at 31 December 2022 provided by the LCP administration team for the formal valuation of the Scheme at this date, updated to the prior accounting date by an independent qualified actuary in accordance with FRS102, allowing for contributions, benefit payments made and changes in market conditions.

The defined benefit obligation (DBO) was remeasured immediately prior to settlement (buy-out) using updated financial assumptions. This was undertaken on an estimated basis using sensitivities calculated at 31 December 2024 and given discount rates and inflation at the point of each buy-out.

The overall impact of this is set out in the table below:

Summary (deficit)/surplus position of the Engage Scheme	See note below	2025 £'000	2024 £'000
Total fair value of assets (excluding internal buy-in)	a	–	7,342
Present value of defined benefit obligations	b	–	(16,980)
Scheme (deficit)/surplus (excluding internal buy-in)		–	(9,638)
Adjustment for asset limit:	d	–	–
Net scheme (deficit)/surplus recognised in Society balance sheet		–	(9,638)
Adjustment for internal buy-in policy not recognised in Society/Group accounts		–	9,123
Economic scheme deficit including internal buy-in policy		–	(515)

The following tables set out, as at 31 December 2025 and 2024, the fair value of assets, a breakdown of the assets into the main asset classes, the present value of the FRS102 liabilities and the surplus or deficit of the assets over the FRS102 liabilities (the gross pension asset or liability). The key FRS102 assumptions used for the Scheme are also set out below.

a) Engage Scheme fair value of assets	2025 £'000	2024 £'000
Buy-in policy with third-party	–	7,186
Cash and net current assets	–	(25)
Other net assets	–	181
Total fair value of assets (excluding internal buy-in)	–	7,342

27. Pension commitments (continued)

The Scheme did not invest directly in property occupied by the Society or in financial securities issued by the Society.

Changes in present value of the defined benefit obligation (DBO) are as follows:

b) Engage Scheme change in present value	2025 £'000	2024 £'000
Opening defined benefit obligation	16,980	17,865
Past service cost	–	489
Interest on obligation on funds	454	785
Actuarial gain	(644)	(1,317)
Benefits paid	(563)	(842)
Liabilities settled via buy-out	(16,227)	–
Closing defined benefit obligation	–	16,980

Changes in the fair value of the scheme assets are as follows:

c) Engage Scheme change in fair value	2025 £'000	2024 £'000
Opening value of scheme assets	7,342	22,042
Interest on scheme assets	161	432
Net (losses) on scheme assets	(391)	(1,758)
Contributions by the employer	–	688
Benefits paid	(563)	(842)
Reimbursement of benefits by the Society	405	149
Transfer to the Society	155	(13,369)
Assets transferred to insurer (buy-out)	(7,109)	–
Closing value of scheme assets	–	7,342

See above, for a reconciliation to the economic position of the Scheme, including the internal buy-in policy (for 2024).

27. Pension commitments (continued)

Changes in the value of the asset limit are as follows:

d) Engage Scheme change in value of asset limit	2025 £'000	2024 £'000
Opening asset limit	–	(4,177)
Net interest on asset limit	–	(12)
Change to asset limit	–	4,189
Closing asset limit	–	–

The following amounts have been included within profit and loss under FRS102.

e) Engage Scheme amounts included in income and expenditure	2025 £'000	2024 £'000
Past service costs	–	(489)
Net interest on the net defined benefit liability	(292)	(365)
Gain recognised in income and expenditure	9,118	–
Gain/(loss) recognised in income and expenditure	8,826	(854)

The past service costs of £0.5m in 2024 relates to a provision for the augmentation of members' benefits.

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

f) Engage Scheme change in comprehensive income	2025 £'000	2024 £'000
Experience (loss) on scheme assets	(391)	(1,758)
Experience (loss) on scheme liabilities	–	(49)
Actuarial gain due to the changes in assumptions of the DBO	644	1,366
Actuarial gains/(losses)	253	(441)
Gain due to movement in the statement of financial position limitation	–	4,189
Gain recognised outside income and expenditure	253	3,748

27. Pension commitments (continued)

Engage Scheme assumptions	2025	2024
Retail prices index inflation	N/A	3.40%
– At 30 May 2025	3.30%	N/A
– At 31 July 2025	3.20%	N/A
Consumer prices index inflation	N/A	2.80%
Revaluation in deferment	N/A	2.80%
Pension increases:		
– pre April 1997 pension (Homeowners Friendly Society Limited)	N/A	0.00%
– post April 1997 pension (Homeowners Friendly Society Limited)	N/A	3.40%
– post April 2005 pension (Homeowners Friendly Society Limited)	N/A	2.50%
– pre April 1997 pension (UKCS)*	N/A	3.00%
– post April 1997 pension (UKCS)*	N/A	3.40%
– post April 2005 pension (UKCS)*	N/A	3.40%
Salary growth	N/A	N/A
Discount rate	N/A	5.50%
– At 30 May 2025	5.80%	N/A
– At 31 July 2025	5.70%	N/A
Life expectancy:		
– male aged 60 at the statement of financial position	N/A	27.2 years
– male aged 60 in 2044 (20 years from balance sheet date)	N/A	29.2 years

* assumptions for members who transferred into the Civil Service section of the Scheme

Group Schemes change in comprehensive income	2025 £'000	2024 £'000
Gain outside the income and expenditure account for the Family Scheme	2,863	2,731
Gain outside the income and expenditure account for the Engage Scheme	253	3,748
Total scheme change in comprehensive income	3,116	6,479

27. Pension commitments (continued)

NTL/Virgin Media pensions case

A High Court legal ruling in June 2023 (Virgin Media Limited v NTL Pension Trustees II Limited) decided that certain rule amendments were invalid if they were not accompanied by the correct actuarial Section 37 certificate confirmation. While the ruling only applied to the specific pension scheme in question, it could be expected to apply across other pension schemes that were contracted out on a salary-related basis and made amendments between 6 April 1997 and 6 April 2016. The ruling was appealed but, in July 2024, the Court of Appeal dismissed the appeal. Further court cases are expected and it is also possible that there will be legislative intervention that could retrospectively invalidate certain rule amendments. In relation to the two Group Schemes, only the Family Scheme was contracted out, therefore this ruling is not expected to have any impact on the Homeowners Friendly Society Defined Benefit Scheme.

For the Family Scheme, given the uncertainties it is not currently practicable to determine whether any amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements. As a result, it is not currently possible to reliably estimate the retrospective possible impact to the defined benefit obligations of the pension scheme if these amendments were not in accordance with section 37 of the Pension Schemes Act 1993 requirements.

The trustee is consulting with its advisors on any possible implications for the Family Scheme while monitoring developments. Any implications for the Family Scheme will be considered by the trustee and Society in due course.

28. Statement of information relating to the Chief Actuary

The Chief Actuary of the Group is John Jenkins of Milliman LLP. Paul Simmons of Willis Towers Watson plc was Chief Actuary until 1 October 2025. The following information has been provided, in accordance with Section 77 of the Friendly Societies Act 1992:

- John Jenkins and Paul Simmons were not members of the Group at any time during 2025;
- No other member of their families was a member of the Group during 2025;
- Milliman were paid fees in 2025 of £40k for the services of the Chief Actuary.
- Willis Towers Watson were paid fees for the year of £2,058k (2024: £1,827k) for the services of the Chief Actuary and other actuarial services. 2025 fees include £45k (2024: £175k) of one off project costs.

29. Related party transactions

Transactions or balances between Group entities

Family Assurance Friendly Society Limited and its subsidiaries (collectively the Group) have a number of transactions between themselves all of which are undertaken in the normal course of business. As these accounts cover the Society and the Group, no transactions or balances between Group entities, which eliminate on consolidation, require disclosure in accordance with the exemption given in FRS 102. No members of the Board of the Society or its key management had material transactions with any of the Group's related parties. No member of key management personnel, being any person having authority and responsibility for planning, directing or controlling the activities of the Society and Group, directly or indirectly, including any director (whether executive or otherwise) of the Society, nor their close family, had a material transaction with the Group.

On 26 January 2024, Family Assurance Friendly Society Limited entered into a buy-in agreement with each of the Group's pension schemes, Homeowners Friendly Society Defined Benefit Scheme (the Engage Scheme) and Family Assurance Friendly Society Defined Benefit Scheme (the Family Scheme), to insure them for the future pensions and benefits due to be paid to members. The Engage Scheme moved to a buy-out with the Society on 31 July 2025. Further details on this can be found in Note 27 Pension commitments.

The Society and Group had the following investment in Collective Investment Schemes managed by a subsidiary, Family Investment Management Limited, as at 31 December 2025:

Related party transactions	2025 £'000	2024 £'000
Group and Society		
Family Asset Trust	25,555	25,120
Family Charities Ethical Trust – Accumulation Units	20,759	17,307
Family Balanced International Fund – Share Class A	7,912	7,104
Family Balanced International Fund – Share Class C	23,921	20,362
Family Balanced International Fund – Share Class F	454,233	406,908
OneFamily Global Equity Fund – Share Class C	–	74,930
OneFamily Global Mixed Investment Fund – Share Class C	–	40,356
OneFamily Stockmarket 100 Trust	–	7,468
Total	532,380	599,555

29. Related party transactions (continued)

During 2025, the Society and the Group made the following investments. All purchases of units were made at arm's length based on the buying price:

Purchase of Investments	2025 £'000	2025 Units	2024 £'000	2024 Units
Group and Society				
Family Charities Ethical Trust – Accumulation Units	1,132	102,867	74	7,075
Family Balanced International Fund – Share Class A	645	126,857	–	34
Family Balanced International Fund – Share Class C	944	505,547	1,681	956,326
Family Balanced International Fund – Share Class F	357	65,962	–	–
Family Asset Trust	21	4,605	–	–
Total	3,099		1,755	

30. Post Balance Sheet Events

In early February 2026, OneFamily and Scottish Friendly announced proposals to merge. Scottish Friendly has over 850,000 members across the UK and £4.2 billion in assets under management (as at 31 December 2024). The proposed merger is subject to regulatory approval under Part VIII of the Friendly Societies Act 1992 and is expected to be effective in early 2027. The combined mutual will operate under the group name of OneFamily whilst maintaining the Scottish Friendly brand alongside the OneFamily and Beagle Street Brands. No adjustment is required to the financial statements for the year ended 31 December 2025 from this proposed transaction.

Glossary

Alternative performance measure (APM)	A measure used by management but not defined in accordance with UK GAAP
Bonds	Generally corporate bonds, this is debt issued by a company to raise capital. Interest is paid through the term of the bond and at a set date the nominal value is returned to the investor
Buy-in	A buy-in is where an insurance company, on receipt of a premium from a pension scheme, issues an insurance policy. The policy covers a proportion of the scheme's liabilities, such as pensioners in payment
Buy-out	A pension scheme buy-out is where an insurance company takes over the obligations to pay pensions to individual scheme members. Individual contracts are issued by the insurer and the pension scheme no longer has any liability to pay the pension
Child Trust Fund (CTF)	Government backed product given to all children born between September 2002 and 2011
Conduct risk	The risk of failure to conduct business fairly and properly in relation to customers and other stakeholders
Consumer Duty	Regulation issued by the FCA that sets expectations for the standard of care firms across the financial services industry give to consumers in retail financial markets. It outlines four key outcomes in relation to: <ol style="list-style-type: none"> 1. Products and services 2. Price and value 3. Consumer understanding 4. Consumer support
Coverage ratio	Under Solvency UK the ratio of eligible own funds to the solvency capital requirement
Customers' funds under management	This is an alternative performance measure which reflects the total value of all investments managed by the Group on behalf of customers. This includes investments backing customer policies which are not shown on the Statement of Financial Position, for example those relating to Child Trust Funds or ISAs
Customer satisfaction score	This is an alternative performance measure often called CSAT. CSAT is scored out of 10 and is obtained by asking customers how satisfied they were with the service they received
Equities	A shareholding in a company
ESG	Environmental, social and governance
Financial Conduct Authority (FCA)	The body that regulates the conduct of retail and wholesale financial services firms in the UK
Fund for Future Appropriations (FFA)	This balance represents all with-profits surpluses, the allocation of which to individual policies has not yet been determined by the end of the financial year
Gilts	Government issued bonds considered to be lower risk than corporate bonds

Income	This is an alternative performance measure. It reflects revenue received by the Group due to investment, insurance and other activities. It comprises: <ul style="list-style-type: none"> ○ Gross written premiums ○ Annual Management Charges ○ Other technical income ○ Other income
Intergovernmental Panel on Climate Change (IPCC)	The United Nations body for assessing the science related to climate change
Lapse risk	The risk that an insurance policy is cancelled before the end of the policy term, often because a policyholder ceases to pay premiums
Lifetime ISA (LISA)	An investment product for customers under 40 saving for a first home or retirement
Lifetime mortgage	Mortgage for homeowners aged 55 and over who want to release capital in their property
Long-term business provision (LTBP)	The value of insurance liabilities calculated using the requirements of the current Solvency UK regulatory regime adjusted to remove the Solvency UK risk margin and include a margin of prudence appropriate under United Kingdom reporting standards
Management actions	Activity taken to remove or mitigate risk, or aid the delivery of a desired outcome
Market risk	The risk associated with changes in the market price of investment assets
Minimum Capital Requirement (MCR)	The base capital level for a business that, in the event it is breached, triggers ultimate supervisory measures from the Prudential Regulation Authority
Morbidity risk	The risk associated with the likelihood that a policyholder will fall ill during the period of insurance cover
Mortality risk	The risk associated with the likelihood that a policyholder will die during the period of insurance cover
MSCI World Index	The MSCI World Index captures large and mid cap representation across 23 Developed Markets countries. With 1,585 constituents, the index covers approximately 85% of the free float-adjusted market capitalisation in each country. It is used as a common benchmark for 'world' or 'global' stock funds intended to represent a broad cross-section of global markets
Net Promoter Score (NPS)	A measure used to gauge customer loyalty, satisfaction and enthusiasm with a company
Net Zero	Refers to achieving a balance between the amount of greenhouse gas emissions produced and the amount removed from the atmosphere
Non-profit fund	A fund where the investing policyholders do not share in the surplus in the fund
Non-technical account	The non-technical account reflects the income and expenditure of subsidiary companies
Operating capital generation	This is an alternative performance measure used by the Board and management in managing the business. It is based on a view of economic capital for the Group as a whole rather than just the Solvency UK reporting for the Society alone. It illustrates how capital is generated over the long-term through trading activities (both writing new business in the year and management of in-force business), plus further elements such as strategic development expenses, business development overheads and the impact of experience variances and assumption changes. In assessing the capital generated, the impact of financial market movements and certain one-off items are excluded

Operational risk	The risk associated with a failing in internal processes, personnel or systems, or from external events
Own Risk and Solvency Assessment (ORSA)	An internal assessment of risk and capital requirements
Own funds	Surplus of assets over liabilities under Solvency UK regulations
Present Value of In-Force (PVIF)	The expected future profits from an existing book of insurance business
Present Value of New Business Premiums (PVNBP)	This comprises: <ul style="list-style-type: none"> the present value of future premiums (for insurance products) and direct debits (for investment products) that are expected to be received from new policies written during the year; the present value of increased/new direct debits on existing investment policies; and ad-hoc contributions made to investment products during the year
Prudential Regulation Authority (PRA)	Responsible for prudential regulation within the UK of banks, insurers, building societies, credit unions and major investment firms
Reinsurance recoverables	The amount paid by reinsurers to cover losses for insurance
Retained earnings	The retained profits in the non-profit fund
Reversionary bonus	An annual bonus paid to with-profits policyholders
Risk appetite statement	A statement setting out the Society and Group attitude to risk
Risk management framework	The Risk Management Framework sets out principles, policies, minimum standards and requirements which are designed to manage risk within the Board's risk appetite
Scope 1 emissions	Direct greenhouse gas emissions that relate to our own activities
Scope 2 emissions	Indirect emissions from the energy we purchase, like the electricity used to power our office. There are two methods for calculating scope 2 emissions: <ul style="list-style-type: none"> Location-based emissions – reflect the average emissions intensity of the grid where the energy is consumed Market-based emissions – take account of our own energy supply arrangement which is based on renewable energy
Solvency UK	Solvency UK refers to the reformed Solvency II regime in the United Kingdom that became effective on 31 December 2024. This is a comprehensive framework for insurance supervision and regulation
Solvency Capital Requirement (SCR)	The amount of capital to be held by an insurer to meet the Pillar I requirements under Solvency UK
Sunset clause	A court-sanctioned clause relating to with-profits funds which determines how a with-profit fund will be managed if it falls below a certain size
Surplus assets	Assets which are in excess of Solvency UK capital requirements
System of governance	The governance framework under which the Society is operated to enable the Board and the Executive team to discharge its responsibilities
Taskforce on Climate-related Financial Disclosures (TCFD)	An organisation with the goal of developing a set of voluntary climate-related financial risk disclosures so that companies can inform investors and other members of the public about the risks they face related to climate change

Technical account	The technical account reflects the income and expenditure of the Society
Technical Provision for Linked Liabilities (TPLL)	A provision reflecting the amounts due to policyholders invested in linked funds
Terminal bonus	A discretionary maturity bonus paid to with-profits policyholders
Volatility Adjustment	The Volatility Adjustment (VA) under Solvency UK is a mechanism designed to stabilise the balance sheets of insurance companies during periods of market stress. It allows insurers to adjust the discount rates used to value their liabilities, thereby reducing the impact of short-term market fluctuations on their solvency position
With-profits fund	A ring-fenced fund where the policyholders participate in the surplus of the fund
WorkL	A colleague engagement survey which provides data for the <i>Sunday Times Best Places to Work Awards</i>

General information

Family Assurance Friendly Society Limited (FAFSL or the Society) is incorporated under the Friendly Societies Act 1992. FAFSL, together with its subsidiaries, forms the consolidated Group known as OneFamily.

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OneFamily is a trading name of Family Assurance Friendly Society Limited ("FAFSL"). Registered and incorporated under the Friendly Societies Act 1992, registered number 939F. Family Investment Management Limited ("FIML"), registered number 1915516, Family Equity Plan Limited ("FEPL"), registered number 2208249, Engage Mutual Funds Limited ("EMFL"), registered number 3224780, OneFamily Lifetime Mortgages ("OFLM"), registered number 09239554 and OneFamily Advice Limited ("OFA"), registered number 09188369 are wholly owned subsidiary companies of FAFSL. OneFamily Advice is a trading name of OFA.

FAFSL is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. FIML, FEPL, EMFL, OFLM and OFA are authorised and regulated by the Financial Conduct Authority.

All companies above are registered in England and Wales at 16-17 West Street, Brighton, BN1 2RL, United Kingdom.