

One Family

OneFamily (ELL) With- Profits Fund Annual report to Policyholders for 2025

June 2026

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Section 1: Introduction

- 1.1 The purpose of this report is to explain how the OneFamily (ELL) With-Profits Fund (“the Fund”) has been managed during 2025 and to demonstrate that we have followed our published Principles and Practices of Financial Management (PPFM). This includes the setting of bonuses and the investment decisions we have made.
- 1.2 If you require more detail about how we manage the Fund, our PPFM is available on our website:

<http://www.onefamily.com/company-information/financial-reports/>

Section 2: Summary

- 2.1 In the opinion of the Board, the management of the Fund has met the requirements of the PPFM over the period 1 January 2025 to 31 December 2025, and at the bonus declaration date in respect of the year 2025.
- 2.2 This opinion takes into account all areas where discretion has been exercised, or where there have been any competing rights, or interests, between different groups of policyholders.
- 2.3 Appropriate governance arrangements have been maintained throughout this period to ensure that we comply with the PPFM in the conduct of OneFamily (ELL) with-profits business.

Section 3: Governance arrangements for with-profits business

- 3.1 The Board has established a sub-committee of the Board (the With-Profits Sub-Committee “WPSC”) whose terms of reference cover the management of the Fund. The composition of this Committee is the responsibility of the Board, and during 2025 the Committee consisted of two Non-Executive Directors and the Chief Risk Officer. It is also attended by the Chief Executive Officer, the Chief Finance Officer, the Commercial Actuarial Director and the With-Profits Actuary.
- 3.2 The members of the WPSC provide independent judgement in the assessment of compliance with the PPFM and how any conflicting rights of policyholders are addressed.
- 3.3 The WPSC reviews all key developments for the Fund and regularly reviews its financial progress, referring matters to the Board for approval, as required by the PPFM. On an annual basis the WPSC confirms that the Fund has been managed in accordance with the PPFM and this is reported to the Board.
- 3.4 The With-Profits Actuary has provided advice on key aspects of discretion at the WPSC meetings, when matters relating to the Fund have been discussed. The With-Profits Actuary’s report to policyholders in respect of 2025 can be found in the Appendix.

Section 4: How we have complied with our PPFM

- 4.1 There are a number of important areas where the Board has exercised their discretion in managing the Fund during 2025.

Payouts and bonus rates

- 4.2 Payouts made from the Fund during 2025 have reflected asset shares, subject to meeting any guaranteed benefits and allowing for smoothing in accordance with the PPFM. The calculation of asset shares was consistent with the PPFM.
- 4.3 In setting regular and final bonus rates and Market Value Adjustments (MVAs) the Board has been supplied with sufficient information for it to be satisfied that they were calculated in accordance with the PPFM. All bonus rates, MVAs and the methodology underlying surrender scales were reviewed by the With-Profits Actuary and the WPSC.
- 4.4 Claims payouts were monitored throughout 2025 to ensure that payouts remained in line with the targets defined in the PPFM.

Investment policy

- 4.5 The investment policy for the Fund is regularly monitored by the WPSC, and proposals for any changes in policy are reported to the Board for approval.
- 4.6 The investment strategy for the Fund was reviewed during 2025 in accordance with the principles and practices in the PPFM.
- 4.7 Part of the considerations include selecting investments that take into consideration carbon output, global warming potential and Environmental, Social, and Governance ("ESG") rating for firms.

Management of the free assets

- 4.8 The Fund contains an amount of money over and above the amount expected to be paid to existing policyholders (based on asset shares and guarantees), and risk capital to comply with the Prudential Regulation Authority (PRA) regulations. This is known as the free assets. The Board has regard to the size of the Free Assets in its financial management of the Fund.
- 4.9 The Fund was closed to new business with effect from 30 November 2010. As a result, a run-off plan was approved by the Board and agreed with the regulator to distribute the free assets to existing policyholders in a fair and equitable manner.
- 4.10 One of the key principles shaping the run-off Plan is that the Fund should be managed on a self-sufficient basis during run off. This means that for most of the Fund, the distribution of the free assets is made at the date of claim, with the amount of distribution depending on the financial strength of the Fund at that time.

- 4.11 For the purposes of determining claims payouts, the distribution rate for claims arising in 2025 was an enhancement to asset shares of 19% and guaranteed benefits of 4.75%. The Board reviewed the distribution rate during 2025 and agreed to maintain the enhancement rates at 19% and 4.75% for asset shares and guaranteed benefits respectively for claims arising during 2026. Consistent with past practice no further enhancement is applied to Deposit Administration schemes, with distributions for such policies having previously been allocated to policy values.

Miscellaneous Surplus

- 4.12 The Board is responsible for ensuring that profits, or losses, arising from exposure to business risks are allocated fairly to all policyholders having regard to the source of the profit or loss. At the end of 2025, the amount of miscellaneous profits arising was small and this was added to the Free Assets in the fund.

Expenses and charges

- 4.13 Expenses and tax continue to be charged to the Fund in line with the Scheme, as summarised in Appendix B of the PPFM.
- 4.14 Aggregate charges and expenses applied to asset shares during 2025 were consistent with the PPFM. These amounts were reviewed by the With-Profits Actuary.

Business Risk

- 4.15 Risks were monitored regularly throughout the year and a full risk assessment for the Fund was carried out in 2025.

Equity between different groups of policy holders

- 4.16 Different groups of OneFamily (ELL) With Profits policyholders have potentially competing interests due to:
- Different products
 - Policies of different size, or duration
 - Policies with different entry dates, claim dates or dates of birth
- 4.17 The main areas in which judgement is required in balancing the interests of different groups are with regards to the smoothing of policy benefits, and the way in which policies are grouped when determining payouts. The approach taken to smoothing and grouping is described in the PPFM and was applied in determining payouts in 2025.

Section 5: Changes to the PPFM

- 5.1 The PPFM describes how the Fund is managed on an ongoing basis.
- 5.2 No changes to the PPFM were made over 2025. The current PPFM is available on our website.

Appendix A: Report from the With-Profits Actuary

As With-Profits Actuary for the OneFamily (ELL) With-Profits Fund, I advise the Board, and the With-Profits sub-committee of the Board, on key aspects of the discretion that they exercise.

I have been With-Profits Actuary since January 2025.

I have been involved in all matters referred to in this report. In my opinion, based on the information and explanations provided to me by OneFamily, the discretion exercised by the Board during 2025 took your interests into account in a reasonable and proportionate manner.

In arriving at my opinion, I have taken into account, where relevant, the rules and guidance contained in the Financial Conduct Authority's Conduct of Business Rules (Treating with-profits policyholders fairly).

The Financial Reporting Council ("FRC") sets technical actuarial standards ("TASs") for the members of the UK Actuarial Profession. This report is intended to comply with TAS 100: General Actuarial Standards v2.0 and TAS 200: Insurance v2.0, except that, in terms of completeness, I have not considered it necessary or desirable to repeat or elaborate on material that is covered by the Board report to which my report is annexed.

Thomas Michael FIA

With-Profits Actuary for OneFamily (ELL) With-Profits Fund

June 2026