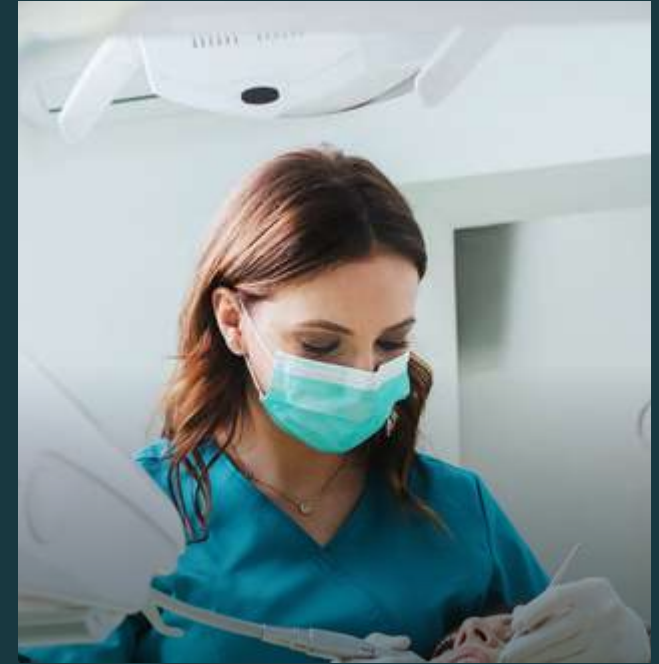
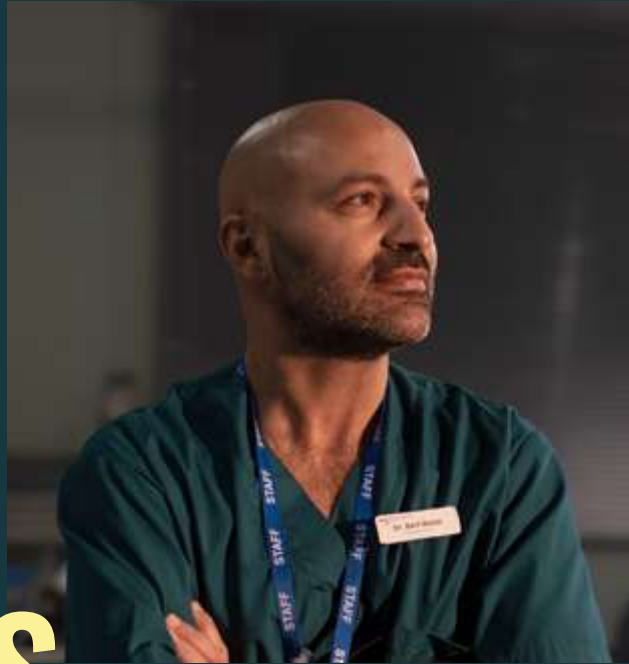


wesleyan

**MONEY  
THAT WORKS  
FOR DOCTORS,  
DENTISTS &  
TEACHERS**



**ANNUAL  
REPORT &  
ACCOUNTS  
2025**

## Overview

# Brighter financial futures for our trusted professions.

With Wesleyan, being a member means being part of a community. For over 180 years our mutual Society has stood strong, making long-term decisions that put our members first.

We specialise in supporting the medical, dental, and education professions. From career beginnings to retirement and beyond, Wesleyan Assurance Society provides guidance and solutions that help members achieve financial confidence, success, and security – even as markets shift and living costs rise.

Always evolving, we're focused on sustainable growth to help us better meet the needs of more customers and serve members for generations to come.

As a business built on purpose, our commitment remains unchanged: putting our values and members' needs ahead of short-term gains. Simply put, we stand alongside the professions we all trust to build brighter financial futures.



See page 2 for more about Wesleyan Group



For more information, visit  
[www.wesleyan.co.uk](http://www.wesleyan.co.uk)

## PAGES 7-8

Market Review



## WHAT'S INSIDE THE 2025 ANNUAL REPORT

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Strategy in Action



## PAGES 30-42

Sustainability

## 2025 Highlights

Against a backdrop of turbulent market conditions, Wesleyan achieved further profitable growth in 2025, with operating profit increasing to £27.4m.

We made solid progress with our strategic plans to build a stronger, more relevant and sustainable business, delivering a programme of initiatives to enhance customer experience, strengthen and streamline our infrastructure, and reduce operating costs.

This report shares how we delivered for our customers and members in 2025 and how the next stage of our strategy, focused on sustainable growth, is set to unlock further value.

Group  
operating  
profit

# £27.4m

(2024: £17.0m)

Total assets actively managed  
or administered by or on behalf  
of the Group

# £8.2bn

(2024: £7.6bn)

Solvency Ratio,  
a measure of our  
financial strength

# 238%

(2024: 261%)

Trustpilot  
score

# 4.9/5

(2024: 4.8/5)

Society Premium Income, the total  
premiums received during the  
year for life and pensions business

# £516m

(2024: £469m)

Mutual Rewards<sup>2</sup>

# £15m

(2024: £4m)<sup>3</sup>

Personal income protection  
claims paid compared to  
an industry average of 80%<sup>1</sup>

# 97%

(2024: 97%)

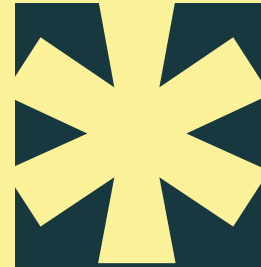
1 Association of British Insurers 2024  
(figures published in 2025)

2 Made up of £11m for a 0.25% uplift to asset shares to be applied 31 March 2026 to eligible with profits policyholders, £3m in discounts for members taking out GI policies and £1m for other mutual rewards and to support the Wesleyan Foundation.

3 We did not pay a mutual bonus in 2024.



See page 18 for more on our Financial performance

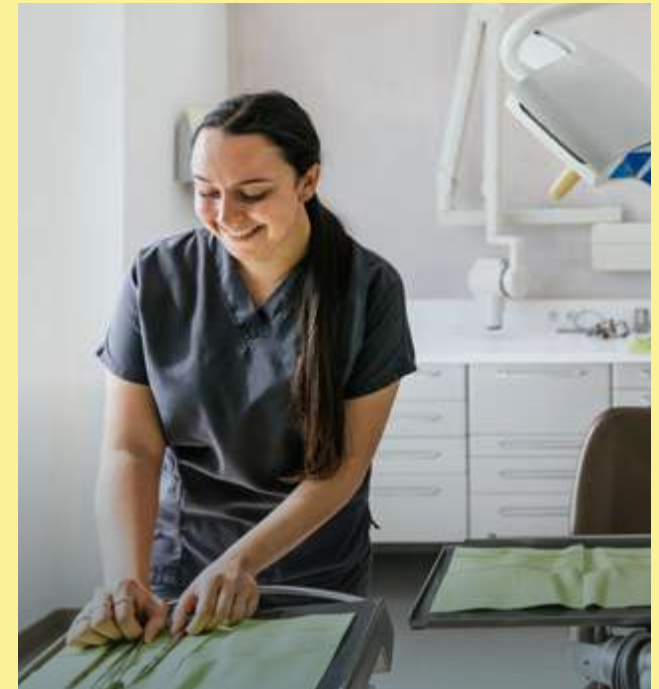
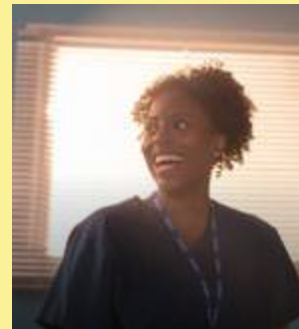


## 5 AWARDS

- Best ISA Provider of the Year 2025 at the Wealth & Asset Management Awards.
- Regeneration Project of the Year at the National Property Awards in recognition of Grange Park, Cheltenham.
- Green Apple Gold Environment Award for environmental best practice for Grange Park, Cheltenham.
- Brand of the Year at the Dental Industry Awards for Practice Plan.
- Mentor Team of the Year at the Envision Finals.



See page 16 for more on our 2025 achievements



## About Wesleyan Group

# MAKING MUTUALITY MATTER

## Putting members front and centre

While our business has evolved significantly over the past 180 years, our purpose has remained constant: helping to create brighter financial futures. Central to this is our mutual status, which defines who we are, how we operate, and how we serve our members.

As a proud mutual, we're owned by our members. Membership goes beyond trusted advice and exceptional service; it means sharing in the strength and success of the Society.

And now, membership means even more. We've introduced an exciting new package of hand-picked benefits that we believe can make a real difference to members' lives:

## New benefits package

1

### Health Hero subscription

We're delighted to offer free digital healthcare through Health Hero, Europe's largest digital clinic. Helping members and their families manage their health online, services include remote GP appointments and mental health support, plus a host of expert resources and wellbeing tools.

2

### Insurance discounts

When members take out car, home or travel insurance with us, we pay 20% of their premium, reflecting our commitment to sharing the Society's financial strength.

3

### Free will and discounted legal services

Members can help protect their family's future with a free will and discounted legal services, including Lasting Power of Attorney. It's an essential, invaluable step to secure tomorrow, today.

4

### And there's more...

Members can also access a broad range of exclusive offers via their My Wesleyan account.

## Other member benefits

5

### Mutual bonus

With no shareholders to pay, we share our financial success with members instead. Investing in a With Profits Fund comes with the potential for a Mutual Bonus payout which is reviewed annually and paid when market conditions allow. In 2026, we will be making a payment of £11m to qualifying members, which equates to 0.25% of a policy value.

6

### Refer a friend

Members who refer a friend for financial advice through our referral scheme receive a £25 Amazon gift card.



## 2025 AT A GLANCE

We supported over

# 20,000

customers with specialist financial advice tailored to their career and life stage

# 13,226

members

saved an average of £224 on their insurance premiums\*



For full details of membership criteria and benefits eligibility, please visit [www.wesleyan.co.uk/mutuality/membership](http://www.wesleyan.co.uk/mutuality/membership).

\* Based on 20% member discount on selected premiums between 1 Jan to 31 Dec 2025.

## About Wesleyan Group continued

### When membership means more

From supporting organisations that make a difference, to helping the next generation of doctors and dentists, membership also means helping to create brighter futures...

#### Community support through the Wesleyan Foundation

Members and colleagues can both help shape how our charitable Foundation donates money to deserving causes across the UK. In 2025 the Foundation donated £900k to 89 community groups, supporting around 88,000 people.

#### Helping students take the next step

Through 'The Next Step' Programme, we supported the development of future doctors and dentists. This education programme provided final-year medical and dental students with practical guidance on career planning, managing finances and navigating the transition from university to work.



## GIVING MEMBERS A VOICE

#### Members Advisory Board (MAB)

Made up of eminent medics, dentists, and education professionals, the MAB represents different life and career stages of our core professions. The MAB plays a pivotal role in shaping our strategy by providing frontline insight into customers' evolving needs.

#### Have your say

Our Annual General Meeting gives members the opportunity to have a say in the governance and future of our business. Members can hear about business performance, future plans and ask questions of our directors.



**Shaped around our members, our suite of benefits includes everything from insurance discounts through to retail vouchers and more.** <sup>25</sup>

Mario Mazzocchi, Group Chief Executive

In aid of

**SAMARITANS**

A registered charity

### Involving members with charitable giving

For every member vote cast at the 2025 Annual General Meeting, we donated £5 to the Samaritans – raising over £16k to help the charity provide life-saving emotional support. We will be doing the same thing this year so please remember to cast your vote.

Members and colleagues also took part in our Winter of Giving campaign, nominating charities close to their hearts. We donated £50k to 25 causes that work tirelessly to support our communities across the UK, including Retina UK, Family Gateway and Sudden Cardiac Arrest UK.



## Our strategy

# CREATING BRIGHTER FINANCIAL FUTURES

We're dedicated to creating brighter financial futures for our customers. To deliver on this purpose, we must constantly evolve and innovate so our business can stand strong in a competitive market and offer greater value to members and customers for years to come.

Since 2020, we've pursued a clear strategy to build a strong, sustainable mutual that can meet the changing needs of our customers, our industry and the world around us.

We've delivered a programme of critical improvements, including reducing operating costs, strengthening and streamlining our infrastructure, and enhancing our customer and member proposition.

We're now progressing the next phase of our strategic plan focused on sustainable growth. Following extensive analysis and in-depth customer research, we've identified a number of key areas that we will pursue over the coming years.

Our strategic ambitions remain core to what we do. We are committed to delivering a market-leading customer experience providing added value for members, customers, and colleagues, we will:

- Strengthen the Wesleyan brand within our core professions so that more doctors, dentists and teachers are aware of and benefit from our trusted, reliable service, particularly in growing their savings and investments for a brighter future.
- Continue to evolve our business to meet more clients' investment and wealth management needs. This includes investing in new tools and technology to enhance the customer

experience, such as the launch of a new digital wealth platform, alongside expanding our range of investment and retirement products.

- Deepen our relationships with our advised customers, meeting more of their financial needs and offering a competitive Ongoing Advice Service to customers who want and need regular support in meeting their financial aims.
- Expand our range of risk profiles in the With Profits Fund and explore new digital and AI-driven coaching tools to help more customers get started.
- Enhance customer service through our outsourced partnerships with global experts.
- Improve our customers' digital experience and self-serve options through new tools and platforms, including a customer needs assessment tool and financial health check.
- Reduce our cost base to ensure we are as efficient as possible and able to make additional investments in the business to deliver customer enhancements and member value in the future.

By growing our professional customer base and increasing the investments we manage, we will add further value to members through increased scale and profitability which, as shared owners of the Society, will boost returns and mutual rewards.



## Bringing our ambition to life

Guidance from our dedicated Education Support team; streamlined administrative solutions from our Practice Plan Group; expert advice from Wesleyan Financial Services and support from our Retirement Club... just some of the ways we bring our ambition of being a lifelong partner to our customers to life.

We're committed to delivering the right support, in the right way, at every stage of your career and beyond.

## LONG-TERM STRATEGIC AMBITIONS

### LIFELONG PARTNER

We're focused on meeting the financial needs of trusted professionals through specialist financial advice and products at all stages in life, providing choice of how and when customers do business with us.



See page 6 to read more about our customers' life stages

### BRILLIANT TO DO BUSINESS WITH

We're building a sustainable and resilient business so that we can offer an outstanding service in a cost-efficient way for many years to come.



See page 15 for more on our operational progress.

### MUTUALITY WITH EDGE

As a mutual, our caring ethos is at the heart of everything we do. We work hard to get the best opportunities for customers and run a financially strong business to benefit our members.



See page 2 to find out more about why mutuality matters



See Wesleyan.co.uk for more on how we're creating brighter financial futures.

## Business model

# WHO WE SERVE

We believe our specialist, in-depth understanding of our customers, combined with the trust, financial stability, and rewards that come with being part of a mutual organisation, make a compelling proposition for more trusted professionals to make Wesleyan their provider of choice.



## DOCTORS

We have a long-standing heritage of providing financial advice to GPs and hospital doctors, supporting them from their student years through to retirement and beyond. This means we're a true specialist in understanding the medical profession and the financial needs of its dedicated colleagues. Our Specialist Financial Advisers provide expert guidance on complex areas of financial planning, including building and protecting wealth, maximising NHS Pensions Scheme benefits and estate planning.



## TEACHERS

Experts in education, we offer specialist financial guidance informed by an in-depth understanding of the teaching profession. From mortgages and savings to retirement planning and making the most of the Teachers' Pension Scheme, we support teachers at every stage of their career in creating brighter financial futures.



## DENTISTS

With real expertise in the dental profession, we support dentists with both personal and practice-related finances, from investments to estate planning. Whether buying a first home or a dental practice, or planning for retirement, Wesleyan Assurance Society helps dentists make the most of their money. Our subsidiary, Practice Plan, is the UK's leading provider of practice-branded dental membership plans. In recent years, we've expanded the Group to further support and empower dentists in achieving their professional and financial goals.



## INDEPENDENT FINANCIAL ADVISERS (IFAS) / DIRECT CUSTOMERS

Our flagship smoothed With Profits Growth fund is available on a growing number of independent investment platforms, making it easy for IFAs to incorporate into their clients' investment portfolios. Our With Profits ISA is also available directly through our website, providing access for customers outside our specialist professions or those who do not require financial advice.

## What we offer

- Specialist financial advice
- Savings and investments
- Pensions and retirement planning
- Life assurance and protection
- General and commercial insurance
- Mortgage advice and equity release
- Dental membership plans



To find out more about our products and services, visit [www.wesleyan.co.uk](http://www.wesleyan.co.uk).



Business model continued

# TRUSTED ADVICE AT EVERY STAGE

From navigating professional milestones to leaving a legacy, we're here for our customers at every stage of their career and beyond, providing trusted financial advice and support.

We take the time to get to know the person behind the professional. By simplifying complex financial decisions, we help our customers build financial confidence and long-term security.

With our team of Specialist Financial Advisers, we create enduring partnerships that support our customers' achievements and aspirations.

## STARTING A CAREER

### How we can help at this stage:

- Guidance for protecting your income as you start your career
- Savings options
- Guidance for those starting to think about their first step on the property ladder

## PUTTING DOWN ROOTS

### How we can help at this stage:

- Saving for a deposit
- Mortgage advice tailored to individual circumstance
- Saving for the future
- Protecting your income and your home

## STARTING AND GROWING A BUSINESS

### How we can help at this stage:

- Commercial protection and insurance solutions
- Dental membership plans
- Patient finance

## BUILDING A SECURE FUTURE

### How we can help at this stage:

- Savings and investments products and services to help make money work harder, whether saving for a rainy day or an early retirement
- Retirement planning advice backed by specialist knowledge of occupational pension schemes
- Retirement options including pensions, flexible access drawdown
- Buy-to-let mortgage advice and landlord insurance

## RETIREMENT AND LATER LIFE

### How we can help at this stage:

- Retirement range including flexible access drawdown
- Inheritance and capital gains tax planning
- Equity release, provided through a separate broker partner

## Market review

# OUR CORE AUDIENCES

2025 was another eventful year for our trusted professions. Here we give an overview of some of the key issues our customers faced:



## DOCTORS

2025 was a year of seismic change and sustained pressure across the UK medical profession.

In March, the Government announced that NHS England would be abolished and merged into the Department of Health and Social Care (DHSC). Launched without detailed operational plans, the reform created uncertainty around national leadership, commissioning responsibilities, and local system accountability. Greater clarity emerged in early 2026, confirming a phased transition to full implementation by April 2027. The reforms are expected to remove around 18,000 roles across NHS England, DHSC, and Integrated Care Boards by March 2028, at an estimated redundancy cost of £1–1.3 billion.

Alongside this structural change, the NHS 10 Year Plan, published in July, set out ambitious proposals to respond to rising demand, workforce shortages and productivity challenges. Its “3 big shifts” include a stronger focus on neighbourhood health services, with GPs expected to play a leading role – heightening concerns about workload at a time of low morale.

Industrial relations remained strained, with resident doctors striking over pay and speciality training bottlenecks. While Welsh doctors reached an agreement in December, the potential for further disputes in Scotland and England remains.

General practice in England saw notable service changes with the October requirement for online request routes to remain open throughout core hours. Early evidence indicated shorter waits and improved patient satisfaction. The shift towards digital was reinforced by the 2025/26 GP contract, which delivered the largest investment uplift in over a decade, prioritising digital access and reduced administrative burden.

Despite these developments, workload pressures remained intense. GPs deliver over one million appointments daily, yet staffing levels have not kept pace. Mental wellbeing remains a critical concern: around 90% of GPs were assessed as high risk of burnout; and suicide rates among healthcare workers are 24% above the national average.

Career uncertainty compounded pressures. Practices faced a paradoxical workforce picture, with persistent GP shortages despite growing evidence that GPs themselves were struggling to find work.

There were, however, signs of system-level improvement. November saw England record its second-largest monthly drop in the elective waiting list in 15 years. While welcomed, many doctors questioned whether this progress can be sustained without long-term workforce stability.

Pension taxation and administrative challenges continued to affect behaviour across the profession. The tapered annual allowance remained a disincentive for senior clinicians to take on extra work, while missing pension records complicated retirement planning. Financial pressures were further amplified by the Government’s Autumn Budget measures, including an extension of the income tax threshold freeze.

## Here to help



If you’re experiencing any of the challenges described here, our Specialist Financial Advisers are on hand to help.

## Market Review continued

## DENTISTS

The UK dental profession faced another demanding year in 2025, marked by constrained NHS capacity, rising operating costs, workforce pressures and significant policy reform.

These long-standing challenges continue to prompt many dentists to reconsider the sustainability of NHS provision and explore mixed or private practice models.

In England, NHS dental activity increased slightly, with 35 million courses of treatment delivered in 2024/25, a 4% rise on the previous year. However, activity remained around 10% below pre-pandemic levels. Access challenges persisted, with 18 million adults seen in the 24 months to March 2025 and 6.9 million children (57%) accessing care in the 12 months to March 2025. These figures highlight significant unmet need and intensifying pressure on NHS-committed clinicians.

Workforce dynamics further exacerbated these pressures. 17% of NHS dentists in England are aged 55 or over, raising concerns of a deepening workforce deficit as senior clinicians approach retirement and younger dentists increasingly favour part-time working or non-NHS clinical models. Compounding the issue, newly qualified “safe beginners” are entering practice with less hands-on clinical experience than previous cohorts, reducing early-career productivity. The continued shift towards private practice, which typically has smaller patient lists, combined with increased part-time working, has further reduced overall system capacity.

NHS capacity is also shrinking sharply elsewhere in the UK. Scotland lost 190 active NHS dentists in just three years, with 82% of practices now closed to new adult NHS patients. In Northern Ireland, over 53,000 NHS patients were removed from practice lists, and only two practices operate on a fully NHS basis.

Overseas recruitment offers a potential route to increasing workforce capacity. In March 2026, an announcement by the Department of Health and Social Care stated that the Government was taking action to clear the backlog of overseas qualified dentists waiting to be put on the General Dental Council Register. It anticipates that by 2028/29, 2,400 dentists could be added to the Register each year.

Financial pressures intensified in 2025. In England, the 2025–26 NHS uplift provided a 3.55% increase in contract value, with only 2.39% allocated to expenses, against estimated dental inflation of 9.2%. Sustained underfunding, regulatory burdens and stress levels further drives the shift towards private practice.

2025 also saw renewed corporate acquisition activity, supported by stabilising interest rates. The UK now has over 12,000 high-street dental practices, including more than 2,200 owned by corporates and larger groups.

Policy reform remained a central theme. Wales confirmed the abolition of the Unit of Dental Activity system in favour of a needs-based clinical model from April 2026. In England from April 2026, the Government is implementing changes to some aspects of the existing contractual framework for NHS dentists, including making the mandatory provision of time for unscheduled care, although an increase in funding for NHS dentistry has been ruled out. The Government has committed to fundamental reform of the dental contract within this Parliamentary term.



## TEACHERS

The education profession remained under significant strain throughout 2025, with wellbeing challenges, financial pressures and rising behavioural demands shaping the working lives of teachers across the UK.

Findings from the UK-wide Teacher Wellbeing Index highlighted the scale of these issues, with 76% of teachers reporting feeling stressed, rising to 86% among senior leaders. More than three-quarters reported experiencing physical, psychological or behavioural symptoms linked to their work.

A third of education staff experienced a mental health issue during the past academic year, resulting in 29% considering leaving their job. Behavioural and parental pressures also intensified, particularly for school leaders, with 82% reporting abuse from parents in the past year and one in ten facing physical violence. In Scotland, wellbeing pressures were compounded by workload demands, with teachers reporting an average of 11 unpaid additional hours per week.

These conditions are influencing career intentions. Our research found that 22% of teachers now plan to retire before their Normal Pension Age, largely driven by wellbeing concerns and rising litigation risk. This trend could see over 100,000 teachers leave the profession earlier than expected, increasing staffing pressures and underscoring the growing importance of accessible financial planning and retirement advice.

Pay and funding remained contentious across the UK. In England, a 4% pay uplift from September 2025 was welcomed, but the partial school-level funding structure meant many schools continued to face difficult budget decisions.

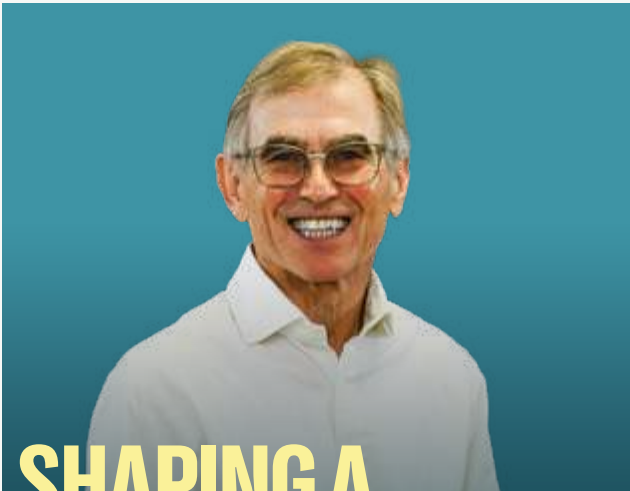
Despite challenging negotiations, teachers' pay in England has increased by nearly 25% over five years, broadly in line with all earnings nationwide. The number of teachers in state schools earning £125,000 or more has trebled in the past five years, and 35% of teachers now earn over £50,000, up from 14% in 2020.

Teachers in Scotland accepted a two-year pay deal, and despite this reportedly being supported by 96% of Educational Institute of Scotland members, industrial tensions have continued over the Government's unmet commitments to reduce workload. In Wales, a 4% uplift fell below the Independent Welsh Pay Review Body's 4.8% recommendation, drawing strong criticism from unions. While in Northern Ireland, a 5.5% settlement followed difficult negotiations and industrial action amid ongoing concerns over workload and funding constraints.

Pension developments were also in the spotlight, with renewed attention on the long-term value of the Teachers' Pension Scheme and upcoming tax changes announced in the Autumn Budget reinforcing the value of clear, personalised financial advice for teachers.

Looking ahead, falling pupil numbers due to declining birth rates add further uncertainty for workforce and budget planning, with projections indicating that by 2032 there will be almost 800,000 fewer children aged 0-15 in the UK.

## Q&amp;A with Chair, Nathan Moss



# SHAPING A STRONGER FUTURE TOGETHER

As his tenure as Wesleyan Chair draws to a close, Nathan Moss reflects on a year of external challenge in which the Society progressed key strategic priorities and continued to deliver value for members.

**Q** How did external challenges impact Wesleyan in 2025?

**A** 2025 was another year marked by macroeconomic and political volatility, with uncertainty continuing to weigh on consumer confidence. With both high inflation and mortgage rates causing sustained pressures on many household finances, we saw an industry-wide trend of increased withdrawals from savings and investment products.

Anticipated tax changes in the Autumn Budget also created uncertainty around pensions, prompting higher-than-expected levels of pension withdrawals across the market. Against this backdrop, we continued to see positive levels of new business and strong investment returns so assets under management increased to £8.2bn.

As outlined on page 7, the level of uncertainty and change in the UK continued to impact our specialist professions. Medical, dental and education professionals are experiencing heightened pressure, from workforce shortages to ongoing concerns around pay.

As a mutual that exists to support customers through all stages of their lives, we're proud of our trusted role in these challenging times. In 2025 we paid 97% of personal income protection claims, compared to an 80% industry average. Guided by our vision to create brighter financial futures, our Specialist Financial Advisers helped customers throughout the year to navigate decisions and maximise their hard-earned money, from retirement advice to finding the best investment and protection products.

Despite the unstable operating environment, Wesleyan increased operating profit by 61% year-on-year (£27.4m vs 2024: £17.0m), supported by increased volumes of investment business and careful cost management. Our Practice Plan Group subsidiary celebrated 30 years of supporting dental practices with 1.4 million patients on its dental membership plans, while our flagship With Profits Fund delivered an excellent gross investment return of 12.7%.

**Q** What does this mean for the mutual bonus?

**A** Based on our strong 2025 performance, we're pleased to be able to pay a mutual bonus to our With Profits Open Fund policyholders. £11m will be paid in 2026 in the form of a 0.25% uplift on members asset shares.\*

This discretionary annual bonus is part of our wide-ranging rewards and benefits offer which includes discounts on insurance premiums, totalling £3m in 2025 – an average of £224 per member. As we're a mutual, our members are at the heart of everything we do. That's why we're delighted to have introduced an enhanced benefits package – spotlighted on page 2 – to thank you for your trust and loyalty.

**Q** So, mutuality remains important in Wesleyan's future?

**A** Absolutely. We remain firmly committed to our mutual model which is an important differentiator for many customers who value the trusted services we offer. The money we save by not having shareholders allows us to give back to our customers, members, and communities.

I was pleased to see the financial regulators announce a package of measures in December aimed at bolstering the mutuals and co-operatives sector following the Government's pledge to double the size of the sector. We look forward to hearing how these plans can support our aspirations for growth in 2026 and beyond.

**Q** What strategic progress has Wesleyan made?

**A** We've made positive strides in 2025, as our CEO Mario Mazzocchi details in his update on page 15.

The Board works closely with the Group Executive Committee, focusing on future customer requirements in relation to financial advice. This includes developing our services in line with the Government's and Financial

\* We did not declare a mutual bonus for 2025, after experiencing higher than expected sickness claims and above inflation increases in operating costs such as an increase in Employer National Insurance contributions.



## Q&A with Chair, Nathan Moss continued

Conduct Authority's Advice Guidance Boundary Review, which seeks to close the 'advice gap' by improving access to timely and affordable support for individuals making important financial decisions.

### Q What led to the decision to outsource life and pensions administration services?

A You may recall from last year's report that our plans to enter an outsourcing arrangement were designed to reduce our cost to serve and improve our customer experience over time. We took the strategic decision to pivot our approach and outsource our policy administration services to SS&C, while continuing the successful outsourcing relationship with Tata Consultancy Services (TCS) for IT operations.

Having partnered with SS&C to deliver our new investment platform, WesInvest, the outsourcing best fits with our long-term strategy. Moving to one outsourcer for our new wealth platform and policy administration will help accelerate our growth plans and simplify our business, while providing a more joined up experience for our customers.

SS&C has been a trusted partner of ours for over 20 years. As a leading innovator in investment technology solutions and services, this latest collaboration enables us to best serve our customers' needs as market demands evolve.

### Q How is Wesleyan fostering an inclusive culture?

A Diversity, equity and inclusion (DEI) is as critical to our success as financial and operational performance. So, I'm delighted that our CEO has become the executive sponsor for our DEI programme, and it's great to see the positive progress we're making across the organisation.

We're proud to be recognised once again in the Women in Finance Charter Annual Review, exceeding our 2025 target of 42% female representation in senior leadership roles, reaching 44% by September.

We've implemented a range of initiatives to support our Charter pledge, from inclusive hiring practices to supporting colleagues through significant life events. But we recognise there's always more we can do to make our culture truly diverse and inclusive. It's why our DEI strategy strives to build on this foundation, with priorities including more diverse leadership representation and strengthening pay equity.

Part of creating an inclusive culture is ensuring colleagues feel empowered to share their views and ideas. We encourage feedback and collaboration through various channels, including 'Meet the Board' sessions. Our Partnership Council is another key channel. Representing and promoting the interests of all colleagues, the Council meets senior management and our Board's Senior Independent Director at least quarterly to exchange feedback and ideas.

### Q Can you tell us about any sustainability updates?

A In 2025 we continued to make carbon reductions and have reduced our operational footprint by 69% since our 2019 baseline. We aim to be a net zero business, including our investments portfolio, by 2050.

We strive to ensure the way we invest delivers better outcomes for our customers, along with the environment, climate and communities we all live in. We review our sustainable investments policy annually to align with regulatory developments, customer insights and broader market trends. Following our latest review, we've made changes to some exclusions, you can read more in the CEO Statement on page 15 and the Sustainable Investing update on page 23.

### Q Have there been any changes to the Board?

A With my nine-year tenure coming to a close in the coming weeks, we give a warm welcome to new Chair Ian Gladman, who has been undertaking a handover with me since he joined in January. Ian brings more than 30 years of senior financial services experience, spanning investment banking, strategy, and wealth management at firms including J.P Morgan, Goldman Sachs, UBS and Old Mutual.

Executive Director David Stewart stood down from his Chief Operating Officer role at Wesleyan and subsequently the Board at the end of 2025. David made a significant contribution to Wesleyan and the Board, and we wish him well for the next phase of his career. David is succeeded by Faraz Tasnim who stepped into the COO role as a member of the Group Executive in October, having shaped and led our transformation agenda since joining the business in 2022.

After 17 years with the Group, Nathan Beckett, Chief Financial Officer, will step down from the Board at the end of March, having established a sustainable financial path for Wesleyan to follow in the years ahead. We welcomed his replacement Marco Groot Wassink in January, who brings vast senior financial services experience, most recently as Legal & General's Chief Financial Officer for its Retail Division.

From a Non-Executive Director (NED) perspective, 2025 saw the appointment of Paul McMahon; with Ian McCaig and Harpreet Sood stepping down from the Board. You can see further details on our Board of Directors on page 54.



**We remain firmly committed to our mutual model which is an important differentiator for many customers.**

Nathan Moss, Chair



## Q&amp;A with Chair, Nathan Moss continued



**I'm proud of the resilient and inclusive culture we've built together, where every voice matters.**

Nathan Moss, Chair

**Q Looking ahead, what are Wesleyan's focus areas?**

**A** We're investing in the next phase of our growth strategy, with a clear vision to reimagine Wesleyan for a new era through a best-in-class, digitally enabled financial planning experience that puts members first.

Our working vision sees us complement our specialist financial advice with new distribution options, allowing customers to move between propositions smoothly as they choose or as regulation requires. This includes supporting customers who may not yet need financial advice but would benefit from coaching and/or digital tools to make the right decision for their circumstances. We'll be using a test and learn approach, working closely with customers and advisers to ensure agile, digital-first services better serve customers across all life stages.

As we progress our transformation activity, embrace new technologies and best meet customers' needs, operational resilience remains a critical focus. We take our responsibility for safeguarding systems and data extremely seriously and, in an ever-evolving cybersecurity landscape, will continue to invest in robust security measures, supported by rigorous governance and controls.

We also remain committed to delivering the best outcomes for our customers and so the embedding of Consumer Duty principles across the business is another key priority. Our established reporting processes provide clear visibility of progress, including the work underway to identify and support vulnerable customers.

**Q What do you think we can expect from the external environment in 2026?**

**A** We anticipate there will still be a lot for investors globally to navigate, such as uncertainty around tariffs and geopolitics, so we will continue to guide our customers through the volatile environment. The war in Iran has pushed up prices in global energy markets to the point where inflation, and interest rates, could both now be higher than previously thought.

However uncertain the year is, Wesleyan's commitment to creating brighter financial futures will remain steadfast. Thank you to all our members for your continued trust in us.

**Q Reflecting on your tenure as Chair, what has been your proudest moment?**

**A** Looking back on my time as Chair, I reflect with pride on how the organisation has maintained its operational resilience and financial strength through periods of unprecedented turbulence, including the pandemic and geopolitical events.

I'm also proud of how we've transformed our approach to market development. By focusing on best-in-class solutions – whether developed internally or delivered through collaboration with global experts – we're strengthening our capabilities and have positioned the organisation for long-term success.

Above all, I'm proud of the resilient and inclusive culture we've built together. A culture where everyone feels able to contribute, where every voice matters, and where the needs of our customers and members are at the heart of our decisions.

It has been a privilege to serve as Chair and I'm delighted to welcome Ian Gladman, wishing him every success in the years ahead.

**Nathan Moss**, Chair  
27 March 2026

# Welcome Ian Gladman.

"I'm very honoured to have been appointed as Chair of the Society. As the son of a teacher, it is a company whose purpose and values I greatly admire. The Society is owned by and dedicated to the service of its core professions, with deep expertise and a set of mutual values that aligns and resonates with our clients.

These are tremendous strengths to build upon in a changing market. I'm also excited to explore how new technologies and service models can broaden access to the Society's financial support and advice, enabling more members of our core professions to benefit from our services as a lifelong financial partner.

I look forward to hearing from our members at our AGM on 11 June."

## Strategy in action Case Study

**“THANK YOU  
FOR HELPING  
IN ONE OF  
THE TOUGHEST  
TIMES.”**



“

Phil’s dental income protection advice saved my family’s livelihood. His patience, kindness and ability to explain everything in a way I could easily understand was invaluable.”

Magdalena

## Income protection proves a lifeline for new dental customer

When events took an unexpected turn for a new dental customer, Magdalena, guidance from Specialist Financial Adviser, Philip proved to be a lifeline.

As a self-employed associate dentist who’d never received financial advice, Magdalena was keen to undergo a full financial review. As Philip explains, this review highlighted some areas where she was taking risks:

“Magdalena explained she was the main earner as her husband looks after their two young children. We agreed to explore income protection, as losing her income in unforeseen circumstances could have a huge impact on her family. Having a financial safety net can make all the difference in uncertain times.”

Just 10 months later, that safety net proved vital when a back injury forced Magdalena to give up dentistry forever.

This devastating blow was made manageable because she’d planned ahead. Philip supported with an income protection claim, providing Magdalena with the financial security of a monthly income. Reflecting on her experience, she shared:

“I’m so grateful to Wesleyan for all the help I’ve received during one of the toughest times of my life. Phil’s dental income protection advice saved my family’s livelihood. His patience, kindness and ability to explain everything in a way I could easily understand was invaluable.”




[www.wesleyan.co.uk/](http://www.wesleyan.co.uk/)  
for more information

## Strategy in action Case Study

# THE BEST OF BOTH WORLDS.



**I've been a headteacher for 28 years, and starting to plan my phased retirement is a huge milestone. Darren was incredibly reassuring. His professionalism, kindness and understanding gave me complete confidence that I was receiving the best financial guidance. I look forward to his further advice in the years to come.** 

Jackie

## Helping a headteacher plan for phased retirement

After 40 years in education, headteacher Jackie was seeking expert advice to plan her retirement. Our Specialist Financial Adviser, Darren guided her in making the right choice:

"A committed headteacher, Jackie had never considered continuing work on a part-time basis, but at 63, she wanted to slow down. I asked her about phased retirement, something she hadn't heard of before. She was delighted to discover she could apply to reduce her working week by at least 20% then access up to 75% of her teacher's pension."

Having met with Darren, Jackie discussed this with the school's Board of Governors who agreed to allow her to reduce her working week to three days. Jackie will be at the school to support her job-share, who'll look to take over the role full time when Jackie decides to fully retire.

Being brilliant to do business with is one of our strategic drivers, and Darren highlights this in action:

"Jackie was delighted with the service she received, valuing our knowledge, efficiency and genuine care. She now feels she has the best of both worlds."

As a mutual, our ethos of care is central to everything we do, echoed by Jackie's experience:

"I've been a headteacher for 28 years, and starting to plan my phased retirement is a huge milestone. Darren was incredibly reassuring. His professionalism, kindness and understanding gave me complete confidence that I was receiving the best financial guidance. I look forward to his further advice in the years to come."



[www.wesleyan.co.uk/](http://www.wesleyan.co.uk/)  
for more information

## Strategy in action Case Study

# FINDING PEACE OF MIND.



Cas has been our adviser for the last eight years and is a delight to work with. Her advice has always been spot on. We've recommended her to our children and would do the same for anyone seeking sound financial advice. 

Gareth

## Navigating inheritance tax to help medics leave a legacy

Inheritance tax (IHT) can take a significant bite from the wealth people work a lifetime to build. Cas, Specialist Financial Adviser, helped Gareth and Heleen navigate the complexities with careful planning, so they could pass on more to their four children:

"Gareth and Heleen wanted expert IHT advice so they could plan before their full retirement and invest over the longer term for capital growth. They chose to give equal gifts to all their children and see them enjoy it. I helped by setting up a Flexible Savings Plan for the children into a trust.

"In 2024, Heleen was sadly diagnosed with dementia and IHT planning became a priority again. I recommended Whole of Life insurance for Gareth, as unfortunately Heleen could no longer be insured."

Cas' specialist guidance has reduced the couple's taxable estate and ensured future tax liabilities were covered by insurance, giving them peace of mind that their family is protected and their legacy preserved.

Being a lifelong partner is a core strategic ambition, embodied by Cas:

"In my 13 years with Wesleyan, I've had the privilege of supporting clients through every stage of their careers and personal lives. I'm passionate about building strong, long-term relationships based on trust, empathy and understanding."

Gareth appreciates this customer-centric, trusted approach:

"Cas has been our adviser for the last eight years and is a delight to work with. Her advice has always been spot on. We've recommended her to our children and would do the same for anyone seeking sound financial advice."

## Chief Executive's statement



# GROWTH, TRANSFORMATION AND MEMBER VALUE



**2025 was a year of meaningful strategic delivery for Wesleyan, as we strengthened financial performance, advanced our transformation programme and invested in capabilities to support long-term growth.**

Mario Mazzocchi, Group Chief Executive

### Performance in a challenging market

As outlined by the Chair in his Q&A on page 9, the geopolitical landscape led to uncertainty, squeezed disposable income and an overall drop in confidence in the economy.

In these uncertain times, our role in supporting customers as a trusted adviser is more vital than ever and so it was pleasing that against this challenging backdrop, Wesleyan delivered a £10.4m increase in operating profit, representing 61% growth year-on-year.

### A strategy for sustainable growth

Fuelled by our vision to create brighter financial futures, since 2020 we've pursued a strategy to build a strong, sustainable, and relevant mutual that meets our customers' changing needs.

Having strengthened the foundations of the business, we're progressing well in the next phase of our strategic plan focused on growth. Our clear plan focuses on increasing the number of doctors, dentists and teachers benefitting from our specialist financial advice through Wesleyan Financial Services, as well as enhancing our investment proposition. We're also striving to meet more of our dental customers' commercial and business needs through our subsidiary company Practice Plan Group.

### A year of bold transformation and strategic evolution

2025 saw us make significant progress on our strategic journey.

The development of our new wealth platform, WesInvest, reached a major milestone, with a successful pilot of 20 advisers. We plan to rollout the platform to our wider team of advisers later in 2026, meaning more customers can benefit from the choice it unlocks. We will of course continue to evolve the features and fund choices in the months and years ahead, to ensure we can meet customers' savings, investments and wealth needs in an agile way.

Another critical growth lever is our brand, which is why we've invested in a refresh to strengthen our market positioning so more of our trusted professions are aware of, and benefit from, our specialist advice. Developed based on customer feedback, our modernised brand will roll out this year, but you can get an early flavour of our new visual identity throughout this report. So, welcome to the new-look Wesleyan!

The outsourcing of life and pensions administration to SS&C in October was also a key 2025 development, as outlined on page 10. Many colleagues working in our operations teams transferred to SS&C to preserve the deep expertise we aim to offer our customers and enable a seamless transition of service. Using SS&C's secure cloud infrastructure, we'll streamline operations while customers benefit from an enhanced digital experience with continuous technology upgrades and intelligent automation. This collaboration is essential to our growth strategy, and we'll continue to support colleagues as we embed new ways of working.

It was also a year we increased our presence in the IFA market by launching our flagship With Profits Growth fund on a fourth independent platform. The income from this activity enables us to further reinvest in developing our core business to better support our professional customers and members.

2025 also saw the introduction of our new adviser charging model informed by extensive research to ensure we continue to add value and remain market competitive. As part of this we refreshed our Ongoing Advice Service, which provides regular expert support to help meet financial goals, and have seen significant additional take-up of this service since relaunch.

### Sustainable investment changes

Another 2025 development saw changes to some exclusions in our sustainable investment policy which will come into effect on 31 March 2026.



## Chief Executive's statement continued

While ethical exclusions remain standard practice for most investment managers, over the past couple of years there has been a general softening of the stance regarding fossil fuel and defence companies. This has been influenced by the strong performance of these sectors amid rising global conflicts, as well as policy changes under US President Trump that have generally favoured previously disregarded sectors.

Having reviewed our investments approach, we found that some exclusions were impacting financial performance vs industry comparisons and customer expectation. So, we took the decision to relax some restrictions, reflecting customer feedback as well as broader industry shifts.

### Improving the customer experience

Being brilliant to do business with is one of our key strategic drivers, so I'm delighted we achieved our highest-ever customer index score at +61 and a 4.9/5 Trustpilot rating for our frontline advisers in 2025.

But we won't rest on our laurels. Continuing to improve the customer experience is a priority as we progress our transformation plan. Our Members Advisory Board (MAB) plays a crucial role, providing frontline insight into the issues impacting our customers. We've evolved the MAB during 2025 to get more regular input into our plans. Thank you to them and to all our customers who provided feedback throughout the year. It's invaluable in shaping our propositions and services to help best meet our trusted professions' needs in line with our Consumer Duty commitments.

### Our people

I'm proud of how our people continue to deliver results amid ongoing business transformation. I'm equally pleased that our colleagues continue to rate Wesleyan highly as a place to work, with our 2025 Employee Opinion Survey outperforming high benchmarks at 8.2/10.

2025 was also the year we announced some changes to our Group Executive Committee (GEC), with the promotion of Chief Operating Officer (COO) Faraz Tasnim in October and the appointment of Chief Financial Officer (CFO) Marco Groot Wassink, who joined us in January.

We bid a fond farewell to former COO David Stewart and outgoing CFO Nathan Beckett and thank them both for their contribution to the Group. Managing Director of WFS and GI Linda Wallace also left Wesleyan in March this year with our sincere thanks for her support and commitment across the business.

2026 also sees Nathan Moss step down as Chair, having completed his full nine-year term. I'd like to thank Nathan for the significant positive impact he's made throughout his tenure and give a warm welcome to new Chair Ian Gladman, who joins with a wealth of financial services experience.

While I'm hugely proud of the legacies created by our leadership team, I'm excited about the new capabilities we have on our GEC and Board moving into 2026. You can see details of our leadership team on page 53.

I'm also delighted to sponsor our Diversity, Equity and Inclusion programme, which is central to how we lead, grow, and deliver. We're committed to building a diverse and inclusive workplace that mirrors the customers and communities we serve so that we make well-rounded, considered decisions in the best interest of our customer base.

### Looking ahead

Our focus on managing our cost base to ensure we're the right size to deliver our plans as efficiently as possible for members remains.

We also continue to drive an ambitious transformation programme designed to unlock new growth opportunities, investing in activities that will deliver customer enhancements and member value in the future. By building our digital capability, becoming more data driven and cost-efficient, we're strengthening our business while keeping an unwavering focus on our customers.

We've made good progress in delivering our strategy, reaching a number of significant milestones in 2025. Our focus in 2026 and beyond is bringing our products and services to more doctors, dentists and teachers, including improving our proposition for those starting their investment journey.

By increasing scale and profitability, we'll unlock further value to members, boosting returns and mutual rewards.

2026 will also be about building the Wesleyan of the future. Our vision is to create a rich digital offering where customers can switch smoothly between propositions over time as their needs and preferences evolve. Informed by in-depth customer testing and research, we'll be using a test and learn approach throughout the year and into 2027 as our plans develop.

Underpinning this digital-first offering is WesInvest, and we look forward to the next phase of the new wealth platform going live later this year, broadening the range of products available to investors.

We're also focusing on building the right foundations to leverage AI in the future. 2025 saw the successful launch of our first generative AI chatbot, supporting teachers with more straightforward pension queries as part of our Education Support Team service. As we increase our digital capability, our Specialist Financial Advisers will have more time to dedicate to more customers at times when trusted advice is critical. This supports our aim to be a lifelong partner, making sure we deliver the right support in the right way to our customers at every stage of their career and beyond.

We will continue to support and empower our people. None of our achievements would be possible without their dedication and passion and my heartfelt thanks goes to them for their continued hard work. To our members and customers, thank you for your trust and loyalty, which continue to inspire our ambition to create brighter financial futures.

I look forward to updating you further on our plans at the AGM on 11 June.



**Mario Mazzocchi**, Group Chief Executive  
27 March 2026



During the year, our in-house Property Team continued to execute a complex asset management strategy of repositioning 170,000 sq. ft of office space at Grange Park, Cheltenham – delivering best-in class office accommodation, with ESG credentials at the forefront of the refurbishment.

In September, in recognition of the work, the team won Regeneration Project of the Year 2025 at the National Property Awards. Joe Curlett, Head of Property at Wesleyan commented: "The overhaul of this 1990s 15-acre site began two years previous, and this latest award win is in recognition of the works carried out during this time to benefit the wellbeing of our tenants and the surrounding environment."

"The judges loved the 'energy-efficient refurbishments', and the '100% renewable power', alongside the 'biodiversity enhancement' made to the outdoor space enabling wildlife to flourish and for occupiers, and the local community, to enjoy."

Grange Park was recognised again in 2025, winning a second International Green Apple Environment Award (National Gold Winner).

## Key performance indicators

### Group Operating Profit

2025	£27.4m
2024	£17.0m

Operating profit for the Group represents profit after project costs, in force experience and exceptional costs.

**Further information:** Please refer to Chief Financial Officer's statement on pages 18 to 20. The Group grew its operating profit in 2025 primarily due to increased levels of investment business being written and continued careful management of cost.

### Solvency Ratio

2025	238%
2024	261%

The Solvency Ratio is a measure of financial strength, equal to the ratio of eligible capital to the regulatory capital requirement.

**Further information:** The Solvency Ratio decreased in 2025 mainly due to the decision to reduce with profits policyholders' exposure to business risks alongside paying a mutual bonus, which offset the positive impact of strong investment performance. Recently completed risk management activity and transformation projects will help the Society provide more value to its members in future whilst remaining financially resilient.

### Customer Index

2025	+61
2024	+57

Our Customer Index is based on a monthly survey and made up of four key indicators covering Customer Satisfaction, Ease of Doing Business, Brand Trust and Net Promoter Score (NPS). NPS shows how likely customers are to recommend an organisation.

**Further information:** Our Customer Committee ensures that customer feedback is reviewed, and action taken wherever possible. The Customer Index score has increased in 2025 and we will continue to focus on improving customer experience in line with our strategic driver of being brilliant to do business with.

### Society New Business (Annual Premium Value)

2025	£63.2m
2024	£60.2m

This is used as a measure of new business for Life and Pensions business. It is calculated by adding the total premiums to be received each year for regular premium policies and 10% of single premiums received in the year.

**Further information:** The increase in new business is primarily due to increased volumes of investment business.

### Assets Under Management

2025	£8.2bn
2024	£7.6bn

The total assets actively managed or administered by, or on behalf of, the Group.

**Further information:** Assets under management has increased in 2025 due to strong investment returns.

### Engagement Score

2025	8.2
2024	8.2

An assessment of how employees feel about working for Wesleyan based on a survey by an independent provider.

**Further information:** Employee engagement remained steady in 2025 all the more positive due to the continued fast-paced transformation programme. The Society will continue to focus on this measure as transformation continues through 2026.

### Society Premium Income

2025	£516m
2024	£469m

The total premiums received during the year for Life and Pensions business.

**Further information:** The increase in premium income in 2025 is primarily due to increased volumes of investment business being written.

### Investment Return – With Profits Fund

2025	12.7%
2024	6.2%

The return earned by our key investment fund including income and capital growth.

**Further information:** The investment return increased for 2025 due to favorable stock market movements and positive performance of our commercial property portfolio.

### Group Operational Carbon Footprint

2025	615
2024	938

The carbon footprint associated with the operational day to day running of Wesleyan as an organisation.

**Further information:** Compared to 2024 we have reduced our operational carbon footprint by c35% driven by building upgrades in our Oswestry office and a switch to renewable gas and electric for our Head Office. Additional commentary can be found on page 40.

## Chief Financial Officer's statement



# DELIVERING SUSTAINABLE GROWTH



**In my final report as Chief Financial Officer, I reflect on a year in which Wesleyan delivered improved operating performance and continued investing in the transformation needed to support future growth.** 

Nathan Beckett, Chief Financial Officer

### Overview

It gives me great pleasure to present this report to demonstrate the progress we have made over the last year, including the impact that our transformation activities are having on improving the financial sustainability of the business.

Notwithstanding the continued uncertainty in the operating environment, Wesleyan has continued to make good progress. Despite some headwinds on protection product sales we have continued to see increased levels of investment business being written aligned to our strategy of supporting more customers in our chosen professions with managing their wealth. However, we also experienced an increased level of claims in the year, particularly on pensions due to uncertainty around potential changes to the pensions tax regime leading up to the Autumn budget. As a result, the Society finished the year in a net outflows position at a similar level to 2024. Our transformation plans include activity focussed on both increasing new business sales and improving back book retention.

We have also continued to ensure a stringent focus on cost control, especially given the impact of inflationary pressures on our cost base, including from increased employer national insurance contributions. As a result Wesleyan has continued to grow its operating profit to £27.4m from £17.0m the previous year.

### Optimising our resources

We continue to make strong progress with our ongoing transformation strategy which is key to our future success. We are improving the customer experience while increasing efficiencies and driving down costs across the Group. Our cost/income ratio for the year was 81.3% (2024: 85.1%) demonstrating the progress we are making on becoming a more cost efficient business. More efficient processes and ways of working, combined with new technology and digital capability will benefit customers, colleagues and members as we continue to improve the long-term sustainability of our business. You can read more about this in the Chief Executive's statement on page 15.

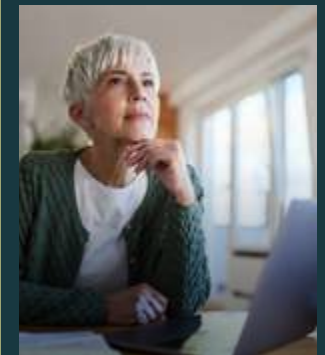
### Financial strength

Retaining a high level of financial strength sits at the core of our strategy, ensuring we stay resilient and well-placed to support our members and customers. We remain committed to our belief that equities and property provide the best returns for policyholders over the longer-term and we manage our financial strength so that we can continue to support a higher than average exposure to these asset classes.

Our regulatory capital position is reported under the Solvency UK requirements. The Society manages its capital to a higher level than the minimum requirement. This financial strength, along with enhanced risk management, ensures we can grow the business without exposing policyholders to undue risk, particularly at times of market volatility such as those experienced in recent years.

The Society's resilience has increased during the year because of strong investment returns and from the positive impact of our capital management activity completed during the year, which has included reinsuring the Society's annuity liabilities (refer to Note 14 for further details) and completion of the staff pension scheme buy-in (refer to Note 22 for further details). This has enabled us to reduce with profits policyholders' exposure to business losses alongside payment of a mutual bonus in 2026.

After allowing for distributions to with profits policyholders, our solvency ratio, a measure of our financial strength, has reduced to 238% at 31 December 2025, a decrease from 261% in 2024 (refer to Note 13 for further details). Our financial strength remains comfortably within our risk appetite and well above the industry average.



## Chief Financial Officer's statement continued

### Group operating profit reconciliation

	2025 £m	2024 £m
<b>Group Operating Profit (before projects and experience adjustments)</b>	<b>33.4</b>	24.7
Project Costs	(4.7)	(5.6)
In Force Experience	(1.3)	(2.1)
<b>Group Operating Profit</b>	<b>27.4</b>	17.0
Experience Assumptions	(8.6)	(40.7)
<b>Group Operating Profit (after projects and experience adjustments)</b>	<b>18.8</b>	(23.7)
<b>Adjusting for the following items:</b>		
<b>Short-term Income and Cost Variances</b>		
Net Transformation Benefits/(Costs)	12.3	(75.7)
Investment Return variance	63.4	(11.5)
Other Estate variances	(22.4)	(3.7)
Method Changes	(81.2)	–
Tax	(4.2)	0.2
	<b>(32.3)</b>	(90.7)
<b>Benefits to Policyholders</b>		
Cost of providing guarantees on existing business	(0.2)	9.3
Mutuality, Membership and Charity	(4.4)	(5.1)
Transfer to policyholders	(10.8)	–
	<b>(15.4)</b>	4.2
<b>Movement in Internal Available Capital</b>	<b>(28.9)</b>	(110.2)
Statutory Accounting Adjustments	(17.3)	1.7
<b>Transfer (from) the FFA</b>	<b>(46.2)</b>	(108.4)

### How we measure group operating profit

In order to present an understanding of the underlying performance of the Group, the Board monitors performance through Group operating profit.

This includes:

- Operating profit for the manufacturing new business sales, calculated as the discounted value, at the point of sale, of future profits expected to be earned over the term of each new policy and includes the costs of providing guarantees on new business which provide a benefit to customers
- Operating profit for each of the subsidiary companies:
  - Wesleyan Financial Services, including the General Insurance broking operation
  - Practice Plan Group
  - Wesleyan Unit Trust Managers

- Group costs
- The (short-term) best estimate investment return on the Society's estate
- Project costs incurred by the Society
- Certain items of experience on the Society's in-force book over the year, for example the impact of lapses and sickness claims

Experience assumptions are long-term in nature. In 2025 the updates to demographic assumptions were improved annuitant life expectancy and lower withdrawal rates on our capital investment bond product. In 2024 the assumptions included the impacts of higher than expected sickness claims and above inflation increases in operating costs.

Statutory accounting adjustments between the internal and statutory balance sheets arise from valuation methodology differences between the two balance sheets on several items, including intangible assets and investments in subsidiaries.

### Fund for future appropriations

The Fund for Future Appropriations (FFA) represents the excess of assets over liabilities and is a measure of financial strength. In 2025 the FFA decreased from £606m to £559m. The reduction in FFA was mainly due to actuarial methods and assumptions changes, which offset the good investment returns achieved over 2025 as outlined in more detail in Note 13(vi).

The internal Group operating profit measure is different to the reported change in FFA, the differences occurring as a result of:

### Short-term income and cost variances

- Net Transformation benefits/(costs) are associated with the initiatives that will provide long-term benefit to policyholders. This activity was a net benefit in 2025 due to the good progress made with the outsourcing of our life and pensions administration as outlined on page 10.
- Investment return fluctuations are driven by the wider market performance of assets, which in turn had a substantial impact on the FFA.
- Other estate variances include the impact of demographic experience such as policy lapses and sickness claims over the year.

- Method changes include the impact of deferring recognition of future regular premiums until they are received and reducing with profits policyholders' exposure to business risks as outlined in Note 13(vi).
- Tax costs incurred during the year including movement in tax reserve.

### Benefits to policyholders

- Costs of providing guarantees on existing business which provide a benefit to customers. Existing business guarantee costs relate to changes caused by market and assumption movements.
- Mutuality, membership and charity includes donations made through the Wesleyan Foundation and other charitable donations as well as member benefits outlined on page 2.
- Transfers to policyholders reflecting the profit made in the year which is allocated to With Profits policyholders through payment of a mutual bonus. A mutual bonus of 0.25% is to be paid in 2025 (2024: £Nil).

### Around the group

#### Wesleyan Financial Services (WFS) and direct channel

Across all of our segments, medical, dental and education, our customers continued to see challenging operating conditions as you can read on page 7. We worked hard to support them through these difficult times, helping them to make the most of their money and guiding them through complex financial decisions from buying a first home through to planning for retirement.

The specialist service that we offer through our financial advisers, combined with our digital capacity helped to support income, with Society new business premiums increasing by 5% to £63.2m when compared to 2024. This is primarily due to an increasing level of investment products being sold as interest rates gradually started to fall from mid-2024 and throughout 2025.

## Chief Financial Officer's statement continued

Our General Insurance broking business, which provides a range of personal and commercial products and services, had a more challenging year as insurance premiums stabilised but remain elevated, which saw more customers actively shopping around. We did however continue to offer members a 20% discount on various general insurance products throughout the year. This business saw a loss of £0.1m (2024: profit of £0.1m).

Our decision to make our With Profits ISA more widely available for customers who do not require financial advice delivered positive results. This product is directly available on our website and through aggregator websites. We saw nearly 7,300 policies (2024: 6,100) sold online which was a 20% increase on 2024.

### Practice Plan Group

Practice Plan and DPAS combined are the largest providers of practice-branded dental membership plans in the UK. After strong growth over recent years, 2025 proved a more challenging year. Whilst there generally remained robust patient growth on dental plans for independent dental practices, we have seen a slowdown in the number of NHS conversions due to ongoing uncertainty around Labour's direction with NHS dentistry. We also saw increased activity from Dental corporate chains seeking to consolidate their dental plans with a single provider. Patient growth earlier in the year led to an increase in income on 2024 although continuing cost pressures meant we saw operating profit remain broadly flat.

Practice Plan's subsidiary, Medenta, continued to benefit from an increased demand for cosmetic dentistry and ended the year positively.

### Our focus for the future

Our capital strength has enabled us to robustly withstand the turbulent geopolitical conditions seen in 2025. We continue our ambitious plans to grow the business and are starting to see the benefits of this work. We will continue to invest in the business in a sustainable way to enable us to create and deliver improved returns for members.

This investment will be balanced between different end goals:

- We will continue to manage risk across the business in relation to regulatory and compliance matters as well as emerging technology and cyber risks.
- We aim to make significant improvements to our capability to provide advice to customers in the ways they prefer.
- We will continue to enhance our product range and further widen access to our With Profits Fund through expansion of existing and alternative distribution channels.
- We will invest in creating a customer focused operating model that helps us grow the business at a lower cost, thereby protecting our responsibility to our members.

2026 is set to be another difficult year for our professional customers as they continue to deal with uncertainty in their own professions. This is set against a backdrop of volatility and wider geopolitical uncertainty, which is not expected to diminish in the short term, so we can expect to see customers having to make difficult choices in how to spend their hard-earned income. We will be there to support them through these difficult times and remain committed to creating brighter financial futures for them in every way we can.

This is my last report as Chief Financial Officer and I'm particularly proud of the work that I've led over recent years in support of ensuring a more sustainable future for the business. Thank you to colleagues for their support and to members for their continuing interest in this fantastic business. I wish my successor Marco Groot Wassink every success and I'm sure you will give him a warm welcome at the AGM on 11 June where he will answer any questions members may have on our financial performance.



**Nathan Beckett**, Chief Financial Officer  
27 March 2026



## Supporting the NHS to detect early signs of cancer

In the spring of 2025, the Property Team got the opportunity to indirectly support the NHS with cancer care in the community. The ask was to enable a mobile lung cancer screening unit to be temporarily sited at a retail park we own in Sheffield.


The mobile scanning unit (run by Alliance Medical) was on site for more than 10 weeks, with over 1,600 referral appointments carried out during that time. The benefit to patients was they could attend their appointment in a convenient location without the need to travel to hospital.

To carry out this vital service, the NHS works in partnership with South Yorkshire and Bassetlaw Cancer Alliance – an organisation that brings together a range of facilities to ensure people in the region get the best possible cancer care available.

Heidi Hiscox, Alliance Medical's Lung Cancer Screening Programme Manager commented: "Finding lung cancer in its early stages is vital, and this visit was only possible thanks to Wesleyan's generosity and support."

So successful was the visit, that a date is now in the diary for the mobile unit to return to the site in March 2026.



**Finding lung cancer in its early stages is vital, and this visit was only possible thanks to Wesleyan's generosity and support.** 

Heidi Hiscox, Alliance Medical's Lung Cancer Screening Programme Manager

## Investment update



**STAYING  
FOCUSED.  
LOOKING  
FORWARD.**



**Thanks to some of those stock market highs, we hit new highs of our own in 2025.** <sup>55</sup>

Martin Lawrence, Director of Investments

Mr Trump's return to the White House in January 2025, quickly brought about a tsunami of global political and economic change.

In this, his second term, he promised a new "golden age" for America. Just a few short days into his presidency, he had already signed a clutch of executive orders to come good on some of his campaign pledges. But something was different this time: He no longer wanted America's strength and reliability to be taken for granted by world governments, including the reliance by NATO member countries on US defence support.

### Trade tariffs rock markets

The catalyst for this 'new world order' was the highly publicised reciprocal trade tariff announcement. Revealed in the White House Rose Garden on 2 April ('Liberation Day'), the President finally got to share his plans in front of the world's press: To implement baseline trade tariffs of 10% on all US imports, along with higher duties on some of the country's biggest global trading partners.

What the President may have hugely underestimated, however, was the immediate reaction from global investment markets. Prior to the tariff announcement, he predicted 'a little disturbance'. But the timing couldn't have been more off: March had already been a tough month for investors in both equities and fixed income markets: US stocks had suffered from investor sell offs in preparation for tariffs – finishing 8% down on the month. However, the scale of the tariff announcement was far bigger than the markets had anticipated: US stocks fell further (almost 5% on the day), and the US dollar plummeted. The effects of which rippled out into other investment markets not seen since the 2020 Covid pandemic. This might well have been a 'surprise' that President Trump wasn't expecting.

In a welcomed, albeit unexpected move, he suddenly pressed the tariff 'pause' button (possibly because of market reaction) for 90 days for the majority of countries. On this announcement, the US stock market recovered almost instantly on the day (rising nearly 10%), with other markets quickly following suit.

### Equities soared, .com bubble concerns and bonds in slow recovery

This sudden 'stop and think' moment by the President may just have been the point at which investors started to become a little more 'desensitised' to on-off tariff announcements. As the year progressed, despite ongoing tariff 'noise', investment markets continued to reach new highs.

At times during 2025, and in complete contrast to recent years, stock markets in Europe, Asia and the UK, all outperformed US equities – though some of this was down to the weakness of the US dollar. All in all, major indices finished the year better than many analysts had predicted at the start.

One notable difference was US tech stocks (aka the magnificent seven) had started to face more scrutiny from some investors, at intervals, during the year. Worries about a 1990's style .com bubble meant doubt had started to creep in about over valuations. As an example, in November, the world's most valuable company, mega-chip giant, Nvidia, temporarily pushed through the \$5 trillion mark.

The year also proved to be better for bonds, that is compared to previous years where investors had lost money. Returns were generally better than cash savings rates but still fell some way behind those runaway stock markets we mentioned. The revival though, was mostly driven by central bank interest rates cuts (thanks to cooling inflation) which has been persistently high in recent years.

### Property investment acquisitions

**£52m**

(2024: £64m)

### Moderate-high risk funds producing returns in the range of

**10-20%**

(2024: 5-10%)

## Investment update continued

### Our fund performance

Thanks to some of those stock market highs, we hit new highs of our own in 2025. At the end of October, our flagship With Profits Fund briefly pushed through the £5 billion valuation (only dropping back as wider stock markets were impacted by that fleeting 'tech' wobble we mentioned). Nonetheless, a significant milestone.

It was great to see our low-risk funds (typically more heavily weighted in bonds but still with exposure to those strong stock markets) see returns of around 10% gross (before charges). But it was our moderate risk funds (with an even greater exposure to stock markets) that saw bigger rises of over 12% (gross) – our With Profits Fund, for example, delivered an excellent investment return of 12.7% (gross).

The performance of the With Profits Fund in 2025, can also be attributed to the fantastic work done by our in-house Property Team. With almost 10% of the Fund being invested in a circa £500m commercial property portfolio, our end-of-year results showed a property return of 8.7% – comfortably ahead of the UK property benchmark of 7.1%. This was due to the team expertly selling assets at higher-than-expected prices. This, combined with the purchase of five excellent new assets, was also complimented by an uplift in renegotiated rents managed by the team.

### Outlook for 2026

There will again be a lot for investors globally to navigate. The Russia/Ukraine war enters its fifth year, with no immediate end in sight. The war in Iran has caused further disruption in the Middle East, and strongly impacted oil and associated energy markets. The longer this continues, the more likely it is that inflation pushes higher and economic growth begins to falter around the world as goods and services again, become more expensive.

This now comes on top of a 'powerful undercurrent' of President Trump's desire to put 'America first', shifting the world order. The reality is that the US is becoming more aligned with 'sovereignty first' (focusing more on direct national interests), and less about alliances and shared values. NATO countries, in particular, it seems, can no longer rely entirely on 'historical goodwill' from their American ally.

What this means for global investment markets in 2026, is very much an unknown but it's likely that uncertainty around tariffs, persistent geopolitics and now further uncertainty around global inflation, may all have an impact. What we can be certain of, it will yet again, continue to be eventful. However, we believe a well-balanced and diversified approach to our fund portfolios is the best way of generating good long-term outcomes for our customers.

**Martin Lawrence**, Director of Investments



## Wesleyan supports hospital's digitisation

In May, the Birmingham Women's and Children's NHS Foundation Trust went live with a new electronic system, enhancing the care provided in supporting some 45,000 emergency attendances and providing care for more than 90,000 children each year.

Once the new system was in place, the Trust needed to find a suitable location where training could take place for staff.

The hospital trustees set about searching for temporary accommodation: Ideally somewhere close to the main hospital building. And this is where Wesleyan was able to step in and support.

With our HO building being such a prominent landmark in Birmingham city centre, the Trust initially approached Wesleyan to ask if we had any vacant offices to house the training at Colmore Circus. However, Rowchester Court, an asset we've had in our commercial property portfolio since the late 1980s (consisting of 6,000 sq ft of office capacity), presented as a better option for both parties.

Tom Holland from the Property Team commented: "For 12 months prior, we had struggled to re-let Rowchester Court. Following negotiations with the Trust, we were delighted to lease the property to them for an agreed period on concessionary terms."



**It is a privilege to play our part in supporting the NHS in the locality in which our main business operates.**

Tom Holland, Property Team

## Sustainable investing

# INVESTING WITH SUSTAINABILITY IN MIND

Policymakers and regulators are holding professional investors to greater levels of account as part of international targets to help limit global warming. This is a positive development for the investment industry as it will help pave the way for a more sustainable world.

At Wesleyan, we know customers are increasingly concerned by what their investments are doing as well as how they're performing. While growth is of course a key aim for us, it's not at any cost.

We first launched our Sustainable Investment Policy in October 2021, shaped by feedback and research from our customers.

After assessing our investment approach, we recognised that certain exclusions were affecting performance against industry comparators and customer expectations. We have therefore eased some restrictions in line with customer feedback and broader market trends; including, removing some of our ethical exclusions, lifting fossil-fuel restrictions, retiring the Positive Contribution principle, and withdrawing interim carbon targets while maintaining our 2050 net-zero commitment.

Sustainability will continue to guide our decision, but in a reduced way with fewer restrictions and we will continue to ensure customers are at the heart of everything we do.

## Our sustainable investing approach

Sustainable investing can mean different things to different people. Our approach applies to all our directly-managed customer funds, not just a small selection of them. This means that our Investments team have to follow this approach when they invest our customers' money.

We have undertaken a comprehensive review of our approach to sustainable investment to ensure it remains aligned with our purpose, our customers' expectations, and evolving market standards. Through this process, we have reaffirmed two core components of our framework: active engagement, where we work directly with companies to drive meaningful change; and, ethical exclusions, which help us avoid activities that do not align with our values or those of our customers.

### Active engagement<sup>2</sup>

We work with other companies and like-minded investors to drive positive change within the businesses we invest in, encouraging them to take steps that improve their sustainability and achieve better outcomes for the environment and society.

### Ethical exclusions<sup>2</sup>

Ethical exclusions are designed to avoid sectors and activities that we consider to pose unacceptable environmental, social or governance risks. These exclusions ensure we do not invest in companies involved in tobacco manufacturing, controversial weapons, civilian firearms, poor animal welfare practices, sanctioned governments, or properties with D or higher energy efficiency unless a clear and deliverable improvement plan exists.

By applying these ethical exclusion filters, we aim to invest in organisations and assets that better align with our values. We are signatories of the Principles for Responsible Investment, which is supported by the United Nations and outlines formal guidance for professional investors to align to in order to invest responsibly. We are also signatories to Climate Action 100+ which is an investor led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

<sup>1</sup> All figures and data correct as at 31 December 2025.

<sup>2</sup> These are the revised Wesleyan approach to be officially live on 31 March.



More information is available on our website at [www.wesleyan.co.uk/sustainable-investing](http://www.wesleyan.co.uk/sustainable-investing)

## Our actions speak louder than words<sup>1</sup>

### Active engagement

We are signatories of the Principles for Responsible Investment and Climate Action 100+.

In 2025, we met with the management of 484 companies to encourage better business practices.

We also voted at 486 company meetings in 2025, ensuring our voice as an investor was heard and encouraging sustainable behaviour.

During 2025, we engaged with a number of regulatory and executive bodies, and trade associations to develop our understanding and influence issues at a high level. This included: the UK's Financial Conduct Authority; Ofgem, the UK's energy regulator; the European Association for Storage of Energy; UK Mission Control for Clean Power; and trade bodies such as NuclearEurope and WindEurope.



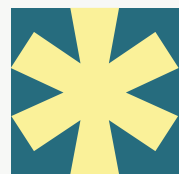
## Sustainable Investing continued

## Stewardship

An important part of our sustainable investing work involves meeting management teams at the companies we invest in to delve further into their strategies, risks and performance.

We are unafraid of voicing any concerns we may have or challenging decisions where appropriate and we use our voting rights accordingly. These decisions can range from Executive remuneration to environmental concerns and from safety track records to Board diversity and independence.

We firmly believe that engaging with companies is the most effective way to encourage them to make the changes we believe are needed to create value for shareholders and improve their ESG performance.



## Challenging Executive remuneration, persistence really does pay off

As part of our stewardship work in 2025, the Sustainable Investment (SI) Team voted against the proposed bonus payout for the management team of one of our investee companies, believing the amount was 'excessive' and 'misaligned' with shareholder experience.

It wasn't the first time, however, that the SI Team had raised concerns about this particular bonus scheme. In 2020, when the company first introduced the scheme, the SI Team abstained on it being approved at the company's AGM, citing "the potential for high rewards" as the reason. Nevertheless, it was passed.

Following some Covid-related challenges, the company proposed revising the bonus scheme in 2021. At this time, the SI Team studied the new proposed targets and felt they were open to abuse and that the reward structure seemed 'rather one-sided'.

In early 2021, the SI Team met with the Remuneration Committee Chair at the company to raise their concerns about the proposal to alter the bonus structure. The issue wasn't resolved and so the team voted against the changes at the 2021 Special General Meeting. Disappointedly, other investors at the time, failed to recognise these issues and the bonus scheme was passed. From this point onwards, the change governed management payouts for the years 2023–2025.

This meant that substantial payments were made to the company's management team in 2025, something which the SI Team viewed as disproportionate relative to shareholder returns. Later that year, it was, however, encouraging to see that a significant majority of shareholders had recognised the issues inherent in the 2021

bonus scheme and joined Wesleyan's SI Team in voting against the advisory payout proposal at the company's AGM.

Needless to say, the proposal was rejected, meaning the company was then required to consult investors (such as ourselves) and publish an update on its remuneration approach – *an important step towards greater transparency and alignment going forward.*



**It was pleasing to see that persistence and voicing our concerns in the interests of our own investors, does pay off. Making our investee companies accountable to shareholders is an extremely worthwhile exercise, and on this particular occasion, it held a mirror up to the company's actions.**

Lucas Howarth, SI Lead

## People and culture

# OUR PEOPLE

## A great place to work

Our colleagues continue to rate Wesleyan highly as a place to work, with our 2025 Employee Opinion Survey showing an overall rating of 8.2 out of 10.



## Mutuality and Me

At Wesleyan, we remain proud of our colleagues and the difference they make for our members and customers. Our commitment to attracting, engaging, and retaining talented people continues to set us apart.

Our employee value proposition, 'Mutuality and Me', defines what it means to work at Wesleyan and underpins how we support colleagues both in and outside of work. It is built on four key pillars:

- **A Business Built on Purpose** – living our mutual values every day
- **Reward and Recognition** – celebrating great outcomes for our customers
- **Personal and Professional Growth** – helping colleagues develop their skills and themselves
- **Flexible and Inclusive** – creating a workplace where everyone feels welcome

In 2025, our focus has been on embedding these principles into everyday life at Wesleyan, on strengthening our existing offerings and supporting our people through a period of change. This approach ensures our culture remains strong, colleagues feel valued, and we continue to deliver exceptional outcomes for our members and customers.

## Our employee enhanced offerings

Here are just some of our offerings we enhanced for our colleagues:

As part of our commitment to sustainability and flexibility, we also **teamed up with Octopus Electric Vehicles to enhance our EV offering**, giving colleagues more choice and support in making greener travel decisions.

We also **introduced a Bonus Sacrifice Scheme**, enabling colleagues to transfer part of their bonus into their pension, making their rewards work harder for them by accessing additional benefits in a tax-efficient way.

We enhanced our learning and development offering by partnering with InRehearsal, giving colleagues access to the latest learning videos and masterclasses, and with provider Mission Include to offer cross-company mentoring to develop talent from underrepresented groups. These resources help colleagues adapt to new ways of working as we continue to transform our business and ensure they have the skills and capabilities to meet changing customer needs.

We continued to embed our Be Well at Wesleyan proposition with a range of resources and support available to manage mental, physical, financial and social wellbeing. We created a new resource area on our intranet to improve understanding of Financial Wellbeing. And working in collaboration with NEW (our Network for Employee Wellbeing), we also introduced **Reasonable Adjustments Passports**, designed to make conversations about working with disabilities and long-term conditions easier, more consistent and supportive.



## People and culture continued

## Building a diverse, equitable and inclusive culture



**We're committed to building a diverse and inclusive workplace that mirrors the customers and communities we serve.**

Mario Mazzocchi, Group Chief Executive



## Our Commitment to Diversity, Equity & Inclusion (DEI)

At Wesleyan, we believe that diversity, equity and inclusion are essential to creating a culture where colleagues feel valued, respected, able to be their true self and empowered to thrive.

A diverse workforce enables us to better serve our customers and communities, drive innovation, and deliver sustainable business success.

### Why DEI Matters to Us

Our 2025 – 2026 DEI strategy supports our transformation journey and ensures fairness in opportunities, representation and reward. We know that inclusive teams make better decisions and reflect the customers we serve. That's why we continue to embed DEI into our policies, processes and leadership practices.

### Progress in 2025

Despite a challenging external environment, we made strong progress against our five priorities:

- 1 Strengthening Leadership Accountability:** Introduced DEI dashboards and toolkits for leaders, launched new training on inclusive behaviours, and strengthened senior sponsorship of Employee Network Groups.
- 2 Improving Representation:** Exceeded our target for female senior leadership (44.4% against a 42% target), improved recruitment offers to women (52%) and ethnic minority candidates (34%) and maintained 30% female representation on our Board.

- 3 Driving for better Pay Equity:** Implemented pay equity measures, increased our minimum salary in line with the rate set by the Living Wage Foundation and, published gender and ethnicity pay gap reports for transparency.
- 4 Supporting Disability & Social Mobility:** Achieved Level 3 Disability Confident accreditation and launched Reasonable Adjustments Passports.
- 5 Increasing Data Disclosure:** Maintained high disclosure rates (90%+ for gender, ethnicity, disability) and improved sexual orientation disclosure to 74%.

### Challenges & Learnings

We faced external uncertainty around DEI regulation and limited traction for ethnicity-specific programmes. In response, we doubled down on our commitment, reinstated cross-company mentoring for underrepresented talent, and began redesigning career development initiatives for greater accessibility.

### Our Focus for 2026

We will continue to build on this progress by:

- Embedding leadership accountability through regular use of DEI dashboards and toolkits.
- Increasing minority ethnic representation in leadership roles via refreshed development programmes.
- Collaborating with the Social Mobility Commission to improve our data and set meaningful actions.
- Preparing for new legislative requirements, including disability pay reporting.

**Our commitment remains clear: DEI is not a standalone initiative—it's integral to how we work, lead and grow.**

And finally, a big thank you to our Employee Network Groups who play a vital role in bringing colleagues together to shape our culture and create change. Over the year they worked to raise awareness of and celebrate important dates and events, sharing food, stories and traditions, both online and via our events.



## Community and citizenship

# WESLEYAN FOUNDATION

Wesleyan Foundation has donated £7.6m since 2017, including investing £900k into 89 community groups across the UK in 2025.

Highlights include donating £55,000 to support biodiversity restoration projects in both urban and rural communities, delivered through partnerships with Birmingham & Black Country Wildlife Trust, Avon Needs Trees, and The Orchard Project.

Our Equality Grant provided £75,000 to a range of initiatives focused on combating racism and reducing inequalities. This includes a racism support programme in schools with SARI, and mental health support for LGBT young people delivered by Breakout Youth.

In 2025 we also piloted a new schools grant, providing funding for schools to make improvements to their sites. In addition, we continued our 'Grants for Every Goal' model, supporting charities that protect our environment, reduce inequalities, provide quality education, and promote good health and wellbeing within our communities.



Wesleyan Charity Walk



**924**  
days dedicated to supporting local community activities.

### Volunteering

We want colleagues to use their time, passion and skills to make a difference to causes and communities that matter to them.

That's why we give them two days of paid volunteering leave each year.

In 2025, more colleagues than ever took the opportunity to make a difference, dedicating nearly 1000 days to supporting local community activities – from working in food banks and hospices to providing vital support as school governors and charity trustees.

Wesleyan has continued to support schools through volunteering days, hosting eight workshops in partnership with charities Envision and WildHearts. The workshops focused on sustainability issues and helped students develop social enterprises to support their school or community. Wesleyan also won Mentors of the Year in this year's 'Envisions Finals'.

**Pictured:** Wildhearts Micro-Tyco Winners from Holyhead School with Wesleyan Mentor Nicola Pledger.

## Fundraising

Wesleyan colleagues are proactive fundraisers, and in 2025 we raised over £55,000 for charities across the UK through activities including:

Wesleyan Charity Walks:

**£29,000**

raised by 200 colleagues who volunteered their time to complete 13-mile walks in Birmingham and Oswestry, for charities of their choice, such as Fertility Network UK, Teenage Cancer Trust and Acorns Children Hospice.



Moving for Mental Health:

**£4,200**

As part of Mental Health Week, we encouraged colleagues to enjoy the benefits of fresh air and exercise by setting a challenge for teams to be active, with £4,200 raised for Martineau Gardens.

In 2025, Wesleyan match-funded £18,000 to provide additional support for customers' and colleagues' fundraising efforts.

Did you know Wesleyan offers match funding of up to £100 to support our customers' fundraising efforts? If you'd like to apply for match funding, please email [foundation@wesleyan.co.uk](mailto:foundation@wesleyan.co.uk)

## Supporting our professions' Mental Health

### Teachers Wellbeing PhD

Wesleyan funded a new PhD studentship at Aston University to research ways of improving teacher wellbeing.

Thanks to a £70,000 donation, research student Bridget Grenville-Cleave has been recruited to work on the Staff Wellbeing (SWell) project to design and develop interventions to improve wellbeing in high-stress workplaces.

Teachers experience significant problems with workload and burnout, which is resulting in some choosing to leave the profession altogether. With support from Wesleyan, Bridget will develop wellbeing interventions for teachers and pilot them in schools. Specific interventions will be co-produced with school leaders, teachers and other school staff to ensure they meet their needs.

Experience on the SWell project has so far shown that interventions in a school setting need to be low-intensity, low-resource and acceptable to teachers as a priority.



**There are many interventions aimed at supporting student wellbeing, but we have limited understanding of how best to support teachers. This project offers a valuable opportunity to address the lack of practical interventions specifically designed for them.**

Bridget Grenville-Cleave



### Mental Health First Aid for Dentists

At Wesleyan, we recognise that mental health is just as important as physical health – particularly in high-pressure professions like dentistry.

Through the Wesleyan Foundation, 78 dentists received Mental Health First Aider (MHFA) training in 2025, equipping teams to manage stress, build resilience and foster healthier workplaces.

The training had a significant impact on participants' confidence and knowledge in supporting people with their mental health. Before the course, confidence in supporting mental health averaged 4.1 but after completing the training, this rose to 8.9 out of 10. Similarly, knowledge levels increased from 4.2 before the course to 9.1 afterwards.



**I am so glad I enrolled on the MHFA course. I started it whilst trying to help a friend through their mental health issues. I gained valuable advice and resources, and before the course ended, I put what I learned into action. I truly believe this course saves lives.**

Participating dentist

### Doctors in Distress

Wesleyan Foundation donated £52,000 to Doctors in Distress, supporting the expansion of their Weekly Support Group for healthcare professionals.

With burnout affecting 34% of NHS staff and one doctor tragically taking their own life every three weeks, the need for support has never been greater.

More than 180 individuals benefitted from the confidential sessions, which provide a safe space to discuss challenges like exam anxiety, workplace bullying, and mental health. Thanks to our funding, the group expanded to offer three sessions weekly – including evening and weekends – ensuring more healthcare workers can access this vital lifeline.

The sessions were more than just conversations; they restored identity and community for those who felt isolated. As one facilitator explained: "For many, the 'psychological contract' with their profession was broken. This group helped to restore that lost sense of identity and community. Isolation compounds problems – this group could save someone's life one day, if it hasn't already." Participants agreed: "I loved hearing from colleagues facing similar struggles. It made me feel less alone."

By funding this expansion, Wesleyan Foundation reinforced its commitment to good health and wellbeing, ensuring that those who care for us receive the support they need.



**I loved hearing from colleagues facing similar struggles. It made me feel less alone.**

Participating doctor

## Community and citizenship continued



## Supporting Community Dental Health

Access to dental care remains a challenge for many across the UK, with 28% of adults unable to secure NHS treatment, and even higher rates among those experiencing homelessness.

Thanks to funding from the Wesleyan Foundation, charities Dentaaid and Bridge2Aid will help the most vulnerable communities to access dental care.

Dentaaid will deliver 14 outreach dental clinics, reaching communities from Cornwall to Cumbria. Each clinic provides free oral health assessments, cancer screenings and essential treatments such as fillings and extractions for people facing homelessness, poverty, addiction and abuse. This initiative will support 180 individuals, helping to relieve pain, restore confidence, and improve overall wellbeing.

Bridge2Aid will deliver a collaborative project with Bristol and Leeds Dental Schools, and community organisations. The programme will engage dental students through a combination of classroom learning and real-world outreach. Students will work with vulnerable groups – including refugees, the travelling community and people affected by substance use – to deliver oral health education and treatment. The project will also train oral health ambassadors to ensure lasting impact. The initiative will benefit 400 people, while shaping socially responsible dental professionals of the future.



**Each clinic ensures that those facing health inequalities are able to become dentally fit, and effect positive change within their lives.**

Melanie Stone, Senior Fundraiser – Trusts and Foundation



## Wesleyan Foundation Supporting Pupils' Eye Health in Schools

Wesleyan Foundation continued to support quality education in 2025, funding five organisations to help students across primary, secondary and higher education.

One key partnership in 2025 was with Aston Villa Foundation, which received £90,000 from Wesleyan Foundation for its Villa Vision Programme. In the first year of the partnership, Villa Vision delivered more than 2,000 eye health workshops and 1,600 vision screenings.

As a result:

- 115 children were invited for a Villa Vision eye test
- 74 full eye examinations were conducted
- 112 pairs of glasses were dispensed to 56 children

90% of the young people said they enjoyed the Villa Vision workshop and 80% stated they had learned something new. Parents also observed positive behavioural changes:

- 44% noticed reduced screen time
- 36% reported improved sleep routines
- 36% observed healthier food choices
- 40% said their child had asked to have an eye test



**Villa Vision explained eyes in a fun way, and I learnt something new. I will definitely reduce my screen time.**

Pupil participating in the programme

## Sustainability

# SUSTAINABILITY STRATEGY

Sustainability is core to everything we do at Wesleyan. We're committed to acting in a sustainable and responsible way across all of our business operations and to doing the right thing for our members, customers, colleagues and communities.

Environmental, Social and Governance (ESG) principles continue to sit at the core of our Sustainability Strategy which guides our approach to investing our customers' money, the good causes we support and how we deliver a sustainable infrastructure.

The strategy is designed to ensure we meet our internal sustainability goals by linking into the United Nations Sustainable Development Goals (SDGs) most pertinent to our business.

Whilst there are 17 goals listed within the UN framework, our business activities continue to be aligned most with the SDGs of good health and wellbeing, quality education, gender equality, reduced inequalities and climate action.

### What we have done so far

In 2025 we achieved the following key milestones:

Throughout 2025 we continued to reduce our operational carbon footprint and were ahead of the target we set ourselves for the year. The key drivers of our operational carbon reduction in 2025 were the conversion of our Practice Plan Group office in Oswestry to more efficient heating and the move to renewable gas for our Head Office in Birmingham.

We worked closely with our Employee Network Groups to develop a more collaborative and inclusive approach to recruitment and professional development. We also collaborated with other key partners such as the Association of British Insurers (ABI).

We surveyed our customers to ensure our Sustainable Investing Policy continues to reflect their views. We took this into consideration when making changes to the Policy in 2025.

We kept colleagues up to date with progress against our targets through a series of internal communications and company webinars. We also rolled out our "Sustainability at Wesleyan" training module.

We want colleagues to use their time, passion and skills to make a difference to causes and communities that matter to them. That's why we give them two days of paid volunteering leave each year. In 2025, more colleagues than ever took the opportunity to make a difference by volunteering, dedicating nearly 1000 days to supporting local community activities – from working in food banks and hospices to providing vital support as school governors and charity trustees.

We have maintained our operational carbon neutral status (which was first achieved in 2023). This includes the purchase of carbon credits to offset residual carbon use for the day-to-day running of the business.

Wesleyan has continued to support schools through volunteering days, hosting eight workshops in partnership with charities Envision and WildHearts. The workshops focused on sustainability issues and helped students develop social enterprises to support their school or community. Wesleyan also won Mentors of the Year in this year's 'Envisions Finals'.

We ensured ongoing compliance with sustainability regulations and continue to review and implement any new requirements; this will include the PRA's new supervisory statement on managing climate change risks published in December 2025.

In 2025, we further diversified our property holdings with five purchases in total, acquiring in sectors such as supermarkets, leisure and healthcare. Our EPC upgrade programme successfully exceeded the target for the year by now having 74% of our property portfolio by value, at EPC B or above. We continue to reduce our exposure to flood risk assets, selling the only high risk asset we held in the portfolio in 2025.

Wesleyan Foundation has donated £7.6m since 2017, including investing £900k into 88 community groups across the UK in 2025. We piloted a new schools grant, providing funding for schools to make improvements to their sites. In addition, we continued our 'Grants for Every Goal' model, supporting charities that protect our environment, reduce inequalities, provide quality education, and promote good health and wellbeing within our communities.

We were accredited as a Level 3 Disability Confident Leader – the highest level within the UK Government's Disability Confident scheme and introduced 'Reasonable Adjustment Passports' for colleagues. By raising awareness and understanding of disabilities and long-term health conditions, we will better support the needs of both current and future colleagues.

## Sustainability continued

### What's next

We have a clear plan for how we will progress our sustainability strategy in 2026, embedding our sustainability principles further across the business. To follow are examples of work we plan to progress:

Organise company-wide volunteering activity to celebrate World Environment Day

Continue to support the Environment and Communities with the use of colleague volunteering.

Review the scope of our Operational Carbon Footprint against evolving best practice guidelines and market practice.

Continue to reduce our operational carbon footprint so fewer offsets are needed in 2026 to maintain our operational carbon neutral status.



Continue to monitor the regulatory landscape for climate change and sustainability and prepare for and embed regulatory change as required.

We aim to ensure a minimum of three property assets are either retrofitted to improve their sustainability or newly acquired with established sustainable credentials.

Monitor progress as part of the transition planning to become carbon net zero across our business and investments by 2050.



Review and embed the PRA's updated requirements in relation to the management of climate change (Supervisory Statement 5/25). This will include ongoing development of our climate risk scenarios and modelling.

Launch new charity partnerships which support the mental health of Doctors, Dentists and Teachers.

Maintain 100% EPC ratings for our property portfolio to 'D' or above, and improve the proportion of EPC rated A and B properties held to 80%

Sustainability continued

# BUSINESS IMPACT

In 2025, we took further action to reduce our impact on the environment.

## Environmental Impact

We have been managing the impact we have on the environment for many years, including the reduction of our carbon footprint and the purchase of carbon offsets for residual carbon. Our operations became carbon neutral by the end of 2023 (after the purchase of carbon offsets), and we continued to drive operational carbon reductions in 2025. We are looking ahead to becoming carbon net zero for the whole organisation, including our investments portfolio by 2050 at the latest. We have reduced our operational carbon footprint by more than 65% on a like-for-like basis since our baseline year (2019) and offset all residual operational carbon emissions that could not be avoided to achieve our operational carbon neutral target.

## Greener Travel

Our salary sacrifice car scheme is designed to support colleagues reduce the impact of their personal and business miles in a tax efficient way with a move to electric vehicles. In 2025 alone, approximately 140,000 work miles (18% of all business miles – up from 17% last year) were driven by colleagues on electric power rather than petrol or diesel.

Our enhanced Cycle to Work scheme was well utilised with 16 employees taking advantage of the increased value to £3,000 to access a new bike and/or equipment which they pay back through their salary in a tax efficient way.

## Transforming our Environment

Wesleyan's Property team aims to manage a sustainable, diverse, high-performing commercial property portfolio to benefit our members, customers and the communities where they are based. We will achieve this through supporting our tenants in rolling out renewable infrastructure, proactively investing in enhancing the energy performance of the assets and nurturing a collaborative relationship with our tenants to ensure each property is optimised.

## Sustainable Suppliers

To reinforce sustainability across our procurement activities, we have embedded environmental considerations into our supplier selection and management processes. As part of this commitment, we capture key environmental performance data (including carbon footprint metrics) when engaging new suppliers, outsourcers and other business partners.

This approach is further strengthened by the publication of our updated Supplier Charter, which sets clearer expectations and elevates our standards for responsible and sustainable supply chain practices.



## Protecting our Environment

We are committed to reducing the impact our business has on the environment and monitor our activities through our Sustainability Committee and Group Operating Environment Committee (GOEC). Examples of activity undertaken last year include:

- Through our Workplace Champions group, we have given colleagues a platform to share ideas and feedback to improve our working environment including how we can support sustainability.
- In January 2025, we introduced the requirement for all office-based colleagues to be in the office one day per week and this will increase further in March 2026. This has enabled us to maximise our existing office spaces further.
- In line with our digital first approach, we continue to encourage colleagues to reduce use of paper and printing. While we've seen an increase in printing since more colleagues returned to the office, we are looking at different ways to tackle this.
- We are working to ensure sustainable practices in our offices with the continued installation of LED lighting and motion sensors to reduce lighting use.
- At the end of 2024 we completed our transition to area controlled electric heating and cooling in our Oswestry office, increasing our energy efficiency and reducing our carbon footprint from 2025 onwards.
- In October 2024, we switched gas suppliers in our Head Office building to a renewable gas tariff which has further reduced our operational carbon footprint for 2025.

## Sustainability continued

## Non-financial and sustainability information statement

Businesses are required to comply with the Non-Financial and Sustainability reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. This requires us to demonstrate our position in a number of key areas.

### Climate-related financial disclosures 2025



This section presents Wesleyan's Climate Change disclosures which are also required under the UK Mandatory Climate-related Financial Disclosures (UK MCD). UK MCD has eight disclosure requirements that fall under four pillars: Governance, Risk Management, Strategy and Metrics/Targets. These areas and our compliance with them are covered in detail over the following pages.

We report at Group level and do not provide separate climate change disclosures for our subsidiary companies as:

- Subsidiary companies operate below the regulatory thresholds that require additional reports;
- Subsidiary companies align to the same reporting end date as the Group; and,
- Activities from subsidiary companies and the key climate-related issues they face are not materially different from that of the Group. Where there are differences, these are drawn out in this disclosure.

## Governance

Our aim is to embed an understanding of sustainability, including climate change risks and opportunities across the business, such that employees consider sustainability in their day-to-day work and decision making. This includes the identification of risks and opportunities relating to climate change.

The Society Board is ultimately responsible for setting Wesleyan's Sustainability Strategy. The Chief Risk Officer (CRO) is the allocated Senior Manager Function (SMF) holder and has ultimate operational responsibility for managing climate change risks and opportunities. The CRO attends Board meetings and other relevant Board sub-committee meetings, ensuring sustainability is appropriately considered in senior level decision making.

The Governance section on page 59 highlights the responsibilities for each committee in respect to sustainability and how this escalates to the Board.

### Sustainability committee

The Sustainability Committee is the key delivery unit of sustainability within Wesleyan. Meeting monthly during 2025, the purpose of the Committee is to ensure the risks and opportunities associated with climate change and sustainability are reflected within the overarching sustainability strategy, and that the strategy is embedded across the Group. The sustainability strategy comprises nine key principles and the Committee ensures progress against these principles. The Committee is chaired by the CRO. The core membership is comprised of representatives from across the Group.

The Sustainability Committee considers ongoing regulatory requirements in respect to sustainability and financial risks which arise from climate change. The Committee is responsible for identifying areas of development and ensuring the business adequately meets these requirements.

The agenda for the Committee is set by the CRO and has a mixture of recurring items and other reports. During 2025, key climate-related activities discussed through the Committee included:

- Monthly progress against actions, targets and principles set out within the sustainability strategy;
- Quarterly Sustainable Investment Reports;
- The production of product level and entity level reports which are published on our company website;
- Bi-monthly review of operational carbon footprint;
- Annual review of Sustainability Strategy;
- Quarterly market context and regulatory review;
- Annual review of Modern Slavery Statement and Procurement Charter;
- Annual review of Carbon Offsetting Policy; and,
- Annual review of Risk Assessment of Financial Risks from Climate Change.

Outputs from the Sustainability Committee are fed into other committees as set out in the Governance section on page 59.

### Subsidiaries

Our Sustainability Strategy applies to all Group companies. Whilst we govern and report on climate change risks and opportunities at Group level, each subsidiary company is represented at Sustainability Committee and considers specific actions applying to the business. Some specific issues being considered by our subsidiaries include:

- **Practice Plan Group (PPG):** have embedded the principles of sustainability into their business operations and events. PPG have a separate office location to the wider Group; their individual carbon footprint is tracked as part of the wider Group metric and several refurbishments were undertaken to their office at the end of 2024 to make it more efficient. This has materially improved their carbon footprint during 2025.

- **Wesleyan Financial Services (WFS):** have embedded a process for gathering customer preferences for sustainability in making investment decisions, ensuring that product recommendations consider customers' sustainability needs. WFS are currently reviewing fund choice for customers to be made available on platform and this will include ethical funds.
- **Wesleyan Unit Trust Managers:** Our Sustainable Investing Policy applies to all Wesleyan directly managed funds, including our unit trust range.

### Climate-related governance activity

Sustainability updates are discussed at the People, Culture & Governance Committee (PCGC) on a quarterly basis, with key issues then escalated to Society Board. Sustainability risks are reported on at each Board meeting within the CRO report, with a full assessment of the financial risks from climate change presented annually. During 2025, the following activities were reviewed at PCGC, Investment Committee and / or Society Board:

- Group Sustainability Strategy reviewed and updated to reflect progress against internal targets and activities against the market context of other financial services organisations.
- Fund selection for the new WesInvest platform which includes Sustainable and Climate Aware external funds.
- Review of the outcomes of our carbon footprint for 2025 and our progress against Sustainability targets.
- Review of customer research relating to Sustainability preferences and a review of our Sustainable Investment Policy.
- Presented the 2025 Own Risk and Solvency Assessment (ORSA) report and Climate Change Risk Assessment which included an assessment of our key risks related to climate change, including a quantitative analysis of the potential impact of different climate change scenarios.

## Sustainability continued

## Risk management

Risks from climate change are managed in accordance with our Risk Management Framework (RMF). The RMF describes Wesleyan's approach to identify, assess, treat, monitor and report the risks it faces during its business activities. Wesleyan Assurance Society and all subsidiaries are within scope of the RMF and have the responsibility to manage their risks effectively.

### Risk appetite statement

Wesleyan Assurance Society's risk appetite in respect to climate risk is reviewed by the Risk Committee and approved by the Board and is articulated below:



**Our capital strength means that we are able to accept a moderate level of financial risk from climate change. However, we have a Low Appetite for being inconsistent with our commitment to act in a sustainable and responsible way and do the right thing for our members, customers, colleagues and communities.**

### Risk identification

Climate-related risks and opportunities are identified from both a bottom-up and top-down basis. A summary of these processes is provided here:

- We carry out a bottom-up operational risk identification process to identify risks to the Society. These risks are recorded, assessed, and managed by all business areas and include sustainability risks.
- Sustainability Risks are discussed at Sustainability Committee, with representation from around the business.
- Our Emerging Risk process identifies new and emerging risks which includes climate change and wider environmental and societal issues.
- A top-down risk identification process is conducted at least annually through the Society's ORSA process, which includes climate change scenario testing.
- We carry out an annual Financial Risks from climate change assessment, which includes a strategic and forward-looking assessment of climate-related risks.

### Risk assessment

In assessing climate change risk, we categorise our key risks between physical and transition and consider both risks and opportunities.

### Physical risks

Physical risks from climate change arise from a number of factors and relate to specific weather events (such as heatwaves, floods, wildfires and storms) and longer-term shifts in the climate (such as extreme weather variability, sea level rise and rising temperatures). For example, increased frequency or severity of extreme weather events could impact general insurance premiums or may cause damage to our properties, including those properties we invest in.

### Transition risks

Transition risks arise from the process of adjustment towards a low-carbon economy. A range of factors influence this adjustment, including climate-related developments in policy and regulation, the emergence of disruptive technology, AI or business models, shifting sentiment and societal preferences, or evolving evidence, frameworks and legal interpretations. Some examples include:

- The risk of a loss of value on our direct property portfolio.
- The risk that climate change materially impacts the wider economy which may have a detrimental impact on the companies we invest in, leading to financial loss, or may impact our supply chain, leading to operational disruption which could impact their market value.
- There is a legal and reputation risk if we do not meet regulatory requirements and / or do not meet the commitments we have made and the expectations of our customers, employees or regulators.

### Scenario Analysis

Scenario analysis is a critical tool for assessing our strategy and the resilience of the business model to climate risks. We do this to understand our potential exposure to risks and to identify the management actions available to manage the risks over time.

The main quantitative scenario analysis is performed on the Group's investment portfolio, testing the impact on our invested assets. We consider three scenarios that are aligned to the Network for Greening the Financial System (NGFS) scenarios:

Scenario	Description
<b>Orderly Transition</b>	This scenario assumes climate policies are introduced early and become gradually more stringent, reaching global net zero CO <sub>2</sub> e emissions around 2050 and likely limiting global warming to below 1.5 degrees Celsius on pre-industrial averages.
<b>Disorderly Transition</b>	This scenario assumes climate policies are delayed or divergent, requiring sharper emissions reductions achieved at a higher cost and with increased physical risks in order to limit temperature rise to below 2 degrees Celsius on pre-industrial averages.
<b>Hot House World</b>	This scenario assumes only currently implemented policies are preserved, current commitments are not met, and emissions continue to rise, failing to limit temperature rise, causing high physical risks and severe social and economic disruption.

## Sustainability continued

The results of the scenario analysis, in terms of the impact on our invested assets (including policyholder funds) is summarised in the table below:

Scenario	Climate value-at-risk	Data Coverage
Orderly Transition	-12.3%	66.7%
Disorderly Transition	-7.6%	66.7%
Hot House World	-5.8%	66.7%

Source: Wesleyan / MSCI

Climate Value-At-Risk is the estimated impact of the given climate scenario on the value of assets in the fund assuming no changes are made to the fund. A negative number denotes that under the scenario, there will be a devaluation for the fund's underlying assets and hence you would see the value of your investments fall. Scenario model outputs are expressed as a range of outcomes, reflecting the inherent uncertainty of the underlying assumptions. We have provided the average model output of that range of results.

In the short term, the impact on asset values from "Orderly Transition" is greater than that for "Hot House World". Whilst this may appear counter intuitive, this happens because early action would be expected to lead to a short term repricing of markets, whilst prolonged periods of no action would be expected to have a delayed impact.

The scenario analysis highlights the potential exposures to transition risks across each of the three scenarios, indicating the potential impacts of climate change on investment returns.

More detailed modelling covering operational and capital impacts of climate change risk is conducted separately in the ORSA and as part of our annual Climate Change Risk Assessment. A summary of the key Climate Change risks and opportunities is provided in the next section.

### Climate-related opportunities

Climate change brings both risks and opportunities to our business and those we invest in. Climate-related opportunities arise from the regular feedback we obtain from our customers on sustainability issues. We know that acting in the right way, including having a sustainable business impact and offering sustainable products, is important to them. As a mutual, we naturally focus on the longer-term and our overall commitment to doing the right thing for our customers, our colleagues and the community creates opportunities for us to make more sustainable decisions.

### Summary of key climate change risks and opportunities

We have identified the following climate-related risks and opportunities which may have a material financial impact on the Society, considered over short (0-3 years), medium (3-10 years) and long (10+ years) term time horizons. The short term has been selected as three years as this aligns with our strategic planning period. The medium term of ten years aligns to the period over which we carry out projections for our ORSA. The long-term of ten years plus is then the period beyond our ORSA modelling.

We have identified climate change risks and opportunities at Group level. These apply to all our subsidiary companies, whilst noting that:

- The risk of reductions to asset and property values are most relevant to Wesleyan Assurance Society and Wesleyan Unit Trust Managers.
- Risks relating to providing suitable financial advice on sustainability related issues is predominantly with Wesleyan Financial Services.

Overall, we are within risk appetite for our climate-related risks. Some risks have been rated as a medium impact, however we are comfortable that the mitigating actions are appropriate to limit our exposure.

## Sustainability continued

## Climate change risks

Category	Materiality	Description	Timeframe	Potential impact	Mitigations
<b>Strategic (macroeconomic)</b>	Medium	Climate change, including the steps required to transition to net zero could adversely impact the economy, supply chain and disrupt business. This could impact disposable incomes, create uncertainty in financial markets and increase geopolitical tensions.	Long term	This could lead to worsening socio-economic conditions, resulting in lower savings rates and a decrease in new business sales	Ensure sustainability and climate change issues and scenarios are embedded within regular risk reporting and strategic decision making. Maintaining interactions with our trusted professions and their communities to understand their changing needs.
<b>Strategic (proposition &amp; competition)</b>	Medium	There is a risk that we do not meet our customer needs and expectations in respect to sustainable investments.	Long term	If there is increased demand from our customers for more sustainability focused funds and the Society is not able to meet those needs, this could lead to reduced levels of new business and/or an increase in lapse rates.	<p>Maintaining interactions with our trusted professions and their communities to understand their changing needs. This includes regular customer research and feedback from the Members Advisory Board, and ensuring these needs are reflected by our fund proposition.</p> <p>Implementation of WesInvest gives us the ability to provide a wide range of third party sustainable and climate aware funds in addition to our internal fund range.</p>
<b>Strategic (reputational)</b>	Medium	Our strategy is built on the principles of us being a Lifelong partner and Brilliant to do business with. Any issue relating to Wesleyan not acting to do the right thing, including meeting our sustainability commitments, could damage our reputation which in turn could materially impact our ability to deliver our strategy.	Short to long term	Potential reputational damage across the Group leading to lower levels of trust with our customers and ultimately impacting profitability.	<p>Ensuring anti-greenwashing training and ongoing monitoring and regulatory reviews of policyholder communications help mitigate this risk.</p> <p>Ensuring appropriate governance and tracking of action implementation against our commitments.</p>
<b>Market (scenario analysis)</b>	Medium	Climate change scenario analysis is in its infancy across the industry: there is a risk that scenarios understate the timing and financial impact of climate change.	Medium term	There is a risk that we do not fully understand the financial impacts of climate change on our portfolio and hence that adverse climate change scenarios reduce our capital strength and/or policyholders by more than expected.	Review climate scenarios, in particular to consider climate 'tipping points' and ensure sustainability and climate change issues and scenarios are embedded within regular risk reporting and strategic decision making.

## Sustainability continued

## Climate change risks continued

Category	Materiality	Description	Timeframe	Potential impact	Mitigations
<b>Market (investment portfolio)</b>	Medium	There is a risk that we are not able to reduce the carbon intensity of our portfolio and become carbon net zero by 2050.	Long term	This would be a breach of our sustainability and regulatory requirements and could result in reputational risk and regulatory scrutiny.	Regularly monitoring the carbon reduction of our investment portfolio to ensure we are on the right trajectory to 2050.
<b>Market (Property)</b>	Low	There is a risk that the value of property reduces from wider market reactions to climate change. We are also exposed to the risk of physical damage e.g. due to increased flood risk and to the potential costs to develop and maintain our property portfolio to ensure they meet any minimum sustainable standards that are in place (or may be put in place).	Long term	This could lead to a reduction in asset value of our property portfolio and increased costs of repair leading to reduced policyholder returns and reduced growth of our capital.	Monitor performance against EPC targets and exposure to flood risk areas for our property portfolio.  Ongoing scenario analysis to test the impact of an adverse climate change scenario on our property portfolio and on the overall value of our assets.  Implement risk limits on our exposure to property investments where appropriate.
<b>Reputation/conduct (litigation risk)</b>	Low	There is a risk of litigation due to Wesleyan making sustainability statements that are inconsistent with achievements.	Short to medium term	Reduced profitability and potential reputational damage across the Society.	Continue to embed anti-greenwashing training, including ongoing monitoring and Regulatory review of policyholder communications.
<b>Reputation/conduct (regulatory risk)</b>	Low	There is a risk that Wesleyan does not implement regulatory change effectively.	Short to medium term	Reduced profitability and potential reputational damage and Regulatory scrutiny.	Continue to monitor the regulatory landscape and implement changes as required.  Obtain assurance from third party experts on regulatory implementation where required.

## Sustainability continued

## Climate change opportunities

Category	Description	Timeframe	Potential impact
<b>Customer offering/ brand</b>	Building on our mutuality to provide sustainable advice, products (including third party where applicable), services and operations to improve customer experience, employee satisfaction and the environment	Short term	Increased revenue and reduced harm to the environment
<b>Investments</b>	Investing in more sustainable assets and products will be both beneficial to support a positive transition to a low-carbon economy and meet a customer need where the preference is for sustainable investments	Short term	Increased profitability and reduced harm to the environment
<b>Resilience</b>	Flexible working, reduced travel and lower costs from being a climate-resilient business	Short term	Increased profitability and reduced harm to the environment
<b>Governance</b>	Embedding strong governance internally and ensuring that the companies we invest in have strong governance structures can support strong long term returns.	Long term	Higher policyholder returns and increased capital strength

## Risk management

The key mitigations we have applied for managing climate-related risks are included within the table on the previous page.

A set of sustainability metrics is monitored monthly by the Sustainability Committee and Key Risk Indicators (KRIs) are monitored and reported into Society Board as part of regular risk reporting.

As we seek to embed sustainability and related risks into the business, management of these risks and the associated actions are allocated to business owners. This process is overseen by the Head of Enterprise Risk Management. Where significant work is required to implement change in relation to the management of climate change risks, such as significant regulatory change, then that work will be carried out under a project structure.



## Biodiversity flourishes at Grange Park

It was exciting to see the environment in and around Grange Park, Cheltenham flourishing in 2025. Wesleyan bees at the site yielded 'Wesleyan Honey' for the first time since they were introduced in 2024.

In addition, and as a separate community engagement initiative, Wesleyan began a partnership with Transition Cleeve – a group of volunteers who manage the public space adjoining Grange Park, known as 'Grangefield'. The land at Grangefield is home to a Community Orchard, and as a way of supporting the good work the volunteers are doing there, Wesleyan's Grange Park site now provides watering facilities and a place for the volunteers to store their specialised tools needed for pruning, harvesting and maintaining tree health at the orchard.

Tom Holland from the Property Team at Wesleyan, commented: "Grangefield Community Orchard is very much part of the local community and it's satisfying to create

a partnership with Transition Cleeve. We're thrilled to play our part and support those making a difference.

"As for our Wesleyan bees, the introduction of them to Grange Park brings a whole new level of biodiversity to our holding, providing essential pollination benefits to the surrounding area."



**Grangefield Community Orchard is very much part of the local community and it's satisfying to create a partnership with Transition Cleeve. We're thrilled to play our part and support those making a difference.**

Tom Holland, Property Team

## Sustainability continued

### Strategy

Sustainability is well aligned with our business strategy; our aim to be 'Brilliant to do business with' includes building a sustainable business that aims to 'do the right thing' for our customers, colleagues, communities and the planet. We also consider sustainability to be well aligned to our ethos as a mutual, with care at the heart of what we do, and an ability to focus on doing the right thing in the long-term.

#### Business model resilience

The primary climate change risks identified, along with the mitigations being taken, are assessed and reviewed by the Risk Committee and Society Board at least annually as part of our assessment of climate change risks. The risks and metrics are then regularly monitored as part of regular CRO reporting.

#### Market risk

Given our current (and expected future) capital strength, we believe climate change represents a low level of risk to our financial strength. However, we recognise that this is subject to us taking effective action to reduce the carbon exposure of our portfolio in the future with a view to achieving a net zero investment portfolio by 2050. We recognise that climate scenario testing continues to evolve and we will continue to monitor progress in this area.

#### Conduct risk

We believe that there is currently a moderate level of conduct and operational risk relating to climate change, given the high level of regulatory change in this area and the business changes required to implement this. There is additional conduct risk as we need to ensure that our actions are consistent with our sustainability commitments. After mitigation and with oversight of the metrics we use to monitor adherence to our sustainability commitments, we believe our residual risk exposure in this area is low.

#### Insurance risk

We have assessed that the insurance risk for us relating to climate change is low. There is some risk due to the impact that climate change may have on sickness and mortality rates, but these have been assessed as low risk.

### How sustainability impacts our business model

Key elements of our Sustainability Strategy, and how this impacts our management of climate change risks and business plans, are summarised below.

Sustainability principle	Description	How does this impact our business strategy?
<b>Customer offering</b>	<p>We will endeavour to understand and meet our customers' sustainability preferences wherever possible. We will let our customers know how we invest their money in a way that contributes to making the world a better place.</p> <p>We will seek to provide suitable products (either internal or third-party) to meet customers' sustainability preferences.</p>	<p>We undertake regular customer research to understand our customers' needs for sustainable products.</p> <p>The outcomes of this research, along with external scanning of current trends and product developments, are considered when developing our Product and Proposition strategy.</p> <p>We ensure our advice process incorporates the sustainability preferences of our customers so that they are considered when making a recommendation.</p>
<b>Sustainable investments</b>	<p>We will engage with and challenge investee businesses to become more sustainable where we believe we can make a positive difference.</p>	<p>Considering customer research and market trends, we have set a Sustainable Investing Policy that is approved at Board and applies to all our directly invested customer funds. It sets out how we will make investment decisions that consider:</p> <ul style="list-style-type: none"> <li>→ Responsible Screening;</li> <li>→ Active Engagement.</li> </ul> <p>We have set specific metrics for monitoring the sustainability of our investments (including our direct property portfolios), as summarised in the next section.</p>
<b>Sustainable suppliers</b>	<p>We will only purchase services and equipment from companies that meet our sustainability standards.</p>	<p>Our sustainable principles are embedded into the Society's procurement policies and are an intrinsic part of the Society's Procurement Charter.</p>
<b>Sustainable infrastructure</b>	<p>We will reduce our own carbon footprint as an organisation, aligning ourselves with targets set by the government in their 2050 targets and develop a transition roadmap to meet the 2050 targets.</p>	<p>We have set targets for reducing our operational carbon footprint as set out in the next section.</p> <p>This principle influences our choice of infrastructure and the services we use, for example we now use renewable electricity in our office buildings and gas sourced from renewable sources in our Head Office.</p> <p>We have previously committed to being carbon neutral in our operations by end 2023 (including allowance for carbon offsetting). In meeting this target in 2023, we produced a Carbon Offsetting Policy that has been approved by the Board and purchased offsets to meet this target.</p> <p>We have committed to being carbon net-zero by 2050 across our entire business (including investments). We continue to monitor our progress towards the 2050 target, although we have not set a specific interim target at this stage.</p>
<b>Sustainability for colleagues</b>	<p>We will encourage our colleagues to engage with the world's sustainability challenges.</p>	<p>By helping our people understand Wesleyan's Sustainability Strategy and how they can help achieve a more sustainable world (both personally and through implementing the Society's sustainability actions), colleagues should also feel more pride in Wesleyan as an employer and greater satisfaction working here. This supports the building of a positive culture and is consistent with our mutual ethos.</p> <p>How we support our colleagues and how we act as a business helps to attract and retain employees.</p> <p>We have engaged in regular communications to our employees on sustainability, including training to develop colleague understanding.</p>

## Sustainability continued

### Metrics and targets

We ensure appropriate metrics and targets are in place to identify, assess, monitor, manage and report our performance against our sustainability strategy. Measuring our impact on the environment is an important part of this assessment and helps us to meet our aim of being a sustainable business. There are three primary areas of focus in order to ensure we meet our overall sustainability risk strategy and remain within risk appetite. The table below shows more detail about how we manage our commitment.

### Key Metrics

The table below shows a summary of the sustainability metrics collected:

<b>Decrease in Equity Prices (%) (Cumulative impact)</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
Carbon intensity of Society assets (tCO <sub>2</sub> e / £100k invested)	<b>4.9</b>	4.5	6.0
Number of funds with carbon intensity better than benchmark	<b>10/10</b>	10/10	9/10
% of property investments in terms of value with A or B EPC rating	<b>74%</b>	57%	49%
% of property investments in terms of value with D or higher EPC rating	<b>100%</b>	100%	97%
% of property investments in high flood risk areas	<b>0%</b>	0%	0%
% of property investments in medium risk areas	<b>2%</b>	2%	2%
% of property investments in low flood risk areas	<b>6%</b>	9%	6%
% of property investments in very low flood risk areas	<b>92%</b>	89%	92%
<b>BUSINESS IMPACT</b>			
Market-based Scope 1 Carbon Footprint (tCO <sub>2</sub> e)	<b>6</b>	277	270
(Location-based)	<b>(6)</b>	(277)	(270)
Market-based Scope 2 Carbon Footprint (tCO <sub>2</sub> e)	<b>0</b>	0	0
(Location-based)	<b>(182)</b>	(242)	(238)
Market-based Scope 3 Operational Carbon Footprint (tCO <sub>2</sub> e)	<b>610</b>	661	676
(Location-based)	<b>(629)</b>	(683)	(697)
Market-based Total Operational Carbon Footprint (tCO <sub>2</sub> e)	<b>616</b>	938	947
(Location-based)	<b>(816)</b>	(1,202)	(1,205)
Market-based Carbon Footprint per employee (tCO <sub>2</sub> e)	<b>0.45</b>	0.65	0.67
(Location-based)	<b>(0.60)</b>	(0.83)	(0.85)
Carbon Offset purchased	<b>(700)*</b>	(1,018)	(947)
Market-based Total Operational Carbon Footprint after Offsetting	<b>0</b>	0	0
Waste Generated (Tonnes)	<b>32.8</b>	27.6	28.0
% waste to landfill	<b>0%</b>	0%	0%
Paper usage (sheets)	<b>1,309,985</b>	1,173,671	1,204,526
Water usage (m <sup>3</sup> )	<b>835</b>	1,078	3,329
Electricity usage (kWh)	<b>1,007,969</b>	1,169,141	1,149,825
Gas usage (kWh)	<b>902,514</b>	1,331,019	1,389,667
Total energy usage (kWh)	<b>1,910,483</b>	2,500,160	2,539,492
% Electricity from renewable sources	<b>100%</b>	100%	100%
<b>COMMUNITY AND CITIZENSHIP</b>			
Amount of money donated via Wesleyan Foundation	<b>£900,000</b>	£900,000	£874,876
Other charitable donations	<b>£86,202</b>	£60,087	£86,767
Number of volunteering days	<b>924</b>	902	758

\* Additional carbon offsets were voluntarily purchased over and above Wesleyan's market-based operational footprint to ensure we had sufficient coverage given that we purchased the credits before the year end carbon calculation was finalised.

## Sustainability continued

### Notes

Scope 1 represents our direct emissions from use of natural gas and company car travel

Scope 2 represents indirect energy emissions, predominantly our use of purchased electricity (see below definitions of market and location-based carbon).

Scope 3 represents indirect emissions that we have selected to be part of our operational carbon footprint, such as homeworking, waste and water usage.

Our carbon footprint calculations include some assumptions based on data availability and industry best practice guidance. Key assumptions include:

- Scope 1 footprint: Site gas kWh consumption is taken from utilities bills. Due to Wesleyan renting various floors within Head Office, gas consumption is estimated on floor area pro rata basis as submeters within the building are not available. In doing so, gas consumption by tenants or related to unoccupied floors is removed from the operational footprint as this is classified as scope 3 carbon.
- Scope 2 footprint: comprises the electricity usage kWh consumption taken from utilities bills. Due to Wesleyan renting various floors within Head Office, electricity consumption is estimated on floor area pro rata basis as submeters within the building are not available. In doing so, electricity consumption by tenants or related to unoccupied floors is removed from the operational footprint as this is classified as scope 3 carbon.
- Scope 3 footprint classified as: employee travel for business purposes, homeworking, waste and water. Key items currently excluded from our carbon footprint calculations include: employee commuting; indirect carbon footprint from suppliers; emissions derived from our investments, including our direct property portfolio (other than Head Office that is occupied by Wesleyan). The carbon footprint of the companies we invest in is significantly higher than Wesleyan's own operational carbon footprint.

- Market-based operational carbon footprint: Market-based carbon is defined as 'emissions derived from utilities that companies have purposefully chosen based on their source'. In this instance, Wesleyan have chosen to only procure electricity and more recently gas, from renewable sources which are certified from 100% REGO sources (Renewable Energy Guarantees of Origin). Therefore, the market-based carbon footprint associated with office electricity is essentially zero when included within the operational footprint.
- For transparency, we also monitor and disclose the "location-based" carbon footprint, which is defined as 'emissions derived from the National Grid and therefore reflects the average emissions intensity of grids on which energy consumption occurs'. This however is not the figure we base our targets on.
- There is uncertainty relating to the estimate of the carbon footprint generated by homeworking. The carbon footprint relating to homeworking assumes the information received from employees who responded to our homeworking survey is representative of our total workforce. Surveys take place on an annual basis and are supported by questions from a third-party consultancy to ensure appropriate questions are asked. In 2025, the response rate to the survey was 25% of the organisation. The breakdown of responses was also aligned to the divisional split across the Group, which meant the data was much more representative of the workforce as a whole.
- Percentage of Property Investments in flood areas are based on the value of investments rather than the number of properties owned within the portfolio.
- Hotels: whilst carbon footprint associated with hotels can vary depending on type and location, a single, standard conversion factor is applied for each night an employee stays in a hotel.
- Water: in 2024 there was a methodology change to ensure that we were only reporting on Wesleyan used water. In previous years,

water totals reported have included total water use of whole building including that used by tenants.

Figures listed in the table have been rounded to the nearest whole number. Metrics relating to paper usage and waste are derived from purely office-based activities due to the lack of data available from those who are homeowners.

### Data Limitations

The climate metrics, targets and other forward-looking statements set out in this section should be treated with caution. There are high levels of uncertainty and judgement required in relation to the evolution and impact of climate change and the calculation of our carbon footprint. There are significant variations across the financial services industry in terms of the data sets used and the method and scope of operational carbon footprint calculations.

### Operational Carbon Footprint Reduction

In 2020, we set the target to reduce our carbon footprint per employee (before offsetting) by over 50% by year end 2022 and to be operationally net carbon neutral by year end 2023.

Our key metrics for measuring this progress are:

- Market Based Total Operational Carbon Footprint
- Market Based Operational Carbon Footprint per employee
- Market Based Operational Carbon Footprint after allowance for carbon offsetting

The first two of these ensures we continue to be proactive in reducing our carbon footprint. The second metric monitors our commitment to being carbon neutral in our operations with effect from 2023.

We achieved our targets for 2025 and have now reduced our operational carbon footprint by more than 65% since our baseline year of 2019.

The driving factors behind these reductions are procuring energy (gas and electricity) from renewable energy sources, retro-fitting our Oswestry office to make it more efficient and continuing to diversify our car fleet to include

more EV and hybrid vehicles. Carbon literacy within the organisation is also continually improving due to both internal workshops and regular communications.

### Future Targets

- We will continue to be operationally net carbon neutral throughout 2026 and onwards. We met our target of being operationally net carbon neutral by year end 2023
- We will continue to seek to decarbonise our operations to continue to reduce our Operational Carbon Footprint year on year.

### Investment Strategy

We are committed as a business to meeting the governmental target of being carbon net zero by 2050 at the latest. The largest part of our carbon footprint is incurred indirectly through the companies we invest in and is not included in the operational carbon footprint figures and targets quoted above.

We manage and monitor our exposure to sustainability and climate change risk in our investment portfolio via the following:

- Our Sustainable Investing Policy sets out core principles that we apply across all our funds.
- We monitor our in-scope funds' carbon footprint ratings against comparator benchmarks. We are currently ahead of benchmark across all our in-scope funds..
- We monitor the carbon intensity of our investments. The current carbon intensity of our assets (as of Q4 2025) is 4.9 tonnes CO<sub>2</sub>e. This represents a reduction of 57% relative to our base year of 2019. We have not set formal interim targets for our path to 2050.

## Sustainability continued

### Property Portfolio

In 2022, targets were set to reduce the Property portfolio exposure to high and medium flood risk assets by a third from 3% to less than 2% by value. As at end-2025, Wesleyan had no high flood risk-rated assets. We will continue to reduce our exposure to assets in medium risk areas and have amended asset purchasing processes to ensure no high-risk assets are taken on. Whilst we achieved the government target of all our rental properties having an EPC of E or above, we have targeted 100% of our Property portfolio to have an EPC rating of D or above across all of our property holdings. Whilst we met this target by the end of 2024, we will continue to monitor throughout 2026 to ensure this 100% status is maintained.

### Community and Citizenship

Whilst we haven't set specific targets for our Community and Citizenship activity in 2026, we have been tracking the amount of money donated through the Foundation, number of volunteering days taken by Wesleyan employees and other charitable donations through our sustainability metrics process since 2020. Internally, we have sought to increase volunteering and to maintain the good causes we support via the Wesleyan Foundation. More information regarding the successes of Community and Citizenship can be seen on page 27.

### Carbon Offsetting

To achieve the Wesleyan target of being operationally net carbon neutral, we purchase carbon offsets to mitigate residual carbon. We will continue to be carbon neutral in our operations going forward and therefore will continue to decarbonise to remove the emissions across our operations and to only use offsetting for the emissions we are unable to reduce and remove.

Carbon offset purchases must adhere to our internal Carbon Offsetting Policy. One of the key considerations within the policy is to obtain an appropriate balance between projects which remove carbon from the atmosphere and those that aim to avoid carbon usage in the future. A portfolio approach was taken to the offsets, which favours carbon removal, targets more of the SDGs which align with our Sustainability Strategy and Trusted Professions and focuses on high quality credits.

### Carbon offsetting projects

We have partnered with a broker to source a deal with credible projects which allow us to offset our 2025 operational carbon footprint. The following set of projects have been selected based on our requirements set out in our Carbon Offsetting Policy.

All projects are Climate Action Reserve or puro. earth certified. These include top-tier ratings and CCP labelled projects, vintages: 2023-2024 (within our 1–3-year preference) and have a conservative approach to methodologies with robust quantification. This mix of projects also has a weighting of 61% to removals, aligned to our policy.



### Project 1 Conhuás

Increasing forest carbon stocks through afforestation, reforestation, and improved forest management in degraded areas.



### Project 2 Timber Ridge Landfill Carbon Project

Capturing methane gas from a landfill in Missouri using a surficial gas system. UK-based permanent storage removal. Continuation from our 2025 portfolio.



### Project 3 Leeds Carbon Mineralization

Converting CO<sub>2</sub> emissions into solid building materials through accelerated carbonation.

## Non-financial information

This table seeks to demonstrate the Group's position in key areas relating to Employees, Respect for Human Rights and Anti-Corruption and Anti-Bribery Matters.

### Employees

#### Policies, Guidance and Statements

- Code of Conduct Policy
- Career Break Policy
- People Development Policy
- Family Leave Policy
- Flexible Working Policy
- Health & Safety Policy
- Diversity, Equity & Inclusion Policy
- Workplace Adjustments Policy

#### Initiatives

- Partnership Council, an enhanced employee consultative body, reports to the People, Culture & Governance Committee (PCGC)/Board.
- Continued to link pay and bonus increases to individual performance, rewarding colleagues for their unique contributions to the delivery of our strategy and contribution to our culture;
- Supported colleague development through the use of the apprenticeship levy;
- Continued to embed Smart Working guidance to enable employees to work when and where it is most effective for themselves, their customers and the business;
- Employee Opinion Survey undertaken on a bi-annual basis as a minimum;
- Employee Networks continue to help shape our culture and drive change;
- Be Well at Wesleyan – internal wellbeing strategy to actively support the mental, physical, financial and social wellbeing of our employees;
- Extended our partnership with Grace Care Consulting to continue to provide Elderly Care and an enhanced service to include advice on neurodiversity;
- Launched Help@hand, a wellbeing app providing physical and mental wellbeing resources designed to support our employees and their families when they need it.

### Anti-corruption and anti-bribery

#### Policies, Guidance and Statements

- Whistleblowing Policy
- Gifts and Hospitality Policy
- Grievance Policy
- Financial Crime Policy
- Fit & Proper Policy
- Conflicts of Interest and Anti-Bribery Policy

#### Initiatives

- All colleagues undertake annual training to recognise and combat corruption, bribery and financial crime, and receive regular updates to promote the Whistleblowing Policy;
- All colleagues undertake training to ensure awareness of Conduct Rules in Financial Services;
- All colleagues declare and record gifts or hospitality offers of any value monthly.
- To protect against increasingly sophisticated cyber security threats, we have upskilled our people to recognise and respond appropriately to the potential threats:
  - Annual Cyber Training
  - Quarterly phishing simulations and follow-up training
  - Privileged user/high risk user training

### Respect for human rights

#### Policies, Guidance and Statements

- Volunteering Guidance
- Anti-Bullying and Respect at Work Policy
- Diversity, Equity & Inclusion Policy
- Slavery & Human Trafficking Statement
- Domestic Abuse Policy
- Vulnerable Customer Policy

#### Initiatives

- Annual employee census to encourage disclosure and ensure accuracy of our Diversity, Equity and Inclusion (DE&I) data;
- Recruitment Charter to hold our partners to account when it comes to DE&I, ensuring more representative recruitment;
- Reasonable Adjustments Passports, designed to make conversations about working with disabilities and long-term conditions easier, more consistent and supportive.

Our risks

# MANAGING OUR RISKS

Risk management is fundamental to the successful delivery of Wesleyan's business objectives. We accept risk in order to deliver the strategic objectives of the Society, recognising the need to balance risk and reward.

Our reputation and relationship with our customers is vital and we will always act to treat them fairly and, deliver good customer outcomes. In order to meet the needs of our current and future customers, we will ensure we remain financially strong and even in extreme circumstances, will be able to meet our financial obligations as they fall due.

### Risk management framework

Our approach to risk management is set out in our Risk Management Framework (RMF). The figure (right) illustrates the RMF structure. It shows at a high level the four major components of the framework and gives examples of the various polices and processes that underpin each component.

The framework starts from policy setting at the top and develops business ownership as you move down. We view effective Risk Management as being underpinned by a strong Risk Culture.

The risk management framework includes the following key components:

- The definition of Wesleyan's appetite for our key risk types;
- A governance structure that gives sufficient focus to risk issues, with clearly defined roles and responsibilities;

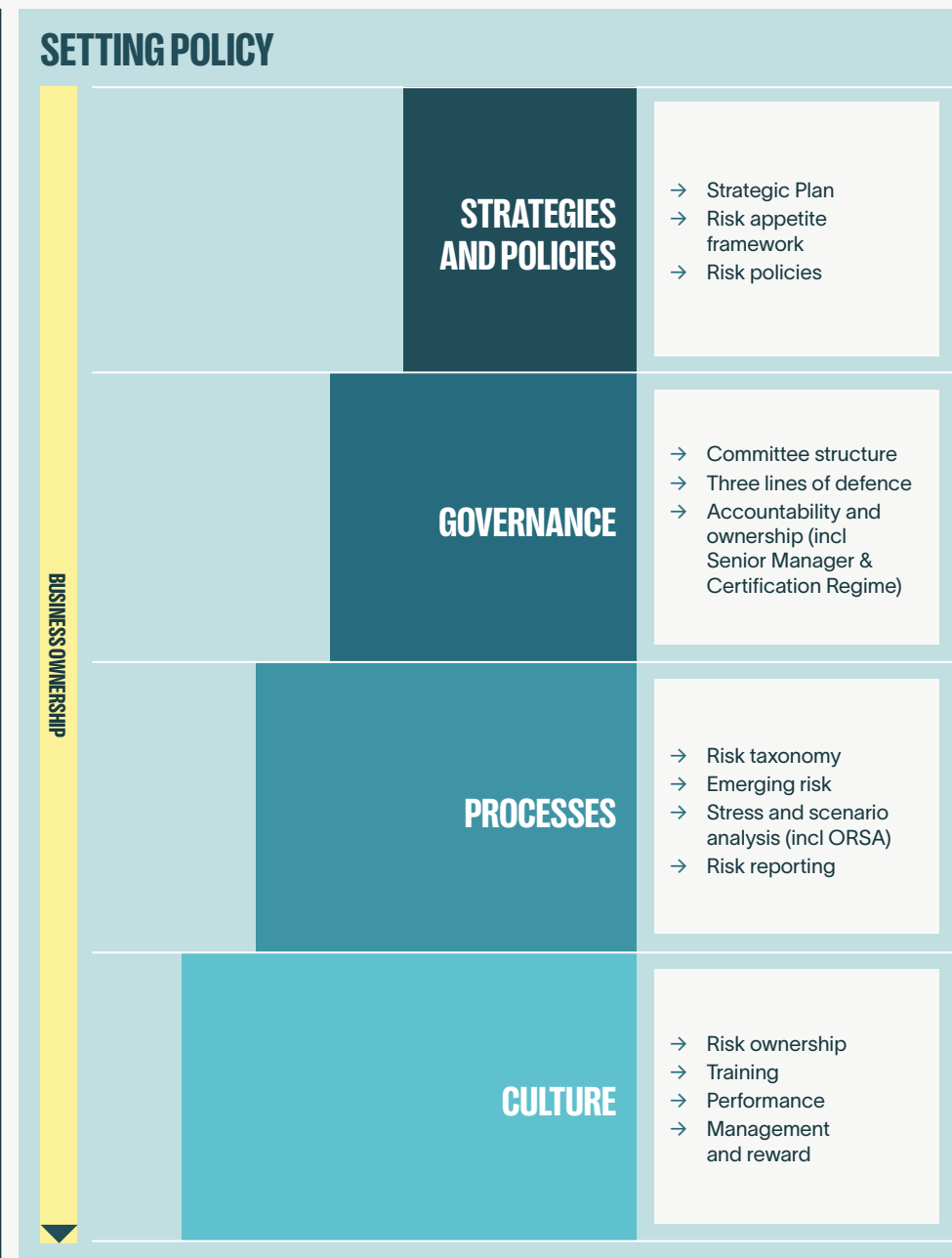
- Management information such as Early Warning Indicators and Key Risk Indicators which report our position relative to our risk appetite;
- Regular review of emerging risks;
- An Own Risk and Solvency Assessment (ORSA), which includes a forward-looking view of the risks faced by the Society and projections of our financial strength under a range of scenarios;
- An Operational Resilience Policy and Framework which assesses our ability to provide Important Business Services (IBSs) to our customers in the event of severe disruption;
- Risk identification, management and governance procedures for major change initiatives;
- Detailed review of and reporting on certain material risks, including financial risks arising from climate change;
- Comprehensive risk and regulatory training and tone from the top to encourage open discussion across the business about risk and develop an effective risk culture.

### Risk identification

Through our Risk Management system, we operate an Operational Risk and Control Assessment (ORCA), whereby business units identify and assess risks relevant to their area. This is the primary bottom-up tool used to identify risks across the Society.

Top-down risk identification processes include:

- Emerging Risk Assessment.
- Strategic Risk Management.
- The Own Risk and Solvency Assessment (ORSA).
- Stress and Scenario Testing (including Reverse Stress Testing).



## Our risks continued

### Risk assessment

The assessment of risk can be qualitative or quantitative:

- Qualitative: A qualitative assessment is made of the probability of occurrence and potential severity using a risk heat map.
- Quantitative: Data points are used to quantify this risk. This may be the use of historical data, with adjustment for potential future trends, or it may reflect the output from a suite of Key Risk Indicators (KRIs).

Quantitative risks are included within our capital models.

Our Solvency Capital Requirement, or 'SCR' is calculated using the standard formula and represents the amount of capital required to withstand a 1 in 200 event. We manage our capital position to ensure that we maintain a significant buffer above the SCR at all times. The size of the buffer is approved by the Society's Board and aims to ensure that our capital position is robust to internal and external shocks giving confidence that we are financially able to meet our customers' needs when they need us most.

We undertake regular reviews of the suitability of the SCR for Wesleyan, ensuring that it provides a reasonable representation of the risks we are exposed to.

A key tool in helping to understand our current and potential future risk profile is the Own Risk and Solvency Assessment (ORSA). This process is conducted at least annually or if our risk profile undergoes a material change. We look at the years ahead and ensure that all of the risks to which we might be exposed are identified, measured, monitored, managed and reported. This also supports capital planning and strategic business planning.

A projection of our expected future capital coverage and the potential for variation in this coverage is analysed as part of the ORSA process. This reviews whether we expect our capital position to remain within risk appetite both now and across the three-year business planning period. We also consider longer term capital projections over ten years.

### Risk treatment

Following assessment of the risk a decision is made to Terminate, Transfer, Mitigate or Accept the risk.

**Terminate:** To cease activity or withdraw from the market.

**Transfer:** Transfer the risk to a third party.

**Mitigate:** To apply mitigating controls to operate within agreed risk appetite thresholds.

**Accept:** To risk accept the position, with no immediate further actions to be taken but monitoring of the risk to continue.

### Risk monitoring and reporting

The monitoring and reporting of risk information is an important step within the risk management process as it enables effective risk governance and oversight against the Board approved risk appetite statements.

Risk appetites are reviewed at least annually and our risk position against risk appetite is reported on by the Risk Function to a quarterly Risk Committee and at each meeting of the Society Board.

### Governance and oversight

Society Board is ultimately responsible for ensuring the effectiveness of the risk management system, setting risk appetite and approving the main risk management strategies and policies.

To ensure the Board retains an appropriate level of oversight and support, it has established a structure of governance committees and roles and responsibilities to which they delegate authority for overseeing designated risks on their behalf.

## RISK MANAGEMENT PROCESS

The Risk Management process consists of four key steps:

- Risk Identification
- Risk Assessment
- Risk Treatment; and
- Risk Monitoring and Reporting



**Our risks** continued

**Three lines of defence**

As part of our Risk Management Framework a ‘three lines of defence’ governance structure exists to actively identify, manage and monitor risks. Robust risk management is also embedded within the culture of the Society. The effectiveness of risk management and the internal control systems is reviewed at least annually, including reviews undertaken by Internal Audit, the scope of which are aligned to the key risks we face.

The three lines of defence is adopted to enhance and protect policyholder and Society value, as well as manage risk effectively, by clearly defining roles and responsibilities and ensuring appropriate independence is maintained to enhance the governance which is embedded within the business.

A summary of the three lines of defence is set out opposite.

**Risk Committee**

To support the Board in meeting their obligations in relation to risk management, the Risk Committee provides oversight of key risk issues and provides advice to the Board.

**Audit Committee**

The Audit Committee, supported by the Corporate Audit function, provides assurance on the overall risk management and control system.

**Group Executive Committee (GEC)**

Risk and Audit issues are discussed at GEC. Group Executives are responsible for ensuring that risks in their business area are effectively identified and managed and that any breaches of risk appetite are identified and actioned.

**Chief Risk Officer**

The Chief Risk Officer is the senior manager responsible for the design and implementation of the risk management framework and for reporting on risks to GEC, Risk Committee and Board.

**Our risk appetite**

As a business, we accept risk to deliver our strategic objectives and recognise the need to balance risk and reward.

Underpinning our management of risk is Wesleyan’s risk appetite, which is set by the Board and details the amount of risk we are prepared to accept in pursuit of our business objectives. Any new risk exposure, or change to any existing risk exposure, is considered in light of the risk appetite before being accepted.

The Board regularly reviews and monitors our risk profile and risk limits against the approved risk appetite for each element individually and also the aggregate impact on strategic objectives.

To set clear risk appetite statements and effectively measure our risk profile, we categorise our risks as summarised opposite.

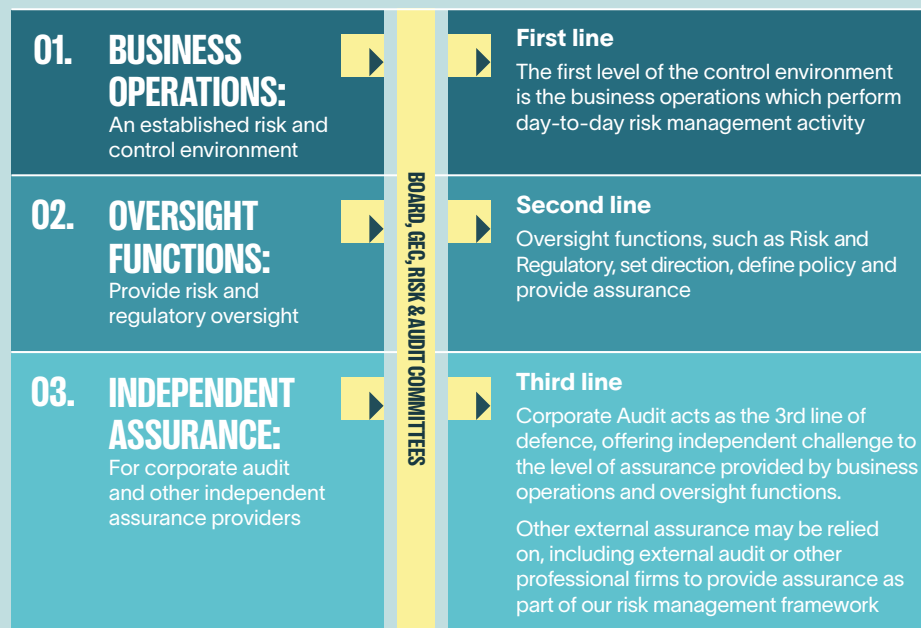
As a mutual, financial losses are charged against either the risk capital we hold or to our With Profits Policyholders. We therefore set out key principles and risk tolerances for the amount of risk that should be borne.

We categorise risk by source into key ‘Level 1’ risks – Strategic, Market, Insurance, Liquidity, Operational and Conduct. For each of these risks, we further sub-categorise down to ‘Level 2’ risks and set a risk appetite and appropriate risk tolerances.

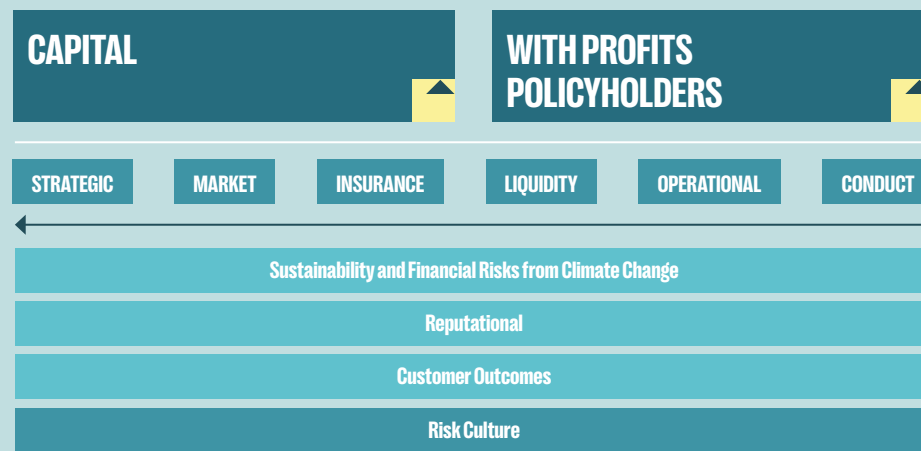
There are some risks that cut across these categories, such as Sustainability, Reputational and Customer Outcomes. We refer to these as transversal risks.

Finally, we believe that effective risk management is underpinned by a strong risk culture in which risks are understood, raised and managed by business owners.

**THREE LINES OF DEFENCE**



**RISK APPETITE**



## Our risks continued

### Risk exposure

The risks to which we are exposed are both quantifiable and unquantifiable. Quantifiable risks tend to be those where we have a history of data in order to measure the level of risk and are typically market and insurance risks. These risks are incorporated within our capital models.

Non-quantifiable risks are those that are more difficult to quantify and tend to have wider impacts on the Society than purely financial, for example impact on our reputation or ability to implement our strategic plans.

### Quantifiable risks

Our most material quantifiable risks are Equity and Mass Lapse risk. These are described further below:

Risk	Mitigating actions
<p><b>Equity Risk</b></p> <p>This refers to the risk that stock markets fall, thus reducing the value of our assets.</p> <p>For our investment and pensions products, we expect to receive value in the future from charge income which is set as a % of the customer assets we hold. For our insurance business, the expected future value of these charges is recognised as an asset on our balance sheet.</p> <p>Where equities are held in policyholder funds, an equity fall will lead to a reduction to the expected future charge income that we expect to receive and hence a reduction to the value of our assets.</p> <p>For With Profits products which have guarantees, equity risk increases the value of those guarantees, thus reducing our capital strength (pre mitigations).</p>	<p>We invest in a diversified portfolio of equities by company, industry and geography.</p> <p>We set risk tolerances for market risk (including equity risk) and manage our equity exposure to ensure that we operate within this.</p> <p>Where we have products with guarantees, a hedging framework is in place to hedge the risk that the cost of providing these guarantees will increase due to falling stock markets.</p> <p>We have implemented a Unit Matching framework to mitigate the risk associated with the reduction to future charge income and manage this within our risk appetite.</p>
<p><b>Mass Lapse</b></p> <p>In the event that a large number of these policies lapse, we will no longer receive the income we expect from charges on investment and pension products referred to above, leading to a loss of future income and an immediate reduction in the value of our assets.</p>	<p>We have a risk appetite for lapse risk and manage our exposure within these limits.</p> <p>We seek to retain customers by being a lifelong partner and providing good customer outcomes, including value for money products and investment performance that meets policyholders' reasonable expectations.</p> <p>We monitor lapse rates on our products and regularly obtain and act upon feedback from our customers.</p> <p>We will consider reinsurance of mass lapse risk where appropriate.</p>

During 2025, we have reinsured our insured annuity book and implemented a buy-in of our defined benefit staff pension scheme liabilities. This has materially changed our risk profile, significantly reducing our exposure to credit and longevity risk relative to 2024 year end.

### Non-quantifiable risks

A summary of the key non-quantifiable risks, identified and assessed as part of our 2025 Strategic Risk assessment is set out below. Our strategic plan, including our transformation programme aims to mitigate these risks. The risks, our mitigating actions and the prioritisation of these actions have been reviewed at Risk Committee and Society Board.

Risk	Description
<b>1 Scale and Complexity of required change</b>	There is a risk to Wesleyan achieving its strategic plan if it does not execute its transformation portfolio successfully.
<b>2 Growth / Cost Efficiency</b>	There is a risk that we are unable to grow our business and achieve the scale to continue to be competitive.
<b>3 Data and Technology Advances</b>	There is a risk that our competitors utilise advancements in technology more quickly and effectively than we do, so they operate more efficient processes and provide a better customer journey.
<b>4 Capital Erosion</b>	There is a risk that over time we gradually erode our capital to a position which does not allow us to invest sufficiently in the business.
<b>5 Competitive Proposition</b>	There is a risk that we are not able to remain relevant and the provider of choice for our core market of Doctors, Dentists and Teachers.
<b>6 Provision of Advice</b>	There is a risk that we are unable to provide affordable financial advice to our core professions whilst ensuring it is not loss making for the Society.
<b>7 Macroeconomic Uncertainty</b>	There is significant economic and political uncertainty and there is a risk that this detrimentally impacts the Society's ability to achieve its Strategic Goals.
<b>8 People and Capabilities</b>	As changing skillsets are required, including specialist skills in new areas such as AI, there is a risk that we are unable to attract, recruit and retain a diverse workforce with the required capabilities.
<b>9 Cyber Risk</b>	There is a risk that cyber-attacks increase in volume and sophistication lead to significant cost increases/capability needs to effectively manage cyber risk in the future.
<b>10 Climate Change</b>	There is a risk that we do not meet customer expectations in respect to climate change and sustainability which leads to financial loss, regulatory scrutiny or reputational damage.
<b>11 Regulatory Complexity</b>	There is a risk that increasing Regulatory change affects the ability of Wesleyan to deliver its strategic objectives.
<b>12 Supplier Management</b>	There is a risk a material third (or fourth) party does not perform as expected leading to operational and financial loss or discontinuity of services.

## Viability statement

The Society's Board of Directors have carefully assessed the long-term prospects of the business considering our current position, the main risks faced and the measures in place to monitor and manage these risks.

The Board believes there is a reasonable expectation that the Society will continue to operate successfully and meet its liabilities as they fall due over the next three years. This expectation is based on a thorough understanding and analysis of our long-term risks and our current capital strength. The associated risk management processes are set out in the Own Risk and Solvency Assessment (ORSA).

### Identifying and managing the impact of risk

We identify and monitor risks to ensure that our business aims and customer objectives can be met. Where possible, the risks are given a monetary value (quantifiable risks). The potential capital impact of these risks is determined through actuarial modelling. Where a direct monetary value cannot be applied (non-quantifiable risks), for example a cyber-attack on our systems, the impact is assessed and monitored through an established qualitative process.

A reporting process is in place to monitor our risk profile and ensure we stay within our agreed risk appetite and take prompt and appropriate action if we are approaching or outside our risk appetite. This is reviewed monthly by the Group Executive and at each meeting of the Risk Committee and Board. The most significant risks to the Society, along with an overview of the framework in place to manage them, are set out on pages 44 to 47 of this report.

Everyone in our business has a responsibility for managing risk. On a formal level, line managers are accountable for risk management in their own business areas. They are supported and challenged by the Risk and Regulatory team, and also a number of first line risk roles that are embedded within operational areas to help promote a strong risk management culture. Internal Audit acts as a third line of defence assessing how effectively risk is being managed and identifying and tracking any mitigating actions.

### Our appetite for risk

As a business, we accept risk to deliver our strategic objectives and recognise the need to balance risk and reward.

A key tool in helping to achieve this is the ORSA. Our ORSA process looks at the years ahead and ensures that all of the risks to which we might be exposed are identified, measured, monitored, managed and reported. This also supports capital planning and strategic business planning.

Our ability to meet capital requirements are analysed as part of the ORSA process. These are defined as the capital required to stay within our capital risk appetite, both now and across the three-year strategic planning period. To ensure we have considered potential longer-term trends, we also review capital projections over ten years.

We set our capital risk appetite at a higher level than the minimum regulatory requirements, in line with our strategy of maintaining financial strength.

### Applying rigour to risk management

We apply rigorous stress, sensitivity and scenario testing to risks identified through the ORSA. Stress and scenario testing allow us to ensure we have enough capital on our balance sheet to withstand major events such as a stock market crash or adverse changes to our key assumptions.

Based on the outputs of the ORSA and the other processes described above, the Directors have a reasonable expectation that the Society will be able to continue in operation and meet its liabilities as they fall due over the three-year strategic planning period. The Strategic Report on pages 17 to 51 was approved by the Board on 27 March 2026 and signed on its behalf by



**Mario Mazzocchi**, Group Chief Executive  
27 March 2026

## Section 172 statement



# OUR STAKEHOLDER ENGAGEMENT

## Statement by the directors in performance of their statutory duties in accordance with section 172 (1) of the companies act 2006

Section 172 of the Companies Act 2006 includes a general duty requiring Directors of the Society to act in good faith to promote the success of the Society for the benefit of all members.

The Directors believe decision making is enhanced by taking into account the interests of the Society's members and a broader range of stakeholders, including customers, colleagues, suppliers, regulators and the wider community and environment. They consider the longer-term impact of decisions on all of these groups.

Consideration of our stakeholders is embedded throughout the business with many channels of communication used to gather feedback.

Board meetings follow an agenda, agreed in advance between the Chair, Group Chief Executive and Company Secretary. They cover the financial performance of the Society, including updates from the Group Chief Executive, Chief Financial Officer and Chief Risk Officer; progress on strategic initiatives including sustainability, customer and product related reports, and people, culture and communication matters.

The Board receives reports from its sub-committees and reviews its performance after each meeting, as well as annually.

The Risk and Audit Committees particularly pay consideration to good outcomes for customers in their discussions and pay due regard to expectations of our Regulators. The People, Governance and Culture Committee focuses on people and governance matters, including diversity, equity and inclusion and sustainability, considering both outcomes for colleagues and the wider community.

The Remuneration Committee determines remuneration for Executives including agreeing long-term incentives linked to successful delivery of the Society's strategy. The With Profits Committee acts in an advisory capacity to inform the decision making of the Board. The Committee acts as a means by which the interests of With Profits policyholders are appropriately considered.

Updates on the Society's strategy to transform the business were received by the Board throughout the year, this ensured the Board was able to provide challenge and guidance on all key components of the plan.

## Section 172 statement continued

## Members/Customers

### Why they are important

The Society is a mutual organisation and is owned by its Members who are at the heart of our business. Securing their trust and loyalty is key to our future success.

The Society exists to serve its customers by providing products and services that meet their needs. Some of our customers are also Members or Associate Members.

### How the board engages

The Board uses direct means to engage, such as via the Annual General Meeting (AGM), and through attendance at the Members Advisory Board (MAB). They also use indirect means, such as the outputs of research using customer focus groups and regular customer insight updates. Views of the With Profits Committee, which independently looks after the interests of With Profits policyholders are also considered.

## Colleagues

### Why they are important

Colleagues help to deliver products and services to customers/ Members. They are integral to the business, and it is important to offer them terms and conditions that are fair and attractive to retain the right talent.

### How the board engages

The Board engages directly through a number of routes such as informal 'Meet the Board' sessions and through the Senior Independent Director and Group Chief Executive who have specific responsibility to meet with the Partnership Council. The People, Culture and Governance Committee receives regular updates on Diversity, Equity and Inclusion.

## Community/Environment

### Why they are important

The Society seeks to support the wider community through being a responsible business. This includes focusing on ESG matters as well as the work of the Wesleyan Foundation which is aligned to our professional customers and the communities in which we live and work.

### How the board engages

The Board receives updates on the work of Wesleyan Foundation which runs events within the wider community. It also receives regular updates on the work the business does with the wider community and oversees sustainability policy and actions.

## Suppliers

### Why they are important

The Society seeks to work collaboratively with its suppliers as they are integral to the running of the business. The Society looks to build good long-term relationships, particularly with suppliers to whom we outsource critical activities. Suppliers will be replaced if they underperform, a better partner emerges, or they do not uphold the same standards and values as the Society such as around environmental, social and governance standards. We work to support smaller suppliers to develop in these areas, so they are not excluded from doing business with us.

### How the board engages

The Board receives information on suppliers through updates from the Risk Committee. The Board approves the Slavery and Human Trafficking Statement which is reflected in the way we agree our contractual terms with suppliers. A breach of the law on their behalf would represent a material breach of the contract.

## Affiliates

### Why they are important

The Society works with affiliate organisations that are linked to its professional markets and aims to work collaboratively so that the relationships are mutually beneficial and enhance the reputation of the Society and the affiliate.

### How the board engages

The Board will engage by receiving information on the relationships through the Supplier Management oversight information and distribution updates.

## Regulatory Authorities

### Why they are important

The Society understands the importance of complying with regulation and seeks to have an open and cooperative relationship with its regulators.

### How the board engages

The Board engages with the Society's main regulators through meetings and by attending events run by the regulator. The Board also receives regular information on the business' interactions with its regulators and keeps up to date with regulatory changes through the work of the Risk & Regulatory team.

## Section 172 statement continued

## Principal decisions during 2025

Summary of decision	Outcome	Stakeholder influence	See also
<b>The Board approved a pivot of its outsourcing of policy administration services to SS&amp;C while continuing the successful outsourcing relationship with TCS for IT operations</b>	<p>By partnering with SS&amp;C the Society has entered into an outsource arrangement that best fits with our long-term strategy. This helps us to accelerate our growth plans and simplifies our business by moving to one outsourcer for both our new investment platform and policy administration. The transfer of operations was successfully delivered in October 2025. We are now working with SS&amp;C to improve our processes to deliver an enhanced customer experience.</p> <p>Many of our colleagues working in our operations teams transferred to SS&amp;C and continue to support our customers from a UK based call centre operation.</p>	This enables us to move to a more efficient joined up customer experience for our customers. It also offered opportunities for many of our colleagues who have transferred and has enabled seamless transition for our customers. This supports our drive to reduce costs and move to a more variable cost model with a provider that will help us keep pace with evolving technological advances.	Pages 10, 15 and 56
<b>The Board approved the next phase of our plans to develop and implement an investment platform. This is expected to be rolled out to all our advisers to support our customers around their investment needs in the second half of 2026.</b>	This decision follows positive results from the pilot which is still ongoing. We are using the learnings from this to help us refine and shape the proposition before we expand access to the platform to more advisors and customers later in 2026.	This modernises the way that we help our customers offering greater choice and flexibility and has been well received by customers and our specialist financial advisers.	Pages 10, 15, 33, 36 and 56
<b>The Board approved funding for the next phase of our strategic programme to modernise the business</b>	This will include creation of more seamless processes enabling us to better serve customers across all life stages. We will implement improved tools to help our advisers improve their efficiency enabling them to see more customers who need financial advice or financial coaching. We will redevelop our brand to promote the full range of specialist services we offer including the enhancements to our investment proposition.	We are using a test and learn approach working closely with our customers and advisers in an iterative way to ensure the changes we make help to deliver a specialist service tailored to our customers' needs using a range of channels.	Pages 9, 15 and 56
<b>The Board approved the development of two new with profits funds.</b>	This will enable us to offer the benefits of with profits and smoothing to customers with a wider range of risk appetites, with risk ratings higher and lower than our existing with profits fund.	This broadens our proposition so our with profits funds can now support more of our customers' needs.	Pages 4 and 56
<b>The Board approved payment of a mutual bonus during 2026</b>	A mutual bonus of 0.25% will be applied to investments in the With Profits Open Fund in 2026.	With advice from the Chief Actuary and With Profits Committee the Board has concluded that payment of a mutual bonus is affordable.	Pages 1, 2, 9, 18 and 56
<b>The Board approved entry into a contract for funded reinsurance for our annuity business.</b>	This involves transferring longevity, inflation and credit risk to a carefully selected third party with quality collateral in place to minimise risk.	This contract helps us optimise how we manage the Society's capital helping us to be in a position to invest in the business and be able to afford to pay a mutual bonus in 2026.	Pages 18, 46, 56 and 120
<b>The Board engaged with the Trustees of the Wesleyan Staff Pension Scheme and were supportive of the Trustees proceeding to agree a Buy-In in December 2025</b>	This has allowed the Trustees to secure an insurance policy with an insurance provider to cover the schemes liabilities. The Trustees are now taking steps to move towards a Buy-Out which will allow the scheme to be wound up and scheme members benefits to be secured with individual insurance contracts provided by the third party, therefore this is being treated as a settlement.	An agreement was reached with the Trustees to share any surplus at Buy-Out in the ratio of 87% to be returned to the Society and 13% to be used by the Trustees to uplift benefits for Scheme members. In its negotiations with the Trustees the Board sought to balance the interests of the Scheme members and the interests of the Society and its members.	Pages 18, 46, 96, 98 and 128

# OUR GOVERNANCE

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**Senior leadership team** as at 27 March 2026

**Mario Mazzocchi**  
Group Chief Executive



**Nathan Beckett**  
Chief Financial Officer



**Marco Groot Wassink**  
Chief Financial Officer (Designate)



**Karen Blatchford**  
Managing Director of Distribution



**Faraz Tasnim**  
Chief Operating Officer



**Lisa Perkins**  
HR Director



**Katie Wadey**  
Chief Product and Commercial Officer



**Jonathan Welsh**  
Chief Risk Officer



**Selena Pritchard**  
Company Secretary



**Robert Ralph**  
Head of Corporate Audit

## Our Board of Directors



### Nathan Moss

■ B ■ D

Society Chair and Chair of People, Culture and Governance Committee (to 31 March 2026)

- Nathan was appointed Chair in January 2018, having joined the Society's Board in July 2017. He will step down from the Board on 31 March 2026.
- He has more than 40 years' experience in the wealth management, bank and insurance sectors, including with HSBC, Scottish Widows, Lloyds TSB and Friends Life.
- Nathan served as a Non-Executive Director at Canada Life Group where he chaired the group's board risk committee and as Chair of Canada Life Platform Ltd and Stonehaven UK Ltd. Previously he was a Non-Executive Director at One Savings Bank plc, and Homeserve Membership Ltd



### Ian Gladman

■ B ■ D

Society Chair and Chair of People, Culture and Governance Committee (from 1 April 2026)

- Ian was appointed Chair Designate in November 2025 and joined the Society's Board in January 2026. He will become Chair on 1 April 2026 when he will become Chair of the People, Culture and Governance Committee.
- Ian has nearly 40 years direct experience of the financial services industry in a variety of senior roles. This has included exposure to insurance, banking, advice and wealth management sectors including with Old Mutual plc, S.G Warburg, Goldman Sachs and J.P. Morgan.
- Ian is the Chair of the Hurst Point Group and Non-Executive Director of Blevins Franks Group Limited.



### Anne Torry

■ B ■ D ■ E

Senior Independent Director and Chair of the With Profits Committee

- Anne joined the Board in January 2019. She is Chair of Wesleyan's With Profits Committee and also sits on the Remuneration and People, Culture and Governance Committees. Anne was appointed as Senior Independent Director in January 2022.
- She has more than 30 years' experience of insurance, strategic leadership and change, working internationally.
- Most recently she served as CEO of Zurich UK Life.
- Anne is a Non-Executive Director for Aon Investment Ltd, BUPA Insurance Ltd and Homeserve Membership Ltd.



### Linda Wilding

■ B ■ D ■ F

Chair of the Remuneration Committee and Chair of Investment Committee

- Linda joined the Board in June 2019 and was appointed Chair of the Remuneration Committee later in the year. Linda became Chair of the Investment Committee in December 2021.
- She has extensive experience in the private equity investment and healthcare sectors and worked in the private equity division of Mercury Asset Management from 1989 to 2001.
- She is currently a Non-Executive Director at Sherborne Investors (Guernsey), C Limited Odyssean Investment Trust plc and is a Non-Executive Director at Letterone Investment Holdings SA and Letterone Holdings SA. She is also a trustee at the Tanglely Trust.



### Philip Moore

■ A ■ C ■ E

Chair of the Risk Committee

- Philip joined the Board in October 2020 and has over 40 years' experience within financial services.
- Until his retirement in 2017, Philip was Group Finance Director for LV=. Prior to this, he held a number of roles, including Chief Finance Officer and then Chief Executive Officer at Friends Provident plc. Philip also spent nine years with PwC, in London and Hong Kong.
- Philip serves on the Board of Bank of Ireland (UK) plc where he chairs the Audit Committee. He is also a governor / trustee at other not for profit organisations.



### Rita Bajaj

■ A ■ F

Non-Executive Director

- Rita joined the Board in May 2022 and is a member of the Audit and Investment Committees. She acts as the Board's Consumer Duty Champion and is also Chair of the Board of Wesleyan Financial Services.
- She has over 30 years' experience working in global investment markets, including leading investment teams at Royal London and Invesco Perpetual. She has also managed global and US equity vehicles for several major US investment institutions.
- Rita is a Board member at Benefact Group plc and Fidelity International Life, where she is the Senior Independent Director. She is also Chair of Columbia Threadneedle Fund Management Limited and Columbia Threadneedle Investment Business Limited, and an Independent Governance Member for Hargreaves Lansdown's workplace SIPP Committee.

## Our Board of Directors continued

**Gary Dixon**

Chair of the Audit Committee

- Gary joined the Board in August 2023 and was appointed Chair of the Audit Committee. He was also appointed to the Board of Wesleyan Unit Trust Managers in December 2023.
- Gary has over 30 years' experience in financial services and regulation. After a career at Coopers and Lybrand, Gary formed Resources Compliance UK Ltd, providing regulatory and risk advisory services.
- Following the sale of the group in 2008, he became interim CEO of Home and Capital Trust Limited Group.
- He sits on the Board of Trading 212 (UK) Ltd and the Universities Superannuation Scheme. He is also a trustee of the Barclays UK Retirement Fund where he also acts as Chair of the Audit Committee.

**Paul McMahon**Non-Executive Director  
(from 1 April 2025)

- Paul joined the Board on 1 April 2025 is also a member of the Risk Committee. He was appointed as Chair of Wesleyan Unit Trust Managers on 31 May 2025 and as a member of the Board of Wesleyan Financial Services.
- Paul has over 40 years' experience in the financial services industry including senior appointments at Aegon, AXA, Zurich, FNZ and Prudential.
- Paul has held a number of non-executive appointments and is currently Chair of Ignition Advice (UK) Limited and ebi Portfolios. He is a member of the Board of Ignition Wealth (Ireland) and Ignition Wealth Group Limited. He is also Board Adviser to the Platforms Association.

**Mario Mazzocchi**

Group Chief Executive

- Mario became Group Chief Executive in August 2019, having joined Wesleyan in December 2018 as Chief Operating Officer.
- Mario is an attendee of the Risk, Audit, Investment, Remuneration and People, Culture and Governance Committees.
- He moved to Wesleyan from Lloyds Banking Group where he was Chief Operating Officer for the Insurance & Wealth Division having held a number of other senior appointments in the Group.
- Before working at Lloyds, Mario gained extensive experience in different industries, markets and sectors including marketing, sales and strategy.

**Marco Groot Wassink**Chief Financial Officer  
(from 1 April 2026)

- Marco will become Chief Financial Officer (CFO) on 1 April 2026, having joined the Society in January 2026.
- He moved to Wesleyan from Legal and General, where he held a range of roles over an 8-year career, rising to Chief Financial Officer for the Retail Division. Prior to Legal and General, he worked in a variety of financial and risk related management roles.
- He will be an attendee of the Risk, Investment and Audit Committees.
- In addition to Finance, Marco will take on accountability for Wesleyan's Company Secretarial team.

**Nathan Beckett**Chief Financial Officer  
(to 31 March 2026)

- Nathan joined Wesleyan in 2008 and has held a number of senior roles within the Society including Head of Corporate Audit, Group Financial Controller, Finance Director of Practice Plan and Managing Director of Practice Plan. Most recently Nathan acted as Managing Director of Dental, General Insurance and Direct.
- Nathan is a Chartered Accountant, joining Wesleyan following a career in audit practice and financial training.
- In addition to Finance, Nathan also has accountability for Wesleyan's Company Secretarial team.
- He is an attendee of the Risk, Investment and Audit Committees. Nathan will step down from the Board on 31 March 2026.

## Board activities 2025

### February 2025

- Agreed the fund proposition to be included in the pilot WesInvest platform including Wesleyan and third-party fund options.
- Approved the Operational Resilience Self-Assessment to support important business services in the event of a business interruption event including development of new scenarios to be tested.
- Approved the appointment of Paul McMahon to the Board and as Chair of Wesleyan Unit Trust Managers Limited.

### March 2025

- Tested the assumptions behind our strategic plan which demonstrated head room for growth in our core markets.
- Reviewed the new approach to how we collect and measure customer feedback. This is enabling us to gain greater insights into how our customers feel about the business using real-time data.
- Received a deep dive report on our Direct channel which is showing strong growth through our on-line with profits ISA. Our Intermediary channel continues to build momentum offering our With Profits Fund via third party investment platforms, while we promote the relevance of smoothed funds in today's uncertain times;
- Welcomed the new DE&I Dashboards to support senior leaders to become more action orientated in their areas to embed DE&I across the business.

### June 2025

- Received an update on the restructure of the Members Advisory Board which is now meeting by profession and providing input into key transformation activities including the WesInvest platform development, while also helping to update us on segment trends and needs in their professions.
- To maximise the opportunity in our core markets we redefined our strategic targets to ensure they aligned with the changing needs of our members and the wider market environment.
- Our Annual General Meeting took place with all resolutions supported by our members.

### July 2025

- Reviewed the Annual Report on Consumer Duty including actions to continue to embed the duty further across the business.
- Agreed to enter into a contract with SS&C for outsourcing of policy administration services including TUPE of impacted colleagues to SS&C. This solution being best designed to support our future vision for the business across operations and distribution.
- Approved our capital risk appetite and approved the Own Risk & Solvency Assessment which had been updated to reflect our business strategy and targets.

### September 2025

- Approved a pilot through our Intermediaries Channel to include the With Profit Fund in Model Portfolio Services offered by third parties.
- Reviewed feedback from MAB members on the WesInvest Pilot.
- Approved the Member Benefit approach for 2026 which would include free digital healthcare for members and their families via Health Hero. This online service provides remote GP appointments, mental health support and more and was launched at the end of January 2026.

### November 2025

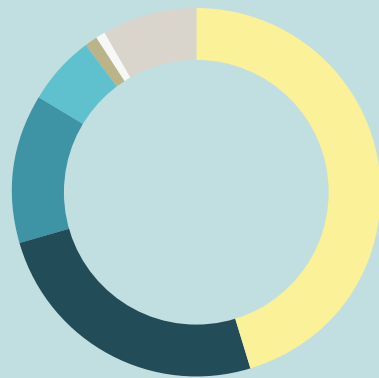
- Received insights from a deep dive into our distribution business WFS including ways to meet more customer needs and increase productivity.
- Following positive results from the WesInvest pilot we approved a contract with SS&C Hubwise and Wesleyan Financial Investments Ltd to develop our investment platform.
- Approved investment in our future distribution strategy to improve efficiency and modernise the way we do business to provide improved experiences for our members and advisers.
- Approved the appointment of Ian Gladman as Chair Designate to succeed Nathan Moss in 2026.
- As part of the work started in 2024 to manage business risks so that more of these are borne by the Society's Estate rather than With Profits Policyholders it was agreed to enter a contract with an external insurer for funded reinsurance for the annuity book to transfer longevity, inflation and credit risk.

### December 2025

- Received an update from the Chair of the Partnership Council on key themes from the work of the Council in 2025.
- Approved the Mutual Bonus of 0.25% to be applied to Open With Profits Fund asset shares in 2026.
- Approved changes to simplify our Sustainable Investing Policy reflecting feedback from customer research.
- Approved funding to support the delivery of the next stage of the Strategic Roadmap in 2026 and the 2026 Budget.
- Received an update on work to refresh our Brand which is rolling out during 2026.
- Following advice from the Investment Committee the Board agreed the future model for Asset Management to be rolled out from 2027 to support our Investment Strategy.

## Corporate governance

### The focus of the Board in 2025



Strategy	45%
Performance/Operations/Finance	25%
Customer	13%
People/Culture	6%
Governance	1%
Sustainability	1%
Risk/Compliance	8%

### Tenure



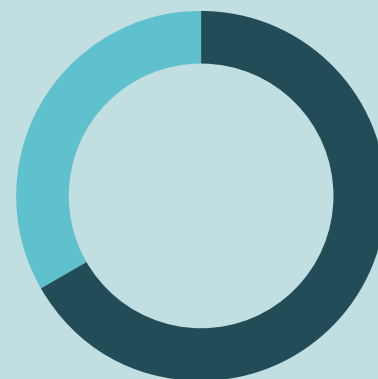
< 1 year	1
1-3 years	2
3-5 years	1
5-7 years	3
7-9 years	2

### Ethnicity



BAME	1
White	8

### Gender



Male	6
Female	3

The Society aims to meet the highest standards of corporate governance. The Board is responsible to the Society's policyholders and has chosen to adopt the UK Corporate Governance Code 2024. It has decided to implement Principle 29, relating to the effectiveness of the Society's risk and control effectiveness, over a slightly longer timetable than indicated in the Code and good progress is being made in this regard. The Society has been a signatory to the Stewardship Code over recent years; however, with the recent changes to the Code, it was decided in 2025 to comply with the spirit of the requirements but not to seek formal FRC approval.

This report summarises the Society's governance arrangements and continued enhancements and, in accordance with the UK Corporate Governance Code, identifies any areas of the Code where the Society does not comply, for which an explanation is given.

### Companies Act 2006 and Society's Rules

The Society is an unregistered company, being incorporated under its own Act of Parliament. However, our Rules have adopted, where appropriate, the provisions of the Companies Act 2006.

### Governance by Directors

#### The Board

The Board meets regularly to lead, control, and monitor the overall performance of the Society, including high-level consideration of succession planning. The Board regularly assesses the opportunities and risks to the future success of the business, the sustainability of the company's business model and the delivery of its strategy.

Senior management provides the Board with appropriate and timely information and is available to attend meetings and answer questions. The Chief Risk Officer, Head of Corporate Audit and Company Secretary attend all Board meetings. There is a formal schedule of matters reserved for the Board's decision. The roles of Chair and Group Chief Executive are separated, and the Chair has primary responsibility for the effective functioning of the Board. Authority is delegated to the Group Chief Executive for implementing strategy and managing the Society.

### Board focus

The Board and its Committees have access to the Chief Actuary, With Profits Actuary, Chief Risk Officer and Company Secretary. They may also obtain independent professional advice, at the Society's expense, about any matter concerning the Society relevant to their duties.

The current Board member profiles are shown on pages 54 to 55. All Directors hold policies with the Society in accordance with the Rules of the Society. The Remuneration Report on pages 65 to 79 explains the basis of remuneration of the Executive and Non-Executive Directors.

### Board performance review

The Board regularly reviews its performance and effectiveness and 2024 was the last year of a three year engagement working with an independent board reviewer, Independent Audit Limited. Good progress was made with the actions agreed at the start of 2025 and further actions were agreed later in the year. The People, Culture and Governance Committee supported the deferment of an internal effectiveness review in 2025 to allow the new Chair to join the Society and provide input to potential options for the Board performance review during the first half of 2026.

The 2024 assessment concluded that the Board had a good range of skills with a strong sense of trust and openness. The Board and its Committees were found to be well chaired with good focus on key strategic priorities and with customers at the heart of Board and Committee thinking.

The 2024 review highlighted the following areas for further development in 2025.

**Hearing more of the customer voice** – there has been progress made to enhance Board sessions on Customer and Consumer Duty matters using research and insights from our Customer Committee. The redesigned customer sessions have been well received, and we will continue to build on this and link this more closely with our Consumer Duty maturity framework which is focused on embedding the duty further.

## Corporate governance continued

**Strategy** – the Board will continue to focus on assessing the successful development and execution of the strategy, paying particular attention to the role of technology and data to leverage efficiencies.

**Pressure points** – the business is going through transformative change to modernise and better meet customer needs. The Board remained focused in 2025 on ensuring the interconnectedness of risks were understood and well managed and that our risk appetite remains appropriate for the business.

**People** – with the changes to the business, the Board approved changes to the operating model and the Board remains focused on ensuring we have the right capabilities to deliver our strategy.

**Oversight of culture** – with the transformational changes taking place in the business the Board continued to monitor insights into its culture, including initiation of a project to simplify our governance structure to make sure it fits with an agile business model.

**Board-Executive relationship** – it is a regular area of focus to ensure the Board and Executive are clear on their roles. A strengthening of governance and clarity of roles around investment activities has been a key focus in 2025 to ensure the delineation of responsibilities supports the role of the Investment Committee, Board and Executive.

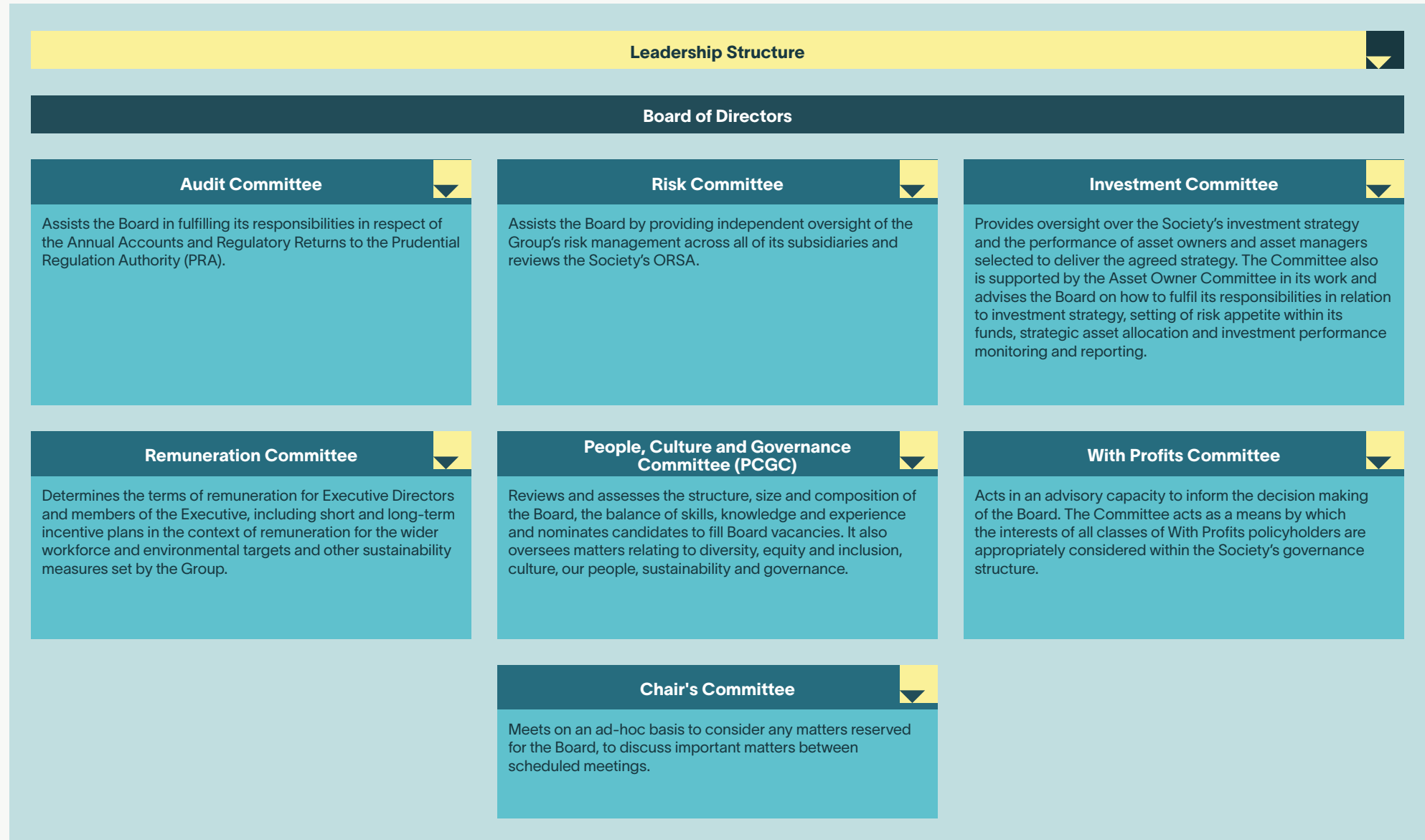
### Areas of governance

Section	Description	Further information
<b>1 Board leadership and company purpose</b>	Wesleyan is led by the Board whose role is to promote its long-term sustainability, generating value for members and contributing to wider society. It is supported in its role by a number of sub-committees. The Board establishes Wesleyan's purpose, values and strategy and ensures that these and its culture are aligned.	Read more about the Directors' skills and experience on pages 54 to 55
<b>2 Division of responsibilities</b>	The Board demonstrates objective judgement and promotes a culture of openness and debate. It includes an appropriate combination of Executive and independent Non-Executive Directors with a clear division of responsibilities between the leadership of the Board and the Executive.	Read more about the division of responsibilities on page 62 to 63
<b>3 Composition, succession and evaluation</b>	Appointments to the Board are subject to a formal, rigorous and transparent procedure, and an effective succession plan is in place. Board and Senior Management diversity in all its forms is promoted. The Board and its Committees have the right combination of skills, experience and knowledge.	Read more about the Board's composition, succession and evaluation on page 63
<b>4 Audit, risk and internal control</b>	The Board is responsible for establishing and maintaining the effectiveness of the risk management and control framework. It has procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the Society is willing to take in order to achieve its long-term strategic objectives.	Read more about our approach to risk management on pages 63 to 64
<b>5 Remuneration</b>	There is a formal and transparent process in place for setting Executive remuneration and for fixing the remuneration packages of individual Directors. The Remuneration Policy aims to attract, retain and motivate by linking reward to performance.	Read more on our Remuneration Policy on page 70
<b>6 Sustainability</b>	The Society Board has a responsibility for setting the risk appetite and strategic direction around Sustainability including climate-related risks and opportunities. The Board approves the Sustainability Strategy, Carbon Offsetting Policy and our annual Climate Financial Risk Assessment as part of the ORSA (Own Risk and Solvency Assessment) process, which underpins the Society's strategic plans.	Read more about Sustainability on pages 30 to 42

## Corporate governance continued

### 1 Board leadership and Company purpose

Wesleyan is led by the Board whose role is to promote its long-term sustainability, generating value for members and contributing to wider society. It is supported by a number of sub-committees.



## Corporate governance continued

### BOARD COMMITTEES

The Board delegates specific responsibilities to a number of Board Committees, which are supported by senior management. Terms of Reference for the below committees are available on request or from the Society's website – [www.wesleyan.co.uk](http://www.wesleyan.co.uk).

#### AUDIT COMMITTEE

Gary Dixon was appointed as Chair on 29 August 2023. The Committee comprises two other Non-Executive Directors as listed on pages 54 to 55. Other attendees include the Group Chief Executive, Chief Financial Officer, Chief Actuary, Chief Risk Officer and Head of Internal Audit.

The Committee assists the Board in fulfilling its responsibilities in respect of the Annual Accounts and Regulatory Returns to the Prudential Regulation Authority (PRA). The Committee keeps under review the Society's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Society has in place an arrangement for employees to contact an independent confidential advice line.

#### RISK COMMITTEE

The Committee's principal role is to consider the risks faced by the Society and its subsidiary companies and to advise the Board. Philip Moore was appointed as Chair from February 2021. The Committee comprises two other Non-Executive Directors, as listed on pages 54 to 55. Other attendees include the Group Chief Executive, Chief Financial Officer, Chief Actuary, Chief Risk Officer and Head of Internal Audit.

It is the Chair's practice to meet separately with the Chief Risk Officer ahead of most meetings. The Committee's main activities during 2025 included:

- Reviewing and assessing the risk oversight provided by management in connection with current and emerging risk exposures, including in relation to operational, financial crime and cyber related risks;
- Assessing in detail the impact of management's strategic plans as well as external events on the risk profile of the Group, including the impact of the Society's transformation plans and the strategic plan for Wesleyan Financial Services;

- Gaining assurance that an appropriate culture in relation to the management of risk continues to be maintained;
- Receiving reports from the Chief Risk Officer on a wide range of issues, including new products and regulatory matters;
- Providing independent oversight of the Society's management of climate-related risks. This includes review and challenge of the Climate Financial Risk Assessment as well as the overall effectiveness of the Group's Risk function, Integrated Risk Management (IRM) framework, policies and processes in managing these risks;
- Receiving a report from the Chief Risk Officer assessing the impact of the financial risks from climate change and proposing relevant actions to address them. Review of sustainability reports and governance processes for inclusion in the Report and Accounts;
- Monitoring progress to manage the Society's financial and capital risks effectively and efficiently.

#### INVESTMENT COMMITTEE

The Committee was established as a Board sub-committee in November 2016 to provide advice to the Boards of the Society and Wesleyan Unit Trust Managers in relation to investment strategy, asset owner and asset manager performance and investment governance and reporting. It also oversees the performance and operation of the Society's investments. Linda Wilding became Chair in December 2021.

The Committee also comprises one other Non-Executive Director as listed on pages 54 to 55, and an independent, Non-Board member, Andrew Kirton from 1 March 2023. Andrew has 40 years financial services experience, including 20 years at Mercer in a variety of leadership and consulting roles, six of which he spent as Chief Investment Officer. In addition, other attendees include the Group Chief Executive, Chief Product & Commercial Officer, Chief Actuary, Chief Risk Officer, With Profits Actuary and Director of Investments.

The Committee's main activities during 2025 included:

- Reviewing the strategy and structure for all funds (including With Profits, Estate and Wesleyan Unit Trust Managers funds) in light of the Board's risk appetite and risk framework, and making recommendations to the respective Boards;

- Reviewing investment performance and ESG matters using external benchmarks as appropriate;
- Reviewing impacts of market conditions such as the impact on performance from increased rates of inflation and market volatility and what this might mean for future strategy;
- Monitoring investments to ensure they are managed in line with our Sustainable Investing Policy. This policy documents our three Sustainable Investing Principles ('Responsible Screening', 'Positive Contribution', and 'Active Engagement') and includes targets for both ESG scores and carbon footprint against benchmark for each investment fund;
- Considering and examining governance / audit and compliance issues, including the respective roles and responsibilities of Asset Owner and Asset Manager and the Sustainable Investing Policy.

## Corporate governance continued

### BOARD COMMITTEES

#### REMUNERATION COMMITTEE

Linda Wilding was appointed Chair of the Committee in September 2019. The Committee comprised two other Non-Executive Directors during 2025 as listed on pages 54 to 55. The Group Chief Executive, HR Director and Independent Advisors, Korn Ferry are in attendance as required.

The Committee determines Remuneration policies for the Society, which includes setting appropriate environmental targets and other sustainability measures for the 'Balanced Scorecard' used in determining performance linked pay awards for the Executive team. The Committee also exercises oversight over the Society's Remuneration Policy. No individual takes part in the setting of their own remuneration.

#### PEOPLE, CULTURE AND GOVERNANCE COMMITTEE (PCGC)

Nathan Moss was appointed Chair in January 2018. The Committee comprised two other Non-Executive Directors during 2025 as listed on pages 54 to 55.

The Committee's main activities during 2025 included:

- Regularly reviewing the structure, size and composition of the Board, in particular the balance of skills, knowledge and experience, and considering succession planning for Directors and other Senior Executives. This has been considered particularly in light of the transformation agenda currently underway;
- Considered the current composition of the Board and determined that it continues to be appropriate to the requirements of the business. Identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise giving due consideration to driving diversity in its broadest sense, including gender, ethnicity, background, skill set and breadth of experience;
- Considering progress on developing and implementing initiatives to improve the Society's overall sustainability position;
- Considering activity to further improve inclusivity and diversity across the Society and the approach to employee wellbeing. It has also considered the approach for the Board Performance Review;

- Regularly reviewing the culture and governance of the Society, including the views of employees, skills and capabilities across the workforce, employee value proposition and its Community and Citizenship Strategy;
- Regular updates on matters discussed at the Partnership Council. The Senior Independent Director is a member of the Committee and attends the Partnership Council meetings;
- Considering whether Directors can be recommended for election or re-election at the AGM giving due regard to their performance and ability to contribute to the Board in light of the knowledge, skills and experience required to ensure the continuing balance and progressive refreshing of the Board.
- Considering organisation design principles and approach to support the transformation plans for the business.

Other Board members with particular skills relevant to the nomination of new appointments may be invited to attend for all or part of any meeting, as and when appropriate. Nathan Moss, as Chair of the Society's Board, did not chair the Committee when it dealt with the matter of succession to his role. This process was led by the Senior Independent Director.

#### WITH PROFITS COMMITTEE

The Committee covers both the Open Fund and the Medical Sickness Society (MSS) Fund, which is closed to new business. The Committee is chaired by Anne Torry and attended by one other Non-Executive Director as listed on pages 54 to 55. They are joined by four independent external appointees Chris Davidson, Paul McNamara, Peter Needleman and Jonathan Hewitt.

During the year, the Committee's key activities were to assess, report on, and provide clear advice and, where appropriate, recommendations to the Board on:

- The way in which the Open Fund and MSS Fund are managed by the Society and whether this is properly reflected in the respective Principles and Practices of Financial Management (PPFM);
- Whether the Society is complying with the principles and practices set out in the PPFMs;
- Whether the Society has identified, and addressed effectively, the conflicting rights and interests of With Profits policyholders and other policyholders, or stakeholders. In providing its advice to the Board, the Committee also had regard to Consumer Duty requirements where the overarching principle is that the Society should act to deliver good outcomes for customers.

- Any other issues that the Board or the Committee considers With Profits policyholders might reasonably expect the Committee to be involved in or are required to be considered under FCA rules. Specifically in 2025, this included consideration of the Society's strategic plans for transformation and that the interests of the existing and future With Profits policyholders had been appropriately taken into account.

Ultimate responsibility for managing the Open Fund and the MSS Fund rests with the Board. The role of the Committee is, in part, to act in an advisory capacity to inform the decision-making of the Board. The Committee also acts as a means by which the interests of the With Profits policyholders are appropriately considered within the Society's governance structures. The Committee will address issues affecting With Profits policyholders as a whole or as separately identifiable groups of policyholders. The Committee is not empowered to take management decisions.

The Committee can engage external professional consultants to assist in delivering its objectives effectively.

The Committee's PPFMs, are available on request or from the Society's website at [www.wesleyan.co.uk](http://www.wesleyan.co.uk).

#### CHAIR'S COMMITTEE

The Chair can call an ad-hoc Committee of the Board in exceptional circumstances should approval be needed for a matter reserved for the Board in between scheduled meetings. Where possible the need for a Chair's Committee to be established and its membership, purpose and agreed delegation is agreed by the Board in advance.

Details of any actions taken by the Chair's Committee are reported to the next Board meeting, or immediately, if the Chair considers it appropriate. During 2025 the Committee met twice to discuss transformation matters.

## Corporate governance continued

### Members Advisory Board

Wesleyan's Members Advisory Board (MAB) is made up from professionals across the medical, dental and teaching professions and includes individuals at various stages of their careers. The MAB is very important to us as it is one of the key ways we are able to collate first-hand experience of the challenges, expectations and needs of our chosen professions. We meet with members on a regular basis as a group and we also work with them individually to use their unique insight as we develop new and existing propositions. As a mutual with a clear purpose to serve the professions, their insight into their lives and careers allows us to understand how we can better help them and their colleagues.

The MAB is representative of our professions across measures of diversity, career type and life-stage and focuses on greater levels of engagement, aligned purpose and value exchange and has appointed Co-Chairs from amongst its membership.

### Wesleyan Foundation

For more information on the Wesleyan Foundation please see pages 27 to 29.

### Subsidiary company governance

The Society's main subsidiaries are set out in Note 20 on pages 126 to 127 of these accounts. The Group is managed as far as possible as an integrated whole. Other than for Wesleyan Financial Services Limited and Wesleyan Unit Trust Managers Limited, the Boards of the Society's subsidiary companies were chaired by a senior Executive, with other senior Executive colleagues appointed to the particular Board relevant to their role.

## 2 Division of responsibilities

### Committee membership and attendance at meetings

	Society's Board <sup>1,5</sup>	Chair's Committee	Audit Committee <sup>4</sup>	Risk Committee <sup>4</sup>	Investment Committee	Remuneration Committee	PCG Committee <sup>2</sup>	With Profits Committee
Meetings in the year	8	2	5	7	4	5	4	5
<b>Non-Executive Directors:</b>								
Nathan Moss	8	2	-	-	-	5	4	-
Anne Torry	8	1	-	-	-	5	4	5
Linda Wilding	7	-	-	-	4	5	4	-
Ian McCaig <sup>3</sup>	3/3	-	-	4/4	-	-	-	-
Philip Moore	8	2	5	7	-	-	-	4
Harpreet Sood <sup>3</sup>	2/3	1	-	3/4	-	-	2/2	-
Rita Bajaj <sup>1</sup>	8	1	5	-	4	-	-	-
Gary Dixon <sup>1</sup>	7	1	5	6	-	-	-	-
Paul McMahon <sup>3</sup>	6/6	-	-	3/4	-	-	-	-
<b>Executive Directors:</b>								
Mario Mazzocchi	8	2	-	-	-	-	-	-
Nathan Beckett	8	2	-	-	-	-	-	-
David Stewart <sup>3</sup>	8	1	-	-	-	-	-	-

1 The Board meetings in March, June, September and December were held over two consecutive days, but have been classed as one meeting for the purposes of this table. Rita Bajaj attended the Board session on 27 March but not on 26 March and 25 September but not 24 September due to prior commitments. Gary Dixon attended the session on 18 December but not on 17 December due to prior commitments.

2 People, Culture and Governance Committee

3 Paul McMahon joined the Board on 1 April 2025. Harpreet Sood stepped down as a member of the Board on 26 May 2025, Ian McCaig stepped down on 31 May 2025 and David Stewart stepped down on 18 December 2025.

4 A joint meeting of the Risk and Audit Committee was also held in May 2025 attended by Gary Dixon, Philip Moore, Rita Bajaj and Paul McMahon but not reflected in the above analysis.

5 A Board sub-committee was held on 10 July to discuss a supplier contract, which has not been reflected in the above analysis.

## Corporate governance continued

### Management of the society

In accordance with the Society's Rules, the Board has delegated authority to the Group Chief Executive for implementing strategy and managing the Society. The Group Chief Executive has formed an Executive Committee to assist him in carrying out his responsibilities. The Committee meets monthly to manage business activities and strategic transformation. Papers are prepared and presented to the Board after agreement by the Committee.

### Accountability and audit

The Board of Directors is ultimately responsible for the Society's system of internal control and for reviewing its effectiveness, including any outsourced activities. This system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable, not absolute, assurance against material loss or misstatement.

The Board actively seeks to minimise the exposure to unnecessary risks and, in doing so, takes into consideration the materiality of the risks to be managed and the cost effectiveness of the relevant aspects of the necessary risk mitigation (including the use of derivatives and internal control) in light of the particular environment in which the Society operates. The Board is supported in this regard by the Audit and Risk Committees.

## 3 Composition, succession and evaluation

### The Chair

Nathan Moss has held the role of Chair since 1 January 2018 and will be succeeded by Ian Gladman on 1 April 2026.

### Executive Directors

As at 31 December 2025 there were two Executive Directors on the Board, the Group Chief Executive and Chief Financial Officer. David Stewart who operated as Chief Operating Officer left the Society on 18 December 2025.

### Non-Executive Directors

When Nathan Moss steps down as the Chair, there will be seven Non-Executive Directors including the new Chair. Their diverse experience, skills and independent perspectives provide effective review and challenge of the Society's activities. The UK Corporate Governance Code requires that at least half of the Board should comprise Non-Executive Directors, excluding the Chair. The Society complied with this requirement at 31 December 2025 and expects to continue to do so.

The Board remains confident that the strength of its independent Non-Executive Directors continues to be sufficient to ensure that an individual or small group cannot dominate the Board's decision-making. The Board is satisfied that each Non-Executive Director is in a position to devote sufficient time to the role in order to carry out their duties effectively.

The Chair and the Deputy Chair / Senior Independent Director are appointed by the Board. The Senior Independent Director role provides a sounding board for the Chair and serves as an intermediary for the other Directors and stakeholders. The Senior Independent Director speaks with each Non-Executive and Executive Director regarding the Chair's performance on an annual basis and reports back to the Board and Chair.

The Board considers all Non-Executive Directors to be independent of the Society in all matters notwithstanding their policies and their fees. These assessments are based on the character of the individuals in respect of independent mindedness when it comes to the raising of relevant issues and the rigorous process of assessment, judgement and follow through. Great emphasis is also placed on their knowledge and experience of the industry.

### Appointments to the Board

All appointments are subject to review by the Board, as advised by the PCGC. It is anticipated that a minimum term of three years will be served with a further three-year term subject to the agreement of the Board. Annual extensions may be considered thereafter for Non-Executive

Directors, normally up to a maximum nine-year term. Directors follow an induction programme on joining the Board and further training on specific subjects is undertaken as necessary. New Directors must retire and seek re-election at the first Annual General Meeting (AGM) following appointment. All other Directors submit themselves for re-election annually.

During 2025, Paul McMahon was appointed to the Board in April. Nathan Moss leaves the Board on 31 March 2026 and Ian Gladman, who replaces him as Chair, joined the Board on 28 January 2026 following regulatory approval. Nathan Beckett leaves the Board on 31 March 2026 and Marco Groot Wassink, who replaces him as CFO, will be appointed to the Board on 1 April 2026 following regulatory approval. Harpreet Sood left the Board on 26 May 2025, Ian McCaig left on 31 May 2025 and David Stewart left on 18 December 2025.

### Board diversity

- We believe in the benefits of having a diverse Board and see increasing diversity at this level as important to ensure our Board delivers optimum performance. The Board is a place where challenge, support, diversity of thought and teamwork are essential, therefore a good mix of skills, experience, gender, race and personal strengths are an important driver of good decision making by creating different perspectives among our Directors and breaking down a tendency towards 'group think'.
- The Board remains committed to ensuring that diversity is taken into consideration in its broadest sense. The Chair leads the Board Diversity agenda and sets measurable objectives to continuously improve in this area, including the gender and ethnic background balance.
- Wesleyan has set aspirational annual diversity targets for both gender and ethnic minorities. From 2026, we will broaden out the targets to build greater diversity across the entire leadership pipeline, aiming for 42% women and 13% ethnic minority representation in roles from Team Leader upwards. A strategy is in place, with the

gender target already achieved and focus on maintaining this.

- The People, Culture and Governance Committee has assisted in encouraging a diverse range of candidates through a Diversity Commitment Charter which sets our diversity requirements. We only work with external recruitment partners who are aligned to these requirements. We have also implemented improved reporting from partners on diversity metrics.
- The recruitment search briefs provided have placed emphasis on diversity of skills and background and have included searching in a wider pool to identify diverse talent.
- The Board continues to encourage development of a pipeline of high-calibre candidates by encouraging a diverse range of high performing individuals within the business to take on activities to gain Board experience. This includes opportunities to present at Board and meet with Board members.
- Board members have undertaken a wide range of engagement activities across the business during the year.

## 4 Audit, risk and internal control

### Control environment

The Society is committed to the highest standards of business ethics and conduct and seeks to maintain these standards across its operations. The Society's governance manual is subject to regular review, confirming the governance structure for the business and the guiding policies for the organisation.

An appropriate organisational structure for planning, executing, controlling and monitoring business operations is in place to achieve the Society's objectives and comply with laws and regulations. The structure is reviewed and updated on a regular basis, taking into account the pressures and conflicting priorities on the Society's business, to ensure that it provides clear responsibilities and control for key areas. Separate internal functions have been established for internal audit, compliance, risk management and change programme management.

## Corporate governance continued

Through this structure the Board receives an overall summary and recommendation of control effectiveness based on the Risk Assessment and Corporate Audit reports.

### Control procedures

The Society operates a number of control procedures to safeguard policyholders' assets and investments, including:

- Executive Committee meetings, led by the Group Chief Executive, which consider significant risk and control issues as part of their remit;
- The work of the Risk and Regulatory Compliance functions, Operational Resilience and of Corporate Audit and the timely resolution of actions agreed as a result of their work and that of the external auditors;
- Compliance with laws and regulations, business policies, codes of conduct and customer agreements, good business practices and rules including changes in the regulatory environment;
- The business continuity plans that the Society has developed to manage situations in which buildings, systems or significant employees are unavailable, for example, in the event of a pandemic, cyber attack or the loss of utilities;
- A risk and controls assessment methodology;
- Physical controls, segregation of duties and reviews by management;
- Reviews carried out by Corporate Audit as outlined in the internal audit section on this page;
- Reports from the Society's Compliance & Data Protection Officer who has oversight of the compliance with the FCA's/PRA's business standards and Data Protection requirements on a day-to-day basis;
- Preparation and monitoring of detailed budgets for functional business segments; and
- A change programme management function to structure, co-ordinate, monitor and report on the most significant projects that the Society is undertaking.

### Information and communication

Regular management information in respect of financial performance, customer service, complaints handling, investment performance and operations is prepared and reviewed by senior management, the Executive and the Board. Additionally, projects have their own management information processes reviewed by senior management, the Executive and the Board.

The Society prepares an annual budget and Strategic Plan to assist in the monitoring of results. Performance against these plans is actively monitored and, where appropriate, corrective action is agreed and implemented.

The Board receives regular reports on how its financial advice and marketing functions are complying with FCA regulations, including Consumer Duty principles.

### Risk management

Key risks are referred to in the Strategic Report under 'Principal Risks and Uncertainties'. Details of other risks to the Society, and its approach to risk management, are set out in Note 2 on pages 101 to 106 of the Notes to the Accounts.

### Internal audit

The Society has an internal audit capability (referred to internally as Corporate Audit), providing assurance over its system of governance, risk management and internal control. The programme of internal audit activity is designed to provide assurance that the controls implemented by management are adequate and working effectively. Appropriate external expertise is engaged where necessary to support its activities. It is committed to operating in line with the best practice guidelines set out by the Chartered Institute of Internal Auditors. It carries out reviews by applying a risk-based approach, the results of which are reported to the relevant Executive Committee and to the Audit Committee.

### Monitoring and corrective action

The Risk function reports to the Chief Risk Officer, the Risk Committee and the Board on the results of the risk assessment including

significant changes in the risk register and specific reports on elements of risk and their management as required.

Assurance is provided to the Audit Committee on the effectiveness of the key controls through:

- Reporting by the Society's Corporate Audit function on the key controls reviewed; and,
- The work of other independent advisers commissioned to report on specific aspects of internal control.

The Audit Committee monitors the status of corrective actions for the improvement of the effectiveness of the system of internal control. During 2025 the Audit and Risk Committees continued to monitor enhancements to Information Technology (IT) general controls and actions taken to resolve these. The Society takes the addressing of such issues extremely seriously and the Committees have and will continue to provide close oversight over the continued enhancement of IT general controls.

### Stakeholder communications

The Board is committed to openness in its communications with policyholders. During the year, the Board has sought to keep relevant stakeholders informed on all major issues. At its Annual General Meeting, members of the Board are available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration. In compliance with the UK Corporate Governance Code, the Society publishes the results of the valid proxy votes received at each Annual General Meeting on its website. Policyholders can gain access to the Society's Annual Report and Accounts and further information on the website at [www.wesleyan.co.uk](http://www.wesleyan.co.uk).

### Going concern

Under the UK Corporate Governance Code the Directors are required to state whether the business is a going concern for the period to 31 March 2027. In considering this requirement, the Directors have:

- Reviewed and carefully assessed the long-term prospects of the business taking into account our current position, the main risks

faced and the measures in place to monitor and manage these risks.

- Considered the results of stress and scenario testing within the Own Solvency and Risk Assessment (ORSA), which covers a wide range of scenarios to thoroughly test the Society's resilience to severe events. This testing showed the Group to be well placed to withstand these scenarios.
- The ORSA provides assurance to the Board that the going concern basis of accounting remains appropriate and the following points are highlighted as key considerations for Directors when approving the going concern basis of accounting:
  - Solvency: The Society has remained solvent throughout 2025 and the Group's Solvency Ratio was 238% as at 31 December 2025. Financial projections demonstrated the ability of the Society to withstand market shocks in a range of scenarios, including very severe ones. Specifically, the Board considered solvency projections that incorporated an estimated view of an economic downturn. The projections demonstrated that excess capital would remain in the Group in the going concern period to 31 March 2027;
  - Liquidity: Financial projections highlighted that the Society's liquidity was adequate to meet the liabilities as they fell due in the going concern period to 31 March 2027; and
  - Operational Resilience: The Society has procedures to ensure the resilience of the Society to adverse events including business continuity plans, disaster recovery procedures and cyber resilience controls. Operational issues and working practices are kept under constant review to ensure they remain resilient.

Having carried out this assessment, and after making appropriate enquiries, the Directors confirm that they consider that the Society has adequate resources to continue in operation for the going concern period to 31 March 2027 and it is appropriate to prepare the financial statements on a going concern basis.

## Directors' remuneration report



**Decisions made by the Committee support ongoing transformation plans and the need to retain and motivate talent in a competitive market.**

Linda Wilding, Chair of the Remuneration Committee

### COMMITTEE MEMBERS

Chair of the Committee Linda Wilding

Committee members Nathan Moss  
Anne Torry

Number of meetings held in 2025 **5**

Dear member,

On behalf of the Remuneration Committee, I am pleased to present the 2025 Directors' Remuneration Report. The report aims to set out simply and transparently the decisions made by the Remuneration Committee in respect of how the remuneration policy operated in 2025 and its proposed operation in 2026.

I would like to thank members for their overwhelming support for our 2024 Directors' Remuneration Report presented at the 2025 Annual General Meeting.

2025 has seen the business continue to implement its ambitious transformation plan to deliver long-term and sustainable value to our members. The decisions made by the Committee support the ongoing transformation plan, as well as achievement of our wider strategy and the need to retain and motivate talent in a competitive market.

### 2025 Business performance

2025 was another year marked by macroeconomic and political volatility, with uncertainty continuing to weigh on consumer confidence. With both high inflation and mortgage rates causing sustained pressures on many household finances, we saw an industry-wide trend of increased withdrawals from savings and investment products.

Despite the unstable operating environment, Wesleyan delivered further profitable growth with a 61% increase in operating profit, largely due to strong cost management and increased levels of investment business through our advisers, direct and intermediary channels. We have continued to drive our ambitious transformation programme designed to unlock new growth opportunities, investing in activities that will deliver customer enhancements and member value in the future. By building our digital capability, becoming more data driven and cost-efficient, we're strengthening our business while keeping an

unwavering focus on our customers. Our focus in 2026 and beyond is bringing our products and services to more doctors, dentists and teachers, including improving our proposition for those starting their savings and investment journey. By increasing scale and profitability, we'll unlock further value to members, boosting returns and mutual rewards.

### Director remuneration for 2025

#### Salary and fees

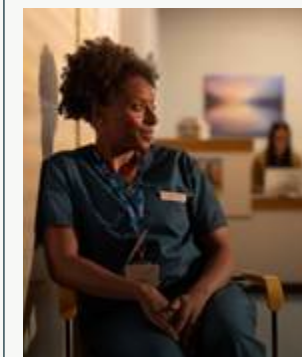
The Remuneration Committee determined a 2025 base salary increase of 2.75% for Mario Mazzocchi, Nathan Beckett and David Stewart. This is below the 3.00% salary budget for our wider workforce. The salary increases were implemented with effect from 1 April 2025.

The fees for the Non-Executive Directors were increased by 2.75% with effect from 1 April 2025. Following a detailed benchmarking process, it was determined that the Chair's fee had fallen materially below market levels. As a result, the Chair received an increase of 12.35% to ensure his fee better aligns with market levels and reflects the time commitment of the role.

#### Annual bonus

Under our annual bonus plan, 80% of the award is assessed against a balanced scorecard of Society performance measures including customer, financial, employee, strategic and Environment, Social and Governance (ESG) metrics. The scorecard is underpinned by both conduct risk, operating profit and individual behaviour considerations, with an additional 20% assessed through personal performance. 50% of the total bonus payment is deferred over three years.

For 2025 the on-target opportunity for the Group Chief Executive (CEO) was 60% of salary and the maximum was 120% of salary. The on-target opportunity for the Chief Financial Officer (CFO) and Chief Operating Officer (COO) was 50% of salary and the maximum was 100% of salary.



Operating profit

**£27.4m**

(2024: £17.0m)



See page 18 Financial review

## Directors' remuneration report continued

The bonus amounts awarded for 2025 are 60.28% of salary for Mario Mazzocchi, 47.40% of salary for Nathan Beckett and 50.40% of salary for David Stewart. Further details are set out on page 75.

Based on the financial performance delivered during the year, the Committee was comfortable that the formulaic outcomes were appropriate and therefore did not apply any discretion.

### Long-Term Incentive Plans (LTIPs)

We believe that participation in our LTIP continues to align the rewards received by our Executive Directors and key Senior Leaders with the performance delivered for our members and the long-term financial stability of the Society.

Performance against the LTIP targets is assessed over a three-year performance period. In line with best practice and the UK Corporate Governance Code, the LTIP awards for our Executive Directors are subject to a further two-year holding period such that participants are only entitled to be paid the value of vesting LTIP awards after a period of five years.

### LTIP vesting in 2025

The three-year performance period for the 2023 LTIP concluded on 31 December 2025. The maximum possible value of the 2023 LTIP award is 100% of salary for the CEO, 50% of salary for the CFO and 75% for the COO.

The Committee reviewed the formulaic outcome of the LTIP and was comfortable with the performance assessments with the exception of the Culture and Inclusion Index measure. The targets set for this measure were not reflective of the transformation project launched part way through the performance period (March 2024). The Committee noted that overall employee engagement levels were positive over the performance period and therefore determined that 100% of this measure was achieved.

The vesting for the 2023 LTIP was 40% of maximum. The full details of the assessment of the 2023 LTIP outturn can be found later in this report.

### LTIP granted in 2025

The 2025 LTIP was granted during the year with a maximum value of 120% of salary for the CEO and 75% of salary for the CFO and COO.

The balanced scorecard for the 2025 LTIP is made up of eight metrics including financial and non-financial metrics. The full scorecard can be found on page 76.

### Executive changes

David Stewart left his role of Chief Operating Officer (COO) as part of our transformation plans and was deemed to be a Good Leaver by the Remuneration Committee. In summary David was paid his salary, benefits and pension until 31 December 2025 and will receive his 2025 annual bonus at the normal time. In line with our Policy, he was also provided with a compensation for loss of office payment of £56,901 upon leaving the Society.

Full details of his exit arrangements are set out later in this report.

### Executive Director remuneration for 2026

#### Executive changes

Nathan Beckett our CFO, will step down from the Board on 31 March 2026. He will be succeeded by Marco Groot Wassink who commenced in role on 5 January 2026.

Marco was appointed on a base salary of £310,000. The salary reflects market rates in a competitive market and to facilitate the recruitment of Marco, it is proposed that the LTIP limit within the Policy for Executive Directors other than the CEO is increased from 75% of salary to 100% of salary to enable Marco to be granted an LTIP award of 100% of salary. This LTIP increase will necessitate a change in our Directors' Remuneration Policy.

A one off buy out amount of £20,000 will be paid to Marco in respect of benefit arrangements at his previous employer relative to those operated within Wesleyan.

All other elements of remuneration will be consistent with the existing Policy.

### Chair changes

Nathan Moss will be leaving during 2026 at the end of his 9-year period as Chair. Ian Gladman has been appointed Chair designate and will succeed Nathan Moss in April 2026 on a base salary of £200,000.

### Salary and fees

The Committee determined that the 2026 base salary increase for Mario Mazzocchi will be 3.00%. This compares to a budgeted salary increase of 3.00% for the wider workforce. There will be no salary increase for Marco Groot Wassink in 2026.

The increase for the Non-Executive Directors will be 3.00%. There will be no salary increase for the current or incoming Society Chair in 2026.

These increases will be effective from 1 April 2026.



## Directors' remuneration report continued

### Annual bonus

For 2026, the maximum annual bonus opportunities of our Executive Directors will remain unchanged.

Our CEO's annual bonus maximum opportunity will be 120% of salary and the on target will be 60%. The maximum annual bonus for the CFO will be 100% of salary, the on target annual bonus will be 50% of maximum opportunity.

The five measures included in the balanced scorecard have been tailored to ensure the scorecard is simple and effective, focusing on the key areas which are aligned to the Society's operational plan for the year ahead and are detailed later in this report. These are the same five measures that were included in the 2025 balanced scorecard.

### LTIP

For 2026, the maximum normal LTIP award levels for our CEO will remain unchanged at 120% of salary. The maximum LTIP award for the CFO will increase from 75% to 100% of salary with effect from 1 January 2026.

The measures and weightings for the 2026 LTIP remain subject to Remuneration Committee confirmation. The approved measures and weightings will be disclosed retrospectively in next years Annual Report.

### Approach to executive remuneration

As noted in the Chair's statement (pages 9 to 11) and the Chief Executives statement (pages 15 to 16), the Society's transformation programme remains underway. Against this backdrop, the Committee continues to consider executive remuneration arrangements and how these can best support delivery of the Society's business strategy. While the Committee may, during the Policy period, conclude that revisions to the existing structure of variable remuneration are necessary to ensure continued alignment with business strategy, there will be no increase in the overall incentive opportunity set out in the Policy below.

Any such changes to incentive structures, and the associated rationale, will be disclosed to members in the next Annual Report.

### Wider workforce remuneration

The Committee receives updates from management throughout the year regarding the remuneration arrangements of the wider workforce. This is taken into account when considering the approach to the remuneration of Executive Directors and other members of senior management.

### Mutuality and me

At the start of 2025 we launched a Bonus Sacrifice Scheme which enables employees to boost their pension savings, during the summer we introduced a new style of Total Reward Statements to enable employees to view their total remuneration online. In November we partnered with a new supplier for our car salary sacrifice scheme which provides employees with access to used electric vehicles and a home charging point is supplied with all vehicles ordered.

As set out above, an overall salary budget of 3.00% has been approved for 2026, which includes increasing our minimum full-time salary to £24,480, this has been calculated in line with the hourly rate set by the Living Wage Foundation.

### Annual bonus

The bonus scheme for the majority of employees has been assessed through financial, customer and ESG measures which align to the strategic plan. The assessment of the scheme has resulted in a bonus pot of 12.77% compared to an on-target pot of 10%. Bonus payments are linked to individual performance during 2025.

Our Remuneration Policy is developed based on the key principles outlined on page 69. The Remuneration Policy continues to be applied in a measured way to ensure that we reward the right performance contribution and behaviours and support the short-term and long-term strategic goals of the Society.

We will continue to monitor the effectiveness of our policies to ensure they support the Society and the long-term interests of our customers, members and other stakeholders.

### Governance of remuneration

#### Member engagement

As noted above, the Directors' Remuneration Policy will be subject to an advisory vote at the 2026 AGM with the LTIP award level for Directors other than the CEO being increased from 75% to 100% of salary. The Policy was last approved at the 2024 AGM and received 94.70% member support.

The 2024 Directors' Remuneration Report received 97.20% member support at the 2025 AGM. The 2025 Directors' Remuneration Report will also be subject to an advisory vote at our 2026 AGM.

#### Structure of the report

This report has been structured in line with the applicable remuneration disclosure requirements which apply to UK companies listed on the Main Market of the London Stock Exchange. As a mutual we are not governed by these same regulations; we have however chosen to follow them as we believe the disclosures provided will help members to better understand how our reward strategy supports their interests and the Society's business objectives.

### Concluding remarks

I would like to thank my fellow Committee members for their support during the year. 2025 has been another significant year for the Society and I am pleased to confirm that the Policy has operated as intended during the year.

Yours sincerely,



**Linda Wilding,**  
Chair of the Remuneration Committee  
27 March 2026

## Directors' remuneration report continued

	Group Chief Executive (Mario Mazzocchi)	Group Chief Financial Officer (Nathan Beckett)	Group Chief Operating Officer (David Stewart) <sup>1</sup>	Changes for 2026 <sup>2</sup>
<b>Fixed Remuneration</b>				
Base salary	£580,537.50 (2.75% increase on 1 April 2025)	£256,875 (2.75% increase on 1 April 2025)	£328,800 (2.75% increase on 1 April 2025)	3.00% increase for Mario Mazzocchi to £597,954 on 1 April 2026 The incoming CFO, Marco Groot Wassink, will be appointed on a base salary of £310,000 The outgoing CFO, Nathan Beckett, will not receive an increase for 2026
Benefits	Car allowance, private medical, medical assessment, Group product discount, death in service			No change
Pension	Up to 10% of salary in line with wider workforce	Pension allowance reduced to 10% of salary from 1 April 2025		No Change
<b>Annual Bonus</b>				
Measures	Balanced scorecard based on Society and individual performance, with a Consumer Duty and risk underpin			No change
Maximum opportunity	120% of salary	100% of salary	100% of salary	No change
Achievement	£349,948.01 (60.28% of max)	£121,758.75 (47.40% of max)	£165,715.20 (50.40% of max)	–
Structure	50% deferred for three years paid in annual tranches			No change
<b>LTIP</b>				
Measures	Based on strategic, financial, customer, employee and sustainability performance measures.			No change
Award level	120% of salary	75% of salary	75% of salary	No change for the CEO. The incoming CFO award will be increased to 100% of salary
Achievement	£218,400 (40% of max) for 2023 LTIP	£36,848 (40% of max) for 2023 LTIP	£81,900 (40% of max) for 2023 LTIP	–
Structure	Three-year performance period, two year holding period with a risk underpin			No change

<sup>1</sup> David Stewart departed the business on 31 December 2025. At this time, there is no intention to appoint a replacement to the Board.

<sup>2</sup> Given the ongoing transformation within the business, the Committee continues to consider the approach to executive remuneration and how it can best support business strategy. The above sets out the expected approach for 2026.

## Governance of remuneration

### Role of the Remuneration Committee

The role of the Remuneration Committee is to ensure that the Board and Group Executive Committee (GEC) are appropriately rewarded for their performance throughout the year by setting and implementing the Society's Remuneration Policy, determining each Executive Director's individual remuneration package and setting the performance measures for performance-related pay.

These decisions are carefully considered in the context of the Society's strategic goals, culture, external impacts, market practice and wider workforce remuneration.

### Remuneration Committee members and advisers

The members of the Remuneration Committee are all independent Non-Executive Directors of the Society. During the year the Remuneration Committee members were Linda Wilding (Committee Chair), Nathan Moss (Society Chair) and Anne Torry (Senior Independent Director (SID)).

The Remuneration Committee was supported during the year by the HR Director and the CEO. The Society's Chief Risk Officer provides input on the Executive Remuneration Framework application and Policy review. The Internal Audit team provide reassurance on the calculations provided. Benchmarking data has been received from Willis Towers Watson and Korn Ferry to support remuneration decisions. No individual takes part in the discussion on their own remuneration.

In performing its duties, the Remuneration Committee draws on the advice of independent external consultants. During the year, the Remuneration Committee received advice on market levels of remuneration, best practice and disclosure requirements from Korn Ferry. Korn Ferry are a member of the Remuneration Consultants Group and a signatory of its Code of Conduct.

The total cost of advice from Korn Ferry to the Remuneration Committee on Directors' remuneration matters during 2025 was £24,000.

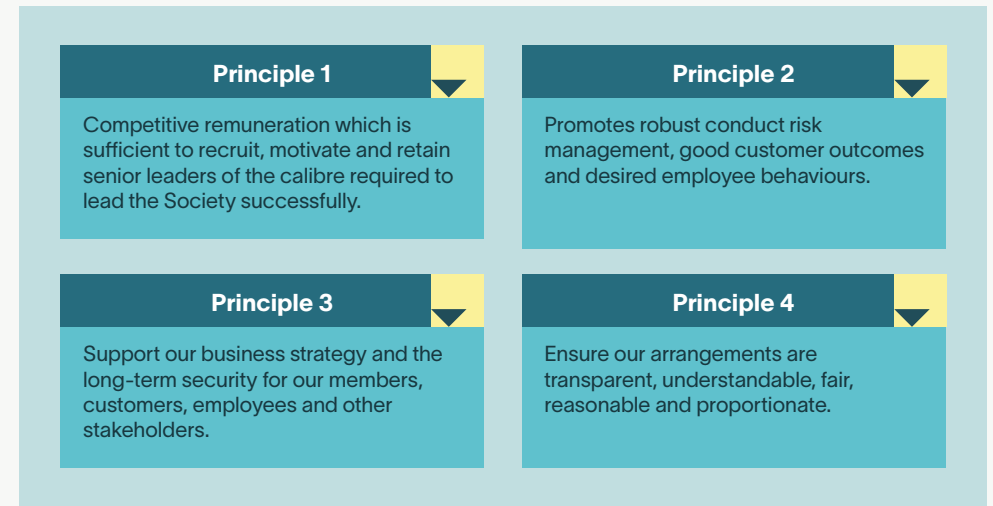
### Statement of voting on remuneration resolutions

The following table sets out the number of votes for, against and abstentions for the advisory vote on the latest annual Directors' Remuneration Report and Directors' Remuneration Policy at the Society's 2024 AGM.

AGM	Resolution text	Votes for	Votes against	% for	Withheld
2025	To receive the Directors' Remuneration Report	3,152	91	97.2	136
2024	To approve the Directors' Remuneration Policy	3,469	193	94.7	105

### Remuneration philosophy

The principles of our approach to Executive remuneration are set out below. These principles were considered as part of the development of the Policy:



## Directors' remuneration policy

### Remuneration policy for Executive Directors

The Policy set out will be subject to member approval at the 2026 AGM. The only change relates to the increase in the maximum LTIP opportunity for the Chief Financial Officer. All other aspects of the Policy are unchanged from the Policy approved by members at the 2024 AGM.

Element	Purpose and link to strategy	Operation	Opportunity	Performance metrics
<b>Base salary</b>	To attract and retain high performing individuals to lead the Society.	<p>Base salary is reviewed annually, or more frequently if there is a significant change in an individual's role or responsibilities.</p> <p>Any decision on base salary is influenced by a range of factors including but not limited to:</p> <ul style="list-style-type: none"> <li>→ level of experience;</li> <li>→ society affordability and performance;</li> <li>→ ability to attract/retain/motivate;</li> <li>→ pay awards for the wider workforce;</li> <li>→ prevailing market conditions; and,</li> <li>→ periodic external benchmark data</li> </ul>	<p>There is no maximum base salary.</p> <p>Increases in base salary will normally be in line with those awarded to other Society employees but higher increases may be made, for example, to reflect:</p> <ul style="list-style-type: none"> <li>→ increase in scope of role or responsibility; or</li> <li>→ an Executive Director falling significantly behind the market rate for that role</li> </ul>	Subject to annual review of individual contribution and Society performance.
<b>Benefits</b>	To operate a competitive benefits structure.	<p>Benefits currently provided are:</p> <ul style="list-style-type: none"> <li>→ a car allowance</li> <li>→ private medical cover for the individual and their family;</li> <li>→ medical assessment;</li> <li>→ Group product discounts (available to the wider workforce and Executive Directors on the same terms); and,</li> <li>→ death in service benefit of 4x pensionable base salary (8x for employees who joined prior to 1 October 2021)</li> </ul>	There is no restriction on the benefits provided and other benefits may be added if considered appropriate. However, the cost of these benefits is taken into account in assessing affordability.	None
<b>Pensions</b>	To provide post-retirement benefits in a cost-effective manner.	<p>All Executive Directors are a member of the Society's Staff Group Personal Pension scheme. Where their contribution is limited by the Annual Allowance, they will receive a partial cash allowance for the balance of their employer contributions.</p> <p>If a cash allowance is paid, the amount is reduced to allow for the cost of employer's National Insurance Contributions.</p>	<p>The Society contributes up to 10% of base salary.</p> <p>The Society regularly reviews pension benefits for Executive Directors taking account of tax and legislative changes.</p>	None
<b>Annual bonus</b>	To ensure that there is an appropriate incentive for Executive Directors to meet the annual objectives of the Society.	<p>Individual performance evaluations for bonus are recommended by the CEO following a similar procedure applied to the wider workforce but based on an individual Balanced Scorecard linked to delivery of the Society's overall strategy. The evaluation considers the individual's contribution towards the Society's desired behaviours and strategic goals, engendering robust risk, conduct and compliance management and customer outcomes.</p> <p>Performance evaluation of the CEO is recommended by the Society's Chair with input from other Non-Executive Directors.</p> <p>50% of any bonus earned is deferred. Any deferred amounts will be paid in three equal tranches after one, two and three years.</p> <p>Variable pay will be subject to malus and clawback provisions for a period of 3 years. This period has been deemed appropriate based on the Wesleyan business cycle and other remuneration features that are in place including deferral.</p>	<p>Overall cash payment of:</p> <ul style="list-style-type: none"> <li>→ 60% of base salary for the CEO and 50% of base salary for the CFO if on aggregate both the Society and individual perform on target; and,</li> <li>→ a further maximum of 60% of base salary for the CEO and a maximum of 50% of base salary for the CFO if both the Society and individual perform at stretch target</li> </ul> <p>During the deferral period any unvested amounts may be adjusted up or down to reflect the performance of the With Profits ISA Fund (or other such fund as the Remuneration Committee deems appropriate).</p> <p>All payments of annual bonus are subject to approval by the Remuneration Committee and are non-pensionable.</p>	<p>Balanced Scorecard approach for both Society and individual performance based on financial, customer, employee and strategic metrics.</p> <p>The Remuneration Committee may increase or decrease pay-outs based on the evaluation of personal behaviours and any risk, conduct, compliance or other concerns.</p>

## Directors' remuneration policy continued

Element	Purpose and link to strategy	Operation	Opportunity	Performance metrics
<b>LTIP</b>	To strengthen the link between the rewards received for the performance delivered for our members and the long-term performance of the Society.	<p>Any payment will be made in cash, net of relevant taxes. The awards will vest following the assessment of the relevant performance conditions which will be assessed at the end of a three-year performance period and then will be subject to a further holding period of two years.</p> <p>The Remuneration Committee may adjust pay-outs based on the evaluation of personal behaviours and any conduct risk, compliance or other concerns.</p> <p>LTIP awards will be subject to malus and clawback provisions up to the end of the two year holding period. This period has been deemed appropriate based on the Wesleyan business cycle and the LTIP holding period.</p>	<p>The maximum normal award is 120% of base salary for the CEO and 100% of base salary for the CFO.</p> <p>For 2024 only there was an additional exceptional LTIP award of 50% of the normal award at that time (120% and 75% of salary for the CEO and other Executive Directors respectively).</p> <p>All LTIP payments are subject to approval by the Remuneration Committee and are non-pensionable.</p>	<p>LTIP awards will be subject to financial and non-financial measures that are aligned to the Society's strategy. Vesting of any LTIP award will be subject to satisfactory overall conduct risk and performance.</p> <p>Awards will vest at 25% of maximum for threshold performance, rising with linear progression to full vesting at stretch target.</p>

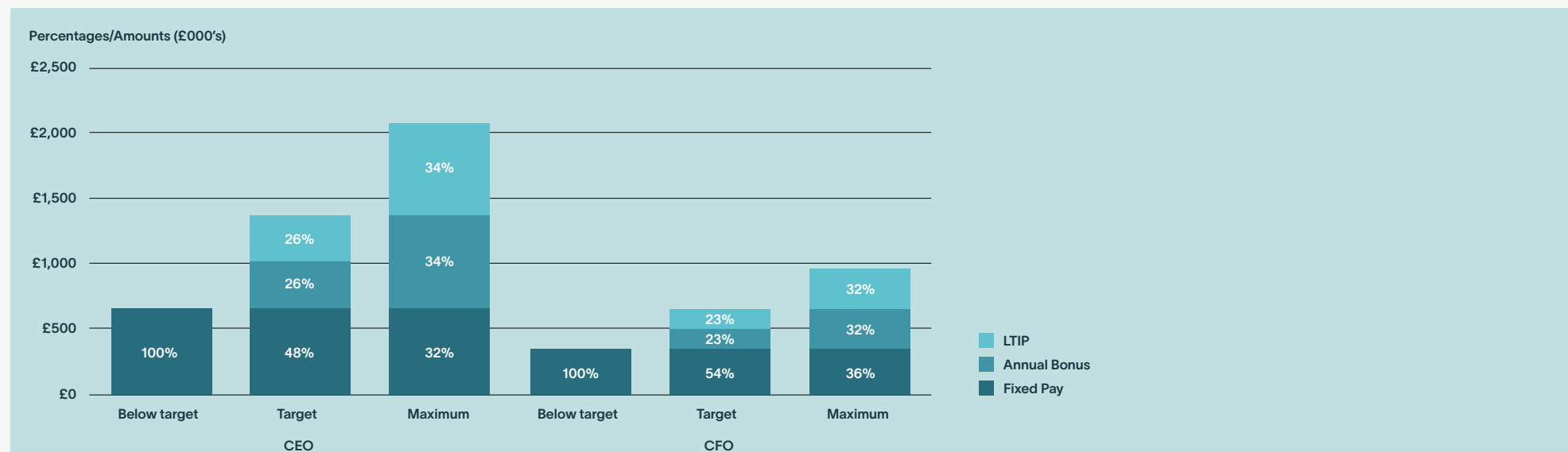
### Remuneration discretion

The Remuneration Committee may vary or substitute any performance targets for the annual bonus or LTIP if an event occurs which causes it to determine that it would be appropriate to do so, provided that any such variation or substitution is fair and reasonable and (in the opinion of the Remuneration Committee) the change would not make the condition less demanding than the original condition would have been.

### Illustration of remuneration policy for 2026

Given the ongoing transformation within the business the Committee continues to consider the approach to executive remuneration and how it can best support business strategy. As a result, certain adjustments may be made to how the Annual Bonus and LTIP may be operated during the Policy period, however any changes will not result in an increase to the overall incentive quantum of 240% and 200% of salary for the CEO and other Executive Directors respectively.

The charts below illustrate the amounts that Executive Directors would be paid in respect of 2026 for their role as an Executive Director, under three different performance scenarios:



## Directors' remuneration policy continued

	Threshold	Target	Maximum
<b>Fixed pay</b>	Fixed elements of remuneration only – base salary, benefits and pension.		
<b>Annual bonus</b>	Nil.	CEO: 60% of salary CFO: 50% of salary	CEO: 120% of salary CFO: 100% of salary
<b>LTIP</b>	Nil.	CEO: 60% of salary CFO: 50% of salary	CEO: 120% of salary CFO: 100% of salary

### Remuneration policy for the Chair and Non-Executive Directors

Element	Approach of the society
<b>Principles</b>	The principles adopted in determining the fees of the Chair and other Non-Executive Directors are that they should be competitive, appropriate to attract and retain Directors of the necessary calibre, and reflect the responsibilities and time involved in Society matters.
<b>Fees</b>	Non-Executive Directors' remuneration comprises a base fee and additional amounts for Committee work, including a role of Chair and a specific fee for the role of Senior Independent Director.
<b>Benefits</b>	No bonuses, pension or other benefits are provided to Non-Executive Directors other than Group product discounts which are available to the wider workforce and Directors on the same terms and reimbursement of travel and other expenses whilst on Society business.

The remuneration of the Chair is determined by the Board and the remuneration of the other Non-Executive Directors is determined by the Chair and CEO. Under the terms of their engagement, the notice period to be given by the Non-Executive Directors to the Society is six months for the Chair and Senior Independent Director and three months for other Non-Executive Directors.

### Remuneration policy for the wider workforce

In setting the Remuneration Policy, there is a strong degree of alignment between the Executive Directors and the wider workforce. Any general increase in salaries is normally applied to both Executive Directors and employees.

The LTIP participation includes employees from Senior Management roles who are not Executive Directors. The employees invited to join the LTIP are in roles which are key to achieving the Society's Plan and the participants are reviewed and approved by the Remuneration Committee each year prior to the LTIP awards being granted.

Employees are engaged through the Partnership Council, information cascades and the Employee Opinion Survey (EOS). The wider workforce has not been consulted on the alignment of the Executive Remuneration to the workforce or on the Remuneration Policy, but the overall pay review process has been communicated and feedback sought through employee cascades and communicated to the Executives and the Board. Reward feedback is gathered and reviewed regularly through the Employee Opinion Survey (EOS).

During 2025 we continued to enhance our reward framework to remain competitive by updating our salary ranges. Our minimum salary for April 2026 has been set using the hourly rate recommend by the Living Wage Foundation, this also enables employees to contribute into the Society pension scheme.

The bonus scheme for the majority of employees will continue to be assessed through financial, customer and ESG measures. We have also introduced a similar scorecard approach for our other bonus arrangements to ensure alignment to the strategic plan.

In 2025, our focus has been on embedding our Mutuality and Me principles into everyday life, strengthening our existing offering and supporting our people through a period of change. This approach ensures our culture remains strong, colleagues feel valued, and we continue to deliver exceptional outcomes for our members and customers. Please see page 25 for further details on Mutuality and Me and the details of our commitment to Diversity, Equity & Inclusion (DE&I).

### Remuneration policy for new appointments

Remuneration packages for new appointments will comply with the Remuneration Policy set out in this report.

Additional awards may be made when hiring new appointments to 'buy-out' remuneration arrangements forfeited on leaving a previous employer. In doing so the Remuneration Committee will take account of relevant factors regarding the forfeited arrangements, which may include any performance targets attached to awards forfeited (and the likelihood of meeting those conditions), the time over which they would have vested and the form of the awards. The Remuneration Committee's intention is that the value awarded would be no higher than the expected value of the forfeited arrangements. Where considered appropriate, buy-out awards will be subject to forfeiture or clawback on early departure.

## Directors' remuneration policy continued

### Remuneration policy for termination of service contracts

Each Director has a continuous service contract, which is considered appropriate for the requirements of the Society. Compensation payable upon early termination (other than under the payment in lieu of notice provisions) would usually be based upon the contractual entitlement to base salary and benefits subject to mitigation. The policy set out below provides a framework for any payments made in respect of loss of office.

Element of remuneration	Policy
<b>Notice period</b>	In accordance with the employment contract.
<b>Termination payments</b>	At the discretion of the Remuneration Committee a payment in lieu of notice may be made in respect of all or part of the notice period. Benefits may also be provided in connection with termination of employment and may include, but are not limited to, statutory payments, outplacement, legal fees and payments in respect of accrued holiday.
<b>Annual bonus</b>	<p><b>Leavers during the annual bonus performance year</b></p> <p>Awards may ordinarily only be paid to individuals that remain an employee; however, the Remuneration Committee has the discretion to determine an appropriate bonus amount taking into consideration the circumstances of the leaver.</p> <p>No bonus award will be paid unless the leaver is determined to be a 'good leaver'. For a 'good leaver' the Remuneration Committee has the discretion to grant awards on such basis as it deems appropriate (this could include pro-rating for time and performance). Awards may be paid at the Remuneration Committee's discretion in line with the deferral schedule or on cessation of employment.</p> <p><b>Unpaid deferred bonus previously awarded</b></p> <p>Unless determined as a 'good leaver' unpaid deferred bonus awards will lapse upon cessation of employment. For a 'good leaver' awards will typically be paid in full on the scheduled date.</p>
<b>LTIP</b>	<p><b>Leavers during the three year performance period</b></p> <p>Unless determined as a 'good leaver' unvested LTIP awards will lapse upon cessation of employment.</p> <p><b>Good leavers during the three year performance period</b></p> <p>In a limited number of circumstances, a leaver may be determined by the Remuneration Committee to be a 'good leaver'. Awards to 'good leavers' will normally vest to the extent determined by reference to the performance targets and the proportion of the performance period that has elapsed at cessation of employment. LTIP awards will then be paid at the end of the holding period. In exceptional circumstances the Remuneration Committee retains the discretion to waive any of the conditions for a 'good leaver'.</p> <p><b>Leavers during the two year holding period</b></p> <p>If an employee ceases employment following the end of the three year performance period but before the end of the two year holding period, the vested LTIP award will be paid in line with regulation requirements and scheme rules.</p>
<b>Malus and Clawback</b>	<p>The Remuneration Committee may decide that elements of bonus and LTIP should be paid back subject to claw back and malus provisions that include:</p> <ul style="list-style-type: none"> <li>→ gross misconduct;</li> <li>→ material misstatement (including any omission) in the Society's financial statements;</li> <li>→ a material adverse event; and</li> <li>→ assessment of metrics based on an error or on inaccurate or misleading information.</li> </ul>
<b>'Good leaver'</b>	<p>A 'good leaver' for the purposes of the variable pay will be any employee who leaves employment for reasons of:</p> <ul style="list-style-type: none"> <li>→ death;</li> <li>→ injury or disability (as determined to the satisfaction of the Remuneration Committee);</li> <li>→ retirement with agreement of the Society;</li> <li>→ the Executive Director's office or employment being with an entity which ceases to be part of the Group; or</li> <li>→ any other reason the Remuneration Committee so decides.</li> </ul>

The Remuneration Committee reserves the right to agree additional exit payments, where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of settlement or compromise of any claim arising in connection with the termination of a Director's office or employment.

## Annual report on remuneration

### Remuneration for the year ended 31 December 2025

Single figure of remuneration for each Director

The remuneration of the Directors of Wesleyan Assurance Society for the year ended 31 December 2025 and the previous year is set out in the tables below.

Director	Year	Fixed remuneration (£000s)				Variable remuneration (£000s)				Total
		Base salary/ fees	Benefits	Pension	Total fixed	Bonus		Long-term incentives	Total variable	
						Cash	Deferred			
<b>Mario Mazzocchi</b>	2025	577	16	52	645	175	175	218	568	1,213
	2024	560	15	50	625	212	212	178	602	1,227
<b>Nathan Beckett</b>	2025	255	15	26	296	61	61	37	159	455
	2024 <sup>1</sup>	187	11	26	224	57	57	20	134	358
<b>David Stewart</b>	2025	327	15	33	375	83	83	82	248	623
	2024 <sup>2</sup>	165	8	22	195	54	54	35	143	338

1 The remuneration for Nathan Beckett is pro rata from the date of his promotion to CFO on 1 April 2024.

2 The remuneration for David Stewart is pro rata from the date that he joined the Board on 26 June 2024.

There were no adjustments for malus and clawback during 2025.

Director	Year	Total £000s
<b>Nathan Moss (Chair)</b>	2025	175
	2024	159
<b>Anne Torry (SID from 1 January 2022)</b>	2025	98
	2024	96
<b>Linda Wilding</b>	2025	68
	2024	66
<b>Ian McCaig (Left 31 May 2025)</b>	2025	28
	2024	66
<b>Philip Moore</b>	2025	68
	2024	66
<b>Harpreet Sood (Left 8 June 2025)</b>	2025	29
	2024	66
<b>Rita Bajaj</b>	2025	68
	2024	66
<b>Gary Dixon</b>	2025	68
	2024	66
<b>Paul McMahon (Joined 1 April 2025)</b>	2025	52

Notes:

The SID role was inclusive of an additional fee of £29,541 per annum in 2025 and this will remain unchanged for 2026.

## Annual report on remuneration continued

### 2025 Annual bonus award

The maximum annual bonus possible in 2025 for the Executive Directors was 120% of base salary for the CEO and 100% of base salary for the CFO and COO.

The bonus amount is based on the results achieved through the Balanced Scorecard (BSC) and personal performance for 2025. The targets set were aligned to the budget and support the three-year plan. Three of the five targets were achieved which resulted in a bonus payment of 60.28% of salary for Mario Mazzocchi, 47.40% of salary for Nathan Beckett and 50.40% of salary for David Stewart.

The Committee is comfortable that the outturns reflect the performance achieved in 2025 and therefore the Committee did not apply its discretion to adjust the formulaic outturn.

Area	Measure	Weighting	Threshold	Target	Stretch
Customer	Investment Performance	20%			
Financials	Net Investment Inflows	50%			
	Operating Profit				
Employee	Employee Opinion Survey	30%			
	Customer index				

	Mario Mazzocchi (CEO)	Nathan Beckett (CFO)	David Stewart (COO)
Maximum Bonus opportunity (% of salary)	120%	100%	100%
Overall outcome (% of salary)	60.28%	47.40%	50.40%
Overall outcome (£)	£349,948	£121,759	£165,715

### 2026 Annual bonus

The 2026 scorecard will continue to include performance conditions based on a mixture of financial and non-financial measures assessed through a balanced scorecard approach.

Performance measure	Weighting
Investment Performance	20%
Net Investment Inflows	50%
Operating Profit	
Employee Opinion Survey	30%
Customer Index	

## Annual report on remuneration continued

### Bonus payments deferred from previous years

The following table sets out the amounts paid in respect of the outstanding deferred variable pay awards. 50% of the bonus is deferred and paid in equal tranches over the following three years. The value is adjusted to reflect the movements in the Society's With Profits ISA Fund. The performance of the With Profits ISA Fund was 4.16% for 2023, 8.19% for 2024 and 7.27% for 2025.

Bonus Period	Payable	Mario Mazzocchi (CEO)		Gillian Cass (Former CFO)		Nathan Beckett (CFO)		David Stewart (COO)	
		Current (£)	Original (£)	Current (£)	Original (£)	Current (£)	Original (£)	Current (£)	Original (£)
2022 Deferred 3	March 2026	37,021	30,625	20,534	16,987				
2023 Deferred 2	March 2026	53,745	46,310	29,225	25,182				
2023 Deferred 3	March 2027	53,745	46,310	29,225	25,182				
2024 Deferred 1	March 2026	75,981	70,832	7,188	6,701	27,309	25,458	37,244	34,720
2024 Deferred 2	March 2027	75,981	70,832	7,188	6,701	27,309	25,458	37,244	34,720
2024 Deferred 3	March 2028	75,981	70,832	7,188	6,701	27,309	25,458	37,244	34,720
2025 Deferred 1	March 2027	58,325	58,325			20,293	20,293	27,619	27,619
2025 Deferred 2	March 2028	58,325	58,325			20,293	20,293	27,619	27,619
2025 Deferred 3	March 2029	58,325	58,325			20,293	20,293	27,619	27,619

Nathan Beckett's deferred bonus for 2024 is the full amount for the 2024 performance year including the period prior to Nathan's promotion to the CFO role.

David Stewart's deferred bonus for 2024 is the full amount for the 2024 performance year including the period prior to David joining the Board.

### LTIP awards

#### 2023 LTIP

The three-year performance period for the 2023 LTIP concluded on 31 December 2025. It is based on the performance against a balanced scorecard of measures designed to deliver the Society's strategy. During the two-year holding period the LTIP will continue to be subject to a conduct risk underpin.

The Committee considered the outturn of the LTIP and are comfortable that the outturn reflected the financial and non-financial performance delivered over the performance period.

As noted in the Chair's letter, discretion was applied to the Culture and Inclusion Index metric; the targets were set at the end of 2022 and were based on our plans to continue to improve our engagement scores. As the targets were set prior to implementation of our transformation plans it was recognised that they would not have reflected the impact of the transformation plans. The committee notes that overall levels of engagement were positive and determined that it was therefore appropriate to determine that 100% of that element should vest, this resulted in the overall LTIP result increasing by 1.88%.

#### 2023 LTIP outturn

Measure	Weighting	Threshold	Maximum
Total Customer	15%		
Member Value Generation	15%		
Culture and Inclusion Index	10%		
Cost Income Ratio	20%		
Return on Capital	20%		
Sustainability	10%		
Gender	5%		
Ethnicity	5%		

## Annual report on remuneration continued

	Mario Mazzocchi (CEO)	Gillian Cass (Former CFO)	Nathan Beckett (CFO)	David Stewart (COO)
Maximum LTIP opportunity (% of salary)	100%	75%	50%	75%
Overall outcome (% of salary)	40%	10%	20%	30%
Overall outcome (£)	£218,400	£30,285	£36,848	£81,900

As set out in the Chair's letter, David Stewart is categorised as a Good Leaver by the Remuneration Committee and his deferred payments remain unadjusted.

The LTIP for Gillian Cass is on a pro rata basis for 2023 only.

### 2026 LTIP award

The CEO and the newly appointed CFO will receive LTIP grants of 120% and 100% of salary respectively.

In line with the Remuneration Policy, an LTIP grant will be made in 2026 assessing performance over a three-year period.

	2026	2027	2028	2029	2030	2031	
2026 LTIP		Performance Period			Holding Period		Payment

The weighting of the elements of the performance targets for the 2023, 2024 and 2025 LTIPs are summarised in the table below. All participants of an LTIP are measured against the same targets.

The measures for the 2026 LTIP are subject to confirmation by the Remuneration Committee. Final measures for the 2026 LTIP will be disclosed within next year's Annual Report.

		2023	2024 <sup>2</sup>	2025
<b>Life long partner</b>	Customer Numbers	15%		
	New Business Income		20%	17.5%
	Member Value Generation <sup>1</sup>	15%	20%	17.5%
<b>Brilliant to do business with</b>	Culture and Inclusion Index	10%	10%	10%
<b>Mutuality with edge</b>	Cost Income Ratio	20%	20%	17.5%
	Return on Capital	20%	20%	17.5%
<b>Diversity and Inclusion</b>	Gender	5%		5%
	Ethnicity	5%		5%
<b>Environmental</b>	Sustainability	10%	10%	10%
<b>Total</b>		100%	100%	100%

<sup>1</sup> Previously called Surplus Capital Generation.

<sup>2</sup> This award included the exceptional LTIP award. The measures and weightings were changed in 2024 to remove Customer Number and New Business Income was included as this was a more reliable measure to align to the Strategic Plan.

## Annual report on remuneration continued

### Payments on ceasing to be a Director and to former Directors

David Stewart left the Society on 31 December 2025. The following sets out his remuneration arrangements:

- Salary and benefits were paid to his leave date on 31 December 2025, these are detailed in single figure table on page 74.
- 2025 Annual Bonus will be calculated for the full year against performance measures and paid at the usual time.
- As a Good Leaver in-flight LTIPs will continue to vest as normal. The 2023 LTIP will be paid in full subject to the assessment of performance, whilst the 2024 and 2025 LTIP will be prorated to David's leaving date.
- Deferred payments for the 2022, 2023, 2024 and 2025 bonus awards will continue to be deferred as normal as detailed on page 76.
- A compensation for loss of office payment of £56,900.69 was paid upon David leaving the Society.
- Gillian Cass, the former CFO, received a payment in respect to outstanding deferred bonus payments. A pro rata LTIP payment will vest for the 2023 LTIP, the payment is subject to the two year holding period.

### Table of historic Group Chief Executive data for the last ten years

Year	CEO salary (£'000)	CEO single figure of remuneration (£'000)	Annual bonus pay out against maximum opportunity (%)	LTIP vesting rates against maximum opportunity (%)
2025 (Mario Mazzocchi)	577	1,213	50	40
2024 (Mario Mazzocchi)	560	1,227	63	34
2023 (Mario Mazzocchi)	541	1,108	51	45
2022 (Mario Mazzocchi)	519	1,131	35	74
2021 (Mario Mazzocchi)	500	833	70	n/a
2020 (Mario Mazzocchi)	492	549	0	n/a
2019 (Mario Mazzocchi) <sup>1</sup>	466	720	54	n/a
2019 (Craig Errington) <sup>2</sup>	502	807	55	n/a
2018 (Craig Errington)	492	674	0	59
2017 (Craig Errington)	482	936	63	74
2016 (Craig Errington)	473	870	74	67

<sup>1</sup> Remuneration pro-rated to full year in role as Group CEO.

<sup>2</sup> Based on full year in role.

## Annual report on remuneration continued

### Pay ratios

The following illustrates the pay ratio between the CEO and the wider workforce.

Year		Workforce percentile			CEO (£'000)
		25th	Median	75th	
2025	Total Remuneration Ratio	34.4:1	21.8:1	14.8:1	–
	Total Remuneration (£)	35,277	55,698	81,899	1,213
	Base Salary (£)	32,708	53,902	71,717	577
2024	Total Remuneration Ratio	39.4:1	25.2:1	16.7:1	–
2023	Total Remuneration Ratio	38.8:1	24.9:1	16.5:1	–
2022	Total Remuneration Ratio	36.3:1	23.8:1	16.5:1	–
2021	Total Remuneration Ratio	29.1:1	18.1:1	11.9:1	–
2020	Total Remuneration Ratio	20.1:1	12.6:1	8.8:1	–
2019*	Total Remuneration Ratio	26.7:1	17.1:1	11.4:1	–

\* During 2019, there was a change in CEO. Mario Mazzocchi's remuneration (including bonus and pension) on becoming CEO was pro-rated up as if he had been in the role for a full year.

The increased ratios since 2022 reflect the higher weighting of performance related pay for the CEO relative to the wider workforce. The Committee believe that senior employees, including the CEO, should have a significant portion of their total remuneration linked to performance which results in fluctuations in pay ratios from year to year depending on business performance.

### Relative importance of spend on pay

Pay is a significant element of Society expenditure, representing 58% (2024: 54%) of operating expenses of the Group.

	2025 (£m)	2024 (£m)	Change (%)
Expenses of the Group (net operating expenses and investment expenses and charges)	<b>263.5</b>	208.8	26.2
Overall expenditure on pay*	<b>151.5</b>	113.2	33.8

\* Expenditure on pay is significantly higher than in 2024 due to a pensions transaction with WSPS. Further details are set out in Note 22 on pages 128 to 130 of the Notes to the Accounts.



**Linda Wilding,**  
Chair of the Remuneration Committee  
27 March 2026

## Statement of Directors' responsibilities

### The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Society and Group financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", FRS 103 "Insurance Contracts"), and applicable law.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Society and the Group and of the profit or loss of the Group for that period.

In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 and FRS 103 have been followed, subject to any material departures being disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society and the Group will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Society and the Group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

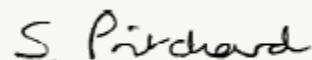
The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for members to assess the performance, business model and strategy of the Society and the Group.

### Statement of disclosure of information to auditors

In the case of each Director in office at the date the Directors' Report is approved:

So far as the Director is aware, there is no relevant audit information of which the Society's auditors are unaware. They have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

By Order of the Board,



**Selena Pritchard**, Company Secretary  
27 March 2026

## Directors' report

The Directors present their Annual Report and audited Consolidated Financial Statements for the year ended 31 December 2025.

### Status

The Society is a mutual society incorporated in England (Registered Number: ZC000145) by Private Act of Parliament, with the Registered Office at Colmore Circus, Birmingham B4 6AR. It has no shareholders and its members, who have the right to vote at general meetings, are defined in Note 23 to these accounts.

### Principal activities

The principal activities of the Group during 2025 continued to be the transaction of long-term insurance business in the UK, namely life assurance, pensions and income protection insurance in the form of reviewable, with profits and unit-linked contracts and acting as a financial adviser. Other financial services undertaken included mortgage broking, unit trust management, acting as a general insurance broker and providing dental patient membership plans.

### Review of business and future developments

The Society's business is reviewed by the Chair on pages 9 to 11 and in the Strategic Report on pages 17 to 51. The year end financial position is considered satisfactory given the ongoing underlying volatility of markets and the general outlook. As set out in those statements, the Society is projecting further growth in 2026 and beyond, based on expansion and ongoing improvements in its current method of operation.

The Key Performance Indicators, on which the Board and Management principally focus, are discussed in the Strategic Report and summarised in the Performance section on page 17. These include the Society's Operating Profit, New Business, Premium Income and investment returns. In addition, management closely monitor the financial strength of the business as mentioned in the section on management of risk.

### Results and bonus declaration

The financial statements and accompanying notes on pages 96 to 132 show the results for the year ended 31 December 2025 and the financial position at that date. The financial results are presented in accordance with the relevant parts of the Companies Act 2006 and have been reviewed by the Chief Actuary. The Directors, having taken advice from the Chief Actuary, have declared rates of bonuses which can be found on our website.

### Risk management

Details of the key risks to the Society and its approach to risk management are set out on pages 44 to 47 and in Note 2 to these financial statements.

Details on the adequacy of the Society's financial strength is covered in Note 13.

### Directors

The Directors of the Society are as set out on pages 54 to 55.

Following a performance evaluation, the Board is satisfied that each of the Directors continues to perform effectively and with commitment to their role.

All Directors as at 31 December 2025, will stand for re-election at the Society's AGM on 11 June 2026, with the exception of Nathan Moss and Nathan Beckett and the addition of Ian Gladman and Marco Groot Wassink. None of the Directors have an interest in the shares of the Society's subsidiaries.

### Corporate responsibility

As a mutual, the Society's principal focus is on its members and policyholders. However, the importance of having responsible policies for employees, customers and the community is recognised and the potential impact of key corporate responsibility issues is considered within the overall risk management framework.

### Charitable donations

Charitable donations amounted to £986,203 (2024: £954,090) which included grants to 89 projects via the Wesleyan Foundation. A number of charitable events were supported by employees where their personal contribution was matched £1 for £1 by the Society. A further £3,000 of goods and donations was shared with various parties (who have non-charity status) as part of our Community Programme.

Charitable recipients	Donations (£000s)
Foundation	900
Other donations	86
Community Programme*	3
<b>Total</b>	<b>989</b>

\* Our Community programme includes our work with schools, volunteering projects, food bank donations and lived experience consultations.

### Anti-corruption and anti-bribery

The Society is fully committed to complying with the Bribery Act 2010 and has developed a Financial Crime Policy and Conflicts of Interest and Anti-Bribery Policy which are made available to all employees. Each member of staff is required to periodically complete a mandatory financial crime course.

Controls are in place to identify and report any instances of corruption or bribery and procedures are in place to report and investigate any instances should they arise.

### Respect for human rights

The Society has a Whistleblowing Policy and policies in place in relation to Anti-Bullying and Respect at Work and Diversity, Equity and Inclusion. An Employee Assistance programme is also in place for all employees.

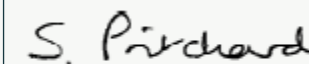
Wesleyan recognises the importance of the Modern Slavery Act 2015 and is committed to acting ethically in all business dealings, in particular with suppliers. Our full Modern Slavery Statement can be found on the Society's website.

### Equal opportunities

The Society is fully committed to equal opportunities in its human resources practices, regardless of age, sex, ethnic origin, religion or disability. It is the Society's policy to give full consideration to suitable applications for employment by people with disabilities. Opportunities also exist for employees of the Society who become disabled to continue in their employment or to be trained for other positions in the Society's employment.

### Independent auditor


A resolution to reappoint Ernst and Young LLP as Auditor to the Society will be proposed at the AGM.



**Selena Pritchard**, Company Secretary  
27 March 2026

## Report from the Audit Committee



**The Committee pays particular attention to matters it considers to be important by virtue of their impact on the Group's results.** 

Gary Dixon, Chair of the Audit Committee

### COMMITTEE MEMBERS

Chair of the Committee Gary Dixon

Committee members Philip Moore  
Rita Bajaj

Number of meetings held in 2025 **5**

### Membership and role of the committee

Members of the Committee at 31 December 2025 were Gary Dixon (Chair), Philip Moore and Rita Bajaj. The Company Secretary acts as secretary to the Committee. The Committee meets at least five times a year and has an agenda linked to events in the Society's financial calendar.

The Board considers that all members of the Committee are independent and bring significant and relevant skills and experience to its function. All members undertake induction training and continuing professional development. Gary Dixon, a Fellow of the Institute of Chartered Accountants in England & Wales, and an experienced Audit Committee Chair, and Philip Moore, formerly Finance Director at LV= and a Fellow of the Institute of Actuaries, are considered by the Board to have recent and relevant financial experience and skills.

In order to help the Committee meet its oversight responsibilities, regular updates are provided by external auditors, Ernst & Young LLP, on significant and topical areas affecting businesses.

The terms of reference of the Audit Committee include all matters required under the UK Corporate Governance Code, Prudential Regulation Authority (PRA) Rules and follow Financial Reporting Council (FRC) guidance. The Committee plays a key role in assisting the Board with regard to financial reporting (Annual Accounts and submissions to the PRA including for subsidiary companies) and ensuring that internal controls (including financial and operational controls and risk management processes) within the Society are appropriately robust. The Committee also provides independent assurance to the Board on the effectiveness of the Society's controls over managing climate-related risks.

The Committee invites members of the Executive and their direct reports to meetings so they can answer questions and provide first-hand details of technical financial matters and/or explanations of controls in place to mitigate the Society's risks and provide direct responses to any matters raised by internal or external audit in their reports. The external Auditor, Ernst & Young LLP, attends Committee meetings, particularly when financial reporting is considered. Private meetings are held with each of the Head of Internal Audit, Chief Financial Officer, Chief Actuary and the external Auditor at least once a year.

### Summary of key activities during 2025:

During the year the Committee:

- Recommended to the Board the Society's Annual Report and Accounts (including statements on going concern and viability), Solvency II Reporting Policy, Solvency and Financial Condition Reports and Valuation Reports, after review of the production process and assumptions on which the models and valuations included therein are based;
- Approved the proposed internal audit plan (including the budget and resource for the function), and proposed amendments to it throughout the year, to ensure it addressed key areas of risk and that there was appropriate co-ordination with the Regulatory Monitoring team and external Auditor;
- Monitored the Group's internal controls by considering a number of third party, external and internal audit reports (including client money matters) on key controls and risk management functions;



## Report from the Audit Committee continued

### Summary of key activities during 2025 continued:

→ Received the Head of Internal Audit's annual opinion on the overall effectiveness of the governance, risk and controls framework for the Group. This included an opinion on whether the organisation's risk appetite was being adhered to and recommendations to strengthen the control framework further;

→ Ensured that significant findings and recommendations made – including findings raised by External Audit and management's proposed responses – were received, discussed and appropriately acted upon;

→ Reviewed arrangements through which employees can raise concerns about possible irregularities relating to financial reporting or other matters including reviewing whistleblowing reports;

→ Received updates on progress with enhancements to the First Line Controls Framework, Group Finance Transformation and Data Projects;

→ Received reports detailing enhancements to IT general controls; and,

→ Received regular updates on the changes to the audit and corporate governance environment, including in relation to implementation of Principle 29 of the Corporate Governance Code, relating to the effectiveness of the Society's risk and control effectiveness.

### Significant judgements, key assumptions and estimates

The Audit Committee pays particular attention to matters it considers to be important by virtue of their impact on the Group's results and remuneration of senior management, or the level of complexity, judgement or estimation involved in their application on the consolidated financial statements. The main areas of focus are set out in the significant issues table below.

Area of Focus	Audit Committee Action	Conclusion/Outcome
<b>Valuation of Assets and Liabilities and Data Quality.</b>	The Committee reviewed the Year End Valuation Report and the Chief Actuary's Actuarial Function Report which provided assurance on the controls in place to ensure the accuracy of the year end valuation.	The Committee was satisfied with the controls over the valuation of these assets and liabilities.
<b>The expense assumptions – both the current level of expenses incurred in maintaining a policy and the expected level of increase in expenses over the lifetime of the policies in force.</b>	The Committee considered the methods used to determine the current level of expenses to maintain policies. The Committee also reviewed management's proposed allowance for future expected expense savings arising from the completion of in-flight strategic projects.	The Committee agreed with management's conclusions about the current and future level of maintenance expenses.
<b>Methodology in relation to future premium recognition.</b>	The Committee reviewed management's proposed changes to future premium recognition, taking account of both product features and external market information.	The Committee approved the proposed changes to future premium recognition.
<b>Assumptions in relation to morbidity, mortality, annuity take up rates and lapses.</b>	The Committee reviewed management's analysis of actual experience and their proposed changes to assumptions, taking account of both this experience and external market information. In particular, the Committee reviewed reports from management proposing increases to take up of guaranteed annuity rates and limiting recognition of future premiums to contracts with valuable guarantees only.	The Committee agreed the conclusions that management used to value the insurance liabilities were appropriate and also concurred with the other proposed changes to assumptions.
<b>External Reporting.</b>	The Committee reviewed drafts of the Annual Report and Solvency and Financial Condition Report (SFCR) and raised points with management. The Committee considered whether the reports taken as a whole were fair, balanced and understandable, providing the information necessary for stakeholders to assess the Society's performance, business model and strategy.	The Committee determined that the reports did meet these criteria and could be recommended to the Board for approval. Reports obtained from management provided assurance that the SFCR met regulatory requirements.
<b>Valuation of assets.</b>	The Committee reviewed the processes and practices followed in valuing assets and ensured that these were based on or derived from externally available data, with external confirmation in those areas open to more judgement, for example property valuations.	The Committee was satisfied that the valuations overall were in line with market data.

## Report from the Audit Committee continued

### Internal audit

Internal Audit undertakes a six-monthly planning exercise to determine which activities and controls should be subject to audit review over the following period. This is a risk-based approach considering both strategic and operational importance, the level of inherent and residual risk, and the results of any other assurance activity or process that may be relevant. Internal Audit adopts a flexible audit planning approach to allow it to quickly focus resource (including co-source support to leverage industry insight and benchmarking and subject matter expertise) where needed utilising either an assurance or consultative approach. Areas subject to Internal Audit review in 2025 included but were not limited to:

- Governance of transformation framework and key strategic transformation programmes;
- Supplier Due Diligence, AI Governance and System Vulnerability Scanning and Penetration Testing;
- Customer servicing and operational delivery processes and outsourcer governance;
- Investment operations, distribution and finance processes;
- Operational Resilience Framework; and
- Key regulatory requirements, including Data Protection Act Governance and Oversight and Client Money Rules.

Following each review, any control weaknesses are discussed and agreed with management. Management is responsible for designing and implementing action plans to address the issues highlighted. The actions arising are tracked to ensure timely completion. Any changes to the Society internal audit plan are reviewed and approved on a quarterly basis by the Society Audit Committee. Root cause analysis is performed over the findings from the audits performed to identify thematic issues requiring attention by the business.

An enhanced approach to assess the effectiveness of the Internal Audit function was agreed in 2025. The approach allows more time between reviews to affect and measure changes and improvements and incorporates externally and internally led reviews over a five-year cycle. This sits alongside Internal Audit's internal quality assurance improvement programme.

### External audit

The Committee:

- Reviewed and approved the external Auditor's proposed audit scope and approach for the current year as set out in its 2025 audit plan, in the light of the Group's present circumstances and changes in regulatory and other requirements;
- Discussed with the external Auditor any audit problems encountered in the normal course of audit work, including any restrictions on audit scope or access to information;
- Assessed the findings of the year end audit and discussed changes made to the audit approach. Control matters highlighted were closely examined and steps taken to ensure appropriate actions were put in place. The Auditors required Letter of Representation was thoroughly reviewed before signing by the Directors; and
- Undertook a review of the independence of the Auditor and the effectiveness of the external audit process with input from Committee members and members of management who had been closely involved with the audit. The review considered the technical knowledge of the audit partner and the external audit team, their level of understanding of the Society's business model, the nature and robustness of the challenges raised and the efficiency of the audit process. Issues identified in the conduct of the audit were raised with the external Auditor and actions agreed to ensure these points were addressed.

The Committee has a policy on the use of external auditors for non-audit services which precludes them from being engaged for such work if their independence or objectivity as external auditors would be impaired. This policy was reviewed and updated in 2025. This policy requires prior approval of the Committee for engagements where the fee is likely to exceed £100,000, and approval by the Chief Financial Officer or Chair of the Audit Committee for lower amounts, depending on the amount. The Committee was satisfied that all non-audit services provided during the year complied with policy.

The Committee is cognisant of the changes affecting its role and the associated reporting requirements as set out in the Corporate Governance Code January 2024 and the Audit Committees and the External Audit: Minimum Standard issued in May 2023. An assessment of the requirements has been completed, and the Audit Committee can confirm that it continues to be materially in compliance with the requirements. The Committee already oversees the policy on the use of external auditors for non-audit services as described above and oversees the quality of the external audit by undertaking regular reviews of work performed and ensuring improvements to the process are made if required.

Ernst & Young LLP were appointed as external Auditors on 11 May 2017 following a tendering exercise. A resolution proposing the reappointment of Ernst & Young LLP as external Auditor was put to the AGM held on 12 June 2025. 97% of votes cast were in favour and Ernst & Young LLP were duly reappointed. The current external audit partner is Ben Morphet. The Society tenders for its external Auditor at least every ten years and rotates its audit partner at least every five years. A resolution for the reappointment of Ernst & Young LLP as external Auditor for the year ending 31 December 2026 will be put to the AGM.

The Committee led and oversaw the audit tender process which commenced in 2024 in advance of the 10-year anniversary of Ernst & Young LLP's appointment in 2027. It ensured that the process was conducted in line with Audit Committees and the External Audit: Minimum Standard, in a robust, fair and transparent manner and that there was a fair choice of firms, including non-tier 1 firms, to choose from. Following this exercise, the Audit Committee recommended to the Board that PwC LLP be appointed as auditor for the year ended 31 December 2027.

### Committee's effectiveness

The Committee reviews its own effectiveness annually with input from Committee members, management and the external Auditor. In 2025, the assessment identified only minor areas for improvement. The Committee also reviews the effectiveness of each meeting prior to conclusion to ensure continuous improvement. As part of a wider Board exercise each member discusses their training requirements to ensure familiarity with regulatory, accounting and wider market issues.



**Gary Dixon**, Chair of the Audit Committee  
27 March 2026

## Independent Auditor's Report to the members of Wesleyan Assurance Society

### Opinion

In our opinion:

- Wesleyan Assurance Society's Group financial statements and Society financial statements (the "financial statements") 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 income and charges for the year then ended;
- the Group and Society financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, as applied by The Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008.

We have audited the financial statements of Wesleyan Assurance Society (the 'parent society') and its subsidiaries (the 'group') for the year ended 31 December 2025 which comprise:

Group	Society
Consolidated balance sheet as at 31 December 2025	Balance sheet as at 31 December 2025
Consolidated statement of comprehensive income for the year then ended and related notes 1 to 25 to the financial statements including a summary of material accounting policy information	Related notes 1 to 25 to the financial statements including a summary of material accounting policy information

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

### 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 Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Conclusions relating to going concern

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 and Society's ability to continue to adopt the going concern basis of accounting included:

- confirmed our understanding of management's going concern assessment process and obtained management's assessment which covers the period to 31 March 2027;
- with support from our actuarial specialists, reviewed and challenged management's three-year strategic and financial plan and management's five-year Own Risk Solvency Assessment Report (ORSA) projections, determining that the models are appropriate to enable management to make an assessment on the going concern of the Society;
- assessed the accuracy of management's analysis by testing the inputs and the clerical accuracy of the models used;
- with support from our actuarial specialists, evaluated the liquidity and solvency position of the Society by reviewing base case liquidity and solvency projections;

- obtained and reviewed the latest ORSA projections, with support from our actuarial specialists, assessed whether the stress testing included in the ORSA was reasonable and considered the solvency position under each stress scenario;
- evaluated management's forecast analysis to understand how severe the downside scenarios would have to be to result in the elimination of solvency headroom and considered whether this is remote;
- assessed the plausibility of available management actions to mitigate the impact of the key risks by comparing them to our understanding of the Society;
- performed enquiries of management and those charged with governance to identify risks or events that may impact the Society's ability to continue as a going concern. We also reviewed management's assessment approved by the Board, and made enquiries as to the impact of economic uncertainty on the business; and
- assessed the appropriateness of the going concern disclosures by comparing the consistency with management's assessment and for compliance with the relevant reporting requirements.

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 and Society's ability to continue as a going concern for a period to 31 March 2027.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and Society's ability to continue as a going concern.

## Independent Auditor's Report to the members of Wesleyan Assurance Society continued

### Overview of our audit approach

<b>Audit scope</b>	We performed an audit of the complete financial information of the Society and audit procedures on specific balances for a further four components.  The components where we performed full or specific audit procedures accounted for 100% of Total assets and 100% of Total Liabilities.
<b>Key audit matters</b>	→ Valuation of gross technical provisions – assumptions and modelling → Valuation of Investment properties
<b>Materiality</b>	→ Overall Group materiality of £13.8m which represents 2.5% of Fund for Future Appropriations.

### An overview of the scope of the Society and Group audits

#### Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the group and effectiveness of group-wide controls, the potential impact of climate change, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the five reporting components of the Group, we selected all components which represent the principal business units within the Group.

Of the five components selected, we performed an audit of the complete financial information of one component ("full scope component") which was selected based on their size or risk characteristics. For the remaining four components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 100% (2024: 100%) of the Group's Total assets and 100% (2024: 100%) of the Group's Total Liabilities. For the current year, the full scope components contributed 99.1% (2024: 99.0%) of the Group's Total assets, and 99.3% (2024: 99.1%) of the Group's Total liabilities. The specific scope components contributed 0.9% (2024: 1.0%) of the Group's Total assets, and 0.7% (2024: 0.9%) of the Group's Total liabilities. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

#### Changes from the prior year

There are no significant changes in scoping the Group audit from prior year.

#### Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

### Climate change

Stakeholders are increasingly interested in how climate change will impact the Group. The Group has determined that the most significant future impacts from climate change on their operations will be predominantly in respect of the valuation of financial instruments, insurance and investment contract liabilities and goodwill and other intangible assets. These are explained on pages 33-42 in the Non-Financial and Sustainability Information Statement and on page 101 in the principal risks and uncertainties. They have also explained their climate commitments on pages 40-42. All of these disclosures form part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements.

The Group has explained in the accounting policies how they have reflected the impact of climate change in their financial statements including how this aligns with their commitment to the aspirations to achieve net zero emissions by 2050. Significant judgements and estimates relating to climate change are included in Note 1. These disclosures also explain where governmental and societal responses to climate change risks are still developing, and where the degree of certainty of these changes means that they cannot be taken into account when determining asset and liability valuations under UK GAAP.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk, physical and transition, their climate commitments, the effects of material climate risks disclosed on pages 36-37 and the significant judgements and estimates disclosed in Note 1 and whether these have been appropriately reflected following the requirements of UK GAAP. As part of this evaluation, we performed our own risk assessment to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

## Independent Auditor's Report to the members of Wesleyan Assurance Society continued

### Key audit matters

Key audit matters are those matters that, in our professional judgment, 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 our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Valuation of gross technical provisions: Actuarial assumptions and modelling</b></p> <p>The valuation of the technical provisions as at 31 December 2025 is £6,902.9m (2024: £6,324.4m) as disclosed in note 14 to the financial statements.</p> <p>The valuation of technical provisions is inherently uncertain due to the dependency on a number of key assumptions. These assumptions have different sensitivities, and for some assumptions small changes will have a material impact on the Group's reported result. Given there are a number of significant judgements relating to the material assumptions tested and the opportunity for management override to exist, we also consider this to be a fraud risk.</p> <p>Non-economic assumptions such as persistency, morbidity, guaranteed annuity rate take-up, longevity and mortality are set based on past experience and market experience, over-laid with the application of expert judgement in particular around future trends.</p> <p>Expense assumptions are set based on the anticipated costs associated with administering the business, this requires judgements on areas including future expenses inflation along with the split between acquisition / maintenance and between different classes of business.</p> <p>We consider the accuracy of models to be critical to the overall valuation of technical provisions. We consider the technical provisions calculated outside of the core actuarial system and the model developments applied to the core actuarial modelling system to represent a particular area of risk and therefore we focus our work specifically on these areas. As at 31 December 2025, the out-of-model reserves represent 1.2% (2024: 1.1%) of the total technical provisions.</p>	<p>To obtain sufficient audit evidence to conclude on the appropriateness of actuarial assumptions, using EY actuaries as part of our audit team, we performed the following procedures:</p> <ul style="list-style-type: none"> <li>→ obtained an understanding and tested the design and operating effectiveness of key controls over management's process for setting actuarial assumptions;</li> <li>→ tested that the policy records data used in the process for setting demographic and expense assumptions was complete and accurate;</li> <li>→ reviewed and challenged management's supporting analysis for the update or the retention of assumptions, including the persistency, morbidity, guaranteed annuity rate take-up, longevity, mortality, and expenses, to assess whether they are justified;</li> <li>→ in respect of longevity improvements, we have evaluated the use of the chosen industry standard Continuous Mortality Investigation ('CMI') model and the parameters used to validate that they were appropriate relative to the industry and reflect the expected longevity of the Society's policyholders relative to those in the CMI model;</li> <li>→ reviewed the approach to setting expense assumptions against Solvency II guidance (being the basis of measurement of technical provisions within the statutory accounts) and market practice; and</li> <li>→ concluded on whether the final assumptions were within a reasonable range based on our expert judgement, management's internal experience analysis and the results of assumptions used by peers as per our benchmarking survey. This includes assessing management bias in setting the assumptions by challenging the expert judgements made and evaluating available alternatives.</li> </ul> <p>To obtain sufficient audit evidence to conclude on core actuarial modelling systems and balances calculated outside these systems, using EY actuaries as part of our audit team we performed the following procedures:</p> <ul style="list-style-type: none"> <li>→ Continued to rely on the model baselining exercises undertaken in previous years by management which we substantively tested in those years.</li> <li>→ obtained an understanding of management's process for making changes to the core actuarial model and assessed the completeness of model changes through review of relevant committee meetings minutes;</li> <li>→ confirmed that there were only two model changes to the core actuarial modelling systems.</li> <li>→ assessed management's rationale for the UWP contract boundary change against relevant regulatory requirements and reviewed the model development documentation for reasonableness;</li> <li>→ assessed the justification, the process and controls, and management's testing outcome for the two model developments, to ensure these were appropriate for use in the production of reported results;</li> <li>→ stratified the components of the balances modelled outside the core actuarial system and focused our testing on those that, in our professional judgement, present a higher risk of material misstatement. As part of the testing, we gained an understanding of the rationale for balances calculated outside of the core actuarial system and assessed the appropriateness of the applied calculation methodology and the valuation of the balance.</li> </ul>	<p>We determined that the actuarial assumptions used by management are reasonable based on the analysis of the experience to date, industry practice and the financial and regulatory requirements.</p> <p>We determined that the models used are appropriate, that changes to the models were implemented as intended, and that controls over management's processes for modelling the technical provisions using the core actuarial modelling systems were operating effectively.</p> <p>We also determined that technical provisions modelled outside the core actuarial modelling systems are fairly stated.</p>

## Independent Auditor's Report to the members of Wesleyan Assurance Society continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p><b>Valuation of Investment properties</b></p> <p>The valuation of investment properties is subject to significant judgement and volatility. These have a total value of £495.9m (2024: £455.5m) as disclosed in note 10(D) to the financial statements.</p> <p>We consider the key risks related to the valuation of investment properties relate to:</p> <ul style="list-style-type: none"> <li>→ Use of valuation methodologies is judgemental.</li> <li>→ Valuation is sensitive to non-observable inputs such as market rental rates and yields which are judgemental.</li> <li>→ Volatility of property prices including the current economic environment.</li> </ul> <p>Any changes to the judgments included in the valuation of these assets could result in a material difference in the valuation.</p>	<p>We performed walkthroughs of the investment properties valuation process. This included understanding the procedures in place through which the Society gains assurance over the property valuations provided by management's expert.</p> <p>We applied both quantitative and qualitative criteria to the population in selecting properties for independent revaluation procedures. We performed substantive analytical procedures to obtain assurance that the investment properties held in both 2025 and 2024 moved in line with published market indices and any outliers were selected for testing. In addition, properties were selected for testing on the basis of qualitative factors such as those with high vacancy rates, reductions in contracted rent, and short lease terms.</p> <p>We utilised EY property valuation specialists to independently value a sample of properties. Separately, we assessed the competence and objectivity of management's expert for the remainder of the properties.</p>	<p>We have concluded that the valuation of the property portfolio is within a reasonable range of estimates.</p>

### Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

### Materiality

*The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.*

We determined materiality for the Group to be £13.8 million (2024: £14.3 million), which is 2.5% (2024: 2.5%) of Funds for Future Appropriations. We believe that Funds for Future Appropriations provides us with the most appropriate basis for determining materiality as it is the equivalent of net assets in an insurance company and is a suitable proxy for Solvency which is the main focus of the users of the financial statements.

We determined materiality for the Society to be £14.2 million (2024: £15.7 million), which is 2.5% (2024: 2.5%) of Funds for Future Appropriations.

During the course of our audit, we reassessed initial materiality and the change in final materiality from initial assessment at planning is due to the difference between the projected Funds for Future Appropriations and the final position.

### Performance materiality

*The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.*

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% of our planning materiality, namely £10.3m (2024: £10.7m). We have set performance materiality at this percentage because our prior year audit experience indicates a lower risk of misstatements.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. However, given our audit procedures for the group are undertaken centrally, we did not allocate a percentage of the performance materiality to each component but have instead utilised the group's performance materiality.

### Reporting threshold

*An amount below which identified misstatements are considered as being clearly trivial.*

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £0.69m (2024: £0.71m), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

## Independent Auditor's Report to the members of Wesleyan Assurance Society continued

### 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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

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.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Society and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Society's voluntary compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified as set out on page 64;
- Directors' explanation as to its assessment of the Society's prospects, the period this assessment covers and why the period is appropriate as set out on page 64;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities as set out on page 64;
- Directors' statement on fair, balanced and understandable as set out on page 80;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks as set out on page 48;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems as set out on pages 63-64; and;
- The section describing the work of the audit committee as set out on pages 82-84.

### Directors' Remuneration Report

- The Society voluntarily prepares a Report of the directors on remuneration in accordance with the provisions of the Companies Act 2006. The directors have requested that we audit the part of the Report of the directors on remuneration specified by the Companies Act 2006 to be audited as if the Society were a quoted company.
- In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 80, 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 and parent 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 parent society or to cease operations, or have no realistic alternative but to do so.

### 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.

## Independent Auditor's Report to the members of Wesleyan Assurance Society continued

### Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

→ We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are the direct laws and regulations related to elements of company law and tax legislation, and the financial reporting framework. Our considerations of other laws and regulations that may have a material effect on the financial statements included permissions and supervisory requirements of the Prudential Regulation Authority ('PRA') and the Financial Conduct Authority ('FCA').

→ We understood how the Group is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance matters. We also reviewed correspondence between the Society and its subsidiaries and UK regulatory bodies; reviewed minutes of the Board and Executive Risk Committee; and gained an understanding of the Group's approach to governance, demonstrated by the Board's approval of the Group's governance framework and the Board's review of the Group's risk management framework ('RMF') and internal control processes.

→ We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the controls that the Society and its subsidiaries have established to address risks identified by the Society, or that otherwise seek to prevent, deter or detect fraud. We also considered areas of significant judgement, performance targets, economic or external pressures and the impact these have on the control environment. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk, including the procedures over the actuarial assumptions prenoted above and testing manual non-routine journals, which were designed to provide reasonable assurance that the financial statements were free from fraud or error.

→ Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. For direct laws and regulations, we considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statement items. For both direct and other laws and regulations, our procedures involved: making enquiry of those charged with governance and senior management for their awareness of any non-compliance of laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, inquiring about the Group's methods of enforcing and monitoring compliance with such policies, inspecting significant correspondence with the FCA and PRA.

→ The Group operates in the insurance industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Other matters we are required to address

Following the recommendation from the audit committee we were appointed by the Society on 29 September 2017 to audit the financial statements for the year ending 31 December 2017 and subsequent financial periods. The period of total uninterrupted engagement is 9 years, covering the years ending 31 December 2017 to 31 December 2025.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Society and we remain independent of the Group and the Society in conducting the audit.
- The audit opinion is consistent with the additional report to the audit committee.

### Use of our report

This report is made solely to the Society's members, as a body, in accordance with the Companies Act 2006 as applied by the Insurance Accounts Directive (Miscellaneous Insurance Undertakings) Regulations 2008. 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.

*Ernst & Young LLP*

**Ben Morphet**, Senior statutory auditor  
for and on behalf of Ernst & Young LLP,  
Statutory Auditor  
Birmingham  
27 March 2026

# OUR FINANCIALS

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**Consolidated statement of comprehensive income** for the year ended 31 December 2025

	Note	2025 £m	2024 £m
<b>Profit and Loss Account</b>			
<b>Technical Account – Long-term Business</b>			
<b>Earned premiums, net of reinsurance</b>	3(A)		
Gross premiums written		454.7	409.3
Outward reinsurance premiums		(476.4)	(3.0)
		(21.7)	406.3
Investment income	4	376.3	591.1
Unrealised gains on investments	4	458.6	–
Other income	5	62.5	58.5
<b>Total Technical Income</b>		<b>875.7</b>	1,055.9
<b>Claims incurred, net of reinsurance</b>	6		
Claims paid – gross amount		(443.4)	(435.5)
– reinsurers' share		8.2	4.8
– net of reinsurance		(435.2)	(430.7)
Change in the provision for claims		(4.6)	6.2
		(439.8)	(424.5)
<b>Change in other technical provisions, net of reinsurance</b>	14		
Long-term business provision – gross amount		(468.4)	(170.0)
– reinsurers' share		494.9	(2.9)
– net of reinsurance		26.5	(172.9)
Net Operating expenses	7	(250.3)	(196.9)
Investment expenses and charges	4	(13.2)	(11.9)
Unrealised losses on investments	4	–	(245.1)
Allocation of net investment return to investment contracts	14	(221.5)	(102.1)
Tax attributable to the long-term business	9	(37.9)	(11.9)
Change in present value of future profits on linked non-profit business written in the With Profits Fund		7.2	2.9
Transfers from the Fund for Future Appropriations	13	53.3	106.5
		(462.4)	(458.5)
<b>Total Technical Charges</b>		<b>(875.7)</b>	(1,055.9)
<b>Balance on the Technical Account – Long-term Business</b>		<b>–</b>	–

**Consolidated statement of comprehensive income** for the year ended 31 December 2025 continued

	Note	2025 £m	2024 £m
<b>Other Comprehensive Income</b>			
Actuarial loss on pension scheme	22	–	0.4
Decrease/(increase) in tax liability on pension asset	9, 22	<b>5.3</b>	(0.1)
Revaluation gain/(loss) on tangible fixed assets	12(B)	<b>1.8</b>	(2.2)
Transfers (to)/from the Fund for Future Appropriations	13	<b>(7.1)</b>	1.9
<b>Other Comprehensive Income for the year</b>		–	–
<b>Total Comprehensive Income for the year</b>		–	–

The total transfer from the Fund for Future Appropriations was £46.2m (2024: £108.4m).

The above results for 2025 derive from continuing operations.

As a mutual company, all earnings are retained for the benefit of participating policyholders and are carried forward within the Fund for Future Appropriations.

The Society has elected to take the exemption under Section 408 of the Companies Act 2006 not to present the Society Statement of Comprehensive Income.

**Balance sheets** as at 31 December 2025

	Note	Group		Society	
		2025 £m	2024 £m	2025 £m	2024 £m
<b>Assets</b>					
<b>Intangible assets</b>					
Intangible assets	12(A)	16.7	29.9	16.0	27.9
Goodwill	12(A)	6.8	10.6	–	–
<b>Investments</b>					
Investment Property	10(D)	495.9	455.5	495.9	455.5
Group undertakings and participating interests	20	–	–	71.7	87.4
Other financial investments	10(A)	5,059.3	5,106.3	5,073.0	5,123.5
		5,555.2	5,561.8	5,640.6	5,666.4
<b>Value of in-force linked non-profit business</b>		46.5	39.3	46.5	39.3
<b>Assets held to cover linked liabilities</b>	10(B)	1,417.5	1,307.4	1,417.5	1,307.4
<b>Reinsurers' share of technical provisions</b>					
Long-term business provision	14	502.0	7.1	502.0	7.1
Claims outstanding		0.4	0.4	0.4	0.4
		502.4	7.5	502.4	7.5
<b>Debtors</b>					
Debtors arising out of direct insurance operations – policyholders		1.9	1.5	1.9	1.5
Debtors arising out of reinsurance operations		5.0	0.8	5.0	0.8
Other debtors	11	15.5	13.2	3.2	1.8
		22.4	15.5	10.1	4.1
<b>Other assets</b>					
Tangible assets	12(B)	11.5	10.8	11.0	10.2
Cash at bank and in hand		33.3	35.2	4.6	4.1
		44.8	46.0	15.6	14.3
<b>Prepayments and accrued income</b>					
Accrued interest and rent		31.7	31.2	31.7	31.2
Other prepayments and accrued income		12.9	12.1	3.9	4.2
		44.6	43.3	35.6	35.4
<b>Total Assets (excluding pension asset)</b>		7,656.9	7,061.3	7,684.3	7,102.3
<b>Pension Asset</b>	22	48.3	85.5	48.3	85.5
<b>Total Assets (including pension asset)</b>		7,705.2	7,146.8	7,732.6	7,187.8

The notes on pages 96 to 132 form an integral part of these financial statements.

**Balance sheets** as at 31 December 2025 continued

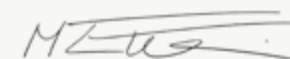
	Note	Group		Society	
		2025 £m	2024 £m	2025 £m	2024 £m
<b>Liabilities</b>					
<b>Non-current liabilities:</b>					
<b>Fund for Future Appropriations</b>	13	<b>559.3</b>	605.5	<b>575.2</b>	627.4
<b>Technical Provisions</b>					
Long-term business provision	14	<b>5,485.4</b>	5,017.0	<b>5,523.0</b>	5,064.1
Claims outstanding		<b>18.0</b>	13.4	<b>18.0</b>	13.4
		<b>5,503.4</b>	5,030.4	<b>5,541.0</b>	5,077.5
<b>Technical provisions for linked liabilities</b>	14	<b>1,417.5</b>	1,307.4	<b>1,417.5</b>	1,307.4
<b>Provisions for other Risks</b>	15	<b>113.4</b>	95.6	<b>111.1</b>	91.9
<b>Derivative Liabilities</b>	10(E)	<b>49.8</b>	52.9	<b>49.8</b>	52.9
<b>Current liabilities:</b>					
<b>Creditors</b>					
Creditors arising out of direct insurance operations		<b>5.0</b>	3.4	<b>5.0</b>	3.4
Creditors arising out of reinsurance operations		–	0.1	–	0.1
Other creditors	17	<b>18.1</b>	12.6	<b>26.8</b>	21.3
		<b>23.1</b>	16.1	<b>31.8</b>	24.8
<b>Accruals and Deferred Income</b>		<b>38.7</b>	38.9	<b>6.2</b>	5.9
<b>Total Liabilities</b>		<b>7,705.2</b>	7,146.8	<b>7,732.6</b>	7,187.8

The notes on pages 96 to 132 form an integral part of these financial statements.

The financial statements on pages 92 to 95 were approved by the Board of Directors on 27 March 2026 and signed on its behalf by:



**Nathan Moss**, Chair



**Mario Mazzocchi**, Group Chief Executive



**Nathan Beckett**, Chief Financial Officer

## Notes to the accounts for the year ended 31 December 2025

### 1. Accounting Policies

#### Basis of presentation

The Group financial statements have been prepared under the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 ("SI2008/410") relating to insurance groups, and have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), Financial Reporting Standard 103, "Insurance contracts", and the Companies Act 2006, under the provision of SI 2008/410.

The Group has applied FRS 102 as issued in January 2022 which incorporates all amendments effective up to reporting periods beginning 1 January 2025. The Group has not early adopted amendments to FRS 102 arising from the Periodic Review 2024 as these amendments are effective for accounting periods beginning on or after 1 January 2026.

Following the 2024 Periodic Review to FRS102 the principal changes include enhanced recognition for leases, and the introduction of a five-step model for revenue recognition. The changes to FRS 102 are being reviewed to consider the impact on the report and accounts; the Society will assess leases held to determine whether they fit exemption criteria or if recognition of a right-of-use asset and lease liability is required on an individual basis. Changes to revenue recognition will be considered in regard to non-technical income, which is in scope of FRS 102.

The Group is exempt from the requirements of section 7 of FRS 102 to prepare a cash flow statement, as mutual life assurance companies are excluded from compliance with this section.

A summary of the more important Group accounting policies is set out below.

#### Going Concern

Under UK Accounting Standards, the Directors are required to state whether the business is a going concern, and for this purpose the Directors have considered the period to 31 March 2027. In considering this requirement, the Directors have taken into account financial projections which demonstrate the ability of the Group to withstand market shocks in a range of scenarios, including very severe scenarios and climate change scenarios. Specifically, the Board considered solvency projections that incorporated an estimated view of an economic downturn. The projections demonstrated that excess capital would remain in the Group under both scenarios, in the going concern period to 31 March 2027, and that liquidity was adequate to meet liabilities as they fell due.

Having carried out this assessment, and after making appropriate enquiries, the Directors confirm that they consider it appropriate to prepare the financial statements on a going concern basis.

#### Basis of Consolidation

The consolidated financial statements of the Group incorporate the assets, liabilities, and results of the Society and its subsidiary undertakings and are drawn up to 31 December each year.

The financial statements produced by subsidiaries for inclusion in the Group financial statements are prepared using accounting policies consistent with those adopted by the Group. Intra-group transactions, balances and unrealised gains and losses on intragroup transactions are eliminated on consolidation.

The results of subsidiary undertakings acquired or sold during the year are included in the consolidated results from the date of acquisition or up to the date of disposal. On acquisition of a subsidiary undertaking, all of its assets and liabilities at the date of acquisition are recorded at their fair values reflecting their condition at that date.

#### Accounting judgements and estimation uncertainty

The preparation of financial statements in conformity with FRS 102 and FRS 103 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Technical provisions involve a higher degree of judgement and complexity with significant assumptions and estimates involved in the calculation, including discount rates, longevity, persistency and morbidity. These judgements and estimates have been disclosed in Note 14. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The pension asset recognised in the balance sheet is the value of the scheme's assets less the present value of the scheme's liabilities and the Society has the rights to the asset upon wind up of the Scheme.

During 2025, the Society entered into a buy-in agreement to transfer the scheme's liabilities to an insurance company. Under this agreement, the scheme is expected to be wound up in the near term and replaced by individual insurance policies for its remaining members ("buy out").

The value of the buy-in agreement is based on the latest pension valuation in accordance with FRS 102 Section 28. A pension valuation is carried out every three years. The Group financial statements have been prepared based on the triennial valuation at 31 December 2021. These judgements and estimates have been disclosed in Note 22. The valuation used the projected unit method and was carried out by a qualified Actuary employed by Aon Hewitt. The results of the valuation at 31 December 2021 have been adjusted to the balance sheet date taking account of experience over the period since 31 December 2021, changes in market conditions and differences in the financial and demographic assumptions. The latest available triennial valuation of the scheme 31 December 2024 was finalised in parallel with the approval of the Group financial statements, with no material variation to the judgements and estimates disclosed in Note 22.

Investment properties, including those occupied by the Society, are valued by external professionally qualified valuers, Colliers International and Knight Frank, who have appropriate recognised professional qualifications (Royal Institution of Chartered Surveyors), as well as recent experience in the location and category of the property being valued. In estimating the fair values of the properties within the portfolio, the highest and best use of the properties is considered in determining their current value, as disclosed in Note 10(D). The determined fair value of the investment property is most sensitive to the estimated yield, market rent and allowances for letting voids.

Derivative financial instruments are measured at fair value, which is obtained using valuation techniques performed by third parties, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Further information is set out in Note 10(E).

The best evidence of the fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

Investments in Group Undertakings (subsidiaries) are valued using discounted cash flow or discounted dividend valuation models or based on their surplus capital. The forecasts are based on profit projections and discounted using an appropriate discount rate. Further information is set out in Note 20.

## Notes to the accounts for the year ended 31 December 2025 continued

### 1. Accounting Policies continued

#### Impact of climate risk on accounting judgments and estimates

In preparation of these financial statements, the Group has considered the impact of climate change across a number of areas, predominantly in respect of the valuation of financial instruments, insurance and investment contract liabilities and goodwill and other intangible assets. Many of the effects arising from climate change will be longer-term in nature, with an inherent level of uncertainty, and have been assessed as having a limited effect on accounting judgments and estimates for the current period.

#### Classification of contracts

The Society classifies its products for accounting purposes as insurance, investment or investment with discretionary participation features. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. Contracts that do not transfer significant insurance risk are investment contracts. As a general guideline, the Society defines significant insurance risk as the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

A discretionary participation feature is a contractual right held by a policyholder to receive additional payments as a supplement to guaranteed benefits. Such contracts are more commonly known as 'with profits' or 'participating' contracts and are accounted for as insurance contracts.

Hybrid contracts are those where the policyholder can invest in and switch between both unit-linked (non-participating) and unitised with profits (participating) investment mediums. Hybrid policies that include both discretionary participation features and unit-linked components have been unbundled and the two components have been accounted for separately. For practical reasons certain hybrid contract types are treated as if they were investment contracts with discretionary participation features when accounting for premiums, claims and other revenue.

Amounts received in respect of unit-linked investment contracts, which principally involve the transfer of financial risk, are accounted for using deposit accounting, under which amounts collected are credited directly to the balance sheet, as an adjustment to the liability to the policyholder. Financial liabilities in respect of unit-linked investment contracts are carried in the balance sheet as 'Technical provisions for linked liabilities'.

#### (i) Insurance contracts and investment contracts with discretionary participating features (DPF)

##### Premiums

Long-term business premium income is accounted for when due for payment or, in the case of linked business, when the liability is established.

##### Reinsurance

Long-term business is ceded to reinsurers under contracts to transfer part or all of one or more of the following risks: mortality, morbidity, investment, persistency and expenses and are accounted for as insurance contracts. The amounts that will be recoverable from reinsurers are estimated based upon the gross provisions, having due regard to collectability. The recoverability of reinsurance recoveries is assessed having regard to market data on the financial strength of each of the reinsurance companies.

##### Claims

Claims payable on death are accounted for on the basis of notifications received. Disability claims are accounted for on the basis of individual claim assessments. Maturities and annuity payments are accounted for when the claim becomes due for payment. Surrenders are recognised either when paid

or if earlier, the date on which following notification, the policy ceases to be included within the long-term business provision and/or the liabilities on investment contracts. Claims include bonuses payable on with profits or participating contracts. Claims payable include all related internal and external claims handling costs. Reinsurance recoveries are accounted for in the same period as the related claim.

The reinsurers' share of claims incurred, in the statement of comprehensive income, reflects the amounts received or receivable from reinsurers in respect of those claims incurred during the year. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised in the statement of comprehensive income as 'outward reinsurance premiums' when due.

##### Liabilities

In respect of the hybrid policies the insurance risks have been unbundled from the investment contracts and reserves continue to be provided within the long-term business provision.

#### (ii) Investment contracts

Fees receivable from investment contracts include the management charge payable for administration of the relevant funds and is calculated as a percentage of the fund value for each policy (included in 'other income'). The fees are recognised in the statement of comprehensive income at the same time as they are charged to the policy.

##### Investments

###### (i) Investment properties

Investment properties are held at fair value, measured annually with changes in fair value recognised in the statement of comprehensive income. The basis of valuation used is open market value net of cost of purchase, with no changes to the valuation technique during the year.

The owner occupied share of the Head Office property is separated from the share of the property,

###### (ii) Investments in Group undertakings and participating interests

In the Society's balance sheet, 'Investments in Group undertakings and participating interests' are stated at fair value through profit and loss, for each individual subsidiary company in accordance with section 9 of FRS 102. The valuation techniques and assumptions used for determining fair value have been disclosed in Note 20.

###### (iii) Other financial investments

The Society has chosen to apply the recognition and measurement provisions of IAS 39, and the disclosure requirements of FRS 102 sections 11 and 12.

The Society classifies its other financial investments into the following categories:

- Shares and other variable-yield securities and units in unit trusts – at fair value through profit and loss;
- Debt securities and other fixed-income securities – at fair value through profit and loss;
- Deposits with credit institutions – at fair value through profit and loss; and
- Derivatives – at fair value through profit and loss.

Shares and other variable-yield securities and units in unit trusts, debt securities and other fixed income securities and deposits with credit institutions – are classified as at fair value through profit and loss at inception because they form part of an investment portfolio that is managed and whose performance is evaluated by the Society's key management personnel on a fair value basis.

## Notes to the accounts for the year ended 31 December 2025 continued

### 1. Accounting Policies continued

The fair values of listed investments are based on the current bid price on the balance sheet date or the last trading day before this date. The fair values of other unlisted investments, for which no active market exists, are established by the Directors using valuation techniques. These include use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other pricing models.

Net gains or losses arising from changes in the fair value of financial assets are presented in the statement of comprehensive income within 'Unrealised gains on investments' or 'Unrealised losses on investments' in the period in which they arise.

Unrealised gains and losses represent the difference between the fair value of financial assets at the balance sheet date and the original cost, or if they have been previously valued, that valuation at the balance sheet date. The movement in unrealised gains and losses recognised through the statement of comprehensive income in the year also includes the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

Other financial assets, including cash and other debtors, are recognised at amortised cost.

#### (iv) Investment income and expenses

Dividends are recorded on the date on which the shares are quoted ex-dividend. Other investment income and expenses are included on an accruals basis.

Interest receivable from loans is recognised using the effective interest rate method. The effective interest rate ("EIR") is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of a financial instrument or, where appropriate, a shorter period, to the net carrying value of the financial instrument.

Rental income from operating leases is recognised on a straight line basis over the life of the agreement.

Investment expenses and charges comprise overhead costs specific to the activity of investment income generation, and miscellaneous investment property maintenance costs. Further information on investment income and expenses is set out in Note 4.

#### (v) Investment gains and losses

Realised gains and losses on investments are calculated as the difference between net sales proceeds and the original cost/carrying value.

### Other Income

#### (I) Advice and Commission Income

Commission income within Wesleyan Financial Services is received from customers and third party manufacturers. Protection product and advisor charge income is recognised when the service is provided. General insurance commission income is recognised when the insurance contracts have been sold irrespective of the period of insurance.

#### (II) Dental Membership and Administration Fee income

Income within the Practice Plan Group primarily relates to the total amount receivable for the provision of administration and other support services to dental practices.

#### (III) Unit Trust Management Fee Income

Management Fee income within Wesleyan Unit Trust Managers is the consideration received or receivable for management fees of the Wesleyan Unit Trust range of funds under management, calculated as a percentage of funds under management.

#### Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value are recognised immediately in the statement of comprehensive income.

#### Assets held to cover linked liabilities

Assets held to cover linked liabilities are valued at fair value through profit and loss.

#### Impairment charge

Non financial assets are reviewed annually for indicators of impairment. Any resulting impairment charge is taken to the Statement of Comprehensive Income when identified.

#### Pension costs

The Group operates a defined benefit pension scheme, which was closed to new members with effect from 1 October 2009 and closed to future accrual from 5 April 2016. As explained on page 90, the Scheme liabilities were transferred to another insurer during the year ("buy-in").

The pension cost for the scheme is analysed between past service cost and net return on pension assets. Current service cost is the actuarially calculated present value of the benefits earned by the active employees in each period. Past service costs, relating to employee service in prior periods arising in the current period as a result of the introduction of, or improvements to, retirement benefits, are recognised in the statement of comprehensive income on a straight-line basis over the period in which the increased benefits vest. The buy-in is expected to increase retirement benefits and this increased cost has been recognised in the statement of comprehensive income.

Net expected return on the Scheme's assets comprises the expected return on the pension scheme assets less interest on the scheme's liabilities.

The combined impact of actuarial gains and losses which arise from updating the latest actuarial valuation to reflect conditions in the balance sheet data and the buy-in transaction on the value of the Scheme are included in the Statement of Comprehensive Income as a settlement loss.

#### Present value of future profits on linked non-profit business written in the With Profits Fund

For investment contracts, the excess value of future profits from linked business written by the Society over any value taken into account in calculating the best estimate liabilities for with profits business is recognised as an asset and allows for the repayment of initial expenses incurred on this business that have not yet been recouped.

The value assigned to this asset is calculated in accordance with Solvency UK rules, whereby future premiums are only recognised for contracts with valuable options or guarantees. The methodology and assumptions are based on our best estimate of future experience and the risk-free yield, less a suitable adjustment for risk and uncertainty ('risk margin').

The value of in-force linked non-profit business is held on the balance sheet as an asset.

## Notes to the accounts for the year ended 31 December 2025 continued

### 1. Accounting Policies continued

#### Reinsurers' share of technical provisions

The reinsurers' share of technical provisions is calculated on a basis consistent with the calculation of the corresponding liabilities. Long-term business is ceded to reinsurers under contracts to transfer part or all of one or more of the following risks: mortality, morbidity, investment, persistency and expenses. The contracts are accounted for as insurance contracts, provided that the risk transfer is significant. Some contracts which provide for the transfer of significant risk are also structured to provide financing.

#### Goodwill

Goodwill is capitalised in the balance sheet at cost and amortised through the statement of comprehensive income on a straight-line basis over its useful economic life of between 10 and 15 years. Goodwill is reviewed annually for indicators of impairment. The gain or loss on subsequent disposal of a subsidiary or associated undertaking will include any attributable unamortised goodwill.

#### Intangible Assets

Intangible assets relate to computer software development, assets in the course of construction, and customer listings acquired on acquisition. Customer listings are valued based on expected future income, discounted to their present value. These are being amortised over their expected economic life of ten years.

Computer software is valued at cost less amortisation, with assets being amortised on a straight-line basis over a four to ten year period. The expected economic life of capitalised software is regularly reviewed. In the event of any change to forecast expected useful life this is accounted for as prospective amortisation over the remaining life of the asset. Assets in course of construction relate to software being developed and are not amortised.

Intangible assets are reviewed annually for indicators of impairment. Any resulting impairment charge is taken to the Statement of Comprehensive Income when identified.

#### Tangible fixed assets

Tangible assets, except for freehold buildings, are stated at valuation or at cost less depreciation, where the cost of tangible assets is their purchase cost, together with any incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible assets on a straight-line basis over the expected useful economic lives of the assets concerned, having regard to expected residual values.

The periods generally applicable are:

- Freehold buildings – thirty to fifty years;
- Computer hardware – three to ten years;
- Furniture and fittings – ten to twenty years;
- Motor vehicles – three to four years;
- Equipment for hire – term of hire agreement.

The expected economic life of tangible assets are regularly reviewed. In the event of any change to forecast expected useful life this is accounted for as prospective depreciation over the remaining life of the asset.

Freehold buildings (which includes the owner occupied section of the Head Office property) are revalued annually with changes in fair value recognised in other comprehensive income. The basis of valuation used is open market value net of cost of purchase.

Tangible fixed assets are reviewed annually for indicators of impairment. Where, in the opinion of the Directors, there has been impairment in the value of fixed assets to below their net book value, additional depreciation is charged to the Statement of Comprehensive Income to reduce the carrying value of the assets to their fair value less costs to sell.

#### Fund for Future Appropriations (FFA)

The FFA is the excess of assets over the aggregate of policy and other liabilities. It is the Society's capital. Transfers to and from the FFA reflect the excess or deficiency of income over claims, expenses, tax and changes in the technical provisions in each accounting period.

#### Long-term business provision

The long-term business provision is determined by the Directors, having taken advice from the Chief Actuary following his annual valuation of long-term insurance business.

The long-term business provision is calculated using Solvency UK methodology. Under Solvency UK, the long-term business provision is broadly equivalent to the current amount the Society would have to pay for an immediate transfer of its obligations to a third party.

#### Insurance contracts and participating investment contracts

Actuarial best estimate assumptions are used to determine the amount and timing of future cash flows which make up the best estimate liabilities.

An additional provision is included by the Society to protect against adverse events that cannot easily be hedged. This 'risk margin', is defined as the cost of holding Solvency UK regulatory capital over the lifetime of each insurance contract.

#### With profits (participating) contracts

Provision is made for all bonus payments (declared and future, reversionary and terminal estimated, where necessary, in a manner consistent with the Principles and Practices of Financial Management (PPFM).

The underlying liabilities are based on the aggregate value of policy asset shares reflecting the premiums, investment return, expenses and charges applied to each policy.

For unitised-with profits business, the excess value of future profits is recognised as an asset (offset against other with profits liabilities) and allows for the repayment of initial expenses incurred on this business that have not yet been recouped. The value assigned to this asset is calculated in accordance with Solvency UK rules, whereby future premiums are only recognised for contracts with valuable options or guarantees. The methodology and assumptions are based on our best estimate of future experience and the risk-free yield, less a suitable adjustment for risk and uncertainty ('risk margin').

## Notes to the accounts for the year ended 31 December 2025 continued

### 1. Accounting Policies continued

Some with profits policies also contain options and guarantees that can increase the benefits payable to the policyholder. The potential liability for these options and guarantees is determined using a stochastic model, which simulates future investment returns, asset mix and bonuses. The most significant options and guarantees are:

- The sum assured and declared reversionary bonuses on with profits policies;
- With profits deferred annuity policies where the annuity is at a guaranteed rate;
- With profits policies with minimum surrender values; and
- Unitised with profits policies containing guarantees that market value reductions will not be applied at specified times.

### Non-participating insurance contracts

For conventional non-profit liabilities, a gross premium valuation method is used, which brings into account the full premiums receivable under contracts written by the Society, estimated renewal and maintenance costs and contractually guaranteed benefits.

The estimation techniques and assumptions are periodically reviewed with any changes in estimates reflected in the statement of comprehensive income as they occur.

### Technical provisions for linked liabilities

The financial liabilities for these contracts are designated at inception at fair value through profit and loss. The fair value of a unit-linked financial liability is determined using the current unit values that reflect the fair values of the financial assets contained within the Society's unitised investment funds linked to the financial liability, multiplied by the number of units attributed to the contract holder at the balance sheet date.

If the investment contract is subject to a surrender option, the fair value of the financial liability is never less than the amount payable on surrender, discounted for the required notice period, where applicable.

### Taxation

#### Current tax

Current tax is the amount of corporate income tax (including BLAGAB) expected to be payable on the taxable income for the year, as adjusted for items that are not taxable or not deductible, and any adjustment to tax payable in respect of previous years.

Current Tax is calculated using tax rates and laws that were enacted or substantively enacted at the balance sheet date. Further information is provided in Note 9.

#### Deferred tax

Deferred tax is recognised on timing differences that arise from the inclusion of income and expense in tax assessments in different periods to that in which they were reported in the financial statements. Deferred tax is calculated using tax rates and laws that have been enacted or substantively enacted at the balance sheet date, and which are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax on changes in the fair value of investments is recognised in the statement of comprehensive income. Deferred tax assets and liabilities are recognised on an undiscounted basis in accordance with the provisions of section 29 of FRS 102.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred taxes relate to the same fiscal authority. Further information is set out in Note 15.

### Provisions

A provision is recognised in the balance sheet when there is a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and that the obligation can be reliably measured. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. No provision is established where a reliable estimate of the obligation cannot be made.

### Leases

Finance leasing agreements transfer to the Group substantially all the benefits and risks of ownership of an asset. Accordingly they are treated as if the asset had been purchased outright and are depreciated over the shorter of the useful economic life of the asset or the length of the lease term. Assets are reviewed annually for indicators of impairment. Payments in respect of operating leases are charged to the statement of comprehensive income in the period to which they relate. Appropriate provisions are held when operating leases are considered to be onerous contracts (as defined under section 20 of FRS 102).

### Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. Pounds sterling is the functional currency of all Group entities. The consolidated financial statements are presented in millions of pounds sterling, which is the Group's presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income for the period.

Translation differences on non-monetary items, such as equities held at fair value, are recognised at fair value through profit and loss.

## Notes to the accounts for the year ended 31 December 2025 continued

### 2. Risk Management

#### General

In addition to the components detailed in the Risk Management Section on pages 44 to 47, the Board is responsible for maintaining a sound system of Risk Management and Internal Controls. This is achieved through the Risk Appetite Framework.

The purpose of the Society's Risk Appetite Framework (RAF) is to define the level (aggregate and individual) and types of risk the Society is willing to accept to achieve its strategic objectives. It also enables appropriate monitoring and management action processes to ensure that the Society stays within its risk appetite over time. This includes definitions of the key risks, risk appetite statements, metrics and limits.

In terms of financial impact, losses within the Society will ultimately impact either our Capital (the Estate) or will be borne by our With Profits Policyholders. We therefore set global risk principals and limits to manage the aggregate exposure in both these categories.

These limits ensure we maintain our capital strength within defined limits to meet the needs of the Society's Strategy and that we meet our With Profits Policyholders' reasonable expectations in line with their risk appetite and what has been communicated to them.

Our overarching Risk Appetite Statement reflects our need to maintain capital strength and meet policyholders' reasonable expectations:

*"We will ensure that we remain financially strong with above average financial strength, in line with our strategic objective and consistent with our communications to policyholders. We will also ensure that we do not become too financially strong, where alternative uses of our surplus capital may be possible which would be of greater benefit to current and future policyholders."*

#### Estate Capital

The following Estate capital principals are used to ensure we remain within risk appetite, and we achieve the Society's strategic goal.

- Financial Strength:** We aim to have above average financial strength both now and in the future. We have low appetite for breaching our regulatory capital requirement (SCR) pre management actions.
- Capital growth:** We will aim to sustainably grow our surplus capital over time to support Mutual Bonus payments and investment in the business for our policyholders.
- Capital quality:** We aim to hold high quality liquid investments to cover our minimum capital requirements.
- Capital stability:** We have low appetite for a volatile capital position that requires regular rebalancing and management actions.
- Diversified Risk Exposure:** We aim to have a diversified risk exposure and limit concentrations in one or more risk types.
- Capability:** We have no appetite for taking on risks that we do not have demonstrable capability to manage. Where this requirement is not met, we may use third parties to supplement in-house knowledge as we build that expertise. Any new risk exposures will require Board approval.

#### With Profits Policyholder Capital

The balance of risks borne by our With Profits policyholders are in line with their expectations described in the Principles and Practices of Financial Management (PPFM) and are managed through the Statement of Investment Principles (SIP).

The following With Profits Policyholder principals are used to ensure we remain within risk appetite, and achieve the Policyholder's expectation towards risk.

- Risk Profile:** The vast majority of the risk exposure for with profits policyholders should be from the underlying investment strategy. Business profits should be low but material and offer a reasonable return on investment relative to the level of risk exposure.
- Business Profit expectations:** We expect to generate business profits for our with profits policyholders and have no appetite for an expectation that business activities will result in business losses being deducted from asset shares over the long term.
- Business Losses:** We accept that under stressed scenarios we may need to make deductions from asset shares, but we have a low risk appetite for making such deductions
- Investment Strategy:** We have no appetite for taking investment risks that are not clearly communicated to policyholders and within the limits set out in the appropriate Statement of Investment Principles.

The Society's adherence to its risk appetite is assessed through both quantitative and qualitative measures. Whilst there are several component parts within the Risk Appetite Framework, Wesleyan places particular focus on the control of Strategic, Market, Capital, Insurance, Liquidity, Operational and Conduct Risks; as well as the overall risk profile for the Society and its With Profits policyholders. The Society also considers a number of 'Transversal risks' which are cross cutting in nature across a number of principle risks, these risks can have a number of different impacts if they crystallise. Transversal risks have been defined as Sustainability/Financial risks arising from climate change, Reputational, Risk Culture and Customer Outcomes.

#### Principal Risks

A high level definition of each principal risk is detailed below:

#### Strategic Risk

Strategic risk is defined as *"The risk that the Society's existing strategy is not sufficient or appropriate to maintain long term business resilience."*

Strategic risks are expected to cover the most significant current and emerging risks that can impact the ongoing viability of the organisation, including the loss of our competitive advantage.

Strategic risks should be forward looking and focus on issues that can have longer term impact (both downside risk and upside opportunities) as opposed to those issues which impact short term operating profit.

## Notes to the accounts for the year ended 31 December 2025 continued

### 2. Risk Management continued

#### Sub-Risks

There are four distinct elements which make up the overall assessment of Strategic risk these are detailed below:

- **Business performance:** How well is the business performing now and how well is it expected to perform in the future.
- **Competitive position:** How well positioned are we vs our competitors and what are the current threats.
- **Target Markets:** What are the key features of our target markets and how might they change.
- **Emerging risks including 'Unknown unknowns':** new or changing risks, which may impact the Society.

#### Risk Appetite

The Society has **Moderate to High appetite** for strategic risk which is managed through strategic planning processes (including the ORSA), business/product performance, horizon scanning and emerging risk identification.

We have set risk appetite as moderate as we accept that we will need to take risk in order to keep pace with market and competitor pressures and achieve our strategic objectives. In practice:

- We will seek rewarded risks to transform the business to deliver our purpose, which includes achieving good outcomes for customers and a financially resilient business.
- We will only take on risks that are consistent with achieving our purpose, for example we will not enter completely different markets that are not aligned to our existing propositions or professions or invest significant amounts of our policyholders' money in high-risk ventures.

Emerging risks including 'Unknown unknowns' (ER) are defined as new or changing risks, which may directly impact the Wesleyan Assurance Society's business model within a 5 to 10 year time horizon. The Risk Function reviews several external sources, including the BoE website, Swiss Re SONAR report and a number of Risk Management specialist websites to triage ERs which could pose a threat to the Society.

#### Market Risk

Market risk is the risk of financial loss to the Society (whether borne by the estate or with profits policyholders) due to movements in financial markets. Our appetite for market risk varies by fund. Market risk is defined as primary risk in taxonomy, the section below details the sub-risks within market risk.

#### Sub-Risks

**Equity:** The risk of financial loss if equity markets fall. If the stock market falls, the assets held in both asset shares and the surplus fall in value. Guaranteed Annuity Rates fall in value as the value of asset shares that can be converted is reduced.

**Property:** The risk of financial loss if property values fall. If property values fall the assets held in both asset shares and the surplus fall in value. The value of GARs reduces to offset this impact.

**Interest Rate:** The risk of financial loss due to variations in interest rates. As a reduction to interest rates increases the value of bonds held in the fund and increases the value of GARs. The increase to GARs should be offset by an increase in value of the swaption portfolio held.

**Credit Spreads:** The risk of financial loss due to the variations of credit spreads to expectations. As an increase to credit spreads reduces the value of corporate bonds held in asset shares and in the estate.

**Counterparty Risk:** There is a risk that a key counterparty defaults. Key exposures in the fund are deposit holding banks and the reinsurers of the Annuity Reinsurance treaty, Health Reinsurance treaty and GAR Reinsurance treaty. The counterparty risk of the Annuity Reinsurance treaty is heavily collateralised, leaving very little counterparty exposure.

**Inflation:** The risk of financial loss due to the variations in inflation rate to expectations at pricing.

**Currency:** There is a risk of a financial loss due to fluctuations in the price of different currencies.

#### Risk Appetite

##### Matching Funds – Non-Profit Fund, Wesleyan Staff Pension Scheme

For matching funds, market risk is the risk that asset values do not move in tandem with liabilities ("mismatch risk"). We have a low appetite for mismatching risk. Appropriate matching limits are agreed to measure the quality of matching and risk monitoring should then ensure that we remain within those limits.

##### With Profits Fund and Estate

For the with profits fund and the Estate, additional limits have been put in place to manage the overall risk exposure of these funds, including their exposure to market risk (See Global Risks). For all policyholder funds, including unit linked funds, the exposure to market risks should be consistent with policyholder expectations and the risk rating of the fund. Whilst these funds (excluding with profits fund) do not directly lead to financial loss for the Society, market risk can lead to poor customer outcomes.

##### All Funds

For all funds, we should ensure sufficient diversification by geography, industry, currency, credit quality (as applicable), which should be managed via the risk limits in the fund's Statement of Investment Principles (SIP). Risk monitoring should then ensure that those funds operate within the limits set out in the SIP.

##### Counterparty risk

We have included counterparty default risk within the market risk module, whilst noting that the counterparty default can be driven by specific operational factors relating to an individual bank/reinsurer rather than only being exposed to wider financial markets. It is noted that operational issues caused by third parties is covered in the operational risk "module". We have a low appetite for counterparty credit risk.

##### Insurance Risk

Insurance risk is defined as *"The risk of unexpected insured claims against modelled expectations resulting in financial loss to the Society"*

## Notes to the accounts for the year ended 31 December 2025 continued

### 2. Risk Management continued

#### Sub-Risks

**Persistency risk:** Is defined as the rate of surrenders, as well as paid-up and other discontinuances, being higher or lower than the best estimate assumptions.

**Longevity risk:** If policyholders live longer, the cost of providing Guaranteed Annuity Rates increases. Annuity products are offered only to vesting pensions from our own back book and are not available on the open market to new customers. Only standard annuity products are written; i.e. no enhanced or impaired life annuities with relatively uncertain longevity profiles. We must also ensure that our customers do not suffer from this restriction on what we write by providing appropriate advice and/or using a panel to source appropriate annuities for them.

**Expense:** Is defined as the risk arising from the amount or timing related to the management of policies to what is expected at the time of pricing. The impact of Life & Pensions expenses allocated to Open Fund With Profits policies is closely monitored by considering the reduction in investment return (i.e. expenses as % of aggregate Asset Share / Shadow Fund value)

**Mortality:** If mortality rates increase, then the fund incurs losses on Life assurance business, but this is offset by a release of reserves if policyholders with guarantees die before those guarantees vest.

**Morbidity:** If sickness claims increase, this increases the cost of potential claims and reduces the expected profit that will be received from the profit share arrangement within the Health Insurance treaty.

#### Risk appetite

We have a low/moderate appetite for insurance risk, with more appetite for risk types that meet customer needs and are an essential part of our customer proposition and less appetite for other types of insurance risk (lapse and expense). We predominantly accept longevity and morbidity risk and we acknowledge that these risks will give rise to unexpected losses from time to time.

Sensitivity to the main assumptions underlying insurance risk are set out in Note 13.

The Board, having taken advice from the Chief Actuary, may set limits on business volumes, including the maximum volumes of specific products with particular risks based on its risk appetite. These risks are monitored by the Risk function.

#### Liquidity Risk

Liquidity risk is defined as *"The risk that the Society has insufficient liquid assets to enable it to meet all claims and expenses as they fall due."*

Liquidity is considered at Society level, however there are five distinct elements which make up the overall assessment. The sub risks (Level 2) are driven by the measure of the liquidity position, considering its ability to meet the cash flows that occur over 4 days, 2 weeks, and then over a 3-month period, in stressed liquidity conditions.

For each of the funds listed:

- Estate.
- Policyholder Fund.
- Non Profit Fund.
- Unit Linked Funds.
- WUTM Funds.

In addition, as part of strategic planning, we also consider a longer term (3 year) projection of cashflow needs to ensure that we expect to have sufficient liquid assets to meet cashflow requirements over the longer term.

#### Risk Appetite

We have a low appetite for liquidity risk, ensuring that we are able to meet our financial obligations under stressed conditions. Liquidity risk is managed at an individual fund level.

For the With Profits, Estate and Non Profit Funds combined and for the all individual unit linked and unit trust funds, the Society measures its liquidity position by considering its ability to meet the cash flows that occur over 4 days, 2 weeks, and then over a 3 month period, in stressed liquidity conditions.

The Society's liquidity risk tolerance is to ensure that there is sufficient liquidity to provide coverage of at least 3 times stressed cash flows over 4 day and 2 week time periods and at least 1.4 times stressed cash flows over a 3 month period. Liquid assets include UK cash (Sterling), and UK Government securities with a term of less than 5 years. The cash flow stresses assume a period of reduced premium income and increased surrender claims. The definition of liquid assets, including appropriate haircuts for semi-liquid assets such as equities and corporate bonds and the stressed cashflow assumptions are documented in the Liquidity Risk Policy.

Further information in respect of the Group's Investment Assets is set out in Note 10. In excess of £6.5bn (2024: £6.5bn) of the Group's assets are either highly liquid or readily realisable and therefore available to support the Group's liabilities at limited notice.

#### Operational Risk

Operational risk defined as *"The risk of loss arising from inadequate or failed internal processes, people, systems, or from external events."*

#### Sub-Risks

**People risk:** The risk of operational or financial loss due to inadequate resource, capability, motivated or diverse workforce.

**Process:** The risk of poorly designed or large manual workarounds in operation for key processes across the business leading to operational or financial loss.

**Systems:** The risk of poorly designed or operated systems leading to loss of IT services, financial/operational loss.

**Cyber:** The risk of financial loss, disruption or damage to the reputation of an organisation from some sort of failure of its information technology systems.

## Notes to the accounts for the year ended 31 December 2025 continued

### 2. Risk Management continued

**Model risk:** Model risk is any risk associated with or arising from the use of a model including but not confined to:

- Inappropriate inputs;
- Inappropriate method applied by the model;
- Poor design of the model, including over complexity;
- Misuse of model through human error, poor process or insufficient understanding;
- Incorrect interpretation of outputs from the model;
- Poor model governance.

**Transformation:** The risks arising from transformation activities which could result in operational/ financial loss.

**Data:** There is a risk that Data is inaccurate, incomplete or can not be processed in a timely manner leading to operational and financial loss.

**Third party Management:** The risk of operational/financial or reputational loss due to a third party not operating as expected.

**Physical Security & Safety:** The risk of harm to the premises due to internal or external extreme events. This risk also covers the harm to any persons on the premises due to accidental/intentional circumstances.

#### Risk Appetite

Operational risk is accepted by the Society as an inevitable consequence of running its business. Our appetite for operational risks varies by sub-risk category, as shown in the table below.

Sub Risk	Risk Appetite
People	Low
Process	Moderate
Third Party	Moderate
Systems	Low
Data	Low
Cyber	No
Model	Low
Physical Security & Safety	Low
Transformation	Moderate

For Cyber Risk we have zero risk appetite for material customer detriment, financial loss or reputational damage resulting from a Cyber incident or an event impacting data confidentiality, integrity or availability.

### Conduct Risk

Conduct risk is defined as *"The risk of failing to achieve fair outcomes to customers throughout the end-to-end customer journey."*

Conduct risk is governed through the Conduct Risk Framework which outlines key areas of business activity where conduct risk may arise.

#### Sub-Risks

For monitoring conduct risk exposure, we have set the following sub-risk categories:

- **Regulatory & Compliance:** the risk of losses arising from a failure to comply with regulatory requirements and expectations.
- **Legal:** the risk of not complying with legislations, rules and guidance to ensure policyholders interests are protected.
- **Financial crime:** the risk that an employee, customer or other person / organisation perpetrates a fraud that harms the Society through financial loss and / or reputational impact.

#### Risk Appetite

We have a Low appetite for exposure to Conduct risk accepting that from time to time the Group may deliver isolated instances of poor outcomes to customers, colleagues or our community we have no appetite for these failures to be systemic.

Sub Risk	Risk Appetite
Regulatory and Compliance	Low
Legal	Low
Financial Crime	Low

We therefore have no appetite for conduct risks that lead to systemic unfair outcomes to customers at any part of the product lifecycle.

Where we identify potential poor outcomes, we will be proactive in reporting them, agreeing fair remedial actions, and at all times, ensure that we provide clear communications to ensure that a fair outcome is achieved.

## Notes to the accounts for the year ended 31 December 2025 continued

### 2. Risk Management continued

#### Financial Instruments – Fair value

Sections 11 and 12 of FRS 102 requires enhanced disclosures about fair value measurement and liquidity risk.

FRS 102 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (e.g. London Stock Exchange, Frankfurt Stock Exchange and New York Stock Exchange) and exchange traded derivatives such as futures and options.
- **Level 2** – The price of a recent transaction for an identical asset or liability provides evidence of fair value as long as there has not been a significant change in economic circumstances or significant lapse of time since the transaction took place.
- **Level 3** – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) with fair value estimated by using a valuation technique.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

#### Financial Assets at fair value through statement of comprehensive income – Group

	At 31 December 2025				At 31 December 2024			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Shares and other variable yield securities	3,992.6	–	–	3,992.6	3,673.9	–	–	3,673.9
Debt and other fixed income securities	2,092.5	–	11.9	2,104.4	2,219.4	–	11.9	2,231.3
Deposits with credit institutions	372.4	–	–	372.4	499.0	–	–	499.0
Investment Property	–	–	495.9	495.9	–	–	455.5	455.5
Swaptions	–	–	6.5	6.5	–	–	7.7	7.7
Equity Put Option	–	–	0.9	0.9	–	–	1.8	1.8
<b>Total Assets</b>	<b>6,457.5</b>	<b>–</b>	<b>515.2</b>	<b>6,972.7</b>	6,392.3	–	476.9	6,869.2

## Notes to the accounts for the year ended 31 December 2025 continued

### 2. Risk Management continued

#### Credit Risk

Wesleyan accepts credit risk by investing in Corporate Bonds on behalf of its With Profits, Unit Linked and Unit Trust policyholders. Credit risk is also borne by the Estate in order to provide additional return relative to the return achievable from UK Government bonds.

Finally, there is a higher credit risk for default of larger counterparties where our exposure is most concentrated, including reinsurers and investment banks with whom we hold material derivative contracts. This risk may be partly mitigated through collateralised arrangements, although these create additional counterparty default risks with the clearing banks who manage the collateral accounts for us.

The Society monitors its credit risk exposure to reinsurers with reports to the Board as required. Where possible, new reinsurance is either diversified or mostly collateralised to avoid over-concentration on a single reinsurer.

Other than risk of failure of a reinsurer, the Society's exposure to credit risk arises principally from its investment portfolio and from its holdings in bonds and cash in particular. The investment policies and procedures stipulate approved counterparties, permitted investments and exchanges as well as detailing specific counterparty ratings and exposure limits.

For derivatives, the policy also details legal, collateral and valuation requirements. Significant counterparty exposure, in the case of derivatives, is mitigated by the use of collateral and at 31 December 2025 the Society's custodians held collateral represented by UK Government Bonds, valued at £44.5m (2024: £38.6m) and £0.3m (2024: £0.5m) in cash.

Other areas where the Society is exposed to credit risk include amounts due from intermediaries and insurance contract holders. An analysis of the risk profile of the Group's credit assets is provided in the table on page 112.

There is no significant difference between the credit risk profile of the Society's and the Group's investments and, therefore, no separate table has been prepared for the Society-only position.

#### Currency Risk

Of the £1,631.0m (2024: £1,427.0m) non-linked assets held in other currencies, £1,007.0m (2024: £889.0m) is held in US-denominated assets, £420m (2024: £351.0m) is held in euro-denominated assets, and £205m (2024: £187.0m) in assets denominated in other currencies.

The Group is not subject to any significant direct currency risk, since all material financial assets and financial liabilities are denominated in Sterling. However, any changes in assets under management as a result of currency movements will impact future profits.

## Notes to the accounts for the year ended 31 December 2025 continued

**3(a). Earned Premiums**

	2025			2024		
	Gross £m	Reinsurance £m	Net £m	Gross £m	Reinsurance £m	Net £m
<b>Earned Premiums</b>						
Premiums written						
<b>Life ordinary business</b>						
Non-linked regular	14.0	(1.4)	12.6	11.5	(1.4)	10.1
Non-linked single	53.0	–	53.0	46.8	–	46.8
	67.0	(1.4)	65.6	58.3	(1.4)	56.9
<b>Pension business</b>						
Non-linked regular	44.4	(0.4)	44.0	37.1	(0.4)	36.7
Non-linked single*	164.8	(473.7)	(308.9)	165.2	–	165.2
	209.2	(474.1)	(264.9)	202.3	(0.4)	201.9
<b>Income protection insurance</b>						
Non-linked regular	34.6	(0.9)	33.7	34.8	(1.2)	33.6
<b>With profits ISA</b>						
Regular	32.1	–	32.1	30.0	–	30.0
Single	111.8	–	111.8	83.9	–	83.9
	143.9	–	143.9	113.9	–	113.9
	454.7	(476.4)	(21.7)	409.3	(3.0)	406.3

\* Outward reinsurance premiums include a funded reinsurance contract entered into during the year. Further information is set out in Note 14.

## Notes to the accounts for the year ended 31 December 2025 continued

### 3(a). Earned Premiums continued

The premiums received for investment contracts and therefore omitted from the above figures were as follows:

	2025 £m	2024 £m
Life – regular	6.8	6.6
Life – single	2.2	5.9
Pension – regular	24.9	22.5
Pension – single	25.7	22.5
Income protection – regular	1.6	1.9
	<b>61.2</b>	59.4

### 3(b). New Business Premiums

The below is stated in terms of Annual Premium Equivalent (APE), being 12 months' premium for regular business plus 10% of single premiums.

In classifying new business premiums, the following bases of recognition have been adopted:

- Recurrent single premium contracts are included as new business single premiums.
- Increments under existing group pension schemes are classified as new business premiums.

Where regular premiums are received other than annually, the reported regular new business premiums are on an annualised basis.

	2025 £m	2024 £m
Regular premiums	29.5	29.2
Single premiums	32.0	29.1
	<b>61.5</b>	58.3
Split by:-		
Life ordinary business	9.1	7.8
Pension business	28.1	27.2
Income protection insurance	3.8	4.5
ISAs	20.5	18.8
	<b>61.5</b>	58.3
Annuities*	1.7	1.9
	<b>63.2</b>	60.2

\* The annuities amount represents the pension funds retained by the Society on the vesting of pensions during the year.

As set out in Note 3(a), the Society does not account for the amount received as premiums in relation to investment contracts as premium income in the consolidated statement of comprehensive income. These amounts are accounted for as deposits received and added to the investment contract liabilities in the balance sheet. The amounts included above in respect of investment contract new business are as follows:

	2025 £m	2024 £m
Regular	3.9	5.0
Single	8.6	6.8
	<b>12.5</b>	11.8
Life ordinary business	1.2	1.2
Pension business	11.3	10.6
	<b>12.5</b>	11.8

### 4. Net Investment Return

	2025 £m	2024 £m
Investment income:		
Income from land and buildings	30.8	31.3
Income from other investments	210.8	208.4
Net gains on the realisation of investments	130.0	347.7
Net return on pension schemes (Note 22)	4.7	3.7
	<b>376.3</b>	591.1
Investment expenses and charges	(13.2)	(11.9)
Net unrealised gains/(losses) on investments	458.6	(245.1)
Net Investment return	<b>821.7</b>	334.1

### 5. Other Income

	2025 £m	2024 £m
Fee income in respect of investment contracts (Note 14)	11.1	11.8
Advice and Commission income	25.9	21.6
Dental Membership and Administration Fee Income	22.3	21.9
Unit Trust Management Fee Income	3.2	3.2
	<b>62.5</b>	58.5

## Notes to the accounts for the year ended 31 December 2025 continued

### 6. Claims Incurred

	2025			2024		
	Gross £m	Reinsurance £m	Net £m	Gross £m	Reinsurance £m	Net £m
Claims paid	442.8	(8.2)	434.6	435.0	(4.8)	430.2
Claims handling expenses	0.6	–	0.6	0.5	–	0.5
	443.4	(8.2)	435.2	435.5	(4.8)	430.7
Change in provision for claims	4.6	–	4.6	(6.2)	–	(6.2)
	448.0	(8.2)	439.8	429.3	(4.8)	424.5
Analysed by type of benefit:						
Death claims			35.0			29.9
Maturities			44.9			47.1
Surrenders			291.7			276.0
Annuities			44.7			47.7
Income protection claims			23.5			23.8
			439.8			424.5

Claims relating to linked investment contracts and therefore omitted from the figures for claims incurred were as follows:

	2025 £m	2024 £m
Death claims	7.1	6.2
Maturities	56.7	38.5
Surrenders	97.7	78.3
	161.5	123.0

**Notes to the accounts** for the year ended 31 December 2025 continued**7. Net Operating Expenses – Group**

	2025 £m	2024 £m
Staff Costs (Note 8)	<b>151.5</b>	113.2
Regulatory, Professional and Administration Fees	<b>53.5</b>	32.4
Information Systems, Maintenance and Rent	<b>17.1</b>	16.8
Amortisation and Impairment of Intangibles (inc. Goodwill)	<b>17.5</b>	22.3
Depreciation and Impairment of Tangible Fixed Assets	<b>1.3</b>	1.1
Loss on disposal of Intangible Assets	<b>–</b>	0.1
Other Operating Expenses	<b>9.8</b>	11.7
Reinsurance Profit Share/Commission	<b>(0.4)</b>	(0.7)
Net Operating Expenses	<b>250.3</b>	196.9

Staff costs include pension costs incurred for the Society's defined benefit pension scheme as part of a Buy in transaction. Further information is set out in Note 8 and Note 22.

During the year the Group obtained the following services from the Society's auditor at costs as detailed below.

	2025 £'000	2024 £'000
Auditors' remuneration (including expenses) amounted to:		
Fees payable to the Society's auditor for the audit of the parent company and consolidated financial statements	<b>679</b>	670
Fees payable to the Society's auditor for other services:		
The audit of the Society's subsidiaries	<b>90</b>	90
The audit of the Society's pension scheme	<b>35</b>	34
Audit-related assurance services	<b>251</b>	238
	<b>1,055</b>	1,032

**8. Staff Costs – Group**

	2025 £m	2024 £m
Salaries and wages	<b>97.6</b>	97.9
Social security costs	<b>11.0</b>	9.6
Pension cost (Note 22)	<b>5.8</b>	5.7
Pension cost – past service cost (Note 22)	<b>7.4</b>	–
Pension cost – settlement loss (Note 22)	<b>29.7</b>	–
	<b>151.5</b>	113.2

The monthly average number of employees for the Group, including Executive Directors, during the year was comprised as follows:

	2025 Number	2024 Number
Wesleyan Financial Services Sales Advisors	<b>218</b>	227
General	<b>1,098</b>	1,160
	<b>1,316</b>	1,387

**Note:** Details of Directors' Remuneration are given in the Directors' Remuneration Report, Directors' Remuneration Policy and the Annual Report on Remuneration, on pages 65 to 79.

## Notes to the accounts for the year ended 31 December 2025 continued

### 9. Taxation

	Group	
	2025 £m	2024 £m
Analysis of tax in the year:		
Current tax:		
UK corporation tax charge on income and gains	(7.1)	(1.2)
Other tax charge	(3.8)	–
Foreign tax	(4.1)	(4.6)
Adjustments in respect of prior periods	1.3	1.0
<b>Total current tax charge</b>	<b>(13.7)</b>	<b>(4.8)</b>
Deferred tax:		
Origination and reversal of timing differences	(24.2)	(7.1)
<b>Total deferred tax charge</b>	<b>(24.2)</b>	<b>(7.1)</b>
<b>Total tax charge through Profit &amp; Loss Account</b>	<b>(37.9)</b>	<b>(11.9)</b>
Deferred tax:		
Tax credit/(charge) on pension asset	5.3	(0.1)
<b>Total deferred tax credit/(charge) through Other Comprehensive Income</b>	<b>5.3</b>	<b>(0.1)</b>
	Society	
	2025 £m	2024 £m
Analysis of tax in the year:		
Current tax:		
UK corporation tax (charge)/credit on income and gains	(5.7)	–
Foreign tax	(4.1)	(4.6)
Other tax charge	(3.8)	–
Adjustments in respect of prior periods	(0.4)	–
<b>Total current tax charge</b>	<b>(14.0)</b>	<b>(4.6)</b>
Deferred tax:		
Origination and reversal of timing differences	(24.6)	(7.1)
<b>Total deferred tax charge</b>	<b>(24.6)</b>	<b>(7.1)</b>
<b>Total tax charge through Profit &amp; Loss Account</b>	<b>(38.6)</b>	<b>(11.7)</b>
Deferred tax:		
Tax credit/(charge) on pension asset	5.3	(0.1)
<b>Total deferred tax credit/(charge) through Other Comprehensive Income</b>	<b>5.3</b>	<b>(0.1)</b>

The tax charge for the Society which pays BLAGAB tax is provided at a rate of 20% (2024: 20%) computed in accordance with the rates applicable to life assurance companies whereby no tax is charged on pension business profits or permanent health insurance business profits.

For subsidiaries of the Group, tax is provided at the rate of 25% (2024: 25%), this representing the standard rate of corporation tax for the period. Deferred taxes at the balance sheet date are measured at the rate which best reflects the expected corporation tax rate when the timing differences will unwind.

The tax expense for the subsidiaries is affected by current tax and the non-recognition of current year tax losses, as well as other timing differences. A reconciliation of the total tax expense can be found in the individual statutory accounts in each of the subsidiaries of the Wesleyan Group, where material differences between accounting and taxable profits arise.

Tax losses of £165m (2024: £146.6m) relating to subsidiaries of the Wesleyan Group have not been recognised owing to uncertainty around their recovery.

As announced in the recent UK Budget on 26 November 2025, the UK savings tax rate is expected to increase from 20% to 22% from April 2027 and will be applicable to the taxable profits of the Society from this date. This has not been substantively enacted and is therefore not reflected in these financial statements.

The Group is subject to OECD Pillar II rules designed to ensure that large multinational enterprises pay a minimum effective tax rate of 15% on the income arising in each jurisdiction where they operate. No top-up tax is expected to be payable in relation to the current year (2024: £nil).

The maximum potential reduction to the pension scheme asset receivable after taxation is 25% (2024: 25%).

In 2024 the Group and Society chose to tax the BLAGAB element of the pension scheme asset at a rate of 20% consistent with the treatment of other timing differences chargeable to tax.

In 2025 following the pension buy-in arrangement and commitment to move to buy-out, this will crystallise an authorised surplus payments charge on the remaining surplus. As a partially exempt entity the Society, and Group, has chosen to tax the surplus at the BLAGAB element of the prevailing rate of 25%.

## Notes to the accounts for the year ended 31 December 2025 continued

## 10(a). Other Financial Investments

Note	Group		Society	
	2025 £m	2024 £m	2025 £m	2024 £m
<b>Financial assets at fair value:</b>				
Shares and other variable yield securities	<b>2,975.7</b>	2,785.6	<b>2,975.7</b>	2,785.6
Debt and other fixed income securities	<b>1,867.3</b>	2,002.3	<b>1,882.3</b>	2,022.3
Derivative financial instruments	10(E) <b>7.4</b>	9.5	<b>7.4</b>	9.5
Deposits with credit institutions	<b>208.9</b>	308.9	<b>207.6</b>	306.1
	<b>5,059.3</b>	5,106.3	<b>5,073.0</b>	5,123.5

The value of unlisted investments included in shares and other variable yield securities and debt and other fixed income securities for the Group amounted to £13.9m (2024: £14.5m). The value of unlisted investments included in shares and other variable yield securities and debt and other fixed income securities for the Society amounted to £28.9m (2024: £34.5m). This relates primarily to loans issued to fellow Group companies.

## 10(b). Assets held to cover Linked Liabilities

	Group		Society	
	2025 £m	2024 £m	2025 £m	2024 £m
<b>Financial assets at fair value:</b>				
Shares and other variable yield securities	<b>1,016.9</b>	888.3	<b>1,016.9</b>	888.3
Debt and other fixed income securities	<b>237.1</b>	229.0	<b>237.1</b>	229.0
Deposits with credit institutions	<b>163.5</b>	190.1	<b>163.5</b>	190.1
	<b>1,417.5</b>	1,307.4	<b>1,417.5</b>	1,307.4

All assets held to cover linked liabilities are listed investments with the exception of deposits with credit institutions.

## 10(c). Assets Subject to Credit Risk

	Society	
	2025 £m	2024 £m
AAA	<b>48.7</b>	78.3
AA	<b>1,725.0</b>	1,819.8
A	<b>100.9</b>	154.0
BBB	<b>237.4</b>	435.7
Below BBB or not rated	<b>385.9</b>	269.2
<b>Total assets bearing credit risk</b>	<b>2,497.9</b>	2,757.0
Derivative financial instruments	<b>7.4</b>	9.5
Sovereign Debt securities	<b>1,390.4</b>	1,325.7
Other Debt securities	<b>729.0</b>	925.6
Deposits with credit institutions	<b>371.1</b>	496.2
<b>Total assets bearing credit risk</b>	<b>2,497.9</b>	2,757.0
	<b>2025 £m</b>	<b>2024 £m</b>
Analysis of sovereign debt securities is as follows:		
UK	<b>1,357.8</b>	1,263.7
USA	<b>17.5</b>	39.3
Germany	<b>1.4</b>	1.4
France	<b>–</b>	2.0
European Investment Bank	<b>13.7</b>	19.3
	<b>1,390.4</b>	1,325.7
	<b>2025 £m</b>	<b>2024 £m</b>
Analysis of maturity of sovereign and other debt securities:		
Less than 1 year	<b>203.1</b>	304.8
1-5 years	<b>499.3</b>	575.3
More than 5 years	<b>1,416.9</b>	1,371.2
	<b>2,119.4</b>	2,251.3

## Notes to the accounts for the year ended 31 December 2025 continued

### 10(d). Investment Property

A reconciliation of investment property for Group and Society is shown below:

	Total £m	Other freehold properties £m	Long leasehold properties £m
<b>Current Value:</b>			
At 1 January 2025	455.5	444.8	10.7
Additions	57.4	57.4	–
Gain/(loss) on fair value adjustments	12.3	13.8	(1.5)
Disposals	(29.3)	(29.3)	–
<b>At 31 December 2025</b>	<b>495.9</b>	<b>486.7</b>	<b>9.2</b>
<b>Cost:</b>			
At 1 January 2025	486.0	477.0	9.0
Additions	57.4	57.4	–
Disposals	(21.0)	(21.0)	–
<b>At 31 December 2025</b>	<b>522.4</b>	<b>513.4</b>	<b>9.0</b>

### 10(e). Derivative Financial Instruments

	2025			2024		
	Contract/ Notional Amount £m	Fair Value Asset £m	Fair Value Liability £m	Contract/ Notional Amount £m	Fair Value Asset £m	Fair Value Liability £m
Swaps	283.4	–	(49.8)	305.7	–	(44.4)
Swaptions	220.7	6.5	–	240.3	7.7	–
Equity Put Option	48.7	0.9	–	48.8	1.8	–
FX Forward	–	–	–	15.3	–	(8.5)
<b>Total</b>	<b>552.8</b>	<b>7.4</b>	<b>(49.8)</b>	<b>610.1</b>	<b>9.5</b>	<b>(52.9)</b>

Swap rates were in the range 3.5% to 4.6% (2024: 3.2% to 4.5%).

### 11. Other Debtors

	Group		Society	
	2025 £m	2024 £m	2025 £m	2024 £m
Income receivable	6.8	6.2	–	–
Other debtors	5.3	4.0	3.2	1.8
Deferred tax asset	3.4	3.0	–	–
	<b>15.5</b>	<b>13.2</b>	<b>3.2</b>	<b>1.8</b>

#### Movement in the deferred tax asset

	Group		Society	
	2025 £m	2024 £m	2025 £m	2024 £m
At 1 January 2025	3.0	3.0	–	–
(Charged)/Credited during the year	0.4	–	–	–
<b>At 31 December 2025</b>	<b>3.4</b>	<b>3.0</b>	<b>–</b>	<b>–</b>

Deferred tax assets included in Other Debtors consist of losses and other timing differences which relate to subsidiary undertakings.

Other debtors for both Group and Society include amounts due from the Wesleyan Staff Pension Scheme to the Society of £1.4m comprising buy in costs incurred on behalf of the Scheme (2024: £nil).

## Notes to the accounts for the year ended 31 December 2025 continued

## 12a. Intangible Assets and Goodwill

	Group				
	Total £m	Computer Software £m	Assets in course of construction* £m	Customer Lists £m	Goodwill £m
<b>Cost:</b>					
At 1 January 2025	188.6	115.9	2.3	16.8	53.6
Additions	0.5	0.5	–	–	–
Transfers	–	2.3	(2.3)	–	–
<b>At 31 December 2025</b>	<b>189.1</b>	<b>118.7</b>	<b>–</b>	<b>16.8</b>	<b>53.6</b>
<b>Accumulated Amortisation:</b>					
At 1 January 2025	148.1	89.9	–	15.2	43.0
Charge during the year	17.5	12.1	–	1.6	3.8
<b>At 31 December 2025</b>	<b>165.6</b>	<b>102.0</b>	<b>–</b>	<b>16.8</b>	<b>46.8</b>
<b>Net Book Amount</b>					
<b>At 31 December 2025</b>	<b>23.5</b>	<b>16.7</b>	<b>–</b>	<b>–</b>	<b>6.8</b>
At 31 December 2024	40.5	26.0	2.3	1.6	10.6
	Society				
	Total £m	Computer Software £m	Assets in course of construction* £m	Customer Lists £m	Goodwill £m
<b>Cost:</b>					
At 1 January 2025	117.2	114.9	2.3	–	–
Transfers	–	2.3	(2.3)	–	–
<b>At 31 December 2025</b>	<b>117.2</b>	<b>117.2</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Accumulated Amortisation:</b>					
At 1 January 2025	89.3	89.3	–	–	–
Charge during the year	11.9	11.9	–	–	–
<b>At 31 December 2025</b>	<b>101.2</b>	<b>101.2</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Net Book Amount</b>					
<b>At 31 December 2025</b>	<b>16.0</b>	<b>16.0</b>	<b>–</b>	<b>–</b>	<b>–</b>
At 31 December 2024	27.9	25.6	2.3	–	–

\* Assets in course of construction relate to ongoing computer software development projects, as explained under the accounting policy for Intangible Fixed Assets.

## 12b. Tangible Fixed Assets

	Group				
	Total £m	Freehold buildings and Leasehold property* £m	Furniture and Fittings £m	Computer Hardware £m	Motor Vehicles** £m
<b>Cost or Valuation:</b>					
At 1 January 2025	21.4	7.8	7.5	6.0	0.1
Additions	0.2	–	–	0.2	–
Disposals	(0.1)	–	–	–	(0.1)
Revaluations	1.3	1.3	–	–	–
<b>At 31 December 2025</b>	<b>22.8</b>	<b>9.1</b>	<b>7.5</b>	<b>6.2</b>	<b>–</b>
<b>Accumulated Depreciation:</b>					
At 1 January 2025	10.6	–	4.9	5.6	0.1
Charge during the year	1.3	0.5	0.6	0.2	–
Disposals	(0.1)	–	–	–	(0.1)
Revaluations	(0.5)	(0.5)	–	–	–
<b>At 31 December 2025</b>	<b>11.3</b>	<b>–</b>	<b>5.5</b>	<b>5.8</b>	<b>–</b>
<b>Net Book Amount</b>					
<b>At 31 December 2025</b>	<b>11.5</b>	<b>9.1</b>	<b>2.0</b>	<b>0.4</b>	<b>–</b>
At 31 December 2024	10.8	7.8	2.6	0.4	–

## Notes to the accounts for the year ended 31 December 2025 continued

### 12b. Tangible Fixed Assets continued

	Society				
	Total £m	Freehold buildings and Leasehold property* £m	Furniture and Fittings £m	Computer Hardware £m	Motor Vehicles** £m
<b>Cost or Valuation:</b>					
At 1 January 2025	20.7	7.8	7.2	5.6	0.1
Additions	–	–	–	–	–
Disposals	(0.1)	–	–	–	(0.1)
Revaluations	1.3	1.3	–	–	–
<b>At 31 December 2025</b>	<b>21.9</b>	<b>9.1</b>	<b>7.2</b>	<b>5.6</b>	<b>–</b>
<b>Accumulated Depreciation:</b>					
At 1 January 2025	10.5	–	4.9	5.5	0.1
Charge during the year	1.0	0.5	0.5	–	–
Disposals	(0.1)	–	–	–	(0.1)
Revaluations	(0.5)	(0.5)	–	–	–
<b>At 31 December 2025</b>	<b>10.9</b>	<b>–</b>	<b>5.4</b>	<b>5.5</b>	<b>–</b>
<b>Net Book Amount</b>					
<b>At 31 December 2025</b>	<b>11.0</b>	<b>9.1</b>	<b>1.8</b>	<b>0.1</b>	<b>–</b>
At 31 December 2024	10.2	7.8	2.3	0.1	–

\* Freehold buildings include the owner occupied section of the Head Office property. The property was revalued on 31 December 2025 by independent qualified surveyors. The basis of valuation used is open market value net of cost of purchase.

\*\* Motor vehicles within the Group held under contract purchase agreements were fully disposed at the year end.

### 13. Fund for Future Appropriations (FFA) and Capital Management

The following note sets out the Society's financial strength on a statutory basis (FFA) and a regulatory basis (Solvency UK Own Funds). The Society's main financial risks are also set out below, with sensitivities to changes in key risks provided. The capital requirements shown below are based on Solvency UK.

The Society's statutory capital position is represented by its FFA, which is shown in the table below.

#### Fund for Future Appropriations

	Group		Society	
	2025 £m	2024 £m	2025 £m	2024 £m
<b>At 1 January</b>	<b>605.5</b>	<b>713.9</b>	<b>627.4</b>	<b>733.8</b>
Transfer (to) Profit and Loss Account	(53.3)	(106.5)	(59.3)	(104.5)
Transfer from/(to) Other Comprehensive Income	7.1	(1.9)	7.1	(1.9)
<b>At 31 December</b>	<b>559.3</b>	<b>605.5</b>	<b>575.2</b>	<b>627.4</b>

#### Capital Management

##### (i) Regulatory environment

In reporting the Society's regulatory financial strength, capital and solvency are measured using the regulations prescribed by the PRA under the Solvency UK regulatory reporting regime. These regulations include a number of capital tests, as described below. The Society has continually been able to meet all of these capital requirements throughout the year and continued to have significant resources and financial strength.

##### (ii) Capital management policies and objectives

As set out in the Society's PPFM, the Society's main objectives in managing its estate (which represents regulatory capital) are:

- to meet regulatory capital requirements;
- to finance the cash flow strains which arise from new policies we write or from policies already written;
- to enable us to invest a higher proportion of the Main With Profit Pool in equities and property;
- to smooth the payouts to With Profits policyholders;
- to meet some guarantee costs, where the Board have established that the estate has taken the guarantee risk or have determined that the guarantee cost is exceptionally high and should not be charged in full to policyholders;
- to provide finance for business developments with an expectation that the estate will recoup its investment from future profits; and
- to meet exceptional costs.

## Notes to the accounts for the year ended 31 December 2025 continued

### 13. Fund for Future Appropriations (FFA) and Capital Management continued

#### (iii) Methodology for determining required capital resources

The Society is required to hold sufficient capital to meet the PRA's capital requirements under Solvency UK regulations.

##### Pillar 1:

The Pillar 1 regulatory capital requirement, called the Solvency Capital Requirement (SCR), is reported in the publicly available Quantitative Reporting Templates (QRTs) submitted to the regulator each quarter. The Society's SCR is determined using a standard formula to cover a one in 200 risk event over a one-year period.

##### Pillar 2:

The Society also submits to the PRA an 'Own Risk and Solvency Assessment (ORSA)' under Pillar 2 of the Solvency UK regime, which is prepared under the same basis as Pillar 1.

#### (iv) Methodology for determining available capital resources

The Society has two With Profits Funds, the Ordinary and Industrial Long Term Business Fund (OILTBF) and the Medical Sickness Society Fund (MSSF), which are shown separately in the capital position statement and in the table below. The MSSF was set up under the terms of the Scheme for the merger with Medical Sickness Annuity and Life Assurance Society Limited on 1 July 1997. It contains all with profits policies of Medical Sickness Society on that date and is maintained as a separate account within the Society's Long-term Business Fund. The OILTBF contains all of the business of the Society other than the business in the MSSF.

Available capital resources are calculated in accordance with the Solvency UK, Pillar 1 requirements, and can be broadly described as placing a market value on the net assets including the value of future profits on all acquired in-force long-term business as well as on non-participating business issued by the Society. These are shown in the table overleaf.

## Notes to the accounts for the year ended 31 December 2025 continued

### 13. Fund for Future Appropriations (FFA) and Capital Management continued

#### Available capital resources

	OILTBF 2025 £m	MSSF 2025 £m	Total 2025 £m	OILTBF 2024 £m	MSSF 2024 £m	Total 2024 £m
<b>Fund for Future Appropriations</b>	<b>559.3</b>	–	<b>559.3</b>	605.5	–	605.5
Adjustments to assets	<b>(76.2)</b>	–	<b>(76.2)</b>	(109.1)	–	(109.1)
Adjustments to liabilities	<b>63.5</b>	<b>38.8</b>	<b>102.3</b>	88.1	29.7	117.8
<b>Total available capital resources</b>	<b>546.6</b>	<b>38.8</b>	<b>585.4</b>	584.5	29.7	614.2
Other adjustments	–	<b>(5.1)</b>	<b>(5.1)</b>	(3.5)	(3.5)	(7.0)
<b>Eligible Own Funds to meet SCR</b>	<b>546.6</b>	<b>33.7</b>	<b>580.3</b>	581.0	26.2	607.2
Solvency Capital Requirement	<b>209.7</b>	<b>33.7</b>	<b>243.4</b>	206.2	26.2	232.4
Cover for Solvency Capital Requirement	<b>261%</b>	<b>100%</b>	<b>238%</b>	282%	100%	261%

Under the merger Scheme, the whole of the surplus in the MSSF is progressively and equitably distributed to the policies in that fund. This means that for the purpose of the available capital resources statement there are no excess assets in the fund. However, some surplus is being held back in the fund to provide regulatory capital that may be required under stressed financial conditions.

#### (v) Solvency UK Own Funds and Surplus Capital

Own Funds are determined in accordance with the Capital Management policies described above.

Total Liabilities are determined using the same methodology as described in Note 1, and are inclusive of the present value of future profits on linked with-profits and non-profit business.

The Solvency Capital Requirement (SCR) represents the level of capital that the Society is required to hold in the Pillar 1 stress event. The SCR is calculated assuming that, amongst other less material risks:

- risk free yields rise;
- equity and property markets fall;
- longevity increases, increasing annuity liabilities;
- credit risk increases as per the regulations.

Credit risk is allowed for by assuming an immediate and permanent widening in yield spreads on corporate bonds over risk free rates, calculated on a stock-by-stock basis. A list of the most material stress assumptions and their impact is shown in the sensitivity analysis section.

## Notes to the accounts for the year ended 31 December 2025 continued

### 13. Fund for Future Appropriations (FFA) and Capital Management continued

#### (vi) Movements in available capital resources in period

A summary Solvency UK Pillar 1 Balance Sheet is shown below:

	2025 £m	2024 £m
Total value of investment assets	7,116.0	7,031.9
Value of reinsurance	502.5	7.5
<b>Total Assets</b>	<b>7,618.5</b>	<b>7,039.4</b>
With profits technical provisions		
– With profits benefit reserve	5,004.4	4,583.1
– With profits value in force	(296.8)	(286.1)
– Options & Guarantees	15.9	(22.7)
Linked technical provisions	1,371.1	1,268.1
Other Life technical provisions	608.8	608.0
Health technical provisions	104.2	85.9
Other liabilities	225.5	188.9
<b>Total Liabilities</b>	<b>7,033.1</b>	<b>6,425.2</b>
<b>Total Available Capital Resources</b>	<b>585.4</b>	<b>614.2</b>
Solvency Capital Requirement	243.4	232.4
<b>Total Surplus Capital</b>	<b>342.0</b>	<b>381.8</b>

	OILTBF £m	MSSF £m	Total business £m
<b>Balance at 1 January 2025</b>	<b>580.9</b>	<b>26.2</b>	<b>607.1</b>
Effect of method changes	(21.5)	–	(21.5)
Effect of investment variations	94.0	8.8	102.8
Effect of experience variations	(21.6)	11.0	(10.6)
Effect of assumption changes	(8.6)	(6.5)	(15.1)
New Business	(19.1)	–	(19.1)
Effect of pension surplus	(19.2)	–	(19.2)
Effect of expense variances	(8.9)	–	(8.9)
Increase in risk margin	(6.9)	(0.3)	(7.2)
Surplus distribution	(15.1)	(14.6)	(29.7)
Other factors	(7.4)	10.6	3.2
Restricted MSSF own funds	–	(1.5)	(1.5)
<b>Balance at 31 December 2025</b>	<b>546.6</b>	<b>33.7</b>	<b>580.3</b>

The table above shows key elements of the movements in Own Funds in 2025. Eligible Own Funds in the Open Fund reduced by £34m, mainly due to the impact of actuarial methods and assumption changes during the year, which offset the good investment returns achieved over 2025. The most significant method change was to defer recognition of future regular premiums on most with profits contracts until they are received, which is a contract boundary change.

#### Sensitivity of capital

The capital position of the Society is sensitive to changes in economic conditions and financial markets, both through the impact on asset values and also the effect that changes in interest rates and investment returns may have on liability valuations. The liabilities are also sensitive to the other assumptions that have been used in their calculation, such as mortality and persistency. The Society's approach to managing these risks is detailed in Note 2.

#### (i) Economic conditions and financial markets

The liability valuation will include assumptions about future interest rates and investment returns. An adverse change in either variable will increase liabilities and hence reduce the available capital, depending upon the extent to which assets with similar anticipated cash flows match the liabilities.

To the extent that it cannot be reflected in increased charges to policyholders an adverse change in the markets for the Society's investment assets will reduce the Own Funds.

#### (ii) Other assumptions

The Society monitors actual experience in mortality, morbidity and persistency rates against the assumptions used, and applies that outcome to refine its long-term assumptions. Amounts paid will inevitably differ from estimates, particularly when the expected payments do not occur until well into the future. Liabilities are fully evaluated half-yearly with estimates given monthly, or more frequently during periods of market downturn or uncertainty, allowing for changes in the assumptions used, as well as for the actual claims experience. If actual claims experience is less favourable than the underlying assumptions, or if it is necessary to increase provisions in anticipation of a higher rate of future claims, then available capital will be reduced.

#### (iii) Main sensitivities

The most significant potential causes of a worsening of the Society's capital position arise from the following two risks:

- Market risk in relation to linked with-profits and non-profits business, which would arise if adverse changes in the value of the assets supporting this business could not be fully reflected in increased charges to policyholders, reducing the present value of future profits.
- Future lapse risk in relation to linked with profits and non-profit business, which would arise if policyholders lapsed more, reducing the present value of future profits.

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 to reflect it. In this way, liabilities would be increased to anticipate the future impact of the worse experience with immediate impact on the capital position. Examples of possible management actions include changes to with profits bonus rates and changes to discretionary surrender terms or increasing product charges.

## Notes to the accounts for the year ended 31 December 2025 continued

### 13. Fund for Future Appropriations (FFA) and Capital Management continued

In addition, actions could be taken to reduce the Society's required capital by risk management particularly relating to assets – for example, divestment from current equity or corporate bond holdings in favour of a safer but lower yielding asset such as cash.

A sensitivity analysis reflecting the impact of changes to mortality, morbidity, persistency, expense and market assumptions on the Society's available capital is provided below. Stresses reflect capital held for the stresses in the one in 200 scenario modelled for calculation of the Society's SCR.

The separate investment strategy for the assets backing policy asset shares described in the Market Risk Overview on page 102 enables a low market risk strategy to be adopted for capital without impacting on the long-term investment returns for with-profits policyholders. This means that the capital position of the Society is less sensitive to changes in economic conditions and financial markets, and this leads to a lower SCR than would be the case if equity investment was at similar levels across all funds.

#### (iv) Sensitivity analysis

SCR stresses and impacts

Risk	Stress assumption used	Impact on available capital	
		2025 £m	2024 £m
Demographic			
Longevity improvement	20.0%	4.1	10.9
Morbidity level (inceptions and terminations)	25.0% / (20.0%)	23.8	17.5
Instantaneous mass lapse	40.0%	106.0	49.7
Expense (level and inflation increase)			
Economic			
Equity level fall	42.1%	45.2	70.1
Credit stress – reduction in value of AA rated corporate bond (term 10 / 15 / 20)	8.5% / 11.0% / 13.5%	2.2	36.1
Interest rate rise (term 10 / 15 / 20)	1.7% / 1.4% / 1.2%	6.7	9.5
Property level fall	25.0%	3.0	5.4
Counterparty (credit quality 1-5+)	0.01% / 0.1%/ 0.2% / 1.2%/ 4.2%	0.8	1.5

The table above shows sensitivities to movements in the assumptions used at 31 December 2025 on Pillar 1 Own Funds after management actions, which include transferring some of the emerging losses to with profits policyholders. Management actions are reviewed annually by the Society Board, and following this review with profits policyholders' exposure to business losses has been reduced. This decision recognises the Society's increased resilience to equity, credit and longevity stress events following risk management activity completed during the year, which has included reinsuring the Society's annuity liabilities.

Sensitivities shown reflect the equivalent SCR stresses on the balance sheet for relevant economic, demographic and insurance assumptions.

These are stresses which apply in a 1 in 200 scenario.

#### (1) Demographic Annuitant longevity Decrease in base mortality rates.

This sensitivity demonstrates the effect of a decrease in the rate of deaths. For annuity business and policies that contain a guaranteed annuity option a decrease in mortality rates will increase the liability, as the average period over which annuity payments must be made will be extended.

#### Morbidity Increase in base morbidity rates, plus a reduction in claim terminations.

This sensitivity demonstrates the effect of an increase in the rate of serious illness.

#### Persistency Instantaneous increase in lapse rates

This sensitivity reflects an immediate one-off increase in lapse rates (mass lapse event). This means that more policies are being surrendered or terminated early, with the result that fewer policies are assumed to remain in-force. An increase in lapse rates will tend to increase liabilities.

#### (2) Expenses Increase in maintenance expenses, the ongoing cost of administering contracts.

This sensitivity is applied to the projected level of expenses. An increase in expenses beyond best estimate expense inflation will increase liabilities for non-participating business.

#### (3) Economic

This sensitivity is designed to show the effect of an adverse movement in interest rates used to discount liabilities and implicit in asset valuations. This relates to an upward movement in yields on the Pillar 1 balance sheet.

The value of liabilities is increased when the interest rates fall as the discount rate used in the calculation will be reduced. An increase in rates will have the opposite effect. The sensitivity test for interest rates is market-related and this can give rise to non-symmetrical increases and decreases.

#### Equity capital values and property capital values

Decrease in equity capital values at the valuation date, without a corresponding rise in dividend yield.

Decrease in property capital values without a corresponding rise in rental yield.

These sensitivities show the impact of a sudden change in the market value of assets. The value of liabilities will decrease when asset values fall, but the decrease will be less than the fall in asset values, as it reduces the present value of future profits on linked with profits and non-profit business. Consequently, the available capital will be reduced by a fall in asset values.

## Notes to the accounts for the year ended 31 December 2025 continued

### 13. Fund for Future Appropriations (FFA) and Capital Management continued

#### Credit stresses

#### Increase in yield of commercial fixed interest security over government debt.

This sensitivity shows the impact in a sudden change in relative creditworthiness of corporate debt. The value of corporate debt assets will decrease when credit spreads increase, with no corresponding decrease in liability for policyholder assets.

#### Counterparty

#### Probability of counterparty default.

This sensitivity shows the impact of counterparty default in relation to the Society's holdings of short-term deposits, reinsurance, and derivatives. In the event of a default these assets will reduce in value, potentially to nil.

#### Interest rates

#### Stress to yield curve, as shown in table below:

Term (Years)	5	10	15	20	25
Interest rate before stress (% per annum)	3.67	4.04	4.36	4.54	4.60
Interest rate after stress (% per annum)	5.68	5.74	5.80	5.72	5.78
Change	2.01	1.70	1.44	1.18	1.18

### 14. Long-term Business Provision and Technical Provision for Linked Liabilities

The following note describes the Society's technical provisions, changes to them over the reporting period and the causes of these changes, as well as their effect on policyholders in terms of bonuses allocated to with profits policies. It also outlines the key assumptions used in calculating the provisions and the effect of those assumptions on the calculation of the provisions.

#### Technical Provisions summary

Shown in the tables below are the total technical provisions of the Group at the end of 2025. The change since last year is then shown, broken down into the change in the long-term business provision for with-profits and non-profit business and the change in linked liabilities. The effect of reinsurance on the changes is also shown in the table. Technical provisions explained below correspond to the Group balance sheet. The long term business provision for the Society of £5,523.0m, (2024 £5,064.1m), is £37.6m higher (2024: £47.1m higher) than the Group technical provisions, resulting from valuing subsidiaries at fair value within the Society.

During the year the Society entered into a Funded Reinsurance agreement, executed on 10 December 2025 for 100% of the liabilities of the Annuity payments for policies in force as at 1 December 2025, with an initial value of £473m. No profit or loss was recognised on inception. At the year end the value of this reinsurance asset within technical liabilities was updated based on the assumptions set out within this note, with any adjustment to the best estimate recoverable amount reported through profit and loss.

## Notes to the accounts for the year ended 31 December 2025 continued

### 14. Long-term Business Provision and Technical Provision for Linked Liabilities continued

#### Liability Analysis

	OILTBF 2025 £m	MSSF 2025 £m	Total Business 2025 £m	OILTBF 2024 £m	MSSF 2024 £m	Total Business 2024 £m
<b>With profits liabilities</b>						
Options and guarantees	29.5	54.2	83.7	36.9	54.5	91.4
Value in force	(296.8)	–	(296.8)	(286.1)	–	(286.1)
Other policyholder obligations	4,581.0	404.5	4,985.5	4,096.7	421.1	4,517.8
<b>Total with profits liabilities</b>	<b>4,313.7</b>	<b>458.7</b>	<b>4,772.4</b>	<b>3,847.5</b>	<b>475.6</b>	<b>4,323.1</b>
Non-profit life assurance	712.3	0.7	713.0	693.1	0.8	693.9
<b>Total long-term business provision</b>	<b>5,026.0</b>	<b>459.4</b>	<b>5,485.4</b>	<b>4,540.6</b>	<b>476.4</b>	<b>5,017.0</b>
Linked provisions	1,417.5	–	1,417.5	1,307.4	–	1,307.4
<b>Technical provisions in balance sheet</b>	<b>6,443.5</b>	<b>459.4</b>	<b>6,902.9</b>	<b>5,848.0</b>	<b>476.4</b>	<b>6,324.4</b>

	Long-term Business Provision				
	Insurance contracts £m	Investment contracts with DPF £m	Total long term business provision £m	Provision for linked liability £m	Total liability £m
<b>Gross provision</b>					
At 1 January 2025	3,919.8	1,097.2	5,017.0	1,307.4	<b>6,324.4</b>
Change in technical provisions	262.9	205.5	468.4	110.1	<b>578.5</b>
<b>At 31 December 2025</b>	<b>4,182.7</b>	<b>1,302.7</b>	<b>5,485.4</b>	<b>1,417.5</b>	<b>6,902.9</b>
<b>Reinsurers' share</b>					
At 1 January 2025	7.1	–	7.1	–	<b>7.1</b>
Contracts entered into in the year	473.7	–	473.7	–	<b>473.7</b>
Change in technical provisions	21.2	–	21.2	–	<b>21.2</b>
<b>At 31 December 2025</b>	<b>502.0</b>	<b>–</b>	<b>502.0</b>	<b>–</b>	<b>502.0</b>
<b>Net provision</b>					
At 1 January 2025	3,912.7	1,097.2	5,009.9	1,307.4	<b>6,317.3</b>
Contracts entered into in the year	(473.7)	–	(473.7)	–	<b>(473.7)</b>
Change in technical provisions	241.7	205.5	447.2	110.1	<b>557.3</b>
<b>At 31 December 2025</b>	<b>3,680.7</b>	<b>1,302.7</b>	<b>4,983.4</b>	<b>1,417.5</b>	<b>6,400.9</b>

## Notes to the accounts for the year ended 31 December 2025 continued

### 14. Long-term Business Provision and Technical Provision for Linked Liabilities continued

#### Change in technical provision for linked liabilities

	2025 £m	2024 £m
The change in liabilities on investment contracts comprises:		
Premiums received (Note 3(A))	61.2	59.4
Claims paid (Note 6)	(161.5)	(123.0)
Fee income deducted (Note 5)	(11.1)	(11.8)
	(111.4)	(75.4)
Allocation of net investment return	221.5	102.1
<b>Change in technical provision for linked liabilities</b>	<b>110.1</b>	<b>26.7</b>

#### Change in long-term business provision

	2025			2024		
	Insurance contracts £m	Investment contracts with DPF £m	Total long term business provision £m	Insurance contracts £m	Investment contracts with DPF £m	Total long term business provision £m
<b>Gross Provisions</b>						
Change in liabilities comprises:						
– Assumption and method changes	57.7	(20.8)	36.9	(8.8)	(57.3)	(66.1)
– Net investment return on technical provisions	445.2	171.8	617.0	171.2	71.7	242.9
– Other	(240.0)	54.5	(185.5)	(73.6)	66.8	(6.8)
<b>Increase in long-term business provision</b>	<b>262.9</b>	<b>205.5</b>	<b>468.4</b>	<b>88.8</b>	<b>81.2</b>	<b>170.0</b>
<b>Reinsurers Share</b>						
Change in liabilities comprises:						
– Assumption and method changes	–	–	–	0.1	–	0.1
– Net investment return on technical provisions	0.4	–	0.4	–	–	–
– Other	494.5	–	494.5	(3.0)	–	(3.0)
<b>Increase/(decrease) in reinsurers share of long-term business provision</b>	<b>494.9</b>	<b>–</b>	<b>494.9</b>	<b>(2.9)</b>	<b>–</b>	<b>(2.9)</b>

Key changes in liabilities during 2025 result from:

- Positive investment returns, which resulted in a £617m increase in liabilities, as shown in 'net investment return on technical provisions'.
- Assumption and methods changes increased technical provisions, reflecting updated assumptions for future expenses persistency and deferring recognition of future regular premiums until they are received.
- 'Other' factors, which included premiums, claims and modelling changes.

As referenced above the increase in reinsurers share of technical liabilities relates to the Funded Reinsurance contract entered into during the year.

## Notes to the accounts for the year ended 31 December 2025 continued

### 14. Long-term Business Provision and Technical Provision for Linked Liabilities continued

#### Valuation basis

##### (i) With Profits and unit-linked insurance business

As described in Note 2, some of the Society's policies contain options and guarantees that can increase the benefits payable to the policyholder.

Linked with-profits and non-profit policies have been valued taking into account future expected payouts, including expenses. This takes account of future expense profit expected on these products, and thus is lower than the unit value at the valuation date.

The tables below show the principal expense assumptions used in determining the cost of options and guarantees in the long-term business provision in respect of with profits business. As well as with profits business, these expense assumptions also apply to all unit linked and non profit business.

Other significant assumptions impacting the cost of options and guarantees are equity volatility. Expected returns on assets and volatilities have been calibrated to ensure consistency with market values at an appropriate term for our anticipated liability profile. The cost of guarantees will be higher with higher investment volatility. The correlation of investment returns assumed has been based on management's view of historic equity and gilt returns.

In calculating liabilities, allowance has been made for the impact of future management actions consistent with those set out in the PPFM. The most significant of these management actions are those that result in changes to assumed levels of bonus depending on market conditions. Management reserve the right to change the investment strategy in extreme conditions but this has not been reflected in these calculations.

Guarantee costs arise as a result of providing benefits at a level equal to the guaranteed sum assured and any accrued annual bonus under a contract, where this exceeds the policy asset share, whether on death, maturity, regular income withdrawal or guaranteed surrender.

Providing benefits in accordance with formula-based surrender scales which take into account sums assured and accrued bonuses may also give rise to guarantee costs where the resulting surrender value exceeds the policy asset share.

Linked with-profits business has low initial guarantees and almost all policies support a terminal bonus at 31 December 2025. No market value reductions (MVRs) applied on early surrender or transfer at that date, and no MVRs were applied during 2025.

Option costs arise from the cost of providing guaranteed annuity options at retirement for pension contracts where the annuity provided is on more favourable terms than those implied by market interest rates. Guaranteed annuity options are generally in the money but apply to relatively few policies, except in the MSS Fund where derivative assets are held to hedge the interest rate risk.

Smoothing represents costs (which may be positive or negative) associated with smoothing with profits payouts such that benefits payable, after applying agreed bonus scales, differ from the with profits benefit reserve for the contract.

All options and guarantees were measured at fair value using a market-consistent closed form mathematical model.

Expenses are assumed to inflate in line with RPI inflation over the long term plus a margin for third party supplier costs. This rate is based on the implied price inflation curve from UK Government long dated index-linked and conventional gilts. In addition, a reserve is being held to allow for anticipated higher strategic project costs over the short term.

Assumptions for future mortality, morbidity and persistency are intended to represent a best estimate of future experience. Investigations are undertaken on a regular basis to assess the experience of the business.

Where appropriate, the Society's mortality experience was analysed over previous years. The results of these analyses were considered relative to UK industry-standard tables with adjustments where appropriate.

Persistency rates are assumed to vary according to either policy duration or age, and by broad class of policy. The rates experienced were smoothed, after considering the significance of the data. In particular, smoothing is required where there are only a few policies and lapse experience is limited.

##### (ii) Non-participating insurance business (other than contracts attached to unit-linked business)

Annuities in payment have been valued by discounting future annuity payments and expenses.

The assumptions used in the valuation of non-profit policies are best estimates of likely future experience. The interest rates used for discounting were prescribed by the PRA and represent a risk-free rate of market-consistent swap yields. These yields were adjusted to allow for credit risk in line with the rules and guidance issued by the PRA.

The mortality rate assumptions used are the Society's assessment of best estimate levels of current mortality and, for annuities, the future rate of improvement. For income protection policies, the assumed level of morbidity is similarly a reflection of the Society's own recent experience.

Premiums are assumed to be paid in line with the policy conditions. However, for reviewable premium business, where profits and losses which have already occurred on non-profits business are yet to be passed to policyholders, a reserve is held in respect of expected future premium reductions due to policyholders.

For non-participating business which is written in the OILTBF, the long-term insurance liabilities were calculated on a prospective basis determined as the present value of future benefits payable to policyholders plus the present value of future expenses less the present value of future premiums.

## Notes to the accounts for the year ended 31 December 2025 continued

### 14. Long-term Business Provision and Technical Provision for Linked Liabilities continued

The principal assumptions made for Society business were as follows:

Expenses iCY expenses (quoted gross of any tax relief)	2025 £m	2024 £m
<b>Open Fund</b>		
<i>Ordinary business</i>		
Life – Premium Paying	191.04	183.14
Life – Single Premium/Paid Up	191.04	183.14
Pensions – Premium Paying	191.04	183.14
Pensions – Single Premium/Paid Up	191.04	183.14
Group Locum	103.24	95.84
Income Protection	151.27	143.36
Life and Pensions – Annuities	133.68	126.69
<i>Industrial assurance business</i>		
Premium Paying	12.63	12.01
Paid Up	3.16	3.00
<b>MSS Fund</b>		
Pensions – Premium Paying	222.35	211.39
Income Protection	166.76	158.54
Single Premium/Paid Up	111.18	105.70
	2025 %	2024 %
<b>% of Premium Expenses</b>		
<b>Open Fund</b>		
<i>Industrial assurance business</i>		
Premium Paying/Premium Loan	22.00%	22.00%
<b>Investment Expenses – % of fund</b>		
Open Fund	0.093%	0.086%
MSS Fund	0.080%	0.080%

	2025 %	2024 %
<b>Mortality</b>		
<i>Ordinary business</i>		
Life assurances	50%/58% AMC00/AFC00 U	50%/58% AMC/AFC00 U
Pensions in Payment – Wesleyan	None in deferment 130%/115% PMA/PFA16	None in deferment 150%/135% PMA/PFA08
Pensions in Payment – ASW	85% AM/AF92 U in deferment: 135%/125% PMA/PFA16	85% AM/AF92 U in deferment: 125%/140% PMA/PFA08
Pension term assurance	90%/80% AMC/AFC00	90%/80% AMC/AFC00
Pension in Payment – Medics	82.5%/80% PMA/PFA16	90%/90% PMA/PFA08
<i>Industrial assurance business</i>		
Life assurances	11%ELT14M–4	11% ELT14M–4

For non-participating business, regular premium contributions are subject to assumptions regarding persistency in calculating the liabilities for non-participating business. Cessation of premiums is assumed as this would lead to a decrease in expected future value on these policies.

Rates of return are set according to a best estimate assumption of the future returns available from the investments backing the Fund. Mortality assumptions are set by reference to publicly available tables, adjusted and validated against actual experience. Future expenses are based on recent expense experience, adjusted for expected future inflation.

The amount of the provision is dependent upon the risk free interest rates used to discount future liability cash flows. The risk-free interest rates are defined as the rate at which two parties are prepared to swap fixed and variable interest rate obligations, less a suitable adjustment for the risk of default by either party. The provision is also dependent upon the mortality experience assumed. A reduction in the future mortality rates assumed would increase the provision for annuity business.

#### Swap yield curve at key terms:

Term (years)	5	10	15	20	25
Interest rate (% per annum)	3.67	4.04	4.36	4.54	4.60

## Notes to the accounts for the year ended 31 December 2025 continued

### 15. Provisions for Other Risks

Group	Net deferred Tax £m	Other £m	Total £m
At 1 January 2025	91.7	3.9	<b>95.6</b>
Charged/(credited) during the year	19.3	(1.5)	<b>17.8</b>
<b>At 31 December 2025</b>	<b>111.0</b>	<b>2.4</b>	<b>113.4</b>

Society	Net deferred Tax £m	Other £m	Total £m
At 1 January 2025	91.7	0.2	<b>91.9</b>
Charged/(credited) during the year	19.3	(0.1)	<b>19.2</b>
<b>At 31 December 2025</b>	<b>111.0</b>	<b>0.1</b>	<b>111.1</b>

Other provisions comprise commission clawback and customer remediation provisions.

Net Deferred tax provided in the financial statements in respect of the total net liability is as follows:

Group and society	2025 £m	2024 £m
Timing differences in respect of investment values	<b>111.4</b>	90.0
Deferred tax on pension asset	–	5.3
Deferred acquisition costs	<b>(0.2)</b>	(0.3)
Deferred tax on carry forward losses	–	(3.6)
Other timing differences	<b>(0.2)</b>	0.3
	<b>111.0</b>	91.7

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current tax liabilities and where the deferred taxes relate to the same fiscal authority.

There are overall deferred tax liabilities in both years, and within these liabilities deferred tax assets have been offset where they meet the criteria above.

Deferred tax assets arising from certain capital losses, excess management expenses, surplus trading losses and capital allowances are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax assets of £3.4m (2024: £3.0m) are included in Other Debtors (see Note 11).

These deferred tax assets consist of losses and other timing differences which relate to subsidiary undertakings, with £0.4m credit (2024: £nil charge) recognised in the Group Technical Account – Long-term Business.

The total deferred tax charge recognised in Profit and Loss on the Group Technical Account – Long-term Business is £24.2m (2024: £7.1m) (see Note 9).

A £5.3m credit (2024: £0.1m charge) is recognised through Other Comprehensive Income.

Tax losses of £165m (2024: £146.6m) within subsidiaries of the Wesleyan Group have not been recognised owing to uncertainty around their recovery.

In the next 12 months it is expected there will be a reversal in net deferred tax liabilities of £0.8m (2024: £1.0m) for the Group of which £0.8m (2024: £1.0m) relates to the Society. This relates to temporary differences arising from specific gains and deferred expenses.

### 16. Reinsurance

The credit recognised in the Statement of Comprehensive Income at 31 December 2025 relating to reinsurance amounted to £27.2m (2024: £0.4m charge).

### 17. Other Creditors

	Group		Society	
	2025 £m	2024 £m	2025 £m	2024 £m
Trade creditors	<b>2.6</b>	2.5	–	–
Investment contract creditors	<b>6.5</b>	3.9	<b>6.5</b>	3.9
Amounts payable to subsidiary undertakings	–	–	<b>15.2</b>	14.6
Other creditors	<b>1.3</b>	1.2	<b>0.9</b>	0.7
Taxation and social security	<b>7.7</b>	5.0	<b>4.2</b>	2.1
	<b>18.1</b>	12.6	<b>26.8</b>	21.3

All balances payable are unsecured and are due within one year.

## Notes to the accounts for the year ended 31 December 2025 continued

### 18. Capital Commitments

Amounts contracted for but not provided in the financial statements amounted to £nil (2024: £0.9m) for the Group. This relates to the acquisition and enhancement of investment property.

### 19. Financial Commitments

At 31 December 2025, the Group had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

Payments due	2025 £m	2024 £m
Not later than one year	0.9	0.5
Later than one year and not later than five years	1.6	0.7
Later than five years	0.4	0.5
	2.9	1.7

### 20. Investment in Group Undertakings and Participating Interests

	2025 £m	2024 £m
At 1 January 2025	87.4	81.6
Fair value adjustment	(15.7)	5.8
<b>At 31 December 2025</b>	<b>71.7</b>	87.4

All subsidiaries have been valued using either present value techniques with forecasts based on the financial projections of the Group, or based on their surplus capital.

The valuations based on financial projections are sensitive to changes in short term profits and discount rates used, so can fluctuate significantly from one year to the next.

A discount rate of 9.0% (2024: 9.0%) has been used for Practice Plan Holdings Limited (and all associated subsidiaries) and a discount rate of 20.0% (2024: 17.0%) has been used for Wesleyan Unit Trust Managers Limited.

The directly held subsidiary undertakings of the Society at 31 December 2025 are shown below.

Company	Percentage held	Principal activities	Registered address
Wesleyan Trustees Limited	100%	To provide nominee services to the Trustee of the Wesleyan Staff Pension Scheme.	Colmore Circus, Birmingham, B4 6AR
Wesleyan Unit Trust Managers Limited	100%	To act as the operator of the Wesleyan range of unit trusts.	Colmore Circus, Birmingham, B4 6AR
Wesleyan Administration Services Limited	100%	To provide administrative services to members of the Group.	Colmore Circus, Birmingham, B4 6AR
Wesleyan Financial Services Limited	100%	To act as the distribution arm of the Group's insurance and investment activities.	Colmore Circus, Birmingham, B4 6AR
Practice Plan Holdings Limited	100%	Through its trading companies Practice Plan Limited and Practice Plan Insurance Limited, Practice Plan provides practice branded membership plans and support services to the UK dentistry market.	Cambrian Works, Gobowen Road, Oswestry, Shropshire, SY11 1HS.
Wesleyan SIPP Trustees Limited	100%	To act as bare trustee of the Wesleyan SIPP.	Colmore Circus, Birmingham, B4 6AR
Wesleyan Staff Pension Scheme Trustees Limited	100%	To act as corporate trustee of Wesleyan Staff Pension Scheme.	Colmore Circus, Birmingham, B4 6AR
Wesleyan Financial Investments Limited	100%	Dormant company	Colmore Circus, Birmingham, B4 6AR
Medical Sickness Financial Planning Limited	100%	Dormant company	Colmore Circus, Birmingham, B4 6AR
Medical Sickness Annuity and Life Assurance Society Limited	100%	Dormant company	Colmore Circus, Birmingham, B4 6AR
Medical Sickness Society Limited	100%	Dormant company	Colmore Circus, Birmingham, B4 6AR
Medical Sickness Limited	100%	Dormant company	Colmore Circus, Birmingham, B4 6AR

The Group and all directly held subsidiary undertakings are incorporated and domiciled in England. All subsidiaries are 100% wholly owned and are held at fair value.

The indirectly held subsidiary undertakings of the Society as at 31 December 2025 are shown below. These entities are subsidiaries of Practice Plan Holdings Limited.

## Notes to the accounts for the year ended 31 December 2025 continued

### 20. Investment in Group Undertakings and Participating Interests continued

Company	Percentage held	Principal activities	Registered address
Practice Plan Holdings 2007 Limited	100%	Intermediary holding company	Cambrian Works, Gobowen Road, Oswestry, Shropshire, SY11 1HS.
Practice Plan Group (Holdings) Limited	100%	Holding company	Cambrian Works, Gobowen Road, Oswestry, Shropshire, SY11 1HS.
Practice Plan Group Limited	100%	Intermediary holding company	Cambrian Works, Gobowen Road, Oswestry, Shropshire, SY11 1HS.
Practice Plan Limited	100%	To provide a direct debit collection and administration service for dental practice patient membership schemes	Cambrian Works, Gobowen Road, Oswestry, Shropshire, SY11 1HS.
Isoplan Limited	100%	Dormant company	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ.
Medenta Finance Limited	100%	To provide credit broking services	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ.
Worldwide Assistance Limited	100%	To operate a Discretionary Scheme to assist dental plan members in the event that they suffer a dental emergency and/or trauma	Cambrian Works, Gobowen Road, Oswestry, Shropshire, SY11 1HS.
Isoplan UK Limited	100%	Dormant company	50 Lothian Road, Festival Square, Edinburgh, Scotland, EH3 9WJ.
Isoplan International Limited	100%	Dormant company	Cambrian Works, Gobowen Road, Oswestry, Shropshire, SY11 1HS.

Company	Percentage held	Principal activities	Registered address
DPAS Limited	100%	To act on behalf of dental practices and patient customers to provide and administer private dental plans	Cambrian Works, Gobowen Road, Oswestry, Shropshire, SY11 1HS.
DPAS Investment and Consultancy Services Limited	100%	To carry out consultancy and research activities	Cambrian Works, Gobowen Road, Oswestry, Shropshire, SY11 1HS.
Quality Plan Limited	100%	Dental insurance	Units 84–85 Enterprise House Balloo Avenue, Bangor, County Down, BT19 7QT

The entities listed below are taking advantage of exemption from audit under section 479a of the Companies Act 2006 on the basis that the Society irrevocably guarantees the debts and liabilities that these subsidiaries have entered into during the 2025 financial year.

#### Companies exempt from audit

Wesleyan Administration Services Limited	(Registered Number: 05188850)
Practice Plan Holdings Limited	(Registered Number: 06772074)
Practice Plan Holdings 2007 Limited	(Registered Number: 06023648)
Practice Plan Group (Holdings) Limited	(Registered Number: 05467316)
Practice Plan Group Limited	(Registered Number: 04807010)
Practice Plan Limited	(Registered Number: 03089948)
Isoplan Limited	(Registered Number: SC210901)
Isoplan International Limited	(Registered Number: 03858678)
Isoplan UK Limited	(Registered Number: SC126957)
Medenta Finance Limited	(Registered Number: SC276679)
Quality Plan Limited	(Registered Number: NI067553)
Worldwide Assistance Limited	(Registered Number: 10907861)
DPAS Limited	(Registered Number: 03247652)
DPAS Investment and Consultancy Services Limited	(Registered Number: 07606856)

## Notes to the accounts for the year ended 31 December 2025 continued

### 21. Contingent Liabilities

The Society has absolutely, irrevocably and unconditionally agreed to provide sufficient capital resources to Wesleyan Unit Trust Managers Limited, Wesleyan Financial Services Limited, Wesleyan Administration Services Limited and Wesleyan SIPP Trustees Limited, as well as companies listed in Note 20 as exempt from audit, to enable them to meet their individual liabilities in order to protect and enhance its investments in these subsidiary companies.

Under a Trust Deed approved by HMRC dated 28 May 2012 as amended, the Society has covenanted to accept the ultimate responsibility for the funding of Wesleyan Staff Pension Scheme.

### 22. Pension Schemes

The Society operates a defined benefit pension scheme – Wesleyan Staff Pension Scheme (“the Scheme”), which since 1 October 2009 has been closed to new entrants, with new members of the Society from 1 October 2009 eligible to join the Society’s defined contribution scheme. The Scheme is fully funded with the assets of the scheme held in a separate fund administered by the Corporate Trustee. The Scheme closed to future accrual of benefits on 5 April 2016.

During the year, the Trustee entered into a contract with a reinsurance company, to buy in the liabilities of the Scheme.

Under this agreement the investment and longevity risks associated with the Society’s staff pension scheme liabilities are transferred to the counterparty. The transaction was structured to enable the Scheme to move to buy-out, which is expected to be completed in the near term. As a result of entering into the transaction the Scheme surplus reduced due to a change in the asset portfolio mix and value, and this loss has been treated as a settlement loss reported through Profit and Loss.

As part of the agreement for the buy-in to progress to buy-out the scheme benefits were enhanced which resulted in an increase in the defined benefit obligation. This change in scheme benefits has been treated as a past service cost reported through profit and loss.

The Group financial statements have been prepared based on the triennial valuation at 31 December 2021. The valuation used the projected unit method and was carried out by a qualified Actuary employed by Aon Hewitt. No update to the 2021 valuation is provided below, with disclosure provided in line with prior years, updated for changes to key assumptions.

The results of the valuation at 31 December 2021 have been adjusted to the balance sheet date taking account of experience over the period since 31 December 2021, changes in market conditions and differences in the financial and demographic assumptions.

The latest available triennial valuation of the scheme at 31 December 2024 was finalised in parallel with the approval of the Group financial statements, with no material variation to the judgements and estimates shown below.

The principal assumptions used to calculate the liabilities under FRS 102 are set out below:

#### Reconciliation of accounting basis to balance sheet

	2025 £m	2024 £m	2023 £m
Total market value of assets	295.6	327.4	364.6
Present value of funded defined benefit obligations	(238.7)	(237.1)	(278.2)
Present value of unfunded defined benefit obligations	(4.8)	(4.8)	(5.4)
Surplus in Scheme before related tax	52.1	85.5	81.0
Authorised surplus payments charge	(3.8)	–	–
Related deferred tax liability	–	(5.3)	(5.2)
<b>Net pension asset recognised on balance sheet</b>	<b>48.3</b>	80.2	75.8

As a result of the pension buy-in, and commitment to progress to buy-out, a pension asset of £48.3m is recognised on the 2025 balance sheet. In 2024 the gross asset of £85.5m is recognised, with the related deferred tax liability recognised as a provision due to uncertainty around the timing of the associated tax liability and likely amount payable.

#### Analysis of surplus

	2025 £m	2024 £m
Surplus in Scheme at beginning of year	85.5	81.0
Past service cost recognised in profit and loss	(7.4)	–
Administration expenses recognised in profit and loss	(1.4)	–
Settlement loss recognised in profit and loss	(29.7)	–
Contributions	0.4	0.4
Other finance income	4.7	3.7
Actuarial gain/(loss) recognised in other comprehensive income	–	0.4
<b>Surplus in Scheme at end of year</b>	<b>52.1</b>	85.5

## Notes to the accounts for the year ended 31 December 2025 continued

### 22. Pension Schemes continued

#### Analysis of statement of comprehensive income (charge)/credit

	2025 £m	2024 £m
Past service cost	(7.4)	–
Administration expenses	(1.4)	–
Settlement loss	(29.7)	–
Authorised surplus payments charge	(3.8)	–
Contributions	0.4	0.4
Interest on net defined benefit asset	4.7	3.7
<b>Total (charge)/credit recognised in statement of comprehensive income</b>	<b>(37.2)</b>	<b>4.1</b>
<b>Actuarial gain</b>	<b>–</b>	<b>0.4</b>
<b>Related deferred tax credit/(charge)</b>	<b>5.3</b>	<b>(0.1)</b>
<b>Total credit recognised in other comprehensive income</b>	<b>5.3</b>	<b>0.3</b>
<b>Total (charge)/credit recognised in statement of comprehensive income</b>	<b>(31.9)</b>	<b>4.4</b>

#### Changes to the present value of the defined benefit obligation during the year

	2025 £m	2024 £m
Opening defined benefit obligation	241.9	283.6
Interest cost	12.9	12.4
Actuarial (gains) on liabilities	(4.5)	(39.9)
Net benefits paid out	(14.2)	(14.2)
Past service cost	7.4	–
<b>Closing defined benefit obligation</b>	<b>243.5</b>	<b>241.9</b>

#### Changes to the fair value of Scheme assets during the year

	2025 £m	2024 £m
Opening fair value of assets	327.4	364.6
Interest income on Scheme assets	17.6	16.1
Losses on assets	(34.2)	(39.5)
Contributions by the employer	0.4	0.4
Administration costs incurred	(1.4)	–
Net benefits paid out	(14.2)	(14.2)
<b>Closing fair value of assets</b>	<b>295.6</b>	<b>327.4</b>

#### Actual return on assets

	2025 £m	2024 £m
Expected return on assets	17.6	16.1
Remeasurement loss on assets	(34.2)	(39.5)
<b>Actual return on assets</b>	<b>(16.6)</b>	<b>(23.4)</b>

#### History of asset values, defined benefit obligations, surpluses and experience gains and losses

	2025 £m	2024 £m	2023 £m	2022 £m	2021 £m
Fair value of assets	295.6	327.4	364.6	367.0	564.8
Defined benefit obligation	(243.5)	(241.9)	(283.6)	(277.1)	(433.3)
Surplus	52.1	85.5	81.0	89.9	131.5

The main assumptions used by the independent qualified actuary to calculate the liabilities under FRS 102 are set out below:

	2025 (% p.a.)	2024 (% p.a.)	2023 (% p.a.)
RPI Inflation	3.15	3.35	3.25
CPI Inflation	2.75	2.95	2.65
Rate of general long-term increase in salaries	N/A	N/A	N/A
Pension increases in payment (LPI)	2.95	3.10	3.05
Discount rate for Scheme liabilities	5.60	5.50	4.50

#### Scheme asset allocation

	2025 £m	2024 £m	2023 £m
Equities	–	–	0.1
Property	–	0.6	0.5
Government Bonds	61.9	184.0	193.7
Corporate Bonds	1.9	140.1	164.3
Buy in policy*	230.8	–	–
Other	1.0	2.7	6.0
<b>Total</b>	<b>295.6</b>	<b>327.4</b>	<b>364.6</b>

\* valued using the same assumptions as the funded defined benefit obligation at 31 December 2025 of £231.3m, adjusted for the impact of GMP equalisation not yet covered by the buy-in policy.

## Notes to the accounts for the year ended 31 December 2025 continued

### 22. Pension Schemes continued

The mortality assumptions used for FRS 102 purposes were as follows:

Post-retirement mortality:

31 December 2025 – SAPS S3 tables with best estimate individual scaling factors and improvements in line with the CMI 2024 (Sk = 7.0, A = 0.25) projections and a long-term rate of improvement of 1.5% for males and 1.5% for females;

31 December 2024 – SAPS S3 tables with best estimate individual scaling factors and improvements in line with the CMI 2023 (Sk = 7.0, A = 0.25) projections and a long-term rate of improvement of 1.5% for males and 1.5% for females;

The future life expectancies at age 65 implied by these assumptions are as follows:

	2025 Years	2024 Years
Male current pensioner	22.4	22.0
Male future pensioner (member currently aged 45)	23.7	23.3
Female current pensioner	23.8	23.7
Female future pensioner (member currently aged 45)	25.5	25.3

### Approximate impact on balance sheet of changing the key assumptions

	Approximate effect on Balance Sheet at 31 December 2025 £m		
	Assets (excluding any restriction)	Defined benefit obligation	Surplus
Current Balance Sheet	295.6	(243.5)	52.1
Following a 0.25% p.a. decrease in the discount rate <sup>1</sup>	305.8	(251.9)	53.9
Following a 0.25% p.a. increase in the RPI inflation assumption <sup>2</sup>	304.2	(250.6)	53.6
Following a one year increase in life expectancy <sup>3</sup>	305.1	(253.0)	52.1

Notes:

- 1 Assuming a 0.25% p.a. decrease in the discount rate used for the calculation of assets and liabilities.
- 2 Assuming a 0.25% p.a. increase in the inflation assumption used for the calculation of assets and liabilities.
- 3 Calculated assuming flat adjustments to all current and future mortality rates (rather than an adjustment to the rates of longevity improvements).

	Expected Statement of Comprehensive Income for year ending 31 December 2026			
	Service cost	Expenses	Net Interest on defined benefit liability	Total pension cost/(credit)
<b>Pension cost/(credit) for the following year</b>	–	0.6	(2.9)	(2.3)

As a result of entering into the buy-in contract, no sensitivity analysis is presented of the effect on the following years statement of comprehensive income of changing the key assumptions.

### Impact on the scheme of rule amendments subject to actuarial confirmation (“Virgin Media” case)

Wesleyan Staff Pension Scheme (“the Scheme”) has historically undertaken a number of Scheme Amendments via Amending Deeds.

In some cases, accompanying Section 37 actuarial certificates were part of that amendment process.

In the case of Virgin Media v. NTL Pensions Trustees, this ruling confirmed the need for an actuarial certificate when salary-related contracted-out schemes were making changes to benefits between 6 April 1997 and 2016, and any amendments that affected relevant benefits were void without the appropriate certificate.

Subsequent to this high court case the DWP recently announced that it will introduce legislation to allow retrospective confirmation of historic benefit changes. This announcement should significantly reduce the impact, meaning that for most schemes the existence of confirmations is no longer the relevant issue, but rather whether confirmation was obtained or can be provided.

Given the commitment to progress to Buy-out of the scheme at the earliest opportunity the Society will monitor the work being undertaken and decide whether any subsequent actions or amendments to FRS 102 liabilities are required.

## Notes to the accounts for the year ended 31 December 2025 continued

### 23. Membership of the Society

As a mutual organisation, the Society has no shareholders but members who have the right to vote at general meetings. Each member has a single vote. A detailed definition of membership is provided in the Society Rules which can be found on the Society website. In summary, each of the following will be a member of the Society (in the case of an individual whether a minor or of full age) and will continue to be a member of the Society as long as they continue to meet one of the relevant membership criteria below:

- Any person to whom a Qualifying Policy<sup>1</sup> or Qualifying Product<sup>2</sup> is issued.
- Any person who holds a product wrapper e.g. a pension or individual savings account which in turn holds a qualifying Policy (or rights under a Qualifying Policy) for the benefit of such person.
- Any person who becomes the policyholder of any Qualifying Policy or an investor in a Qualifying Product whether by assignment, transfer or other devolution of title.
- Any person who is an employee of the Society and makes additional voluntary contributions on or after the first day of May 2006 for pension entitlements under the Wesleyan Assurance Society Group AVC policy.

If there is more than one policyholder in a Qualifying Policy or investor in a Qualifying Product each policyholder or investor is a member.

If a member is under 15 years of age the privileges and responsibilities of membership will be vested in the first named parent or guardian on their Qualifying Policy or Qualifying Product until they reach 15 years of age.

Members are not liable for any debts or sums of money due or to become due by the Society, apart from policy premiums and/or as separately contracted.

The Board resolved to remove the two-year qualifying period previously included in the rules and replaced it with a requirement that any proceeds from a change in mutual status be assigned to charity within the first two years of membership.

Each of the following will not be a member of the Society (unless they also meet one of the criteria above) and therefore will not be entitled to receive notice of, attend, or have any rights to vote at any annual or other general meeting of the Society:

- Trustees of the Wesleyan Assurance Society Group AVC Policy.
- The trustee of a Qualifying Policy or Qualifying Product, unless the terms and conditions of either state otherwise. A policyholder of a Qualifying Policy or investor in a Qualifying Product may appoint the trustee of either as a proxy (enabling the trustee to exercise all or any of their rights to attend, speak and vote at a meeting of the Society).
- Associate members.
- Non-Qualifying Policyholders.
- Holders of Industrial Assurance policies.
- Holders of policies which have been transferred to the Society under Schedule 2C of the Insurance Companies Act 1982.

Any policy issued to the Trustees of an occupational pension scheme, for annuity business effected within the Society, to secure all or part of the accrued rights of 100 or more members in a single transaction will not confer any membership rights and nor shall any policy issued subsequently to individual members of that scheme under that arrangement.

The directors may at any time confer upon any person, firm or company taking out a policy (other than a Qualifying Policy) or purchasing other products of the Society the title of "associate member".

The Society also reserves the right to introduce new products which invest in the With Profits Policyholder Fund but are distributed through third parties. Such products would not be Qualifying Products, conferring Membership rights, nor would they create eligibility to become associate members.

#### 1. "Qualifying Policy" means:

- any subsisting policy of insurance issued by the Society prior to the Qualifying Date in the ordinary insurance department.
- any subsisting policy of insurance issued by the Society prior to the Qualifying Date in any department other than the ordinary life insurance department where premiums payable are increased on or after the Qualifying Date by an amount of £25 per month or more.
- any subsisting policy of insurance issued by the Society prior to the Qualifying Date in any department other than the ordinary life insurance department where an additional single premium (other than a single premium received by the Department of Social Security or any successor department) results in additional benefits being allocated to such policy with an allocation date on or after the Qualifying Date; or,
- any policy of insurance issued by the Society on or after the Qualifying Date, other than a Non-Qualifying Policy, provided that any policy which has lapsed and is incapable of being revived by the policyholder and has no value shall not be a Qualifying Policy.

#### 2. "Qualifying Product" means an investment product operated by the Investment Firm (unless the terms and conditions for the expressly state it is not a "Qualifying Product").

## Notes to the accounts for the year ended 31 December 2025 continued

### 24. Related Party Transactions

The Directors and Key Management of the Society and its subsidiaries are related parties of the Society. Total premium income received from Directors and Key Management for the year ended 31 December 2025 was £147,581 (2024: £157,737). Claims of £nil were paid in 2025 (2024: £45,000). All such transactions are on terms which are no better than those available to all employees of the Group.

Wesleyan Staff Pension Scheme is also a related party. The total contributions by the Society to the scheme during the year were £0.4m (2024: £0.4m), along with a past service contribution of £7.4m (2024: £nil) (refer to Note 22).

The Society operates a defined contribution scheme which is included as part of the total assets and liabilities of the Society. As at 31 December 2025 the total assets of the scheme were £175.5m (2024: £154.4m), of which contributions and transfers into the scheme within premium income in the year totalled £14.1m (2024: £10.3m).

Key management personnel are also part of the defined contribution scheme, with the total value of assets in the scheme relating to key management personnel being £4,433,620 as at 31 December 2025 (2024: £3,599,503).

The total employee benefits payable to key management personnel for the year ended 31 December 2025 was £9,225,954 (2024: £9,409,809).

Included within the balance sheet of Wesleyan Unit Trust Managers Limited (a wholly owned subsidiary of the Society) are investments held in Wesleyan Unit Trust Managers Limited's (WUTM) unit trusts funds. WUTM holds a £1.3m (2024: £2.8m) investment in these unit trusts, representing 0.4% (2024: 1.1%) of the total balance.

The Society holds no other direct investment in these unit trust funds. The remaining investments in these unit trusts are not consolidated in the Group's results, being ring-fenced funds owned by independent unitholders not held for the Society's own purpose.

Amounts owed to group undertakings from the Society relate to Wesleyan Administration Services (£13.6m, 2024: £13.0m) and Wesleyan Financial Services (£1.6m, 2024: £1.6m).

Wesleyan Staff Pension Scheme incurred costs of £1.4m repayable to the Society as at the year end relating to the buy-in transaction (2024: £nil).

### 25. Post Balance Sheet Event

There were no post balance sheet events to report between the balance sheet date and the date of approval of the financial statements.

## Glossary

**Acquisition costs:** The costs of acquiring and processing new business, including a share of overheads.

**Adviser:** Someone authorised by the FCA, who is qualified by experience and examination to provide financial advice. See also independent financial adviser in glossary.

**Alternative Performance Measures (APM):** A financial measure of performance not defined or specified by accounting standards.

**Annual Bonus (With Profits):** Bonuses which are added each year to conventional with profits policies to increase the guaranteed amount payable.

**Annual General Meeting (AGM):** The AGM provides an important opportunity to give members a brief overview of the Society's financial and business performance, and includes the re-appointment of auditors and re-election of directors.

**Annual Premium Value (APV):** Used as a measure of Life and Pensions new business volumes. It is calculated by adding total premiums to be received each year for new regular premium policies and 10% of single premiums received in the year. APV is the same as New Business Premium.

**Annuity Policy:** An insurance policy that provides a regular income in exchange for a lump sum payment.

**Asset Shares:** Reflect the amount of money paid into with profits policies by way of premiums and investment returns, less the costs of administering those policies.

**Assets Under Management (AUM):** Total assets actively managed or administered by, or on behalf of, the Group.

**Association of British Insurers (ABI):** The ABI represents the collective interests of the UK's insurance industry.

**BAME:** Black, Asian and Minority Ethnic.

**Best Estimate Liabilities:** The expected value in today's money of all future cash flows in respect of in-force business.

**BLAGAB:** Basic life assurance and general annuity business is a term used to distinguish between two types of long-term business for tax purposes.

**Capital Markets:** Markets in which institutions and individuals trade financial securities such as long-term debt and equity securities. These markets are also used by both the private and public sectors to raise funding from investors, typically for the longer term.

**Closed Fund:** A fund that has stopped taking on new business.

**Consumer Price Index (CPI):** A measure of changes in the price level of a basket of consumer goods and services purchased by households.

**Deferred Acquisition Costs (DAC):** The method of accounting whereby certain acquisition costs on long-term business are deferred and therefore appear as an asset. This leads to a smoothed recognition of acquisition costs instead of recognising the full amount in the year of acquisition.

**Deferred Fee Income:** The method of accounting whereby up-front policy changes are deferred and therefore appear as a liability. This leads to a smoothed recognition of these charges instead of recognising the full amount in the year of acquisition.

**Defined Benefit Scheme:** A type of occupational pension scheme, where the benefits are based on the employee's salary and service.

**Defined Contribution Scheme:** A scheme under which the individual member's contributions and those of their employer are invested to accumulate a pot of money which is used to provide an income in retirement.

**Derivatives:** Financial instruments, the prices of which are directly dependent upon the value of one or more underlying securities. They are often used to mitigate risk.

**Discounting:** The process of expressing a future cash transaction in terms of its present value using a discount rate that reflects the time value of money.

**Discretionary Participation Features (DPF):** Is a contractual right held by a policyholder to receive additional payments as a supplement to guaranteed benefits. Such contracts are more commonly known as 'with profits' or 'participating' contracts and are accounted for as insurance contracts.

**Drawdown:** A flexible way of using your savings. With a defined contribution scheme once you reach age 55, you can draw down some or all of your savings at any time as cash lump sums, income or a combination of both.

**Economic Assumptions:** Assumptions of future interest rates, investment returns, inflation and tax rates. The impact of variances in these assumptions is treated as non-operating profit or loss under UK GAAP.

**Employee Engagement Index:** A widely used measure of employee satisfaction.

**Employers Network for Equality & Inclusion (ENEI):** The ENEI is the UK's leading employer network covering all aspects of equality and inclusion in the workplace.

**Environmental, Social and Governance (ESG):** Financially material environmental, social and governance risks and opportunities being embedded into Society investment decisions.

**Estate:** The amount by which the assets (including PVFP) of the Society exceed the asset shares and other anticipated liabilities of the current in-force policies, and represents a measure of financial strength.

**EIOPA:** European Insurance and Occupational Pensions Authority.

**Fair Value:** The amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's-length transaction.

**Final Bonus:** A bonus that is added to a policy when it becomes a claim. Final bonus rates are not guaranteed. The aim in setting final bonus rates is that policyholders should receive their policies' fair share of the fund. This is assessed using either asset shares or a shadow fund.

**Financial Conduct Authority (FCA):** A regulatory body which focuses on the regulation of conduct by retail and wholesale firms.

## Glossary continued

**Financial Reporting Council (FRC):** The FRC is the UK's independent regulator responsible for promoting high-quality corporate governance and reporting to foster investment.

**Fund for Future Appropriations (FFA):** The excess of assets over the aggregate of policy and other liabilities. It is a measure of the Society's capital. Transfers to and from the FFA reflect the excess or deficiency of income over claims, expenses, tax and changes in the technical provisions.

**Group:** Wesleyan Assurance Society and all of its subsidiary companies.

**Group Operating Profit:** A measure of profitability used to provide a better understanding of the operating performance of the Group. More information on how it is calculated is set out in the Our Financial Performance section of this report.

**Guarantee:** The minimum level of benefit which the insurer will pay if the insured event occurs on a guaranteed date.

**Income Protection:** Insurance typically covering loss of up to 75% of income due to illness or injury. Generally payment is in the form of regular income payments, after a deferred period, while the member remains unable to work. Payments may continue until the end of the policy term or cease after a set period.

**Independent Financial Adviser (IFA):** Someone authorised by the FCA, qualified by experience and examination to provide financial advice, who is not working for any single product provider company.

**Individual Savings Account (ISA):** A tax free investment contract, allowing investment into cash, stocks and shares and in certain other assets.

**Industrial Business (IB):** Life assurance business sold under the Industrial Assurance Acts 1923 to 1958 under which the premiums were originally contracted to be collected door to door.

**In-force Policy:** Long-term business written and not terminated before the period end.

**Internal Available Capital:** An internal measure of the Society's financial strength. This is calculated as the excess of assets over its liabilities as defined by the Society.

**Key Performance Indicator (KPI):** An indicator used by a business to measure its development, performance or position.

**LGBT+:** Lesbian, gay, bisexual, trans and plus, which represents other sexual and gender identities.

**Maintenance Expenses:** Expenses relating to the servicing of the in-force book of business.

**Merger Scheme:** A Court-approved Scheme, which sets out how the Open Fund and the MSS Fund should be managed.

**MSS Fund (MSSF):** A closed fund set up under the terms of the Merger Scheme. It contains all the with profit policies of Medical Sickness Society in-force on that date and is maintained as a separate account within the Wesleyan's Long-Term Business Fund.

**Mutual:** A business that is owned by its members rather than by shareholders.

**MVR:** Market value reduction. A reduction to the value of the units attaching to a Unitised With Profits policy on payment of a claim in circumstances where the policy's fair share of the fund is below the value of the units.

**Net Promoter Score:** An index used to measure the willingness of customers to recommend a company's products or services to others.

**New Business Premium:** see APV.

**OILTBF:** The Ordinary and Industrial Long-Term Business Fund.

**Operating Assumptions:** Assumptions in relation to future levels of mortality, morbidity, persistency and expenses. The impact of variances in these assumptions is included within the operating profits under UK GAAP.

**Operating Experience Variances:** The impact of actual mortality, morbidity, persistency and expense experience being different to that expected at the start of the period.

**Own Funds:** Regulatory capital under Solvency UK. Broadly it is the excess of assets over liabilities (plus subordinated debt and less the ring-fenced fund restriction), as measured by the PRA's regulatory reporting requirements under Solvency UK.

**Own Risk and Solvency Assessment (ORSA):** The ORSA is defined as the entirety of the processes and procedures employed to identify, assess, monitor, manage and report the risks the Group faces or may face over the business planning period, and to determine the own funds necessary to ensure that its overall solvency needs are met at all times over that period.

**Participating:** Contracts that are with-profits in type.

**Pension:** A means of providing income in retirement for an individual and possibly their dependants. Our pension products include Personal and Group Pensions, shareholder pensions and income drawdown.

**Personal Pension:** A pension plan for an individual policyholder.

**Present Value of Future Profits (PVFP):** The present value of the projected future profits after tax.

**Present Value of In-force Business (PVIF):** The present value of the projected future profits after tax arising from the business in-force at the valuation date.

**Principles and Practices of Financial Management (PPFM):** A document detailing how we manage our with-profits funds. We have a separate PPFM for each with-profits fund.

**ProfitShare:** Is an allocation of part of the Group's operating profits by means of a discretionary enhancement to asset shares and unit fund values of eligible policies.

**Protection:** A policy providing a cash sum or income on the death or critical illness of the life assured.

**Prudential Regulation Authority (PRA):** Part of the Bank of England that is responsible for the authorisation, regulation and day-to-day supervision of all insurance firms that are subject to prudential regulation.

## Glossary continued

**Rating Agencies:** A rating (also called a credit rating agency) is a company that assigns credit ratings, which rate a debtor's ability to pay back debt by making timely interest payments and indicate the likelihood of default.

**Regular Premium:** A series of payments for an insurance contract, typically monthly or annually.

**Regular Supervisory Report (RSR):** A report required under the Solvency UK directive. This is a private report to the PRA and is not disclosed publicly. Life Insurers in the UK are required to submit this report to the PRA in full at least every three years and in summary every year. The RSR includes both qualitative and quantitative information.

**Responsible Investment:** To continuously embed advanced environmental, social and governance capabilities into our investment activities and support the Society to influence positive corporate changes.

**Retail Price Index (RPI):** A measure of inflation published monthly by the Office for National Statistics. It measures the change in the cost of a representative sample of retail goods and services.

**Risk-free Rate:** The theoretical rate of return of an investment with no risk of financial loss.

**S172:** Section 172 of the Companies Act 2006. This sets out the matters that a director of a company must consider when fulfilling their duty to promote the success of the company for the benefit of its members.

**Single Premium:** A single payment for an insurance contract.

**SIP:** Statement of Investment Principles.

**Solvency Premium Income:** The total premiums received during the year for life and pensions business, including investment contracts, but excluding Reinsurance.

**Solvency UK:** A European Union directive that became fully applicable to European insurers and reinsurers on 1 January 2016. It covers three main areas related to capital requirements, risk management and supervisory rules.

**Solvency and Financial Condition Report (SFCR):** A report required under Pillar III of the Solvency UK directive. Life insurers in the UK are required to disclose this report publicly and to report to the PRA on an annual basis. The SFCR includes both qualitative and quantitative information.

**Solvency Capital Requirement (SCR):** The amount of capital that the PRA requires UK Life Insurers to hold, which is calculated using the European Union Solvency requirements, also known as Solvency UK. The SCR is calculated using our Partial Internal Model.

**Solvency Ratio:** The Solvency Ratio is a measure of financial strength, calculated as the ratio of eligible capital to the regulatory capital requirement.

**Standard Formula:** A prescribed method for calculating the Solvency Capital Requirement that aims under Solvency UK to capture the material quantifiable risks that a Life Insurer is exposed to. If the Standard Formula is not appropriate for the risk profile of the business, a capital add-on may also be applied after agreement with the PRA.

**Subordinated Debt:** In the event of bankruptcy, dissolution or winding-up, the payments arising from this debt rank after the claims of other creditors.

**Surplus:** The excess of Own Funds over the Solvency Capital Requirement.

**Three Lines of Defence Model:** The three lines of defence model can be used as the primary means to demonstrate and structure roles, responsibilities and accountability for decision-making, risk and control to achieve effective governance, risk management and assurance.

**UK Corporate Governance Code (the Code):** This sets out guidance in the form of principles and provisions on how companies should be directed and controlled to follow good governance practice.

**UK Generally Accepted Accounting Practice (UK GAAP):** The framework under which the Society and Group prepare the Financial Statements.

**UK Stewardship Code (Code):** Financial Reporting Council's draft UK Stewardship Code. The Stewardship Code focuses on sustainable and responsible investment and stewardship, and sets standards for asset owners and asset managers.

**Unit-linked Policy:** A policy for which the premiums buy units in a chosen investment fund.

**Unit Trust:** A collective investment which invests in a range of assets such as equities, fixed interest investments and cash. A unit trust might be a general fund or specialise in a particular type of asset, for example property, or in a particular geographical area, for example South East Asia.

**United Nations Principles for Responsible Investment:** A set of six principles that provide a global standard for responsible investing as it relates to environmental, social and corporate governance (ESG) factors.

**United Nations Sustainable Development Goals (SDGs):** A set of 17 Sustainable Development Goals, otherwise known as the Global Goals, are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

**Unitised With Profits Policy:** A policy for which the premiums buy units in a with profits fund.

**Value of In-force Business (VIF):** See definition of 'Present value of In-force business (PVIF)'.

**With Profits Policyholder:** A policy that participates in the profits of a with profits fund. This participation may be in the form of one or more of a cash bonus, an annual bonus or a bonus paid on the exit of the policy.

## Notice of meeting

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING (AGM) OF WESLEYAN ASSURANCE SOCIETY WILL BE HELD AT 2.00PM ON THURSDAY 11 JUNE 2026 REMOTELY VIA USE OF AN ONLINE PLATFORM. FOR MORE DETAILS AND TO GET THE LATEST INFORMATION PLEASE VISIT [WESLEYAN.CO.UK/AGM](http://WESLEYAN.CO.UK/AGM).

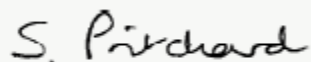
The AGM is to be held for the following purposes:

### Ordinary business

1. To formally receive the Accounts of the Society for the year ended 31 December 2025 and the Directors' and Auditors' Reports thereon.
2. To confirm the appointment as a Director:
  - a. Ian Gladman
  - b. Marco Groot Wassink
3. To re-elect as Directors:
  - a. Rita Bajaj
  - b. Gary Dixon
  - c. Philip Moore
  - d. Paul McMahon
  - e. Anne Torry
  - f. Linda Wilding
  - g. Mario Mazzocchi
4. To reappoint Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration.
5. To approve the Directors' Remuneration Policy.
6. To approve the Annual Report on Remuneration for the year ended 31 December 2025.

You are asked to approve the Directors' Remuneration Policy and Annual Report on Remuneration by way of an advisory vote. This is not a legal requirement, and its outcome is not binding on the Directors. However, your Board considers it best practice to allow members to express a view on this issue.

### By Order of the Board



**Selena Pritchard**, Company Secretary  
27 March 2026

These resolutions are supported by the Board.

### Notes:

- 1 A copy of the Annual Report and Accounts will be available on Wesleyan's website [www.wesleyan.co.uk](http://www.wesleyan.co.uk) from 25 April 2026 or may be obtained by a member on written request to the Company Secretary at Wesleyan, Colmore Circus, Birmingham, B4 6AR.
- 2 A member is entitled to attend via an online platform and vote at this meeting or may appoint the Chair or any other person as their proxy to attend and, on a poll, to vote in their stead.

### Directors standing for Election (recommended by the Board)

Each year all Directors are put forward for re-election. Details about their backgrounds are set out on pages 54 to 55. Following a performance evaluation, the Board is satisfied that each of the Directors continues to perform effectively and with commitment to their role. Further information on the work going on within the Society to deliver value for members and policyholders is given in the Chair's Statement and Strategic Report.



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Wesleyan Assurance Society

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Calls may be recorded to help us provide, monitor and improve our services to you.