Annual Report and Accounts 2025

Standard Life plc
Formerly Phoenix Group Holdings plc

Standard Life
For the life we live

Who we are

Standard Life is a retirement specialist focused entirely on retirement savings and income. We are proud to manage £300 billion in assets on behalf of our 12 million customers, and champion the belief that everyone's journey to and through retirement can be better.

We are helping our customers achieve better outcomes and greater financial security in later life. In parallel, we are using our size, expertise and influence to shape the world our customers will retire into, driving change that reflects how people actually live, not how the system assumes they do.

Helping people secure a life of possibilities.

We've changed our name

On 24 February 2026 we changed our name from Phoenix Group Holdings plc to Standard Life plc. References to performance to 31 December 2025 were under Phoenix Group Holdings plc. Our Company is listed on the London Stock Exchange under the ticker SDLF.

You can find out more about our activities, financial performance, sustainability strategy and our progress towards becoming a net zero business by 2050 by visiting our website:

www.standardlifeplc.com

Look out for these icons in the Annual Report

- For further reading in the **Annual Report**
- For more information read our **supplementary reports**
- Reference to further reading **online**

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In the UK, Solvency II as modified by the PRA's 2024 reforms ('Solvency UK') became effective from 31 December 2024. Solvency UK has been referred to in this document except for where referring to relevant Alternative Performance Measures and other solvency metrics, where we refer to Solvency II in line with the current PRA guidance and consistent with the name of the prudential regime in the PRA policy manual.

2025 performance

Successfully delivering on our strategy

2025 has been an excellent year. We're now two years into our 3-year strategy and continue to make progress on executing against our strategic priorities. We are firmly on track to meet our 2026 targets.

Key performance indicators

Operating Cash Generation
£1,474m
(2024: £1,403m) REM APM

Total ordinary dividend per share
55.40p
(2024: 54.00p)

Total cash generation
£1,711m
(2024: £1,779m) REM APM

IFRS adjusted operating profit
£945m
(2024: £825m) REM APM

Group Solvency II surplus (estimated)
£3.6bn
(2024: £3.5bn) REM

IFRS loss after tax
£(394)m
(2024: £(1,078)m loss after tax)

Group Solvency II Shareholder Capital Coverage Ratio (estimated)
176%
(2024: 172%) APM

IFRS adjusted shareholders' equity
£3,098m
(2024: £3,656m) APM

Solvency II leverage ratio
33%
(2024: 36%) REM APM

All amounts throughout the report marked with REM are KPIs linked to Executive remuneration. See Directors' Remuneration report on **pages 136 to 175**. All amounts throughout the report marked with APM are alternative performance measures. Read more on **pages 340 to 345**.

The Strategic report was approved by the Board of Directors on 13 March 2026 and signed on its behalf by

Andy Briggs
Group Chief Executive Officer

At a glance

For more than two centuries, we've been standing beside our customers, helping them plan and prepare for their financial futures. Our vision is to be the UK's leading retirement savings and income business. We are helping our customers achieve better outcomes and greater financial security in later life by providing the right products and solutions at the right time.

Our business

£317bn
total assets under administration APM

FTSE 100
and FTSE All World

c.£550m
annual dividend paid to shareholders

c.12m
customers

c.5,500
colleagues

Our brands

Standard Life

For more than 200 years, Standard Life has been trusted to look after people's life savings and retirement needs.

PHOENIX LIFE

Phoenix Life focuses on providing a secure home for policies, brought together from a number of life companies over the years.

SunLife

SunLife's straightforward and affordable financial products and services are designed to meet the needs of the over 50s.

ReAssure

ReAssure looks after customers across a broad range of retirement, investment and protection products.

For more information visit **standardlifeplc.com/about-us/our-brands**

Our customer products

Sufficient savings

- Defined contribution workplace pensions
- Retail savings for retirement
- International bonds
- Legacy savings and pension products

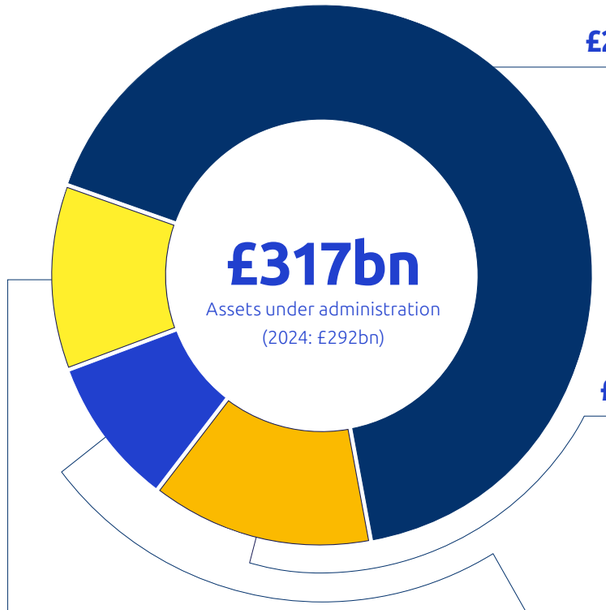
See Our business model on **pages 18 to 21**

Secure retirement

- Defined benefit pension income
- Income drawdown and lifetime annuities
- Fixed-term annuities
- Smoothed managed funds

See Our business model on **pages 18 to 21**

Our business areas



£212bn Pensions and Savings

We help customers journey to and through retirement. Our **Workplace** business supports people who save through their defined contribution workplace pension scheme, and our **Retail** business supports individual customers to save for, transition to, and secure an income in retirement[1].

See more on our Pensions and Savings division on **pages 24 to 25**

£42bn Retirement Solutions

We participate across the **Annuities** markets, as we seek to help customers secure income certainty in retirement, including Pension Risk Transfer ('PRT') and individual annuities.

See more on our Retirement Solutions division on **pages 26 to 27**

With-Profits £35bn

We are a market leader in the safe and efficient management of legacy pensions and savings policies to deliver better customer outcomes, with a range of legacy With-Profits savings products that are closed to new business that we manage for our customers.

£28bn Europe and Other

Standard Life International, which operates in Ireland and Germany, offers a range of pensions and savings products. SunLife offers protection solutions direct to the over 50s market in the UK[1].

Financial metrics shown refer to the assets under administration by segment type APM

1. Pensions and Savings includes International bonds which were reallocated in 2025 from Europe, and it excludes a held for transfer Corporate Trustee Investment Plan ('CTIP') mandate that was reclassified in 2025 to Other.

How we deliver our purpose-led business

Our purpose
Helping people secure a life of possibilities

Our vision
To be the UK's leading retirement and savings business

Our strategic priorities

Grow
Meeting more of our existing customers' needs and acquiring new customers.

Optimise
Optimising our scale in-force business and balance sheet.

Enhance
Transforming our operating model and culture.

Read more about Our strategic priorities on **pages 28 to 37**

Our sustainability strategy

People
Better journeys
We want to be the business that people trust to guide their retirement journey, helping our customers achieve better outcomes and greater financial security in later life.

Planet
Better futures
We want to play our part in delivering a net zero economy and managing our impact and dependency on nature, to help deliver better outcomes for our customers and shape the world they will retire into.

Embed responsibility
We are committed to embedding responsible and sustainable business practices and maintaining high standards of oversight, integrity and ethics.

Read more in our **Sustainability Report**

Our culture: The Big Three

We put our customers first

We aim high

We work together

The development of our culture remains a top priority. Read more on **pages 98 to 99**

Our key stakeholders

- Customers
- Colleagues
- Shareholders
- Community and environment

Read more about our engagement with our stakeholders on **pages 100 to 103**

Better outcomes.

We champion the belief that everyone's journey to and through retirement can be better, and are helping our customers achieve better outcomes and greater financial security in later life. In parallel, we are using our size, expertise and influence to shape the world our customers will retire into.

Better journeys.

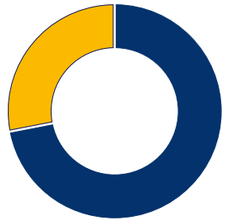
We want Standard Life to be the business that people trust to guide their retirement journey. We are empowering our customers to engage with their financial futures and helping them imagine the later life they want and live retired life their way. We do this by providing the right products and solutions at the right time, with clarity, warmth and empathy.

Supporting financial wellbeing

We know digital engagement is key to support financial wellbeing as our customers journey to and through retirement. We see our Standard Life app as the tool of today and tomorrow to deepen this further. We were delighted our app was ranked as number one across the leading Workplace providers in BehindLogin's comprehensive and independent 2025 benchmarking report[1]. In 2025 72% of Standard Life logins were via the app, up from 66% in 2024.

Read more in the **Sustainability Report**

Standard Life customer logins



- Logins via the app 72%
- Non-app logins including Standard Life website 28%

Affordable retirement savings advice

In 2025 we launched our Financial Advice service which aims to help those who wouldn't usually consider paid advice gain access to the support they need when saving and deciding how to take their pension income. The service is intended to support customers with decisions such as how to structure their retirement income, the level of investment risk they should take in retirement, and how to take tax-free cash from their pension.

Read more on our **website**

£1k

single flat initial fee for advice regardless of your pension pot size[2]

Social impact target

In 2026 we committed to help three million more customers achieve better retirement outcomes over the next 10 years. By providing support and solutions we will ensure more people are on track to be financially secure in later life. This target provides a clear strategic focus, reinforcing our commitment to prioritise the actions which will drive meaningful change for our customers.

Read more in the **Sustainability review** on **page 51**

+3m

Help 3 million more customers over the next 10 years take action towards a better retirement

1. https://behindlogin.com/report/pension-benchmark-2025/
2. Standard Life launches affordable pension advice business.

Better futures.

We are leading the industry by advocating for better retirements and convening to drive meaningful change that reflects how people actually live, not how the system assumes they do. We are leveraging our investment capabilities to deliver strong returns, implementing sustainability-related solutions, and creating trusted partnerships with aligned objectives and shared value creation.

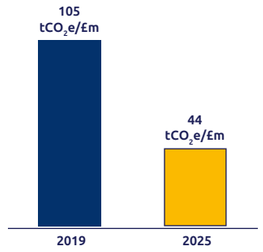
Improving outcomes through our Net Zero Transition Plan

We believe transitioning to net zero will support better outcomes for our customers, help deliver our commercial objectives and fulfil our societal responsibility, which is why we are committed to being a net zero business by 2050. We have exceeded our 25% 2025 interim portfolio decarbonisation target and under most scenarios are on track for our 2030 50% reduction target[1].

Read more in our **Net Zero Transition Plan**

Decarbonising our investment portfolio

58% reduction achieved[2] in the carbon intensity of our listed equity and debt credit portfolio relative to our 2019 baseline.



Sustainability improving approach

As a result of introducing the Sustainability Improvers™ labelled funds, more than two million members investing in our £39 billion assets under administration ('AUA') Sustainable Multi Asset default Workplace solution are expected to benefit from improved long-term financial outcomes and greater transparency.

Read more in the **Sustainability Report**

We continue to innovate, leveraging our investment capabilities to offer more choice to our members and to deliver strong and sustainable returns.

Gail Izat
Managing Director Workplace and Retail Intermediary

Opportunities for better returns

Our long-term ambition is to invest up to £40 billion in sustainable, transition and UK-focused productive assets[3]. We pledged to invest 10% of our Workplace default funds into private markets by 2030 to boost returns for our customers and to support the growth of the UK economy. Future Growth Capital ('FGC'), our joint venture with Schroders, will support us in achieving this objective as it aims to enhance access to private market investments for pension savers.

Read more on the **FGC website**

FUTURE GROWTH CAPITAL

In total FGC aims to deploy

£10–20bn

of investor funds into private markets over the next decade

1. EVIC intensity metric. Relative to 2019 baseline, where we exercise influence and control. Assets in scope include: Listed and private equity, credit assets and directly held real estate.
2. EVIC intensity metric. Relative to 2019 baseline, where we exercise influence and control.
3. Where market and regulatory conditions allow and it's in customers' best interests.

Empowering our customers and driving change

We are committed to helping our customers achieve better outcomes and greater financial security in later life. In parallel, we are using our size, expertise and influence to shape the world our customers will retire into.

Sir Nicholas Lyons
Chair of the Group Board

Read more in our **Sustainability Report**

In February 2026 we changed our name from Phoenix Group Holdings plc to Standard Life plc bringing our most trusted brand to the forefront.

To mark this change, we have launched a new long-term social impact target to help three million more customers over the next 10 years take action towards a better retirement. To achieve this commitment, Standard Life will provide support and solutions designed to ensure more people have sufficient savings and greater financial security in later life.

Helping build a world worth retiring into

As a retirement specialist, focused entirely on retirement savings and income, we champion the belief that everyone's journey to and through retirement can be better.

We are empowering people to engage with their financial futures and in order to help people achieve better financial security in later life, we have been investing to provide the right products and solutions at the right time.

In parallel, we are using our scale, expertise and influence to drive meaningful change, working with industry and policymakers to shape the world our customers will retire into.

Driving positive impact at scale

There is an ever-growing body of research evidencing the scale of the retirement savings gap in the UK and that by the early 2040s we expect 3-in-5 defined contribution pension savers will be entering retirement with inadequate savings[1].

We see the UK Government's Pension Adequacy Review as essential to assess the complexity of factors impacting adequacy and to create consensus on an implementation timeline for recommended policy solutions.

KPIs

12m
customers
(2024:12m)

£317bn↑
total assets under administration APM
(2024: £292bn)

Standard Life champions the belief that everyone's journey to and through retirement can be better. Our purpose, helping people secure a life of possibilities, demonstrates our commitment to helping customers while delivering better outcomes for all our stakeholders.

Sir Nicholas Lyons
Chair of the Group Board

We are actively contributing to the Pensions Commission's work, and have previously advocated to gradually increase contribution rates into workplace pensions from 8% to at least 12%.

Research suggests that only c.10% of people access and pay for independent financial advice when making important financial retirement decisions[2], leaving the majority of people facing an 'advice gap'. As a result, consumers face making life-changing complex decisions without sufficient support, increasing the risk of financial harm. We played a central role in shaping the implementation of Targeted Support, a Financial Conduct Authority ('FCA') initiative, reinforcing Standard Life's leadership in regulatory innovation. We are expecting the final rules in 2026.

To compound the positive impact of our customers saving more for retirement, we strive to provide them with better returns. As a founding signatory of the Mansion House Accord, which builds on the Mansion House Compact, we are contributing to continued industry-led efforts to improve retirement outcomes and unlocking long-term investment in UK growth through investing more into alternative asset classes.

We can drive good outcomes for our customers and manage the risks of climate change by delivering on our Net Zero Transition Plan commitments and deepening our understanding of our impact and dependency on nature. In parallel, we are helping to remove the barriers to allow capital to flow at scale into productive and sustainable investments.

1. https://library.standardlife.co.uk/Tomorrows-problem-analysing-the-future-impact-of-dc-pension-undersaving.pdf
2. https://library.standardlife.co.uk/What-role-could-targeted-support-play-in-supporting-consumers-in-retirement.pdf

Successfully executing on our vision

Two years into our 3-year strategy, we continue to make good progress towards achieving our vision, to be the UK's leading retirement savings and income business, by executing against our strategic priorities. We've completed our full service customer offering, optimised asset management, further streamlined our group structure and progressed our customer policy migrations. In doing so we are meeting even more of our customers' needs. This has delivered a strong set of financial results for 2025 and means we are firmly on track for all of our 2026 financial targets.

Attractive shareholder returns

Our progressive and sustainable dividend policy reflects our commitment to predictable long-term value creation and financial strength, and is supported by robust cash generation and disciplined capital management.

I am delighted to announce that the Board is recommending a 2.6% increase in the Group's 2025 Final dividend to 28.05 pence per share. This means the Group's Total dividend for 2025 will be 55.40 pence per share.

Thank you

Finally, I would like to take this opportunity to thank the Board, our colleagues, our partners and our wider stakeholders for their continued dedication and support throughout the year. Your commitment has been central to delivering another period of strong progress.

Sir Nicholas Lyons
Chair of the Group Board

Section 172 statement

During the year, Directors have applied section 172 of the Companies Act 2006 in a manner consistent with the Group's purpose, values and strategic priorities. The Directors have acted in a way which they consider, in good faith, is most likely to promote the success of the Company for the benefit of its members as a whole. In doing so the Directors have paid due regard to the matters set out in section 172(1) (a) to (f), namely:

- the likely consequences of any decision in the long-term;
- the interests of any of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of maintaining the Company's reputation for high standards of business conduct; and
- the need to act fairly between members of the Company.

Details on how the Directors have considered these matters in connection with key decisions, and outcomes for engagement with our key stakeholder groups throughout 2025 can be found on **pages 100 to 103** of the Corporate governance report

Successful delivery against our strategy

2025 highlights

- Full product suite now available for all customers' life stages; launched the Standard Life Guaranteed Lifetime Income plan
- Progressed customer engagement including the launch of our Retail advice proposition
- Strong trading performance with Workplace gross inflows of £10 billion; signed our largest-ever Pension Risk Transfer deal; Retail gross inflows continuing to improve
- Firmly on track to deliver all our 2026 financial targets
- Generating c.£1 billion free cash flow, comfortably covering our dividend and creating further financial flexibility

Standard Life has an exciting opportunity to shape our industry. Our 2025 results show our commitment to better customer outcomes while increasing shareholder returns and strengthening our financial flexibility.

Andy Briggs
Group Chief Executive Officer

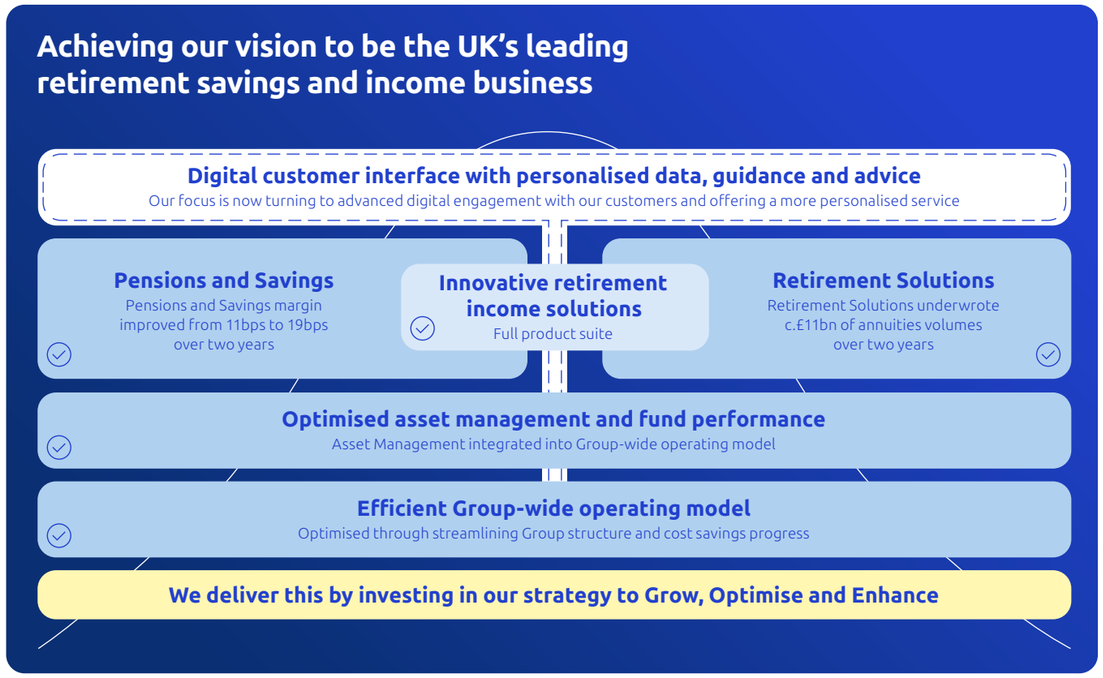
Standard Life is a retirement specialist focused entirely on retirement savings and income, and is proud to manage £317 billion of assets under administration ('AUA') on behalf of our 12 million customers. Our purpose of 'helping people secure a life of possibilities' is embedded in everything that we do as we help customers journey to and through retirement.

Around two-thirds of our business by assets is Pensions and Savings, our capital-light fee-based business, which comprises our Workplace and Retail offerings. 13% of our business by assets is Retirement Solutions, our capital-utilising spread-based business, comprising our annuities offering across Pension Risk Transfer ('PRT') and individual annuities.

In March 2024 we set out our 3-year strategy, to realise our vision to be the UK's leading retirement savings and income business. Progress towards fulfilling our vision is delivered through executing against our strategic priorities of Grow, Optimise and Enhance. Our strategy fully embeds our environmental, social and governance ('ESG') themes of People and Planet.

In February 2026 we changed our name from Phoenix Group Holdings plc to Standard Life plc. This move brought our most trusted brand to the forefront and demonstrates our commitment to helping customers secure a better retirement.

+2.6%
2025 Final dividend increase (2024: +2.6%)



Achieving our vision to be the UK's leading retirement savings and income business

To achieve our vision, our 2024–26 strategy is designed to build on the strong foundations we had already developed, leveraging our scale and strong positions in the attractive markets we operate in and completing our full-service customer offering.

To **Grow** we need to have a full suite of products which meet the needs of our customers, and build out our ability to engage with them. Having broadened our range of products in the market over recent years, including the launch of the Standard Life Guaranteed Lifetime Income plan, we now have a full product suite to support customers across all stages of their retirement journey.

There is always more to do as we continue to innovate and adapt to changing customer needs, behaviours and market trends, but this phase is now largely complete and sets us up well for the future.

We have also been working to unlock access to products and engagement opportunities. The launch of our advice proposition in 2025, and our wide range of digital offerings, from our Family Finance Hub, to our Mixed Income Builder tool, are all helping customers navigate their retirement journey, by supporting households with engaging planning and budgeting options.

We're focused on scaling our products, and deepening our intermediary partnerships, to widen our access to potential customers. In January 2026 we expanded the distribution of our smoothed managed fund onto the Quilter platform.

To **Optimise** our scale in-force business and our balance sheet, we have been further enhancing our unique in-house asset management expertise, including evolving our annuity-backing assets. For example, in September we announced we were preparing to in-house c.£20 billion of annuity-backing assets. Our asset management expertise will deliver enhanced returns, drive better customer outcomes, create cost savings and it underpins our ability to deliver recurring management actions. Together these contribute to the excess cash generation we are consistently achieving and in turn enabled us to repay £0.4 billion of debt to support our deleveraging programme, which will continue in 2026.

Under **Enhance,** our priority is to transform our operating model and culture, which in turn helps us to deliver better customer outcomes. A large aspect of this is completing the migration of customer administration to modern, technology-enabled platforms.

In total, 75% of our policies are now on their end-state platforms, up from 45% in 2024, enabled by our strategic partnerships, including with Diligenta and Wipro.

Through leveraging technology and streamlining the organisation, we have made good progress on our cost savings programme with run-rate savings of £180 million achieved at the end of 2025. This underpins our confidence in achieving our end-2026 £250 million run-rate savings cost target.

Our remaining area of focus, which presents a significant opportunity as we continue to help our customers navigate their retirement journey, is the digital customer interface. Whilst we already have an award winning app, the next step is to enhance our technology and customer engagement capabilities by leveraging our digital infrastructure to create digitally enabled and personalised customer journeys – focused on data, guidance and advice. We're also focused on deepening our intermediary partnerships, widening our access to potential customers. While for Workplace and Annuities it's about continuing to deliver excellent performance.

See **pages 28 to 37** for more detail on how we are delivering our strategy and **pages 48 to 77** for our Sustainability review

70%

Expected growth in long-term savings and retirement market over the next decade[1]

An attractive market with structural growth drivers and further tailwinds

The UK long-term savings and retirement market is already large, with c.£3.6 trillion[1] of assets managed on behalf of customers, but it is also structurally growing across our key markets of Workplace, Retail and Annuities, and set to grow by c.70% over the next decade[1].

This growth is driven by the current demographic and socio-economic trends, which have seen increasing responsibility for retirement falling on individuals rather than employers as was previously the case, including the shift from defined benefit ('DB') to defined contribution ('DC') schemes.

We continue to advocate for the changes that will make the biggest difference to our customers, and in this regard I am really encouraged by recent regulatory and political proposals that will support better retirement outcomes across all our key markets. These will also act as further tailwinds to the industry that will accelerate the existing structural growth opportunities beyond the c.70% expected growth.

As the only scale UK player solely focused on the full savings and retirement lifecycle, Standard Life is uniquely positioned to benefit from this market growth. Our ambition is to grow faster than the market.

See **pages 22 to 23** for more on Our growth drivers

Taking share in our chosen markets

Workplace is typically the foundation of a customer's retirement savings journey and it acts as a key acquisition tool for us. We're a scaled player, with AUA of £70.6 billion and three million members, both of which are growing.

Our ambition here is to consolidate our top-3 market position as this market grows rapidly; concentrates down to fewer players; and will be supported by expected contribution increases. This acceleration and concentration will be driven by proposals outlined in the Pension Schemes Bill which includes a requirement for minimum thresholds for default funds. We will achieve our strategy through deep customer engagement which will drive retention and support new scheme wins.

Winning in Workplace requires three things: a leading employer proposition, excellent customer service, and scale driven cost efficiency. We are strong on all three, as demonstrated across a collection of metrics.

We achieved an excellent Net Promoter Score ('NPS') of +60 in 2025[2]. We welcomed 247k new Workplace members in 2025, up from 216k in 2024 and we won over 200 schemes in 2025. Lastly, Workplace AUA is up almost 40% in three years, importantly driven by strong positive net fund flows. With £10 billion of gross inflows reached this year, our market share grew to over 10%.

Our **Retail** strategy is to engage customers with innovative products to join, stay and consolidate with us. Delivering on this strategy will enable us to move from our current top-10 position to top-5.

Success in this market is driven by three things: customer engagement, offering products that meet customers' evolving needs and leveraging digital infrastructure to do all this proactively.

With 1-in-5 UK adults being customers of Standard Life plc, this provides us with a unique opportunity to win market share in the retail market – both via advisers and direct to customers. Our ability to win is further evidenced by our expanded product range now meeting more of our customers' evolving needs.

The positive outcomes of our efforts include high customer satisfaction scores, with 93% of customers rating us "good" or "excellent". This is translating to more digital customer engagement, with total logins up c.50% in two years.

While our Retail business remains in net outflow, we're seeing positive customer outcomes reflected in gross retail inflows of £7.1 billion in 2025, up by nearly £3 billion over the last three years.

Alongside our newly launched advice proposition, Targeted Support will enhance our ability to offer timely services to our customers and is very much aligned to our belief that everyone's journey to and through retirement can be better.

We have a significant opportunity to leverage our digital infrastructure, but we are not there yet. One area we're focusing on is building out our Salesforce customer relationship management ('CRM') integration. This gives us deeper insight to support customers so we can gather insights and proactively help by 'nudging' them to make the right choices at the right life stages, as they journey to and through retirement.

Within **Annuities**, which includes PRT and individual annuities, winning is all about having a leading employer proposition, excellent member experience, and competitive pricing. Our strength in all three is why we are winning in these markets today. Our comprehensive buy-in and buy-out capabilities, and a full product suite, mean that we can serve customers, however complex their needs may be.

We currently have a top-5 position and our ambition is to maintain this. We will achieve this by continuing to have a disciplined capital deployment approach of c.£200 million per annum, and through providing a holistic suite of de-risking solutions.

Having re-entered the individual annuity market in 2023 we have nearly doubled our market share to 15%, from 8% only two years ago, driven by our ability to launch a product that is both competitively priced and delivered via a leading digital customer experience.

+93%↓

Customer satisfaction – digital (2024: 94%) REM

+60

Workplace Net Promoter Score[2] (2024: +60)

1. Company analysis of market data and industry forecasts including 2024 LCP Pension Risk Transfer report, NMG, The 2024 Purple Book and publicly available FY2024 and HY2025 financial disclosures.
2. Customer satisfaction score converted to NPS equivalent metric.

In PRT we wrote our largest-ever deal of £1.9 billion in 2025, owing to our expertise and ability to provide member certainty in complex transactions. Our disciplined approach, reflected in our focus on value rather than volume in this market, means we are achieving attractive returns, with lifetime internal rates of returns ('IRRs') on our annuity business of more than 20%.

Whether it is saving for retirement through our Workplace business, or staying and consolidating in Retail, or securing income through our Annuities business, we're well positioned to serve customers and their evolving needs.

See **pages 18 to 21** for Our business model and **pages 24 to 27** on Our key divisions

Strengthening our competitive advantages

Standard Life is clearly already winning today and is well-positioned to win share in our growing markets, underpinned by our three competitive advantages of customer engagement, capital efficiency and cost efficiency.

With 1-in-5 UK adults being customers of Standard Life plc we have an exceptional level of customer access which enables our **customer engagement**. This gives us insights into what customers – both corporate and consumers – really need, which in turn supports how we develop and design propositions. Our recent name change has brought our strongest brand to the forefront.

We also benefit from **capital efficiency** from our diversified long-term savings and retirement businesses, comprising both capital-light fee-based and capital-utilising spread-based products. Our unique asset management capabilities are already delivering superior returns, reflected in the sustainable delivery of recurring management actions at c.£500 million per annum, all whilst remaining cash flow matched.

£1,474m↑

2025 Operating Cash Generation (2024: £1,403m) REM APM

Our existing **cost efficiency**, underpinned by our 12 million customer base, has been achieved by leveraging technology across our business, as reflected in our sector-leading Pensions and Savings margin. This margin expansion will continue as we deliver further cost savings. And, technology advancements will drive operating leverage higher as we scale.

Looking ahead, we will continue to strengthen those competitive advantages, which will support our growth.

See **pages 16 to 17** for Our investment case

Firmly on track for all our 2026 financial targets

Consistently executing on each of our strategic priorities is translating directly into the delivery of attractive financial outcomes. Our 2025 performance has been strong across our financial framework of cash, capital and earnings and we are firmly on track to deliver all of our 2026 financial targets.

See the Business review on **pages 38 to 47** for more detail

Operating Cash Generation ('OCG') continues to be the metric which best demonstrates the long-term underlying value generation from our business. OCG grew by 5% in the period to £1,474 million (2024: £1,403 million).

For 2025 the Board has recommended a 2.6% increase in the Final dividend of 28.05 pence per share, bringing our Total dividend to 55.40 pence per share, extending our strong track record of dividend growth.

We delivered £1 billion free cash flow in 2025, which has doubled from when we started this journey in 2023. At this level we are comfortably covering our dividend of £548 million and delivering £423 million of excess cash.

We continue to expect mid-single digit percentage growth per annum in OCG. This means dividends and excess cash will both grow, as OCG grows, particularly as recurring uses are reducing.

2026 is our final year of prioritising this excess cash to reduce debt. So excess cash generated after the end of this year, will be available to be deployed to the highest returning opportunities, in line with our capital allocation framework.

Summary

We operate in one of the most attractive retirement and savings markets in the world, and Standard Life has an important role to play in shaping the industry and providing better outcomes for pensioners.

When we set out our 3-year strategy in 2024, we were clear on the scale of the opportunity in front of us. Two years on, I'm delighted with the progress we've made and looking ahead, I continue to be optimistic.

Our execution positions us exceptionally well to meet the needs of our customers, and is strengthening our competitive advantages. This is translating into strong and attractive financial performance and returns to shareholders.

As we continue to serve our customers, colleagues and other key stakeholders, this will support us in achieving our vision of becoming the UK's leading retirement savings and income business.

Thank you

Our performance is only achieved through the continued hard work and dedication of our outstanding people so I would like to thank each and every one of my colleagues across the Group for their contributions. With our move to Standard Life plc, I am even more energised about our future and the progress we will make together in the years ahead.

Andy Briggs
Group Chief Executive Officer

How we generate shareholder value

Our strategic priorities will strengthen our competitive advantages

Grow

Optimise

Enhance

Competitive advantages

Customer engagement
With 12 million customers, we have an exceptional level of customer access. This gives us deep customer insights that underpin our developing propositions, enabling us to better meet our customers' evolving needs on their journey to and through retirement.

Capital efficiency
As a genuinely diversified long-term savings and retirement business, we get greater diversification from our breadth of products. Our capital position is also highly resilient, through our core capabilities in risk management and capital optimisation.

Cost efficiency
We have a cost efficiency advantage, which is enabled through our customer administration and IT partnerships. We are looking to further this advantage as we continue to progress our cost savings programme.

For more information see Delivering on our strategy on **pages 28 to 29**

Read more about Our sustainability strategy on **page 50**

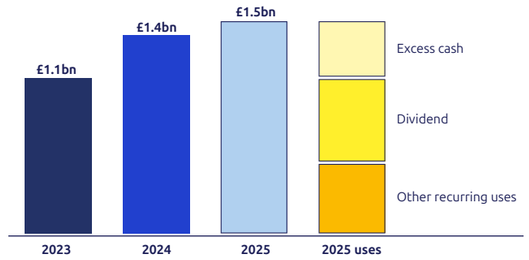
Enabling our financial framework

Delivering a clear set of financial outcomes for our shareholders

Cash

Growing Operating Cash Generation that more than covers our recurring uses, including our progressive and sustainable dividend, and delivers excess cash.

Operating Cash Generation REM APM



Capital

Resilient balance sheet that supports investment to grow, optimise and enhance our business.

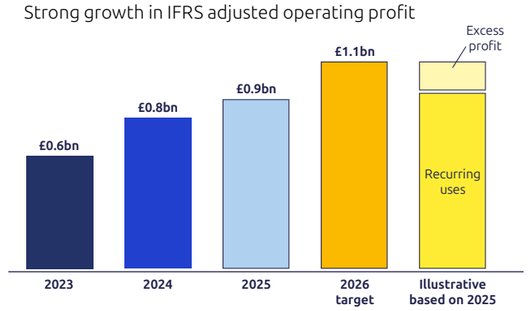
140–180%
Shareholder Capital Coverage Ratio operating range APM

c.30%
Solvency II leverage ratio target by the end of 2026 REM APM

Earnings

Growing IFRS adjusted operating profit to cover our recurring uses and create excess profits.

IFRS adjusted operating profit REM APM
Strong growth in IFRS adjusted operating profit



For more information see the Business review on **pages 38 to 47**

And supporting our progressive and sustainable dividend policy

The Group operates a progressive and sustainable ordinary dividend policy

Our dividend policy is supported by our strategy to deliver sustainable, growing Operating Cash Generation, which more than covers our uses and generates excess cash.

55.40p
2025 Total dividend per share

28.05p
2025 Final dividend per share

+2.6%
increase in 2025 Final dividend

c.3%
10-year CAGR

A growing and sustainable business

Standard Life is a retirement specialist focused entirely on retirement savings and income. We champion the belief that everyone's journey to and through retirement can be better.

Our purpose

Helping people secure a life of possibilities

What we do

We help our customers achieve better outcomes and greater financial security later in life. We empower them to engage with their financial futures by providing the right products and solutions at the right time and help them imagine the later life they want, and live retired life their way.

For more information on our family of brands visit **standardlifeplc.com/about-us/our-brands**

Our vision

To be the UK's leading retirement and savings business

Creating long-term value …

Using our scale and ambition, we are committed to creating sustainable long-term value for all our stakeholders.

We generate returns on our capital-light fee-based savings products by earning a fee and managing the associated costs. On our retirement products we optimise the returns on the assets backing the liabilities through effective risk management and earn a spread.

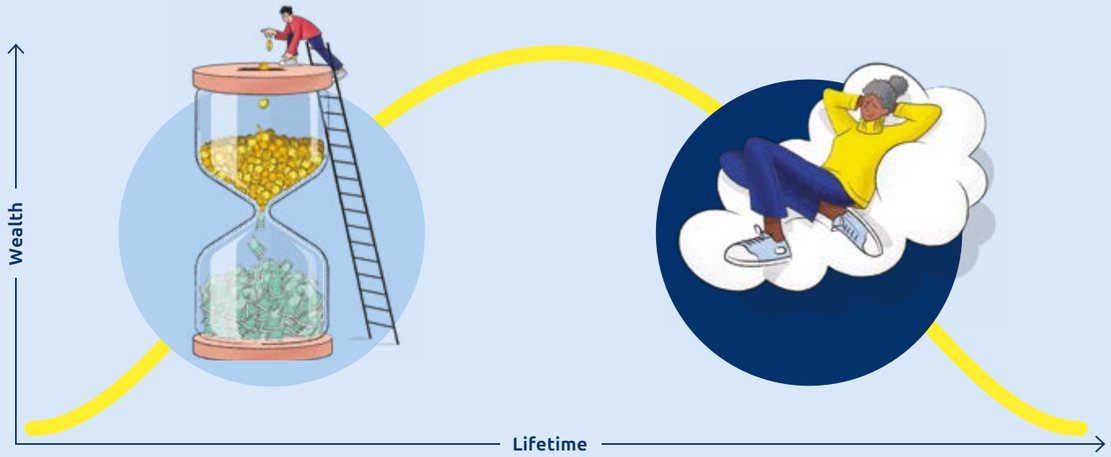
See Our investment case on **pages 16 to 17**

Sufficient savings

We are helping more people to be on track for sufficient pension savings. We're doing this by engaging them in planning for their retirement and helping them save more.

Secure retirement

We are helping more people achieve financial security in later life. We're doing this by supporting them to make better decisions when accessing their pension and achieve sufficient income throughout retirement.



To learn more about our products and how we engage with our customers see **pages 20 to 21**

… and better outcomes for all our stakeholders.

Customers

Our first priority is ensuring we achieve consistently good outcomes for our customers, and financial security as they journey to and through retirement.

12m
customers
2024: 12 million

Shareholders

We continue to successfully execute on our 3-year strategy, delivering a clear set of financial outcomes for shareholders and supporting our progressive and sustainable dividend policy.

55.40p↑
2025 Total dividend per share
2024: 54.00p

Colleagues

We are inspiring our colleagues and attracting and developing top talent. We want to create the conditions for our people to succeed in a high-performance, customer-centric, purpose-led culture.

40.2%↑
of Senior Leadership are women
2024: 39.7% REM

Community and environment

We want to play our part in delivering a net zero economy and managing our impact and dependency on nature, to deliver better outcomes for our customers and shape the world they will retire into.

58%↑
reduction in the emissions intensity of our portfolio
2024: 52% REM

For more information on how we are driving positive outcomes for our stakeholder groups, see Stakeholder engagement on **pages 100 to 103**

For the life we live.

We want Standard Life to be the business that people trust to guide their retirement journey. We provide the right products and solutions at the right time – with clarity, warmth and empathy.

Sufficient savings

Defined contribution workplace pensions

With a defined contribution ('DC') workplace scheme, individuals and typically their employer pay into their pension on a regular basis as they work. Standard Life is one of the leading UK providers that help employers and trustees set up high-quality, easy-to-run workplace pension schemes, underpinned by our Sustainable Multi Asset ('SMA') strategy.

Engagement

Advice proposition

Our new advice service aims to support customers with decisions such as how to structure their retirement income, the level of investment risk they should take in retirement and how to take tax-free cash from their pension.

Engagement

The Standard Life app

Our mobile app makes it easy for customers to engage with their pension wherever they are. It incorporates handy functions and interactive tools to make managing pensions straightforward.

Sufficient savings

International bonds

Our international bond is an offshore bond provided by Standard Life's entity in Dublin to UK customers. Offshore bonds are a tax-efficient way to invest money over the medium to long-term. As customers don't normally pay tax on investment growth, which could give more savings for the future.

Sufficient savings

Retail savings for retirement

We help retail customers both directly and indirectly via financial advisers by providing a range of pension and investment solutions to support their retirement ambitions.

Sufficient savings

Legacy savings and pension products

Over the years, Standard Life has grown through the acquisition of closed books of legacy pension and insurance policies from a number of companies. We are the market leader in the safe and efficient management of legacy pensions and savings policies, with a strong track record of delivering better outcomes for customers of long-standing policies that are no longer sold in the wider market. We are leveraging the products and services from Standard Life to better support these customers at retirement.

Engagement

Adviser distribution

We partner with financial advisers by equipping them with products, planning tools, and specialist technical support, enabling them to deliver high-quality retirement, investment, and fund solutions to their clients.

Secure retirement

Smoothed managed funds

Smoothed funds are designed to provide steadier long-term growth. They hold a range of different investments and are designed to reduce the worry of investing by smoothing out the short-term ups and downs of the investment markets.

Fixed-term annuities

The Standard Life Guaranteed Fixed-term Income product provides a guaranteed income for a particular period of time, typically between 3 and 25 years, but also provides flexibility with an option for customers to surrender it and reassess their financial needs at a later stage. It's a useful tool when bridging the gap in the run-up to retirement.

Income drawdown and lifetime annuities

Income drawdown provides a flexible way for our customers to take income from their pension pot as they can take out money whenever they like, while our lifetime annuity product offers pension savers secure guaranteed regular income in retirement.

Secure retirement

Defined benefit pension income

Also known as a 'final salary' pension, a defined benefit ('DB') pension pays out a guaranteed income to scheme members for life in retirement, but they are generally no longer offered to employees. The remaining DB pension schemes are exposed to a range of market and demographic risks that the sponsoring employer is responsible for. To remove these risks and enhance benefit security for scheme members, sponsors and trustees look to insure some or all of their pension scheme obligations with a specialist insurance group like Standard Life.

Our growth drivers

There is a huge societal need to better support people on their journey to and through retirement and significant growth opportunities available through providing products and solutions that reflect how people actually live. The market is expected to increase from £3.6 trillion to £6.1 trillion by 2034[1].

Demographic and socio-economic trends

The population is ageing

Shift to defined contribution ('DC') pensions

Only 14% of DC savers on track for an adequate retirement[2]

c.10% take financial advice[3]

Workers have multiple pension pots

Individuals want simplicity and control of income

Driving growth opportunities…

Pensions and Savings

Workplace

The rapidly growing DC workplace pension scheme market is primarily driven by auto-enrolment and the continued move from defined benefit ('DB') pension schemes to DC pension schemes.

c.£80bn
annual market flows[4]

Retail

As the responsibility for retirement planning has shifted towards individuals, away from corporates, people are seeking an increasingly broad range of innovative retirement savings and income products either directly or via advisers.

c.£150bn
annual market flows[5]

Retirement Solutions

Pension Risk Transfer

Corporates are de-risking their DB pension scheme liabilities through Pension Risk Transfer ('PRT') transactions in order to focus on their core businesses. This is fuelling increased demand for PRTs.

c.£35–55bn
annual market flows[6]

Individual annuities

Similar to workplace, the demand for individual annuities is increasingly driven by the move away from DB to DC pension schemes with as many as 9-in-10 people saying income certainty in retirement is important to them[7].

c.£8–9bn
annual market flows[8]

… accelerated by political, regulatory and economic tailwinds

Higher salary inflation has accelerated growth from our existing Workplace pension schemes. Despite cost-of-living pressures, the vast majority of customers are choosing to continue making contributions into their workplace schemes. As a scale player we stand to benefit from proposals in the Pension Schemes Bill including minimum scale for default funds and potential increases in auto-enrolment.

Through a combination of changes in inheritance tax rules, market entrants stimulating pension consolidation and the future implementation of pensions dashboards, people are being prompted to think more about what they do with their long-term savings and therefore are more likely to move their savings to seek better value from their long-term savings provider.

Higher interest rates mean PRT, both buy-ins and buy-outs, are more affordable for trustees, driving high levels of demand. Buy-outs from established brands are still considered the gold standard for pensions de-risking.

Higher interest rates have also resulted in higher rates of income for customers buying individual annuities now.

Why we are winning…

- Leading and innovative propositions that meet evolving needs
- Excellent customer service and engagement
- Cost-efficient administration supported by excellent digital infrastructure

Read more about Pensions and Savings on **pages 24 to 25**

See Our strategic priorities on **pages 28 to 35**

- Leading employer proposition and innovative products
- Excellent member experience
- Competitive pricing

Read more about Retirement Solutions on **pages 26 to 27**

See Our strategic priorities on **pages 28 to 35**

1. Company analysis of market data and industry forecasts including 2024 LCP Pension Risk Transfer report, NMG, The 2024 Purple Book and publicly available FY2024 and HY2025 financial disclosures.
2. https://library.standardlife.co.uk/Great-Expectations-Report.pdf
3. https://library.standardlife.co.uk/What-role-could-targeted-support-play-in-supporting-consumers-in-retirement.pdf
4. Company estimate based on NMG market model (2024).
5. NMG market model (2024) data.
6. Company estimate based on 2025 LCP Pension Risk Transfer report.
7. https://www.standardlife.co.uk/about/retirement-voice
8. Company estimate based on publicly available information.

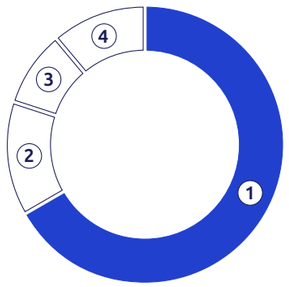
Pensions and Savings

Helping our customers to and through retirement

Pensions and Savings is our capital-light fee-based business and comprises our Workplace and Retail offerings.

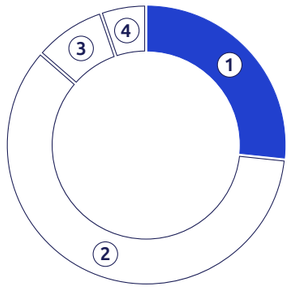
Business areas

Assets under administration ('AUA')[1]
APM



1. Pensions and Savings	**£212bn**
2. Retirement Solutions	£42bn
3. Europe and Other	£28bn
4. With-Profits	£35bn

Operating Cash Generation ('OCG')
REM APM



1. Pensions and Savings	**£396m**
2. Retirement Solutions	£879m
3. Europe and Other	£123m
4. With-Profits	£76m

1. Includes reallocation of flows and AUA for International bonds to Retail from Europe, and held for transfer Corporate Trustee Investment Plan ('CTIP') mandate to Other from Workplace.

Asset management strategy

We operate an outsourced approach to managing policyholder assets. We are consolidating the number of asset managers we work with; Aberdeen remains our key asset management strategic partner. This supports the delivery of fund simplification management actions and improves value for money for customers.

Measuring our financial success

Growth in AUA…
+7%
average AUA vs 2024

… drives growing IFRS adjusted operating profit…
£389m
23% growth year-on-year

… and enhancing our operating margin…
19bps
IFRS operating margin, up 2bps in FY2025

… and drives growing OCG
£396m
13% growth year-on-year

See our Business review on **pages 38 to 47**

	Workplace	Retail (direct and intermediated)
Strong market positions with structural growth opportunities	**Top-3 player[1]**	**Top-10 player[2]**
	£10.0bn Standard Life gross inflows	**£7.1bn** Standard Life gross inflows
	1. Company estimate based on 2024 Broadridge Workplace Provider Benchmarking Report for new and transferring schemes (averaged 2022–24).	2. Company estimate based on market data.
Compelling strategy to support our ambitions	Consolidating our top-3 provider position with deep customer engagement driving retention, supported by new scheme wins.	Ambition to be a top-5 player in the retirement savings and income market as we engage customers with innovative products to join, save and consolidate with us via direct and intermediated channels.

Read more on Our growth drivers on **pages 22 to 23**

What we've built to help us win in growing markets

- Leading employer proposition underpinned by award-winning Master Trust and sector-first retirement and savings innovations
- Excellent customer service underpinned by digital-first member engagement and extensive range of financial tools
- Cost-efficient administration underpinned by ongoing migrations to efficient administration platform
- Effective customer engagement underpinned by our market-leading app, telephony guidance and advice proposition
- Innovative propositions available in the market which meet customers' evolving needs
- Leveraging excellent digital infrastructure underpinned by integration of customer data

What our customers and key stakeholders say

At Equiniti, we want colleagues to feel informed and confident about their retirement savings. Standard Life's focus on digital innovation and member engagement has helped us strengthen scheme transparency and improve how employees understand, use and trust their workplace pension.

Alex Lawrie
Reward Director, Equiniti[3]

3. Equiniti was a new employer to our Master Trust in 2025.

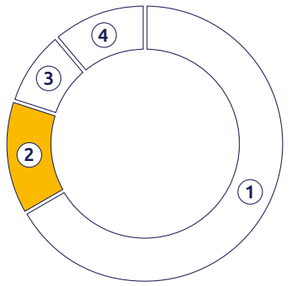
Retirement Solutions

Helping our customers secure income certainty in retirement

Our Retirement Solutions business is our capital-utilising spread-based business and includes Pension Risk Transfer and individual annuities.

Business areas

Assets under administration ('AUA')
APM



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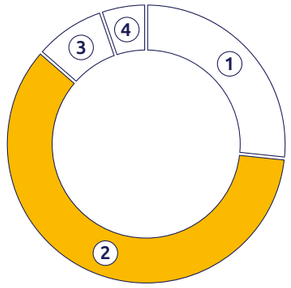
Operating Cash Generation ('OCG')
REM APM



1. Pensions and Savings	£396m
2. Retirement Solutions	**£879m**
3. Europe and Other	£123m
4. With-Profits	£76m

Asset management strategy

We have been evolving our asset management strategy to predominantly in-house management of annuity-backing assets. This move supports the delivery of annuity portfolio re-optimisation management actions, origination of private credit, improving our efficiency and competitiveness.

Measuring our financial success

Growth in AUA…

+3%

average AUA vs 2024

… drives growing OCG…

£879m

3% growth year-on-year

… and enhancing our OCG margin…

219bps

OCG margin up 49bps in 2025 vs 2023

… and drives growing IFRS adjusted operating profit

£563m

19% growth year-on-year

See our Business review on **pages 38 to 47**

	Pension Risk Transfer	Individual annuities
Strong market positions with structural growth opportunities	**Top-5 player**[1] three-year average ranking based on Pension Risk Transfer annuity volumes	**15%** market share in 2025; vs 8% in 2023 when we re-entered the market[2]
	£3.9bn Standard Life gross inflows	**£1.2bn** Standard Life gross inflows

Read more on Our growth drivers on **pages 22 to 23**

1. Company estimate based on 2023 and 2024 LCP Pension Risk Transfer report and publicly available information.
2. Company estimates based on publicly available information.

Compelling strategy to support our ambitions

Ambition to maintain our top-5 position through disciplined capital deployment of £200 million per annum and providing a holistic suite of de-risking solutions, with deep customer engagement across channels.

What we've built to help us win in growing markets

- Leading employer proposition enabled through comprehensive buy-in and buy-out capabilities and a holistic suite of de-risking propositions including combined DB and DC solutions
- Excellent member experience
- Competitive pricing underpinned by our uniquely diversified business mix and the evolution of asset management strategy
- Fast guaranteed pricing and timely execution with a digital-first approach
- Enhanced end-to-end customer experience
- Expanded product range with innovative products to meet more of our customers' needs

What our customers and key stakeholders say

Standard Life's strong brand and member-focused proposition played a key role in our decision to work with them.

Robert Tickell
Trustee Chair of the of IBM I.T. Solutions Pension Scheme

We feel very confident recommending Standard Life annuities to our clients, knowing they will receive exceptional service, and that we, as advisers, can rely on a smooth, efficient and well-managed process for them.

Hannah Mark
Arthur Dodds and Co Limited

Delivering on our strategy

We're two years into our 3-year strategic plan and executing against our strategic priorities which is improving operational and financial outcomes.

We are firmly on track to meet our 2026 targets.

Strategic priorities

Grow

Meeting more of our existing customers' needs and acquiring new customers

Read more on **pages 30 to 31**

Optimise

Optimising our scale in-force business and balance sheet

Read more on **pages 32 to 33**

Enhance

Transforming our operating model and culture

Read more on **pages 34 to 35**

2024–26 key delivery

Products
Develop innovative Retail propositions for both the adviser and direct markets.

Engagement
Further develop our Workplace and Annuities businesses to drive more profitable growth.

Asset management
Enhance our asset management and balance sheet efficiency capabilities.

Deleveraging
Deleverage our balance sheet.

Cost savings
Simplify our business by embedding an efficient Group-wide operating model.

Migrations
Complete remaining customer policy migrations.

Years 1 and 2: 2024 and 2025 progress

Products
Full product suite now available to support our customers at all life stages.

Engagement
Unlocking access to products and engagement opportunities through digital tools, advice and distribution partnerships.

Asset management
Unique in-house expertise delivering better customer outcomes and enhancing returns including c.£500 million per annum of recurring management actions.

Deleveraging
Debt repayments improving Solvency II leverage ratio, enabled by business growth.

Cost savings
Delivered £180 million run-rate cost savings, largely through using technology.

Group-wide operational design changes.

Changed name from Phoenix Group Holdings plc to Standard Life plc.

Migrations
75% of policies now on their end-state platform.

Year 3: 2026 priorities

Engagement
Enhancing engagement with customers and proactively 'nudging' to provide better retirement outcomes.

Distribution
Scaling and deepening intermediary partnerships.

Delivery
Continuing to trade strongly in our Workplace and Annuities businesses.

Asset management
Managing more annuity-backing assets in-house.

Deleveraging
Complete programme and achieve c.30% Solvency II leverage target.

Cost savings and migrations
Deliver remaining £70 million of £250 million run-rate target and progress final stages of migrations to Diligenta's TCS BaNCS.

2026 targets

Mid-single digit % growth
in Operating Cash Generation per annum[1]
REM APM

£1.1bn
IFRS adjusted operating profit
REM APM

c.30%
Solvency II leverage ratio by the end of 2026
REM APM

£250m
of annual run-rate cost savings by the end of 2026
REM APM

1. From a base of £1.4bn OCG in 2024.

Our sustainability strategy is fundamental to the delivery of our long-term growth; read more about how our strategic priorities are underpinned by our sustainability strategy on **page 50**

Our key performance indicators are used to measure our progress against our strategy; read more on **pages 36 to 37**

Our financial framework supports the delivery of our strategic priorities; read more about our financial performance in our Business review on **pages 38 to 47**

Our strategic priorities continued

Grow

Meeting more of our existing customers' needs and acquiring new customers.

We are helping new and existing customers on their journey to and through retirement by leveraging our scale and expertise to deliver integrated retirement solutions that drive sustainable outcomes and strong returns.

£5.3bn
Workplace net fund flows (2024: £5.3bn)

Given the evolving needs of our customers, we have consciously chosen to invest in our products and solutions. This demand is underpinned by the significant market opportunities available to us (see Our growth drivers on pages 22 to 23). Thanks to our strong foundations we have established leading positions in our key markets of workplace, retail and annuities. We are investing to grow more and are focused on connecting our products and solutions onto and into the right channels.

We continue leading the industry by advocating for better retirements and convening to drive meaningful change.

Evolving our award-winning Workplace proposition

We see our Workplace proposition as one of our key customer acquisition tools with 247k new Workplace members this year (2024: 216k) helping to drive £5.3 billion of Workplace net fund flows and supporting average assets under administration ('AUA') growth to £70.6 billion (2024: £66.5 billion).

Testament to the strength of our proposition in the workplace market and specifically our Master Trust offering, is the fact we were the first provider to win the Master Trust treble across Corporate Adviser, the Pensions Age and the Professional Pensions awards. Given Master Trust continues to be the fastest-growing area of the workplace market, we are particularly proud of this achievement. These, among other accolades, have supported 60% growth in our Master Trust assets over the last two years, taking AUA to £14.2 billion.

We continue to enhance our market-leading proposition, often with sector-first initiatives including being the first provider to successfully adopt the Sustainability Improvers™ labelling, which is now across £39 billion AUA within our Sustainable Multi Asset ('SMA') default.

In March 2026 we marked the fifth anniversary of our SMA strategy, recording a cumulative performance of 55.7% gross since launch, outperforming its CPI +3.5% benchmark despite periods of high inflation.

We are currently preparing to launch Future Opportunities, an alternative pension default fund which is designed to offer higher future returns through diversified access to high-quality private assets and will complement the strong foundation of our flagship default strategy.

In a growing market, with over £200 billion in the single employer trust market and continued consolidation into Master Trusts, in 2025, we further evolved our Master Trust. Developments included a retirement-only section, a deferred member section and the ability to accept defined benefit surpluses into the Master Trust, to position us well when these opportunities come to market.

Alongside offering market-leading propositions, key to our success is the service to both employers and members. Our digital capabilities in particular help to support our members' financial wellbeing and empower them to engage with their financial futures.

Our drive and pace to deliver for customers continues to improve, with 635 releases across our online estate this year. Of these, approximately one-third were changes to improve experience. Customers responded, logging in c.30 million times, an increase of 9% year-on-year. Of these, 72% were through our independently verified, market-leading app. Our app was ranked number one across the leading workplace providers in BehindLogin's comprehensive and independent benchmarking report[1].

We launched our Retirement Hub, a new and improved one-stop destination designed to help customers make confident, informed decisions about their retirement. In doing so we've brought together refreshed educational content, real-life case studies and easy-to-access tools and services, all in one place. This launch, alongside Family Finance Hub and the Retirement Income Tool, reflects our joined-up approach to helping people make confident financial decisions, wherever they are in their retirement planning journey.

1. https://behindlogin.com/report/pension-benchmark-2025/
2. New products launched since re-entering the market in 2023.

Smoothed managed fund

These capital-light funds are designed to help grow pension investments while providing some reassurance from the daily uncertainty of investing. Our smoothed managed funds are designed to cushion the daily ups and downs of the stock market. This helps reduce the risks created by needing to withdraw income at regular but otherwise inopportune times, as well as arising from the unpredictability of life events. As we build our performance track record further and expand onto new platforms we see this as an attractive foundation for future growth.

Find out more on our **website**

Expanding our Retail capabilities

Having acquired customers through our Workplace offering, we are focused on retaining them for longer as they transition to and secure income in retirement. Our broader product portfolio provides a key step in unlocking the retail market where we are now focused on connecting these products and propositions onto the right adviser platforms and into the right direct channels.

We have widened the availability of the Standard Life retirement offering to now include ReAssure customers. We had already made this available to Phoenix Life customers a number of years ago and in recent years have been focusing on our engagement with these customers, ensuring they are aware of the wider offering they have available to them within the Group. As a result of this focus, across the Phoenix Life population we have seen an increase from 25% retained in 2023 to 34% in 2025.

Having launched the smoothed managed fund product in 2024, we expanded the distribution in early 2026 so it is now available on both the Quilter and Fidelity Adviser Solutions platforms. As the funds continue to build a demonstrable performance track record, on top of the expanded distribution, we anticipate attracting additional investments in the product.

In support of us being able to deliver more bespoke advice to our customers we launched Standard Life Financial Advice. The service aims to help those who wouldn't usually consider paid advice, which accounts for c.90% of the UK population, gain access to the support they need when saving and deciding how to take their pension income. We launched with 10 advisers and will expand the team to meet future demand as it arises.

One significant change that we are expecting in 2026 is the final rules of the new Targeted Support permission from the Financial Conduct Authority ('FCA'). This will allow us to engage with customers in a more tailored fashion, helping them with the complex decisions around saving and retirement. These changes should be viewed alongside the potential arrival of the first pensions dashboard that will allow consumers to aggregate their pensions data.

Our Retail business remains in net fund outflow at present but encouragingly is showing signs of improvement. Through better supporting and engaging the 1-in-5 adults who are already Standard Life plc customers, we will make further inroads into stemming the annual outflows from our legacy products.

Enhancing and leveraging our annuities capabilities to support secure income in retirement

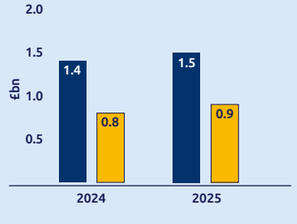
Since re-entering the individual annuity market in 2023, we have looked to provide innovative products and solutions to meet our evolving customers' needs and are now able to provide a full range of retirement products. New product launches in 2025 included the Standard Life Guaranteed Lifetime Income plan with Fidelity. Encouragingly we have seen 60% year-on-year growth in new individual annuity product lines in 2025[2], with £1.2 billion of total assets written (2024: £1.0 billion).

To further enhance our digital experience for individual annuity customers we launched the UK's first digital, signature-free, annuity application process in May, which is fully integrated with a number of key portals. This followed the launch of Annuity Desk for Standard Life customers, which provides a seamless, personalised journey when exploring annuity options.

We've continued to enhance our Pension Risk Transfer ('PRT') offering. This included leveraging our extensive novation experience, to support conversion of schemes with existing longevity insurance into PRT transactions. This means we have the expertise to help customers with a broad range of complex requirements. This, among other innovations including equalising gender benefits, enabled us to complete our largest-ever PRT deal in July worth £1.9 billion.

Having begun completing buy-outs in 2024, momentum has continued in 2025. This represents an attractive additional customer acquisition tool for us and strengthens the number of customers we can cross-sell to. At the end of 2025, we had c.31k members as Standard Life customers, gaining access to our customer portal, online tools, guidance and wider support to help them manage their retirement with confidence.

Delivering profitable growth



Optimise

Optimising our scale in-force business and balance sheet.

We are deleveraging our balance sheet and further enhancing our strong existing capabilities in asset and liability optimisation. This approach enhances capital efficiency and supports predictable long-term value creation for investors.

To optimise our scale in-force business and our balance sheet we are further enhancing our strong existing capabilities in asset and liability management to deliver sustainable recurring management actions over the long term, as well as deleveraging to our c.30% Solvency II leverage target by 2026.

We embed sustainability throughout our business and across our strategic priorities. As a result, investing in a better future is a key part of optimising our in-force business, as we look to protect our customers from the risks of, and maximise the opportunities presented by, climate change.

For more information see our **Sustainability Report**

£560m
recurring management actions delivered in 2025 (2024: £537m)

Delivering recurring management actions

In 2025 we delivered £560 million of recurring management actions (2024: £537 million), in line with our c.£500 million per annum guidance.

These recurring management actions are the small repeatable actions that we take to optimise our in-force balance sheet. They contribute to increased cash, capital and earnings, while ensuring that our risk profile remains unchanged.

They can be broadly grouped into three categories of annuity portfolio re-optimisation, capital improvements and fund simplification.

Within annuity portfolio re-optimisation we evolve our annuity-backing asset portfolio as market and economic conditions change, evolving the holdings in the portfolio in line with our risk appetite. We are also increasingly participating in new debt issuances. We see these management actions as a repeatable source of income into the long term.

As we continue to evolve our unique asset management capabilities we're ensuring that every decision supports long-term resilience and delivers better, more dependable outcomes for the millions of customers who trust us with their retirement.

Nuwan Goonetilleke
Interim Group Chief Investment Officer

Capital improvements are generated by improving our capital and balance sheet modelling as the investment universe evolves. This is enabled by enriched asset data and calculation granularity which in turn provides greater accuracy of risk. In part this opportunity arises as a function of our history of back book consolidation which enables us to identify efficiencies.

Lastly, we are increasing the simplification of fund management as our asset base grows, through fee reviews of investment management agreements as well as fund rationalisation. We currently have c.5k funds so there is still significant simplification opportunity.

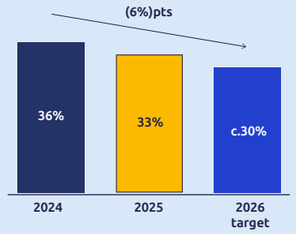
Evolving our asset management strategy

To optimise customer outcomes and enhance returns we have been evolving our approach to asset management. Historically we have operated an outsourced operating model for all assets, partnering with the best asset manager in each asset class that we operate across. For our Pensions and Savings business, which represents the majority of our AUA, this strategy is unchanged. Our team is solely focused on providing the best solution and execution for our policyholders. Moving forward, we expect to consolidate the number of asset managers we partner with, and Aberdeen continues to be our key asset management strategic partner, potentially attracting a greater share of the Pensions and Savings assets.

As signalled in March 2025, our strategy for the management of our £41.8 billion annuity-backing assets is evolving to one which is predominantly in-house, leveraging the internal capabilities we have built to manage derivatives, public credit and private assets alongside partnerships to source differentiated and unique private assets.

We're excited about the benefits this brings by underpinning the delivery of annuity portfolio re-optimisation management actions and greater cost efficiency.

Deleveraging our balance sheet
On track to achieve our c.30% Solvency II leverage ratio target by the end of 2026



Deleveraging our balance sheet

The strength of our execution against our strategic priorities is driving the generation of excess capital which is allowing us to deliver and increase the quality of our capital.

In line with recent years we used surplus cash to repay historic M&A-related debt. In February 2025 we repaid c.£200 million of debt, with a further c.£200 million redeemed in December 2025.

Our Solvency II leverage ratio at the end of December improved to 33% (2024: 36%) and we are on track for a ratio of c.30% by the end of 2026. Progress to reach our Solvency II leverage ratio target may not be linear as we may choose to refinance some tranches of remaining debt in the intervening period.

Using our scale to create a better future

We continue to integrate decarbonisation strategies into our portfolio, ensuring effective stewardship of our assets and investing in climate solutions. We see this commitment as essential to managing the risks and opportunities that climate change poses to our customers and a key step in meeting our interim 2025 and 2030 decarbonisation targets on our journey to being net zero by 2050. We exceeded our 2025 targets which included reducing the emissions intensity of our listed equity and credit portfolio by 58%, well ahead of our target for a 25% reduction by 2025, as well as achieving net zero in our own operations.

We are making good progress towards our 2030 targets to reduce the emissions intensity of our investment portfolio and supplier base by 50%. However, our ability to achieve our targets is ultimately dependent on action from others and factors outside our direct control.

Standard Life has been at the forefront of developments to integrate the opportunity offered by private markets in its pension propositions through Future Growth Capital ('FGC'). Via FGC, Standard Life DC customers will have exposure to a range of innovative fast growing UK companies through FGC's venture capital allocations including life sciences and technology. We are continually scaling and deploying across all private asset classes.

Standard Life was also an original signatory of both the Mansion House Compact and the Mansion House Accord.

Improving customer returns with evolved asset management

As signalled in March 2025, our strategy for the management of our annuity-backing assets is evolving to one which is predominantly in-house, leveraging the internal capabilities we have built. We're excited about the benefits this brings by underpinning the delivery of annuity portfolio re-optimisation management actions and greater cost efficiency.

We are now managing £7 billion of our £41.8 billion portfolio in-house, with planning progressing to in-house a further £20 billion.

£7bn
annuity-backing assets now managed in-house

Enhance

Transforming our operating model and culture.

Progressing our migrations and integrations alongside transforming our operating model and culture are key to our success.

We are transforming our operating model and culture to drive better customer outcomes, scalability and efficiency. This transformation underpins our ability to deliver strong and sustainable returns while maintaining a high-performance culture. We will do this by completing our planned integrations and customer policy migrations, alongside our transformation programmes, and through driving simplification to an efficient, Group-wide operating model that benefits both our customers and our colleagues. This supports us in delivering a seamless unified customer experience and enables us to further enhance our cost efficiency.

Alongside this, we are also committed to being a leading responsible business, which attracts and retains the best talent, through a diverse and inclusive, high-performance culture.

Driving scale efficiencies

Our focus on driving efficiencies and better customer outcomes has supported the delivery of £180 million of run-rate cost savings in 2025. The progress we are making means we are confident of achieving our £250 million run-rate cost savings target by the end of 2026.

75% of policies on their end-state platform having progressed our migrations

Having already moved over 1.2 million Phoenix Life customers from Capita to TCS BaNCS, in 2025 we completed the migration of the remaining 450k customers. All our Phoenix Life customers, previously administered by Capita, are now serviced by Diligenta on TCS BaNCS, allowing us to fully exit our contracts with Capita.

We completed the second phase of our Standard Life policy migrations to Diligenta with c.340k policies migrated to the TCS BaNCS platform at the start of 2025 and a further 1.1 million policies migrated in the third quarter, representing our largest migration yet.

Until now, our integration and migration programmes have focused on moving existing policies to TCS BaNCS. However, we have now reached the point where we

Driving scale efficiencies
On track to deliver our £250m run-rate cost savings target by the end of 2026

2025 run-rate cost savings	£180m
2026 expected run-rate savings	£70m

are able to start writing selected new business directly on TCS BaNCS for our Standard Life customers and we will continue rolling this out over the next 18 months.

In March 2025 we announced a new strategic partnership with Wipro[1], to diversify our outsourcing partner ecosystem and more specifically to deliver administration services for the c.1.9 million policies on the ALPHA platform which predominantly includes our ReAssure customers. We safely transferred the ALPHA platform and servicing to Wipro at the end of September 2025.

Product simplification delivering better customer outcomes

Product simplification is all about making things simpler and better for both our customers and our business. It's a great example of how Standard Life has embraced Consumer Duty and is putting its requirements into practice. By moving appropriate customers into newer, easier-to-understand products, where we think it's in their interests to do so, everyone can benefit. In doing so customers get more flexible and wherever possible lower-cost products, and we become more efficient and agile as a business.

Standard Life looks after more than 3k different products, so there's a lot to do. In 2025 we ran a successful pilot exercise and we're targeting upgrading a further c.80k customers this year.

1. Through Servaada, Wipro's FCA regulated entity.
2. The 2025 figure excludes colleagues who left the business through TUPE transfer to Wipro.

Simplifying and transforming our organisation

We continue to make good progress in simplifying our business into an efficient, Group-wide structure. In 2025 we brought our Retirement Solutions and Asset Management business into a single business unit. By aligning two closely connected areas – one designing and delivering retirement income products, the other managing the assets behind them – we're working more closely to deliver better outcomes for our customers and other key stakeholders. Bringing these capabilities together enables more joined-up decision making, better risk management and faster, more flexible responses to changing customer and market needs, which in turn underpins the delivery of our c.£500 million recurring management actions per annum.

In April 2025 we launched the Finance Transformation Programme. Through this dedicated programme, a new finance organisation design was created, enabling streamlined processes, increased automation and enhanced controls. The additional tools and capabilities delivered by this transformation, combined with other initiatives which simplify current processes, will result in a reduction in manual interventions and hand-offs between teams.

In February 2026 we changed our name from Phoenix Group Holdings plc to Standard Life plc. The move aligned our brand strategy with our Group strategy, helping with our objective to simplify our business. For example, by consolidating the brands, we have created a single-brand team and in doing so we have reduced the cost of brand management. It unifies our colleagues and strengthens our employer brand. It also reduces duplication and costs, and it supports our organic growth strategy.

A strong culture is the foundation of sustainable transformation. At Standard Life, we're building a culture shaped by our colleagues – one that's connected, innovative and ambitious.

Sara Thompson
Group HR Director

We always try to mitigate the need for compulsory redundancies in any period of transformation. However, this is not always practically possible; in 2025 c.600 colleagues left Standard Life (2024: c.300) as a result of our wider transformation programme[2].

We want to create the conditions for our people to succeed in a high-performance, customer-centric, purpose-led culture. Following the recent transformation programmes there has been no long-term impact on colleague retention rates. Although Standard Life engagement rate, reflected in our employee Net Promoter Score, ended the year on a score of +22 (2024: +23), we've continued to be above average within the finance industry.

We have continued to make progress against our gender, ethnicity and inclusion goals in 2025. We set ourselves a stretching gender target of 42% women at Senior Leadership level; we ended the year at 40.2% (2024: 39.7%). We were delighted to rank fourth for female leadership overall in the FTSE 100 rankings in the 2025 FTSE Women Leaders Review.

Simplifying our transformation landscape

In March 2025, we entered an agreement with a new strategic partnership with Wipro[1], which, effective from the end of September 2025 provides life and pensions servicing for our ReAssure customers and owns the ALPHA platform. This approach simplifies our transformation landscape and enables a sharper focus on other key strategic priorities and capabilities. This appointment complements our continuing partnership with Diligenta who remains a key strategic partner for Standard Life.

Diligenta will continue to play a critical role in enabling us to deliver our long-term growth and customer ambitions.

75%
policies on their end-state platform

Key performance indicators

Measuring our progress

2025 has delivered strong performance across our key metrics.

Financial KPIs underpinning our financial framework

year ended 31 December

In March 2024 we outlined a new 3-year strategy for 2024–26 which supports us in achieving our vision and delivers growing cash, capital and earnings. Our strategy fully embeds our key environmental, social and governance ('ESG') themes of People and Planet.

Operating Cash Generation ('OCG')

£1,474m

Why we use this indicator

Introduced in 2024, OCG represents the sustainable level of cash generation in our Life Companies each and every year, that is remitted from our underlying business operations. The measure provides the sources of recurring organic cash generated. It supports the Group's dividend, debt interest, allocation of c.£200 million per annum of capital into annuities, and central costs.

REM
APM

Total cash generation

£1,711m

Why we use this indicator

Total cash generation represents the total cash remitted from the operating entities to the Group and is made up of the OCG and non-operating cash generation, which includes non-recurring management actions and the release of free surplus. This cash generation provides capacity for the Group's non-recurring uses including investment across our strategic priorities to support us in achieving our vision.

REM
APM

Group Solvency II Shareholder Capital Coverage Ratio ('SCCR') (estimated)

176%

Why we use this indicator

The SCCR demonstrates the extent to which shareholders' Eligible Own Funds cover the Solvency Capital Requirements. It therefore measures the capital adequacy of the Group from a shareholder perspective.

APM

Solvency II leverage ratio

33%

Why we use this indicator

The Group seeks to manage the level of debt on its balance sheet by monitoring its financial leverage ratio. We choose to focus on Solvency II leverage ratio on a regulatory basis as that is consistently understood and used by both equity and debt investors. By reducing leverage, we improve the quality of our capital.

REM
APM

IFRS adjusted operating profit

£945m

Why we use this indicator

We use IFRS adjusted operating profit as a measure of IFRS performance based on long-term assumptions. Adjusted operating profit is less affected by the short-term market volatility driven by Solvency II hedging and non-recurring items than IFRS profit.

REM
APM

Non-financial and sustainability KPIs underpinning our ESG strategy

year ended 31 December

Customer satisfaction – Telephony

88%

Why we use this indicator

This measure highlights how satisfied our customers are with Standard Life's telephony servicing propositions across our various brands.

REM

Customer satisfaction – Digital

93%

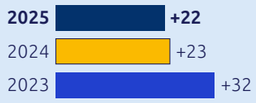
Why we use this indicator

This measure highlights how satisfied our customers are with Standard Life's digital service proposition across our various brands.

REM

Colleague engagement eNPS score

+22



Why we use this indicator

We want to create the conditions for our people to succeed in a high-performance, customer-centric, purpose-led culture and so getting regular colleague feedback is important to enable us to track progress and respond to feedback as we deliver our ambition. Employee Net Promoter Score ('eNPS') is a broadly used and holistic metric that indicates how colleagues feel about working for the Group.

REM

Female senior leaders

40.2%

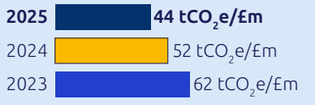
Why we use this indicator

At Standard Life we want to make sure our colleagues represent our wider community and so we are committed to promoting diversity, equity and inclusion across the business, which enables colleagues to bring their whole self to work. The figure reflects the percentage of senior leadership who identify as female out of the total senior leadership population.

REM

Decarbonising our investment portfolio

58%



Why we use this indicator

We set an interim net zero target of a 25% reduction in the carbon intensity of our listed equity and credit portfolio (where we have control and influence) by 2025, relative to our 2019 baseline. To date we have achieved a 58% reduction and under most scenarios are on track for our 2030 50% reduction target.

REM

Strategic priorities

- Grow
- Optimise
- Enhance

Sustainability strategy

- People
- Planet
- Embed responsibility

Remunerations and APMs

REM KPIs linked to Executive remuneration. See **pages 136 to 175.**

APM All amounts throughout the report marked with APM are alternative performance measures. See **pages 340 to 345.**

Delivering cash, capital and earnings

We are successfully executing on our 3-year strategic priorities, which is driving improved performance and creating strong operating momentum across the key Group financial framework metrics of cash, capital and earnings.

Nicolaos Nicandrou
Group Chief Financial Officer

Our 2025 results reflect another year of strong, meaningful progress towards our 2026 financial targets. We are firmly on track to achieve these goals as we work towards our vision to be the UK's leading retirement savings and income business.

Operating momentum underpins our financial progress

In March 2024 we set 3-year targets under our financial framework of cash, capital and earnings, and we were able to upgrade a number of those targets in March 2025. Two years into our 3-year strategic plan, the Group has delivered clear operational and financial improvement across our Grow, Optimise and Enhance priorities. Strong operating performance and sustainable cash generation continue to increase financial flexibility and support delivery of our 2026 financial framework.

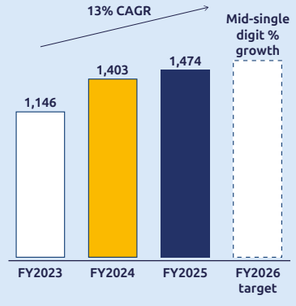
In 2025, Operating Cash Generation increased 5% and IFRS adjusted operating profit rose 15%, driven by profitable growth in both our capital-light, fee-based Pensions and Savings business and our capital-utilising Retirement Solutions business. Growing levels of assets under management and improved margins supported this outcome, alongside further cost reductions as we progress towards our £250 million net cost savings target by 2026.

We also strengthened our balance sheet, improving Solvency II leverage to 33%, with a clear line of sight to reaching c.30% by 2026, while maintaining our Shareholder Capital Coverage Ratio ('SCCR') at the upper half of our 140–180% operating range.

Firmly on track to deliver our 2026 targets

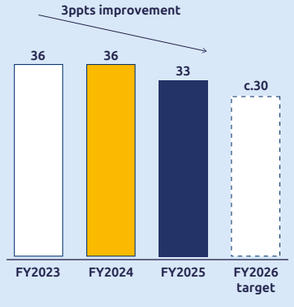
Cash

Growing Operating Cash Generation (£m)



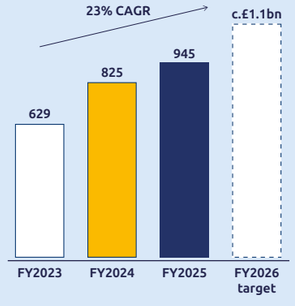
Capital

Strengthening balance sheet (%)
Solvency II Leverage Ratio



Earnings

Improving profitability (£m)
IFRS adjusted operating profit



2025 financial summary

Financial performance metrics		2025	2024	YOY change
Cash	Operating Cash Generation[1]	**£1,474m**	£1,403m	+5%
	Total cash generation[1]	**£1,711m**	£1,779m	-4%
Solvency II capital	Group Solvency II surplus	**£3.6bn**	£3.5bn	+2%
	Group Shareholder Capital Coverage Ratio[1]	**176%**	172%	+4%pts
	Solvency II leverage ratio[1]	**33%**	36%	-3%pts
IFRS	Adjusted operating profit[1]	**£945m**	£825m	+15%
	Loss after tax attributable to owners	**£(394)m**	£(1,078)m	+63%
	Shareholders' equity	**£244m**	£1,213m	-80%
	Contractual Service Margin (gross of tax)	**£3,806m**	£3,257m	+17%
	Adjusted shareholders' equity[1]	**£3,098m**	£3,656m	-15%
Assets	Assets under administration[1]	**£317bn**	£292bn	+8%
Dividend	Final dividend per share	**28.05p**	27.35p	+2.6%
	Total dividend per share	**55.40p**	54.00p	+2.6%

1. Denotes metrics that are alternative performance measures ('APMs') – further information can be found on pages 340 to 345.

Delivering successfully on our financial framework metrics

In 2025, we delivered total cash generation of £1,711 million, taking our 2024–25 total cash generation to £3.5 billion and remain on track to achieve our 2024–26 cumulative £5.1 billion target. Underpinning this is strong growth in OCG to £1,474 million, up 5% year-on-year in line with our annual mid-single digit percentage growth guidance. Our strong operating momentum, supported by the continued contribution of recurring management actions delivered by our in-house asset management team, has led to increased OCG contributions from our two main operating businesses: Pensions and Savings (up 13% year-on-year) and Retirement Solutions (up 3% year-on-year).

Importantly, OCG more than covered our recurring cash uses and dividend, totalling £1,051 million in the period, and generated £423 million of excess cash to deploy in line with our capital allocation framework, which we directed to reducing our debt leverage. Once this deleveraging programme is completed in 2026, future excess cash will be deployed towards the most attractive return opportunities across growth investments, targeted M&A, and increased returns to shareholders.

Our SII capital position remains strong with improvements in the SII surplus to £3.6 billion and in the SCCR to 176%. This reflected positive net recurring solvency capital generation of £0.4 billion, equivalent to a 9%pts increase in SCCR. Other SII capital actions more than covered our continued investment across our strategic priorities to grow, optimise and enhance, while our hedging programme eliminated the impact of market effects.

Growing momentum in the Group's operating performance is also evident in the 15% increase in our IFRS adjusted operating profit to £945 million. Improved performance in Pensions and Savings and in Retirement Solutions has delivered higher IFRS adjusted operating profit for these businesses, up 23% and 19% year-on-year respectively.

We reported an IFRS statutory loss after tax of £394 million in the period primarily due to adverse economic variances of £604 million pre-tax, reflecting the known consequence of the Group's hedging programme under this reporting basis. This statutory loss has impacted our IFRS shareholders' equity position, which has reduced to £244 million. This decline is not economically meaningful as the strength of our underlying economic financial position measured on a Solvency basis remains unchanged, with no consequential effect on cash generation, liquidity or strategic flexibility. As a reminder, our hedging programme aims to protect cash and SII capital from volatility in equities and interest rates, thereby safeguarding the Group's ability to deliver a progressive and sustainable dividend. The hedging covers components of the Solvency balance sheet which are not present under IFRS, giving rise to accounting volatility. We continue to prioritise stable SII surplus capital and predictable dividends and accept the hedge-related volatility in the IFRS result.

Notably, our Contractual Service Margin ('CSM') (gross of tax) grew 17% in 2025, which represents a sizeable stock of value that will be released into IFRS adjusted operating profit in future years. The growth in our CSM partially offset the decline in our shareholders' equity, with adjusted shareholders' equity of £3,098 million at end-2025.

As a result of our improved operating performance, the Board is recommending a 2.6% increase in the 2025 Final dividend to 28.05 pence per share, taking the Total dividend for the year to 55.40 pence per share.

Alternative performance measures

With our financial framework designed to deliver cash, capital and earnings, we recognise the need to use a broad range of metrics to measure and report the performance of the Group, some of which are not defined or specified in accordance with Generally Accepted Accounting Principles ('GAAP') or the statutory reporting framework.

We use a range of alternative performance measures ('APMs') to evaluate our business, which are summarised on **pages 340 to 345**

Business segment review

Strong business momentum supports our strong operating performance

Our diversified business model is a core source of strength for our Group and provides a robust foundation for sustainable and predictable earnings performance.

Pensions and Savings, covering new and in-force life insurance and unit-linked investment products, remains a key source of capital-light fee-based income. Retirement Solutions includes individual annuities and Pension Risk Transfer ('PRT') business, which add capital utilising spread-based margin to our results, diversifying our earnings sources. Europe and Other, which includes Ireland, Germany and SunLife protection, bring further diversification through premiums, fees and investment margins across distinct markets. With-Profits continues to generate low-volatility earnings via shareholder transfers from the Group's With-Profits funds.

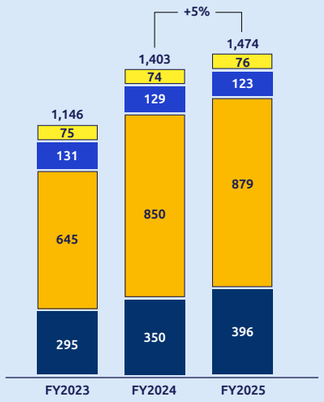
Together, these segments have underpinned the Group's strong 2025 performance, enhancing OCG and IFRS adjusted operating profit and reinforcing our trajectory towards the delivery of our 2026 targets.

This is our first year of providing a full segmental breakdown of OCG. The largest contributor to OCG is our Retirement Solutions business which represents over half of the total. In 2025, Retirement Solutions OCG grew by 3% to £396 million (2024: £350 million), supported by yield re-optimisation actions.

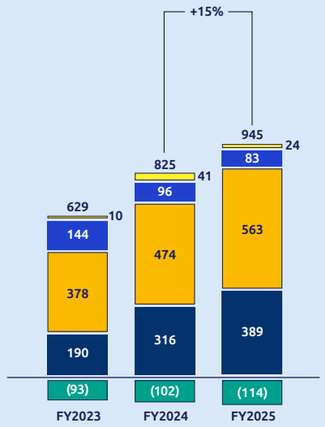
Our Pensions and Savings business is the fastest growing contributor to OCG, up 13% to £396 million in 2025 (2024: £350 million). This growth was supported by business growth and actions to reduce operating costs and simplify fund structures.

Europe and Other and With-Profits broadly maintained their combined £199 million OCG contribution, of £123 million (2024: £129 million) and £76 million (2024: £74 million) respectively.

Operating Cash Generation (£m)



IFRS adjusted operating profit (£m)



- Pensions and Savings
- Retirement Solutions
- Europe and Other
- With-Profits
- Corporate Centre

In 2025 Pensions and Savings' IFRS adjusted operating profit grew by 23% to £389 million (2024: £316 million) reflecting the benefit of growing assets and improved cost efficiencies.

Retirement Solutions' IFRS adjusted operating profit increased 19% to £563 million (2024: £474 million), supported by a higher CSM release reflecting ongoing growth of the annuity book, higher portfolio optimisation actions and improved cost efficiencies.

Europe and Other IFRS adjusted operating profit decreased to £83 million (2024: £96 million), primarily due to a lower insurance result, while With-Profits reported a lower IFRS adjusted operating profit result of £24 million (2024: £41 million) as the 2024 results included one-off adjustments that did not repeat in 2025.

The Group's Corporate Centre operating loss of £114 million (2024: £102 million) includes lower interest income of £38 million (2024: £54 million) from reduced cash balances owing to debt repayments made.

+5%
Group OCG growth REM APM

+15%
Group IFRS adjusted operating profit growth REM APM

Pensions and Savings

Pensions and Savings performance driving higher profitability

Our Pensions and Savings business reported 11% growth in gross inflows to £17.1 billion[2] (2024: £15.4 billion[1]) as our leading propositions and brand support our strong momentum here, and we continue to strengthen our capabilities across both our Workplace and Retail segments.

Workplace saw £10 billion of inflows in 2025, £1.5 billion of which were from new scheme wins. Excluding new schemes, gross inflows were £8.5 billion, highlighting the strong flywheel effect of this business. In Retail, gross inflows continue to improve, up 16% to £7.1 billion in 2025, benefiting from a greater take up of our drawdown product, and higher international bond sales.

Gross outflows totalled £19.6 billion[2] (2024: £18.7 billion[1]), and reflect our higher asset base and actions taken by our customers to access their retirement savings in the form of annuity income, drawdown payments or withdrawing tax-free lump sums, as they journey to and through retirement.

Scheme retention in Workplace remains high, and outflows reflect the higher asset base, and the natural attrition from those taking their pensions. Retail outflows include fulfilling our primary purpose of customers accessing their retirements savings, estimated at £5 billion in 2025. While the remaining retail outflows remain sizeable, we expect them to improve as a percentage of AUA as we increase our focus on retention.

The overall net outflow position was more than offset by £24.6 billion of positive market effects, driving AUA 8% higher to £211.7 billion at 31 December 2025.

The capital-light fee-based nature of this business means that we consider IFRS adjusted operating profit as the best measure to assess its performance. The increasing scale of this business and actions to reduce costs and simplify our funds range drove a 2bps improvement in operating profit margin to 19bps (2024: 17bps). Combined with an average AUA growth of 7%, this led to strong growth in IFRS adjusted operating profit of 23% to £389 million (2024: £316 million). OCG similarly increased to £396 million (2024: £350 million).

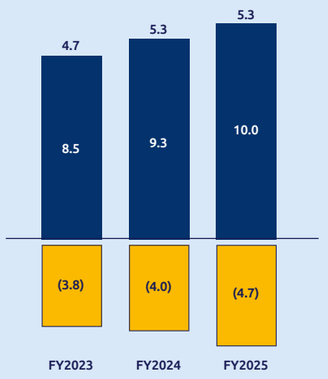
19bps
IFRS adjusted operating profit margin APM

+7%
Average AUA growth APM

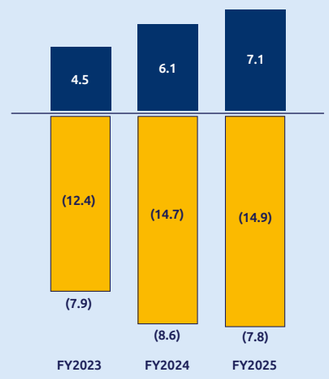
+23%
IFRS adjusted operating profit growth APM

1. 2024 AUA, flows and average AUA have been restated to reflect the reallocation of the Retail International Bond from Europe and Other to Pensions and Savings.
2. Retail International Bond AUA and flows reallocated from Europe and Other to Pensions and Savings for 2023, 2024 and 2025. 2025 also reflects the reclassification of Corporate Trustee Investment Plan Held for Transfer assets from Workplace to Europe and Other at end-2025.

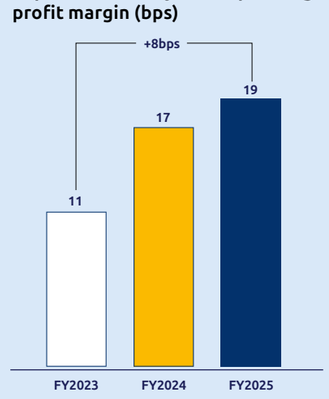
Workplace flows[2] strong (£bn)



Retail flows[2] improving (£bn)



Improved IFRS adjusted operating profit margin (bps)



- Gross inflows
- Gross outflows

Retirement Solutions

Retirement Solutions driving resilient capital-efficient growth

We have two main product lines here, being individual annuities and PRT. We run £42 billion of annuity assets, and it is the management of this large book, that drives most of our profitability. New volumes are not the primary driver of current year profits but are a source of future value.

Our Retirement Solutions business reported 20% growth in individual annuities new business to £1.2 billion (2024: £1.0 billion) and we maintained our discipline in PRT in a narrow credit spread environment and competitive market, writing £3.9 billion of new business (2024: £5.1 billion). Due to our proactive approach in managing capital allocation and pricing discipline to secure attractive returns, we took the strategic decision to forgo volumes to protect the economics, investing 21% less capital this year. Our aim remains to direct up to £200 million capital to annuities this year, provided we secure sufficiently attractive returns. We expect continuation of the competitive landscape in 2026, and we remain confident in our abilities to win in this market, with £1.6 billion of PRT transactions completed or at an exclusive stage in 2026 to date. We remain focused on disciplined capital deployment in a competitive market.

The capital-utilising spread-based nature of this business means that we consider OCG as the most meaningful measure to assess performance. In-force business management has a greater bearing on profitability and cash generation than new business flows. Our proactive management of the in-force book combined with our scale and efficiency, our effective risk management, and our expertise in delivering asset portfolio optimisation actions, enabled us to sustain a spread-based margin of 219 bps (2024: 218bps), dynamics which we consider to be enduring. Around half of this margin reflects the steady release of capital and spread margins as our liabilities run-off, with the other half relating to the benefit from both yield re-optimisation and capital improvement actions.

Applied to our growing average AUA, which was up 3% at £40.2 billion (2024: £39.0 billion), resulted in OCG growth of 3% to £879 million (2024: £850 million). This growth accounts for over half of the Group's OCG.

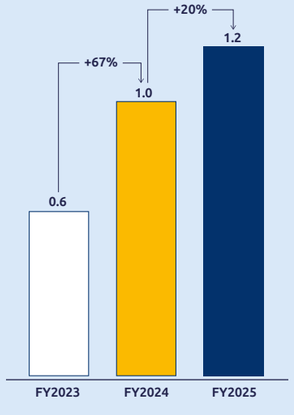
IFRS adjusted operating profit also increased to £563 million (2024: £474 million) driven by disciplined pricing, investment optimisation, cost efficiencies and growth.

219bps
OCG spread APM

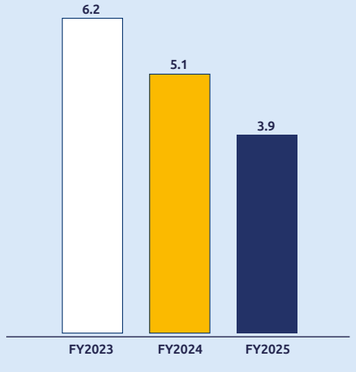
+3%
Average AUA growth APM

+3%
OCG growth APM

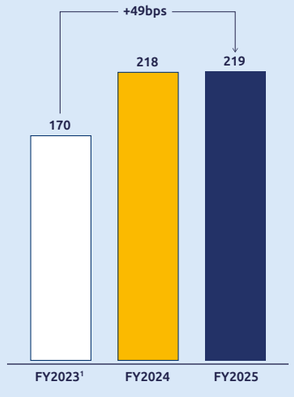
Individual Annuities strong growth (£bn)



Discipline maintained on PRT premiums (£bn)



Attractive OCG margins (bps)



1. Indicative figures provided for OCG in 2023.

Cash

Consistent OCG delivery

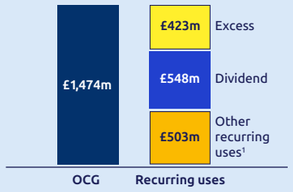
In 2025, OCG increased 5% to £1,474 million (2024: £1,403 million), in line with our guidance to grow OCG at a mid-single digit percentage rate per annum. This was driven by higher surplus emergence of £914 million (2024: £866 million), supported by new business written and the benefit of our ongoing cost savings programme, which have offset the natural run-off of our in-force business.

The remaining £560 million of OCG was generated through recurring management actions (2024: £537 million), reflecting another strong performance driven by our developed in-house asset management capabilities, and in line with our guidance of delivering sustainable recurring management actions of around £0.5 billion per annum. The majority of these actions were portfolio optimisation actions contributing £363 million (2024: £323 million), with a further £93 million from fund simplification actions (2024: £122 million) and £104 million from capital improvement actions (2024: £92 million).

Total cash generation supports deleveraging and investment

Total cash generation during the period was £1,711 million (2024: £1,779 million). In addition to the OCG generated this year, we also contributed £237 million (2024: £376 million) of non-operating cash generation from the delivery of non-recurring management actions. Over 2024–25 we have delivered £3.5 billion total cash generation and are on track to achieve our 3-year target of £5.1 billion.

£423m excess cash generated from OCG in 2025



1. Comprises central operation expenses, debt interest and capital invested in annuities.

Standard Life plc holding companies' sources and uses of cash

£m	2025	2024
Holding companies' cash at 1 January[2]	**1,117**	1,012
Operating Cash Generation	**1,474**	1,403
Non-operating cash generation	**237**	376
Total cash generation[1]	**1,711**	1,779
Recurring uses of cash	**(1,051)**	(1,107)
Non-operating cash outflows	**(533)**	(314)
Holding companies' cash, pre-debt movements	**1,244**	1,370
Debt repayments	**(398)**	(643)
Debt issuance	**–**	390
Holding companies' cash at 31 December[2]	**846**	1,117
Operating Cash Generation comprises:		
Recurring management actions	**560**	537
Surplus emergence	**914**	866

1. Total cash generation includes £123 million received by the holding companies in respect of tax losses surrendered (2024: £156 million).
2. Holding companies' cash is an APM – further information can be found on pages 340 to 345.

The £5.1 billion total cash generation target is expected to exceed both our expected recurring uses and the planned investment in our business over the 2024–26 period, which together are expected to total £3.9 billion. As a result, we will generate £1.2 billion of excess cash. In line with our capital allocation framework, the financial headroom created by this excess cash is being directed to deleveraging in order to meet our c.30% SII leverage ratio target by the end of 2026, with £651 million of debt already retired across 2024 and 2025.

Recurring uses of cash

Our recurring uses of cash comprise of central operating expenses, debt interest, capital invested in annuities and shareholder dividends. Operating expenses decreased to £112 million (2024: £132 million) reflecting cost reductions. Debt interest fell to £229 million (2024: £236 million) as we reduce the level of debt on our balance sheet.

We invested £162 million of capital into our annuities business (2024: £206 million) to support £5.1 billion of new business annuity premiums in the year (2024: £6.1 billion).

Combined, these recurring uses excluding the shareholder dividend reduced to £503 million (2024: £574 million) as we took steps to improve both operating and capital efficiency.

Importantly, OCG of £1,474 million more than covered the recurring uses of cash including dividend in the period of £1,051 million. The excess cash generated of £423 million was principally deployed to retire debt in support of our deleveraging programme.

Non-recurring uses of cash

Non-operating net cash outflows increased to £533 million (2024: £314 million), partly driven by cash collateral outflows on currency derivatives used to hedge non-sterling debt instruments of £105 million, following depreciation of the US Dollar in the period. Non-operating costs also include our planned investment across our strategic priorities of £275 million (2024: £354 million) to grow, optimise and enhance our business, as well as other payments relating to provision of capital support to new ventures, subsidiary closure, costs and other one-off items funded centrally.

Debt repayments

Net debt repayments were higher at £398 million (2024: £253 million net repayment) and represent the redemption of $250 million of Restricted Tier 1 notes (£200 million) and £198 million Tier 2 notes in February and December 2025, respectively.

£1,474m
Operating Cash Generation
REM APM

£1,711m
Total cash generation
REM APM

Capital

Resilient Solvency II position

Our SII capital position remains resilient, with an estimated surplus of £3.6 billion (2024: £3.5 billion) and is stated after the accrual for the 2025 Final dividend. Our surplus was £0.1 billion higher than 2024 despite retiring £398 million of debt this year, demonstrating the improved operating capital generation capabilities of our business. Our SCCR increased 4%pts to 176% (2024: 172%) and remains in the upper half of our target operating range of 140–180%.

Recurring capital generation

In 2025, recurring SII capital generation pre-dividend totalled £0.9 billion, with £0.4 billion generated post-dividend which increased the SCCR by 9%pts.

Surplus emergence from in-force business, together with the release of capital requirements, contributed £0.9 billion to the SII surplus and 21%pts to the SCCR. In addition, we delivered £0.5 billion of recurring management actions, predominantly Own Funds accretive as a result of portfolio optimisation actions, increasing the SCCR by 13%pts.

Operating costs, dividends and debt interest totalled £0.9 billion, reducing the SCCR by 20%pts, while our new business strain was lower this year at £0.1 billion, reflective of lower capital allocation to protect economics in a highly competitive market, and reduced the SCCR by 5%pts.

Non-recurring capital generation

Non-recurring SII capital generation, excluding the debt repayments, added £0.1 billion to surplus, as £0.4 billion of surplus generated from other management actions more than offset our other non-recurring uses in the period, including £0.3 billion of investment spend and other items. These uses primarily reflect our planned investment to grow, optimise and enhance our business over 2024–26 and include the Day 1 benefit from appointing Wipro as our new strategic partner to assume management of the existing ReAssure platform, ALPHA, earlier than previously planned. Other management actions include the benefits achieved from transitioning to the in-house management of our annuity-backing assets, which has improved cost efficiency and strengthened our ability to deliver long-term value to shareholders. They also include the benefits from selling the shareholders' share of future income from our with-profits funds to the estate of these funds. We continue to be well hedged on an economic basis under SII and experienced a positive impact of £0.1 billion this year driven by a steepened yield curve, lower inflation and higher equity markets. This impact was offset by £0.1 billion losses on currency hedge instruments relating to our debt instruments.

Solvency II economic sensitivity analysis[1]

	Surplus (£bn)	SCCR (%)
Solvency II base	**3.6**	**176**
Equities: 20% fall in markets	–	7
Long-term rates: 100bps rise in interest rates	–	4
Long-term rates: 100bps fall in interest rates	–	(4)
Long-term inflation: 50bps rise in inflation	–	(1)
Property: 12% fall in values	(0.2)	(4)
Credit spreads: 145bps widening with no allowance for downgrades	0.1	4
Credit downgrade: immediate full letter downgrade on 20% of portfolio[2]	(0.3)	(7)
Lapse: 10% increase/decrease in rates	(0.2)	(2)
Longevity: 6 months increase	(0.4)	(8)

1. Illustrative impacts assume changing one assumption on 1 January 2026, while keeping others unchanged, and that there is no market recovery. They should not be used to predict the impact of future events as this will not fully capture the impact of economic or business changes. Given recent volatile markets, we caution against extrapolating results as exposures are not all linear.
2. Impact of an immediate full letter downgrade across 20% of the shareholder exposure to the bond portfolio (e.g. from AAA to AA, AA to A, etc.). This sensitivity assumes management actions are taken to rebalance the annuity portfolio back to the original average credit rating and makes no allowance for the spread widening which would be associated with a downgrade.

Strong progress on leverage

Our SII leverage ratio improved by 3%pts to 33% at 31 December 2025 (2024: 36%), as a result of the £398 million debt repayments completed in February and December 2025. We remain on track to achieve our c.30% SII leverage ratio target by the end of 2026, although the path will not be linear.

£3.6bn
Group Solvency II surplus (estimated) REM

176%
Group Shareholder Capital Coverage Ratio (estimated) APM

33%
Solvency II leverage ratio REM APM

Movement in Group Solvency II capital during 2025

		Recurring capital generation of +£0.4bn surplus and +9%pts SCCR				Non-recurring capital utilisation of +£0.1bn surplus and +3%pts SCCR					
£m	**2024**	Surplus emergence and release of SCR	Recurring management actions	Operating costs, debt interest and dividend	New business strain	Other management actions	Economics and temporary strain	Investment spend and other	**2025 (pre-debt repayment)**	Debt repayment	**2025**
Own Funds	**8.4**	0.7	0.5	(0.9)	0.1	0.3	0.0	(0.4)	**8.7**	(0.4)	**8.3**
SCR	**(4.9)**	0.2	0.0	–	(0.2)	0.1	0.0	0.1	**(4.7)**	–	**(4.7)**
SII surplus	**3.5**	**0.9**	**0.5**	**(0.9)**	**(0.1)**	**0.4**	**0.0**	**(0.3)**	**4.0**	**(0.4)**	**3.6**
SCCR[1]	**172%**	**21%**	**13%**	**(20)%**	**(5)%**	**9%**	**1%**	**(7)%**	**184%**	**(8)%**	**176%**

1. The SCCR excludes SII Own Funds and Solvency Capital Requirements ('SCR') of unsupported With-Profit funds and unsupported pension schemes.

Earnings

IFRS adjusted operating profit momentum continues

We generated a 15% year-on-year increase in IFRS adjusted operating profit to £945 million (2024: £825 million) driven by uplifts in both of our two main operating business units, Pensions and Savings (23% growth year-on-year) and Retirement Solutions (19% growth year-on-year).

Looking ahead, our continued IFRS adjusted operating profit momentum in 2025 provides us with confidence in meeting our 2026 IFRS adjusted operating profit target of c.£1.1 billion.

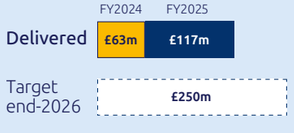
Accelerated delivery of cost savings

The Group's cost savings programme remains firmly on track to deliver the end-2026 targeted £250 million of annual run-rate cost savings, net of inflation, relative to the Group's 2023 cost levels, as we continue to enhance our business and progress towards a more efficient Group-wide operating model.

In 2025, £117 million of run-rate savings were delivered, which combined with the savings achieved in 2024, brings the cumulative run-rate cost savings total to £180 million across 2024–25, £55 million ahead of our original delivery profile by 2025.

Of these run-rate savings, £110 million were earned in the year (2024: £28 million), with £55 million of the £82 million year-on-year increase emerging IFRS adjusted operating profit, with the balance accounted through the CSM.

Run-rate cost savings



IFRS income statement

£m	**2025**	2024
Pensions and Savings	**389**	316
Retirement Solutions	**563**	474
Europe and Other	**83**	96
With-Profits	**24**	41
Corporate Centre	**(114)**	(102)
Adjusted operating profit	**945**	825
Amortisation and impairment of intangibles	**(233)**	(270)
Finance costs attributable to owners	**(193)**	(204)
Other non-operating items	**(396)**	(520)
Profit/(loss) before economics, tax and NCI	**123**	(169)
Economic variances	**(604)**	(1,297)
Loss before tax and NCI	**(481)**	(1,466)
Profit before tax attributable to non-controlling interest	**49**	12
Loss before tax attributable to owners	**(432)**	(1,454)
Tax credit attributable to owners	**38**	376
Loss after tax attributable to owners	**(394)**	(1,078)

Amortisation and impairment of intangibles

The previously acquired in-force business, relating to IFRS 9 capital-light fee-based business, is being amortised in line with the expected run-off profile of the investment contract profits to which it relates. Amortisation and impairment during the period reduced to £233 million (2024: £270 million) reflecting the run-off of this acquired business.

Finance costs and other non-operating items

Other non-operating losses in the period totalled £396 million (2024: £520 million loss), the majority of which reflects £264 million (2024: £372 million) of planned investment spend across our strategic priorities, with £132 million (2024: £148 million) of other one-off items.

Finance costs of £193 million (2024: £204 million) reflected interest borne on the Group's debt.

IFRS loss after tax shaped by economic variances

The Group generated an IFRS loss after tax attributable to owners of £394 million (2024: loss of £1,078 million). The loss is driven by £604 million of adverse hedging-related economic variances (2024: £1,297 million adverse), primarily from rising equity markets in the year (FTSE 100 +21.5%, S&P 500 +16.4% and Eurostoxx 50 +18.3%), and reflects the result of the Group's hedging programme which aims to protect cash and SII capital from volatility in equities and interest rates. This gives rise to accounting movements, as several of the SII capital components covered by hedging are not recognised on the IFRS balance sheet, with the IFRS market sensitivities shown on **pages 242 to 248**.

£945m
IFRS adjusted operating profit REM APM

£3,806m
Contractual Service Margin (gross of tax)

£3,098m
IFRS adjusted shareholders' equity APM

Business review continued
Earnings continued

Adjusted shareholders' equity highlights strong underlying value

We have built on our progress made in 2024 in increasing the level of pre-tax IFRS adjusted operating profitability to cover our recurring uses. In 2025 only £29 million (pre-tax) remained uncovered, an improvement on the equivalent amount of £182 million in 2024.

We continue to expect that our target of c.£1.1 billion IFRS adjusted operating profit in 2026 will be sufficient to fully cover our recurring uses and create excess to fund non-recurring uses.

The level of non-operating items are elevated at present, largely driven by our planned 3-year non-recurring investment spend. The level of non-operating items is expected to moderate once our current spend on migrations and transformation is completed. From 2027 we expect adjusted operating profit to cover all uses, excluding economic variances.

The resulting IFRS loss after tax in the period drove shareholders' equity lower at the end of 2025 to £244 million (2024: £1,213 million). As described above, this is owing to economic variances and has no impact on operating performance, cash, or capital strength, so the movement does not change the financial viability of our business, which is best measured by reference to Solvency capital, which includes the store of future value on annuities, with-profits and investment contract business. The Board continues to prioritise stable SII surplus capital and predictable dividends and accepts the hedge-related volatility in the IFRS result.

Adjusted shareholders' equity provides a better, albeit still partial, view of the value of the business under IFRS. It comprises IFRS shareholders' equity and the CSM (net of tax) and stood at £3,098 million at 31 December 2025 (2024: £3,656 million).

IFRS shareholders' equity and adjusted shareholders' equity

£m	2025	2024
Adjusted operating profit	**945**	825
Recurring uses:		
Amortisation of intangibles	**(233)**	(270)
Finance costs attributable to owners	**(193)**	(204)
Dividend	**(548)**	(533)
Adjusted operating profit before tax, less recurring uses	**(29)**	(182)
Non-recurring uses, economics and tax:		
Other non-operating items	**(396)**	(520)
Economic variances	**(604)**	(1,297)
Tax and other items recognised in equity	**60**	470
Movement in shareholders' equity	**(969)**	(1,529)
Opening shareholders' equity	**1,213**	2,742
Movement in shareholders' equity	**(969)**	(1,529)
Closing shareholders' equity	**244**	1,213
CSM (net of tax)	**2,854**	2,443
Adjusted shareholders' equity	**3,098**	3,656

CSM momentum drives value

The Group's CSM (gross of tax) rose by 17% to £3,806 million at 31 December 2025 (2024: £3,257 million) and represents a sizeable stock of value that will unwind into IFRS adjusted operating profit in future years.

The increase in the period was driven by a £296 million contribution from strategic project initiatives, which comprised the impact of the lower cost of managing our annuity-backing assets which will be in-housed and the impact from the net expense benefits related to the Wipro strategic partnership. An additional £150 million contribution was generated from new business, principally from annuities written in Retirement Solutions (2024: £248 million), with a further £308 million from assumption changes, experience profits, positive market effects and other (2024: £370 million). Both periods benefited from lower expense maintenance loadings reflecting our cost savings initiatives and from positive market effects.

The 2025 CSM release into the income statement of 7% is broadly in line with the prior year (2024: 8%), contributing £274 million to pre-tax IFRS adjusted operating profit (2024: £281 million). With in-year net CSM generation more than exceeding amortisation, the net of tax value of the CSM increased to £2,854 million at 31 December 2025 (2024: £2,443 million).

Other stores of value not captured in IFRS balance sheet

In addition to the store of future value of £2.9 billion (post-tax) captured in the CSM for insurance contracts, there is a further store of future value which is included in Solvency II Own Funds, relating to the value-in-force for investment contracts. This increased to £4.4 billion post-tax in 2025 (2024: £3.4 billion post-tax), reflecting new business flows, cost savings, improved in-force business management and equity market rises. These stores of value will emerge through IFRS adjusted operating profit in future years, providing a strong underpin to the Group performance trajectory for many years to come.

Movement in Group Contractual Service Margin during 2025, including segmental split

£m	Opening CSM (gross)	New business	Interest accretion	Assumption changes, experience economics and other	Strategic project initiatives	Closing CSM, pre-release (gross)	CSM release	Closing CSM (gross)	Tax	Closing CSM (net)
Pensions and Savings	**263**	–	–	56	10	**329**	(33)	**296**	(74)	**222**
Retirement Solutions	**2,306**	128	61	223	271	**2,989**	(189)	**2,800**	(700)	**2,100**
Europe and Other	**196**	22	2	(5)	5	**220**	(24)	**196**	(49)	**147**
With-Profits	**492**	**–**	6	34	10	**542**	(28)	**514**	(129)	**385**
2025 Total Group CSM	**3,257**	**150**	**69**	**308**	**296**	**4,080**	**(274)**	**3,806**	**(952)**	**2,854**
2024 Total Group CSM	**2,853**	**248**	**67**	**370**	–	**3,538**	**(281)**	**3,257**	**(814)**	**2,443**

Dividend

28.05p
2025 Final dividend per share

+2.6%
2025 Final dividend increase

+3%
10-year Total dividend CAGR

In March 2024, the Board outlined a 3-year strategy for 2024–26, to support the creation of a business which delivers sustainable and growing cash, capital and earnings and adopted a progressive and sustainable ordinary dividend policy, reflecting its confidence in the Group's strategy.

In operating this dividend policy, the Board will announce any potential annual dividend increase alongside the Group's Full Year results and expects the Interim dividend to be in line with the previous year's Final dividend. The Board continues to prioritise the sustainability of our dividend over the long term. Future dividends and annual increases will be subject to the discretion of the Board, following assessment of longer-term affordability.

In operating the policy and assessing longer-term affordability, the Board considers the quantum and trajectory of the Group's OCG, SII surplus, SCCR and the distributable reserves at the Group's holding company.

At 31 December 2025, distributable reserves at Standard Life plc, the Group's holding company that pays dividends to shareholders, stood at £5,800 million (2024: £5,571 million), supported by distributions from its main operating companies which continue to report under UK GAAP and carry sizeable distributable reserves. In 2025 the Group's main operating subsidiaries generated strong UK GAAP net profits after hedging impacts, which supported the cash remittances to Group.

In the consolidated IFRS financial statements, the Group is targeting a positive pre-hedge post-dividend IFRS net profit contribution to the IFRS shareholders' equity from 2027. The Group accepts the hedge-related volatility that impacts IFRS shareholders' equity, which is a known consequence of our Solvency II hedging strategy that is designed to protect our cash, capital and dividend.

In this overall context and consistent with previous guidance, the Board considers that the Group's consolidated IFRS shareholders' equity is not a constraint to the payment of our dividends.

As a result of our improved operating performance in 2025 and our ongoing confidence in the Group's strategy, the Board is recommending a 2.6% increase in the 2025 Final dividend to 28.05 pence per share, taking the 2025 Total dividend to 55.40 pence per share.

Looking ahead

The Group continues to operate in an environment with increased global geopolitical and macroeconomic uncertainty, including the escalation of conflict in the Middle East in recent weeks. Despite this backdrop, the UK consumer retirement needs we serve are long term in nature and enduring.

Two years into this 3-year period, we have made demonstrable progress across our strategic priorities and our improved operating performance puts us firmly on track to meet our 2026 financial targets.

At the end of 2026, our business will have a higher OCG and IFRS adjusted operating profit base and a higher quality Solvency balance sheet. Importantly, it will generate a healthy and growing level of excess cash, improving both our financial and strategic flexibility.

2026 financial targets

	Financial target	Status	Performance in 2025 and 2024
Cash	Mid-single digit percentage growth p.a. in Operating Cash Generation	On track	£1,474m, +5% vs FY2024 (£1,403m)
	Total cash generation of £5.1bn across 2024–26	On track	£3.5bn across 2024–25 (FY2025: £1.7bn, FY2024: £1.8bn)
Capital	Operate within our 140–180% Shareholder Capital Coverage Ratio operating range	On track	176%, within operating range (FY2024: 172%)
	Solvency II leverage ratio of c.30% by the end of 2026	On track	33%, -3%pts vs FY2024 (36%)
Earnings	c.£1.1bn of IFRS adjusted operating profit in 2026	On track	£945m, +15% vs FY2024 (£825m)
	£250m of annual run-rate cost savings by the end of 2026	On track	£180m across 2024–25 (FY2025: £117m, FY2024: £63m)

Sustainability review

With our expertise as a retirement specialist and as one of the UK's largest asset owners, we are uniquely positioned to guide our customers' retirement journeys and shape the world they will retire into.

In this section, we provide an overview of our progress on our sustainability strategy and our future aims.

In this section

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53 Our climate and nature-related financial disclosures

Our reporting

You can find out more about our activities, financial performance, sustainability strategy, policies and detailed governance information by visiting our website:

www.standardlifeplc.com

Sustainability Report

This report covers our social and environmental sustainability progress in the People and Planet sections, including progress against our Net Zero Transition Plan ('NZTP') and targets. Broader disclosures including human rights and modern slavery, Diversity, Equity and Inclusion ('DEI') and a summary of Governance topics are included in the Embed responsibility section.

ESG Data Appendix

Our Environmental, Social and Governance ('ESG') Data Appendix summarises our ESG metrics and Sustainability Accounting Standards Board ('SASB') disclosures.

Net Zero Transition Plan

Our latest Net Zero Transition Plan details our journey to net zero by 2050.

Standard Life has appointed KPMG to provide limited independent assurance over selected disclosures within this report marked with ^. The assurance engagement was planned and performed in accordance with the International Standard for Assurance Engagements ('ISAE') (UK) 3000 Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. A limited assurance opinion was issued and is available in the 'Independent Practitioner's Limited Assurance Report' section on pages 2 and 3, which is available **here**.

Responding to current and upcoming regulation

We support the regulatory agenda for more efficient, improved non-financial disclosures and recognise the need for transparency about our impacts and dependencies on people and the planet. We have commenced preparatory work to meet upcoming standards that will affect the Group and our entities, including the UK Sustainability Reporting Standards ('SRS').

Read more on **pages 53–75**

2025 sustainability highlights

People

>21m
In 2025 our customers accessed our industry leading Standard Life app over 21 million times

93%
Our customer satisfaction score for digital services across our brands was 93%

Partnerships
We took action to support working carers through new partnerships with the Carers Trust and Family Carers Ireland

Campaign
We led an award-winning campaign for a review of pensions adequacy, which has been adopted by the UK Government and is set to report in 2027

Planet

c.2m
Our Sustainable Multi Asset default Workplace solution has grown to £39 billion AUA, serving c.2 million customers

£74bn
We have implemented decarbonising benchmarks and strategies designed to manage climate risk and opportunity across £74 billion AUA to date[1]

58%
reduction in the emissions intensity of our listed asset portfolio relative to a 2019 baseline, well ahead of our target of a 25% reduction by 2025[2]

81%
reduction and carbon neutral in our operational Scope 1 and Scope 2 absolute emissions (market-based) relative to a 2019 baseline, in line with a net zero trajectory

Embed responsibility

40.2%^
Our percentage of Senior Leadership that are women

22
Our colleague engagement employee Net Promoter Score ('eNPS')

88%
Our combined Group customer satisfaction score for telephone

1. We aim to roll out decarbonising benchmarks and strategies across our listed asset portfolio (£153 billion AUA).
2. EVIC intensity metric (Scope 1 and 2). Where we exercise influence and control.

Our sustainability strategy

We are committed to embedding sustainability throughout our business and to ensuring we are focusing our sustainability strategy on the most significant issues that could impact us and those on which we can have an impact too.

Our strategic priorities

Grow
Meeting more of our existing customers' needs and acquiring new customers.

Optimise
Optimising our scale in-force business and balance sheet.

Enhance
Transforming our operating model and culture.

Read more about our strategic priorities on **pages 28 to 35**

Our sustainability strategy

People
Better journeys

We want to be the business that people trust to guide their retirement journey, helping our customers achieve better outcomes and greater financial security in later life.

Our approach focuses on these areas:
Sufficient savings, Secure retirement

Planet
Better futures

We want to play our part in delivering a net zero economy and managing our impact and dependency on nature, to help deliver better outcomes for our customers and shape the world they will retire into.

Our approach focuses on these areas:
Climate and nature action

Embed responsibility
We are committed to embedding responsible and sustainable business practices and maintaining high standards of oversight, integrity and ethics.

Read more in our **Sustainability Report**

Material sustainability topics

We want to ensure we are focusing our sustainability strategy on the most significant issues.

See our **Sustainability Report** for a full list of our material topics and an explanation of our approach

Introducing our new social target

We champion the belief that everyone's journey to and through retirement can be better. That's why we have set a new target that provides a clear strategic focus, reinforcing our commitment to prioritise the things which will drive meaningful change.

The retirement problem we're facing

In the UK today, too many people are not saving enough for retirement, and too many don't get the support they need to feel confident making decisions about using the money they've saved in their pension. As a retirement specialist focused entirely on retirement savings and income, we can provide the right products and solutions at the right time, helping our customers achieve better outcomes and greater financial security in later life.

Our target

3m

we want to help three million more customers by 2035, take action towards a better retirement

How will we achieve our target?

We have set a new target to help three million more customers over the next ten years take actions towards a better retirement. We are doing this by empowering customers to engage with their financial futures, transforming how they interact with long-term savings and supporting confident well-informed decisions.

How does our target work?
The target will track progress over the next 10 years across two customer outcomes that are critical to achieving a better retirement:

- Increasing engagement in planning for retirement
- Increasing the number of customers who are supported to make better decisions when accessing their pension

Over the decade, we aim for at least three million customers to see a genuine improvement in these outcomes, not simply measure the number we reach or engage. This target will focus on customers who are on their journey to retirement and reaching retirement over the next 10 years.

During 2026, as this is new target, we will refine and test our methodology and publish it together with our first progress update in next year's report. We will provide updates on our target annually.

How we will drive progress
To achieve this, we have identified the key activity within our enterprise strategy that is driving a step change in customers' retirement outcomes, and we will measure its impact over time. We've used best practice to design a theory of change that links the outcomes we want to achieve with the actions we are taking.

To drive increased engagement we are creating personalised and intuitive digital experiences, running awareness raising campaigns to encourage customers to take action, enabling enhanced communications and proactive nudges. We offer tools that build financial engagement and confidence, and are strengthening long term outcomes by achieving higher returns through our investment design.

We will give our customers more support when making decisions by expanding access to affordable advice and targeted support, and provide clearer, more tailored guidance at the key moments when customers make decisions about their pension. We will also make retirement income work harder with adaptable products.

As well as assessing the overall outcomes for customers we will measure the impact of these underlying initiatives that will help drive change and share our progress.

Read more about our social target and how our target is driving change in our **Sustainability Report**

Our Net Zero Transition Plan

We have achieved our 2025 investment portfolio and operations decarbonisation targets, and we are taking action at scale across the business towards our 2030 targets.

Where we are now

58%

reduction in the carbon intensity of our listed equity and credit assets achieved[1]

81%

reduction and carbon neutral in our operational absolute emissions achieved[2]

What we want to achieve by 2030

≥50%

reduction in the carbon intensity of our investment portfolio and supplier base[3,4]

90%

reduction in our operational Scope 1 and 2 absolute emissions[2]

What we want to achieve by 2050

Net zero

business across our investments, operations and supply chain

Our Transition Plan is an important step on our journey to net zero

Commitment

The fundamental drivers to act on climate change remain as strong as ever and we remain committed to achieving net zero by 2050 and shaping a world worth retiring into.

Value

We believe transitioning to net zero will support better outcomes for our customers, the business and society. The actions we take are designed to help our customers achieve greater financial security in later life.

Progress

We have achieved our 2025 investment portfolio decarbonisation target and carbon neutral operations and are taking bold action at scale across the business.

Outlook

We believe we are likely to achieve our 2030 targets under most scenarios, although we will become increasingly dependent on action from others and the global transition to net zero by 2050 is currently off track. We are using our scale, expertise and influence to drive meaningful system change.

Integration

We have started to integrate nature, just transition and adaptation and resilience considerations into our Net Zero Transition Plan, in recognition of their fundamental importance and interconnectedness.

Read more about how we are strengthening our approach to risk assessment in our **Sustainability Report**

Read more in our **Net Zero Transition Plan**

1. EVIC intensity metric (Scope 1 and 2). Relative to a 2019 baseline, where we exercise influence and control. Well ahead of our target of a 25% reduction by 2025. We note that the emissions intensity of our portfolio could increase in the future if asset values fall.
2. Scope 1 and 2 (market-based). Relative to a 2019 baseline, in line with a net zero trajectory.
3. EVIC intensity metric (Scope 1 and 2). Relative to 2019 baseline, where we exercise influence and control. Assets in scope include listed and private equity, credit assets and directly held real estate.
4. Scope 3 category 1 & 2 (location-based) emissions of our supplier base. Relative to a 2022 baseline.

Our climate and nature-related financial disclosures

TCFD and TNFD compliance summary

Recognising the inherent interconnectedness between climate change and nature loss, we have chosen to publish integrated climate and nature-related financial disclosures.

Our disclosures, indicated in the table below, are aligned with the recommendations of the Taskforce on Climate-related Financial Disclosures ('TCFD'), in compliance with the FCA Listing Rule 6.6.6R(8).

We have also begun to disclose in line with the recommendations of the Taskforce on Nature-related Financial Disclosures ('TNFD'), noting that our approach is less mature than it is for climate and this applies to these disclosures.

In response to FCA Listing Rule 6.6.12G, we have also published a standalone Net Zero Transition Plan which sets out our approach to achieving net zero emissions across our business (investment portfolio, operations and supply chain) by 2050.

Pillar	Recommended disclosures	
Governance Disclose the organisation's governance of climate and nature-related dependencies, impacts, risks and opportunities	• Describe the board's oversight of climate and nature-related dependencies, impacts, risks and opportunities. • Describe management's role in assessing and managing climate and nature-related dependencies, impacts, risks and opportunities. • Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, climate and nature-related dependencies, impacts, risks and opportunities.	**Pages 54–55**
Strategy Disclose the effects of climate and nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.	• Describe the climate and nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long-term. • Describe the effect of climate and nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place. • Describe the resilience of the organisation's strategy to climate and nature-related risks and opportunities, taking into consideration different scenarios. • Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	**Pages 56–62**
Risk management Describe the process used by the organisation to identify, assess, prioritise and monitor climate and nature-related dependencies, impacts, risks and opportunities.	• Describe the organisation's processes for identifying, assessing and prioritising climate and nature-related dependencies, impacts, risks and opportunities in its direct operations. • Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s). • Describe the organisation's processes for managing climate and nature-related dependencies, impacts, risks and opportunities. • Describe how processes for identifying, assessing, prioritising and monitoring climate and nature-related risks are integrated into and inform the organisation's overall risk management processes.	**Pages 63–64**
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate and nature-related risks and opportunities where such information is material.	• Disclose the metrics used by the organisation to assess and manage material climate and nature-related risks and opportunities in line with its strategy and risk management process. • Disclose the metrics used by the organisation to assess and manage dependencies and impacts on climate and nature. • Describe the targets and goals used by the organisation to manage climate and nature-related dependencies, impacts, risks and opportunities and its performance against these.	**Pages 65–75**

Governance

Our Board has a robust governance structure in place to assist in the discharge of its responsibilities with respect to the oversight of climate and nature-related risks through delegations within approved Terms of Reference.

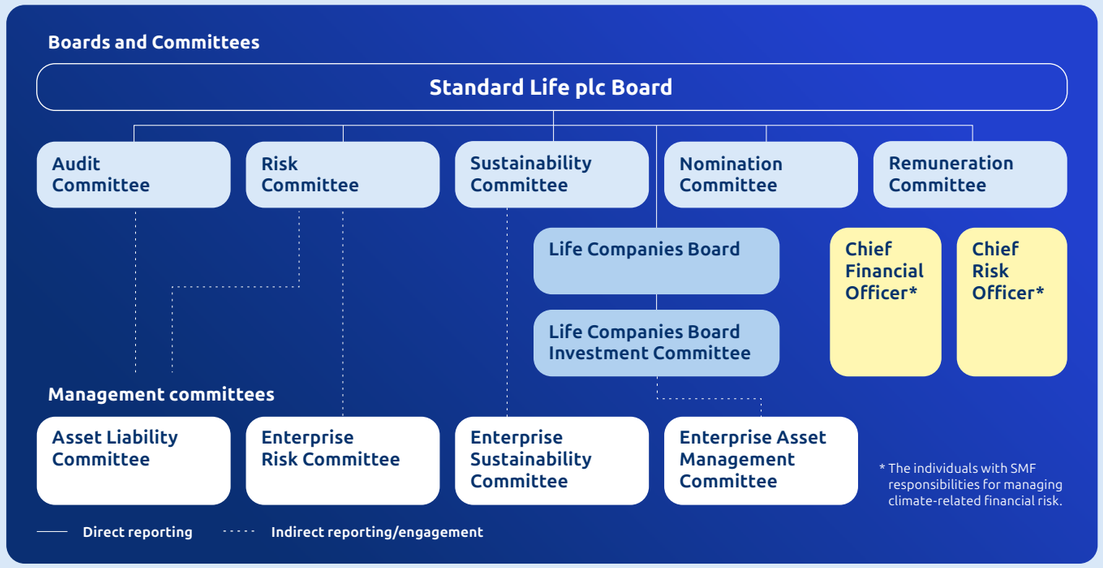
The Board's oversight of climate and nature-related dependencies, impacts, risks and opportunities

The Board is responsible for the overall strategy of the Group, including its sustainability strategy. The Board recognises that managing the impact of climate and nature-related risks and opportunities on the business is a strategic priority. Sustainability-related responsibilities are allocated to certain committees depending on the committee's purpose and remit.

Board Committees with climate and nature-related governance responsibilities

The following Board Committees have defined roles and responsibilities relating to the management, oversight and reporting of climate and nature-related risk and opportunities. Cross-Committee membership and engagement between the Committees is key to driving consistency with how matters are addressed across the Group's governance framework.

- The Group Board Sustainability Committee is responsible for assisting the Board in overseeing the achievement of the Group's sustainability strategy.
- The Group Board Audit Committee is responsible for reviewing data assured by third parties in external reporting including non-financial reporting and external disclosures.
- The Group Board Risk Committee is responsible for overseeing the identification, assessment, management and reporting of risks (including climate and nature-related risks) within the Group Risk Management Framework ('RMF').
- The Group Audit, Risk and Sustainability Committees held joint bi-annual meetings in 2025 to ensure a more harmonised and collaborative approach in relation to sustainability reporting.
- The Group Board Remuneration Committee is responsible for engaging with the Board Sustainability Committee to ensure that there are appropriate environmental, social and governance ('ESG') elements within the Group remuneration framework.
- The Life Companies Board is responsible for approving and monitoring the overall Life Companies' long-term strategy, including but not limited to: investments, asset and liability management, customers (and vulnerable customers) and conduct whilst ensuring that customers' interests are properly balanced against those of its other stakeholders to deliver fair outcomes.
- The Life Companies Board Investment Committee oversees the overall investment and asset liability strategies on behalf of the Group's Life Companies and Phoenix Unit Trust Managers, ensuring that customer interests are balanced with those of other stakeholders to ensure fair outcomes. It oversees and recommends Group Investment management arrangements, within the Group, and oversees these arrangements, considering new asset classes as and when appropriate.



Group Board and Group Board Committee climate and nature-related activity and outcomes

For further details on the role of each Group Board Committee and key areas of focus and outcomes of meetings **see page 95**

Training activity

For details of training provided to the Board and Group Board Committees on climate change and nature **see page 133**

Board of Directors' skills and competencies

For details of the Board's skills and expertise, including relating to sustainability **see page 88–91**

Management's role in assessing and managing climate and nature-related dependencies, impacts, risks and opportunities

Management oversight

Key individuals and Committees at management level support the Board with decisions relating to assessing and managing climate and nature-related risks and opportunities.

Individual accountability

The Group's Chief Executive Officer ('CEO') is responsible for the creation and delivery of the entity strategy and Strategic Financial Business Plan, consistent with the strategy and thresholds set by the Life Companies and Group Boards, that reflects the needs of shareholders, customers, employees, regulators and other stakeholders.

As delegated by the CEO, the Director of Corporate Affairs & Brand has responsibility for defining, and overseeing delivery of, the Group sustainability strategy including the Net Zero Transition Plan as agreed with Group and Life Companies Boards, and ensuring appropriate accountabilities, risk and controls oversight, and decision rights are in place to achieve business sustainability strategy objectives.

The Group's Chief Financial Officer ('CFO') and the Group's Chief Risk Officer ('CRO') are both appointed as Senior Managers responsible for climate-related financial risk under the UK Prudential Regulation Authority ('PRA')'s and Financial Conduct Authority ('FCA')'s Senior Managers and Certification Regime.

The Group CFO has responsibility for ensuring the appropriate identification, assessment, management and reporting of climate-related financial risks and opportunities that could impact the Group. The Group CFO is also responsible for reporting metrics and targets and external disclosures.

The Group CRO has responsibility for ensuring that the Group's RMF appropriately supports the identification, assessment, management and reporting of the financial risks associated with climate change that could impact the firm. The Group CRO is also responsible for the oversight of the identification, assessment, management and reporting of the financial risks associated with climate change that could impact the firm in line with the Group's three lines of defence.

Remuneration

Climate-related performance measures form a component of the Group's Executive Directors' variable pay and is included in the Long-Term Incentive Plan.

See Directors' Remuneration report on **page 136** for more detail

Management-level forums with climate and nature-related responsibilities

Executive management is assisted in making day-to-day decisions and/or reporting to the Life Companies and Group Boards and Committees on climate and nature-related matters by management-level governance forums which do not have decision-making authority within the business.

- **Enterprise Sustainability Committee:** Provides holistic executive oversight of the implementation and achievement of the Group's sustainability strategy (including Planet, People and Embed Responsibility priorities), driving forward the Group's agenda covering the breadth of those priorities and related initiatives. The Committee supports the Board Sustainability Committee, providing updates on progress against strategy, business plans and targets.
- **Enterprise Asset Management Committee:** Provides holistic executive direction and oversight of the Group's investment strategy (including the strategic asset allocation framework and the asset liability management strategy) and asset management activities undertaken for policyholder and shareholder funds, ensuring alignment with sustainability strategies and relevant risk appetites. The Committee provides a forum to support senior management decision making by reviewing and providing input to papers going to the Life Companies Board Investment Committee, including those relating to sustainable investment and stewardship.
- **Asset Liability Committee:** Provides oversight and governance in relation to all strategic balance sheet matters including (but not limited to) financial management, hedging and markets. This includes the oversight of relevant climate and nature-related financial risks.
- **Enterprise Risk Management Committee:** Provides executive oversight of risk management across the Group, ensuring effective implementation of the Group's risk framework and strategy. It monitors material and emerging risks, including climate and nature-related risks, to confirm appropriate controls and management actions are in place.

Key management forum climate and nature-related activity and outcomes

The climate and nature-related activity undertaken by our key management forums support decision-making activity and outcomes at Board-level committees.

Training activity provided to management reflects training provided to Board **see page 133**

Our policies and oversight of human rights issues relating to climate and nature

Our Human Rights Policy aligns with the United Nations Guiding Principles on Business and Human Rights ('UNGPs') and is approved by the Board. It is a Group-wide policy and therefore applies to our assessment of, and response to, climate and nature-related dependencies, impacts, risks and opportunities. It is through this policy that we ensure there is accountability with respect to how the Group takes into consideration the rights of indigenous peoples, local communities and other stakeholders through investments, business operations and supplier base.

Sustainability review continued
Our climate and nature-related financial disclosures

Strategy

We identify and assess the impact of climate-related risks and opportunities on our business, strategy and financial planning, and we are developing corresponding processes for nature.

As a long-term savings and retirement business, our customers can be invested with us over many years to and through retirement. As such, we recognise our fiduciary duty to identify and manage the potential risks that may impact our investments and operations over the short-, medium- and long-term. We also seek to maximise the opportunities presented by the transition to a net zero economy that could deliver better outcomes for our customers and shareholders.

We undertake quantitative and qualitative analysis to identify and assess how climate-related risks and opportunities could materially impact the Group's strategy and financial resilience over the following time horizons:

- **Short-term: 0–1 year.** This is consistent with the liquidity monitoring time horizon that we use for setting capital requirements under Solvency UK.
- **Medium-term: 1–5 years.** This is consistent with our financial planning process which considers the medium-term plans and strategy for the business.
- **Long-term: over 5 years.** This captures the long-term nature of our business and the risks that may emerge beyond the financial planning process.

We continually seek to enhance our approach, including strengthening how we assess the resilience of our balance sheet and strategic implications of climate risk in light of Supervisory Statement ('SS') 5/25.

Nature loss is identified as an emerging risk for the Group due to our potential exposure to financially material nature-related risks in our investments, operations and supplier base. We have developed assessment methods to begin to understand our potential exposure to nature-related dependencies, impacts, risks and opportunities. We will continue to enhance our approach as methodologies evolve and data quality improves.

For more information on our processes for identifying climate and nature-related risks see **page 63**

Note: our climate risk analysis uses different time frames from those used in financial reporting. Accordingly, the references to short-, medium- and long-term here are not indicative of the meaning of similar terms used in our other disclosures.

Our Climate and Nature Action Model

Summary of the effect on the organisation's business model, value chain, strategy and financial planning

The following table summarises the material climate and nature-related dependencies, risks and opportunities faced by the business over short-, medium- and longer-term time horizons, and the impact on our strategy. Our strategy for managing climate and nature-related risks is comprised of three core pillars: Invest, Engage, Lead, as shown by our Climate and Nature Action Model on page 56. Our strategy is covered in more detail in our **Net Zero Transition Plan** and **Sustainability Report**.

Material dependencies/ risks/ opportunities identified	Relevant strategy pillar	Potential impact of dependencies/risks/opportunities on our business, strategy and financial planning	Impact over time horizon
Climate and nature risk exposures within our investment portfolios	Invest/ Engage	**Risk** • Investments in sectors or companies which do not effectively manage exposure to climate and nature-related risks and dependencies lose value or are downgraded, resulting in losses. • Increased frequency and/or severity of extreme weather events impact the value of physical assets or the value of investee companies with high exposures to these risks. • The systemic impacts of climate change and nature loss play out across the global economy leading to widespread market losses and devaluations. **Opportunity** • Our custom Climate Aligned indices identify companies which are well prepared for the transition to a low carbon economy and generate revenue from green business activities. • Climate and nature-based solutions are potentially strong growth markets and may present investment opportunities that deliver positive returns.	Short Medium Long
Changing demand for products, funds and solutions	Invest/ Engage	**Risk/dependency** • Loss of market share should our products be perceived as not meeting evolving customer needs or customer preferences change entirely. **Opportunity** • Creating products that support growth in our Workplace business e.g. our Sustainable Multi Asset default. • Engaging with existing customers to understand their preferences regarding climate change and nature.	Short Medium Long
Emerging government policy, regulatory and legal changes	Invest/ Engage/ Lead	**Risk/dependency** • A breach of evolving legislative or regulatory requirements may expose us to litigation or regulatory sanction and damage our brand. • Governments and companies fail to act in line with net zero by 2050, impacting our ability to meet our 2030 and 2050 net zero targets and deliver better outcomes for our customers. **Opportunity** • Engaging with companies and governments to drive the transition to net zero by 2050 and achieve global goals on halting and reversing nature loss can help support the business's commercial objectives and deliver better outcomes for our customers.	Short Medium Long
Reputational damage if climate and nature risks are not appropriately managed	Invest/ Engage/ Lead	**Risk** • Customers lose trust in the business and decide to leave, leading to loss of market share. **Opportunity** • Perception of good management of climate and nature risks in the market helps us retain and win new business.	Short Medium
Disruptions to our business operations and supply chain	Lead	**Risk/dependency** • High delivery costs of implementing decarbonisation solutions and reducing the impact of our premises on nature. • Disruption to our suppliers from climate and nature-related impacts affect the services provided to the Group. **Opportunity** • Implementing and exploring decarbonisation and water usage solutions can reduce exposure to volatile energy prices and lead to cost savings for the business.	Short Medium Long

Our strategic approach to managing climate and nature-related risks and opportunities

The management actions to mitigate the Group's exposure to the identified material climate and nature-related risks and to maximise opportunities are set out on page 64 of the Risk management section.

Our Net Zero Transition Plan sets out in detail the actions that the Group is taking to manage climate risk and achieve our net zero targets. We have begun to integrate nature into our plan to reflect the significant interdependencies between climate and nature factors and the important role of nature in climate change mitigation, adaptation and resilience. We will seek to further integrate the management of nature-related risks into existing organisational frameworks and strategies, including the Group's RMF and responsible investment strategy, as data and methodologies for assessing and quantifying risks evolve.

Read more in our **Net Zero Transition Plan**

Assets and/or activities in our direct operations and value chain that meet the criteria of priority locations

We do not currently have any direct operations in priority locations exposed to nature risk but recognise that we do have exposure through our investment portfolios and suppliers. Asset location specific data that can link company and issuer operations to principal impact pressures and dependencies and in turn changes in state of nature and ecosystems service provision is critical for identifying, monitoring and managing nature-related risks and opportunities.

To meet this aim we are reviewing asset location and geospatial data providers that offer products which would enable this analysis and we aim to conclude this work in 2026. We do assess our investment portfolio's exposure to climate physical risk using asset location data. The results of this work can be found on page 60.

See our Glossary on **page 348** for the definition of priority locations and other key terms

Sustainability review continued
Our climate and nature-related financial disclosures

Scenario analysis

We assess the resilience of our strategy to climate-related risks and opportunities, taking into consideration different climate-related scenarios, across a range of temperature outcomes.

We use quantitative and qualitative scenario analysis to model the impact of different temperature pathways on our business to gain insight into how climate-related risks may materialise over time. The output of this modelling, alongside research and analysis, informs our strategic response to transfer, accept, control or mitigate our exposure to the risk. We have developed a set of metrics to help us measure, track and manage the potential financial impact of climate-related risks and opportunities. These are set out in the Metrics and targets section on pages 65 to 75.

Scenario analysis helps us to assess the impact of the following risks and opportunities that were described on page 57:

- Climate risk exposures within our investment portfolios.
- Changing demand for products, funds and solutions.
- Emerging government policy, regulation and legal changes.
- Reputational damage if climate risk is not appropriately managed.
- Disruption to our business operations and supplier base.

We are continuing to develop our approach to assessing nature-related risks and opportunities and to better understand the implications for the Group and its investment strategy. Given the close interconnections between climate change and nature loss, in particular the role of stable and healthy functioning ecosystems as carbon sinks, we have started to explore the potential integration of nature factors within climate scenario analysis. While very early stage, we will look to develop our approach in alignment with best practice market guidance as it evolves.

Scenario analysis use across the Group

We continue to build on our progress in developing our approach to climate scenario analysis with a focus on producing decision-useful outputs, noting there remain material challenges experienced across the industry. We use climate-related scenario analysis to meet different business needs across the Group:

- **Stress testing our investment portfolio:** We use scenarios which consider both transition and physical risk to assess the potential quantitative impacts on different assets classes, model possible decarbonisation pathways and support the design of investment strategies and our stewardship activities. Due to the uncertain and long-term nature of climate change, such modelling is subject to a wide variety of limitations (see page 62). Given the significant limitations, qualitative judgement is required to supplement the quantitative analysis to improve the robustness of the results and support decision making.
- **Own Risk and Solvency Assessment:** We use both quantitative and qualitative scenario testing to assess the potential financial implications of different climate pathways on the ongoing viability of the business and on resilience of the balance sheet, and to provide insight into risks associated with the Group's objectives.
- **Business resilience:** We stress test the ability of the Group to continue to operate under extreme weather events such as heatwaves and floods.

During 2025 we performed a range of scenario analyses which considered various climate pathways both quantitatively and qualitatively.

External service providers are used in the production of quantitative analysis. It is important to note the modelled scenarios represent a small set of possible climate outcomes and there remain infinite possible pathways that could emerge. The analysis assumes a static asset allocation throughout the projection period 2025–2050 and does not take into account actions to manage climate risk.

Transition risk analysis

Three scenarios from the Network for Greening the Financial System ('NGFS') Phase V were chosen to represent a range of climate outcomes with varying pace of global transition to a low carbon economy. These include: Net Zero 2050 – the transition starts immediately and unfolds in an orderly fashion to achieve a temperature rise of below 1.5°C by 2050; Current Policies – globally misaligned climate ambitions lead to emissions growth causing irreversible climate change; and Delayed Transition – policy action is delayed and abrupt, leading to higher transition risk impacts.

The analysis was performed on the Group's listed asset portfolio, testing the impact across geographies, sectors and holdings across individual counterparties. We qualitatively interpret and assess the risk that is evaluated by the model's quantitative output to arrive at a risk label of 'low', 'medium' or 'high'. The first phase of modelling the impact to the investment portfolio is 'bottom-up' quantitative analysis, enabling the processing of complex financial counterparty analysis in response to changing climate-related variables. However, we note the raw model outputs as spuriously precise, particularly given that certain risks such as environmental tipping points are not adequately captured. We therefore interpret the model results with reference to baskets of counterparties we understand to have low, moderate or high levels of climate-related risks associated with them. This allows us to calibrate the risk labelling and reflect our judgement when considering results.

The scenario analysis results highlight potentially material exposures to transition risks across each of the three scenarios (shown as medium or high risk), indicating that the impacts of climate change have the potential to materially reduce investment returns and increase volatility for customers and shareholders if the Group does not continue to take action to manage and mitigate the risk. These actions include decarbonising our investment portfolio, ensuring effective stewardship of our assets and investing in climate solutions. Further details of the actions taken are outlined in the Risk management section on page 64. The analysis also highlights that the impact of climate risk on asset values can differ significantly between regions, sectors and individual counterparties within each asset class for each scenario.

Regional deep dive

The chart below illustrates the impact of the three climate scenarios on the Group's listed assets, with the greatest impact seen in our Asia Pacific assets under the Current Policies scenario. The modelling assumes that due to slower decarbonisation and resulting higher warming in this scenario, investments in the Asia Pacific region (and others) become increasingly exposed to higher physical risks, requiring more adaptation actions to remain resilient. This implies that mitigating actions should consider our exposure to the more highly impacted regions, and as part of our engagement activities we are incorporating consideration of physical risks into the dialogue with companies.

However, given the known limitations of model outputs, judgement should be taken when interpreting the results.

In the Delayed Transition scenario, the impacts of the slower pace of transition aren't fully captured until later in the century, due to limitations of the scenario timing, which leads to results which look benign prior to 2050 and gives a somewhat counterintuitive view that Net Zero 2050 may have higher risk. However, when the impacts do occur under the Delayed Transition risk scenario (post 2050), they are likely to be more severe as more rapid action is needed, and compounded by increased physical risk impacts resulting from higher warming. This reiterates the importance of having a strategy which aligns to net zero by 2050 to proactively manage transition risks.

Indicative impact from transition risk on the Group's listed asset portfolio by region

Scenario	Net Zero 2050			Delayed Transition			Current Policies		
Asset value Impact by region	2030	2040	2050	2030	2040	2050	2030	2040	2050
UK & Europe	○	○	○	○	○	○	○	○	○
North America	○	○	○	○	○	○	○	○	◐
Asia Pacific	○	○	○	○	○	○	○	◐	●
South America	○	○	◐	○	○	○	○	○	○
Africa	○	◐	◐	○	○	◐	○	○	◐

Indicative impact

○ Low risk
◐ Medium risk
● High risk

Sustainability review continued
Our climate and nature-related financial disclosures

Sectoral deep dive

The chart illustrates the impact of three climate scenarios on a sample of sectors within the Group's listed asset portfolio. The results show there are sectors materially impacted by climate transition risk, with energy and materials being the most negatively impacted under faster transitioning scenarios and the utilities sector most positively impacted over the long-term – see page 67. Under the Current Policies scenario, the energy sector is less severely impacted, however materials and consumer staples begin to see impacts from physical risks. This implies that mitigating actions should consider our exposure to high-impact sectors under different scenarios, and as part of our engagement activities we are incorporating consideration of physical risks into our dialogue with companies. Given the known limitations of model outputs, judgement should be taken when interpreting the results. In addition, individual counterparty analysis shows a wide level of variability in individual asset returns within sectors, of -100% up to +750%. This highlights the importance of not divesting from whole sectors and looking through to individual holdings to better understand potential climate impacts within sectors.

As noted in the regional deep dive, the impacts under a Delayed Transition scenario aren't fully captured until later in the century and we would expect these to become more severe as more rapid action is needed and the impacts from physical risk increase. As high emitting sectors, the energy and materials sectors will likely be materially impacted by a delayed transition due to rapidly shifting consumer demand and carbon pricing which occur at a later point than in the Net Zero 2050 scenario. This reiterates the importance of having a strategy which aligns to net zero to proactively manage transition risks.

Indicative impact from transition risk on the Group's listed assets by sector

Scenario

Asset value impact by sector	Net Zero 2050			Delayed Transition			Current Policies		
	2030	2040	2050	2030	2040	2050	2030	2040	2050
Energy	◐	●	●	○	●	●	○	○	◐
Industrials	○	○	○	○	○	○	○	○	○
Materials	◐	◐	◐	○	◐	◐	○	◐	●
Utilities	○	○	○	○	○	○	○	○	○
Real Estate	○	○	○	○	○	○	○	○	◐
Consumer Staples	○	○	○	○	○	○	○	◐	●

○ Low risk ● High risk
◐ Medium risk

To manage the transition risks described in the analysis the Group has implemented several management actions. This includes introducing decarbonising benchmarks that aim to proactively identify and tilt towards companies operating across all sectors which are better placed to manage the risks and opportunities from the transition to net zero by 2050. These use a range of forward-looking metrics including projected carbon performance, an assessment of the quality of management of emissions and an assessment of the management of risk and opportunities related to the low carbon transition. As part of our stewardship activities we actively engage with our investee companies on transition risks and transition planning.

It is important to highlight that the results of our transition risk scenario analysis carry significant limitations given that the scenario models used by external providers do not adequately capture physical risks, tipping points and the cascading effect of these tipping points. Across the Delayed Transition and Current Policies scenarios we would expect the impact on the investment portfolio to be more material and accelerated. As such, the following physical risk scenario analysis was performed to assess the impacts on subsections of the investment portfolio.

Physical risk analysis

Analysis has been performed to assess the potential physical risk to our real estate portfolio from different climate scenarios (on both directly held real estate assets and real estate loans), using S&P's Climanomics platform. The platform makes use of four scenarios underpinned by climate change projections used by the Inter-governmental Panel on Climate Change ('IPCC'). These range from a low emissions scenario with a pathway to 1.5°C, to a high emissions scenario with no changes to climate policies leading to a greater than 4°C global mean temperature rise (relative to pre-industrial levels).

The assessment measures the potential future cost of a response to different risk hazards over the short, medium and long-term on our real estate assets. The risks considered cover both chronic and acute physical risks including the impact of flooding (fluvial, pluvial and coastal), temperature extremes, drought, wildfire and tropical cyclones. The impacts of these hazards can differ according to the type of building at each location. For example, there may be increased future cost through clean-up or repair, interruption to business or increased cooling or heating costs.

The potential future costs calculated are the cumulative cost in each decade, i.e. 10 years of aggregated costs, as a percentage of current asset value.

The results below show the aggregated impact across £3.4 billion of directly held real estate and £1.2 billion of real estate loans under the four scenarios in each decade from 2030 through to 2050. The results for the real estate loans portfolio reflect our participation in the financing of the underlying properties and capture our attributed share of emissions, which will typically be a smaller percentage than directly held assets. As such the scale of possible future costs for real estate loans is lower than the directly held real estate assets.

The overall results indicate there is an increasing relationship between the cost and severity of risk factors over time. In later decades, physical risks are more severe than historic levels which increases potential future costs. Similarly, in higher emissions scenarios physical risks further increase in severity leading to potentially higher future costs.

We continue to enhance our approach for assessing the potential physical risk impacts to other parts of our portfolio such as listed equity and credit. Our initial assessment utilised the S&P Capital IQ Pro platform and highlighted the following:

- At an aggregate level the listed equity portfolio exhibits median scoring for physical risks relative to the investment universe which S&P has assessed for physical risk impacts. Scoring increases in the latter half of the century and the highest warming scenarios. Listed credit (noting a lower level of coverage) is less impacted with scores remaining below median levels.
- Listed equity at an aggregate level exhibits higher scoring for three main hazards: pluvial flooding, extreme heat and water stress. However, scores for these hazards do remain below median levels, even in higher warming scenarios. Extreme heat is an exception to this, which scores slightly above median level in the latter half of the century in the high warming scenario.
- Listed credit scores at hazard level are well below median in all scenarios, although extreme heat and water stress score highest.

Estimated cost from physical risk on directly held corporate real estate assets

Scenario

Low to high physical risk	Estimated cost from physical risk in each decade		
	2030	2040	2050
Low (RCP 2.6)	○	◐	●
Medium (RCP 4.5)	○	◐	●
Medium-High (RCP 7.0)	○	●	●
High (RCP 8.5)	○	●	●

Estimated cost

○ Lower ● Higher
◐ Medium ● Highest

Representative Concentration Pathways ('RCP's) are trajectories of greenhouse gas concentrations used for climate modelling in the IPCC Fifth Assessment Report (2013).

Estimated cost from physical risk on corporate real estate loans

Scenario

Low to high physical risk	Estimated cost from physical risk in each decade		
	2030	2040	2050
Low (RCP 2.6)	○	◐	◐
Medium (RCP 4.5)	◐	●	●
Medium-High (RCP 7.0)	◐	●	●
High (RCP 8.5)	◐	●	●

Estimated cost

○ Lower ● Higher
◐ Medium ● Highest

- Analysis for both listed equity and credit at investee company level for material positions, suggests some individual companies may have particularly high scores to certain hazards, typically those which are related to extreme heat, water stress and wildfire, or fluvial, pluvial and coastal flooding.

We plan to further enhance this analysis during 2026 and beyond. In particular, we note that further work is needed to understand the impact of physical risk at the asset level to inform the management actions required to improve resilience and reduce risk exposure.

Qualitative scenarios

As part of the ORSA process qualitative scenarios are used to assess the impact of risk events that are not easily quantifiable through financial modelling. Scenarios were selected, having considered the Group's top risks, market trends and emerging risks. This includes a climate risk scenario:

- This qualitative scenario considered a halt in global transition activity driven by political headwinds. Investment in carbon intensive industries increases and returns associated with 'green' companies reduce. This is assumed to drive a reduction in demand for investments labelled as sustainable.
- The scenario determined that such an event could drive a mass lapse in our flagship sustainable workplace default funds, potentially requiring customer remediation activity if they did not fully understand how their assets were being invested, with accompanying reputational damage.
- It was concluded that there were no actions to be taken due to confidence that there is sufficient customer messaging in place to provide information on funds and fund labelling. It was also felt that customers had the option to switch easily and there is active engagement with the governance bodies overseeing the contract-based workplace schemes and members of our Master Trusts (Standard Life Master Trust Committee).

Sustainability review continued
Our climate and nature-related financial disclosures

Limitations and dependencies in scenarios and modelling

We are conscious of the limitations related to scenario analysis and we take these limitations into account when assessing the implications of scenario analysis for the business and management actions needed. We will continue to ensure that actions taken to manage climate risk are implemented at the appropriate pace and support the delivery of better outcomes for our customers and shareholders.

Scenarios

- How climate risk will emerge, the speed at which it will emerge, and when it will emerge are all highly uncertain. Only a subset of possible climate outcomes have been assessed and we acknowledge an infinite range of possible climate pathways could emerge, each of which could impact the Group's business model, balance sheet resilience and our customers in a range of ways.
- There are limitations to how physical risks are captured within quantitative modelling, particularly relating to the impacts of tipping points and the systemic effects of climate risk events on the wider economy.
- The scenarios used are not considered to be upper or lower limits for potential climate outcomes and impacts could be far in excess of those estimated.

Impacts

- The impacts of the climate scenarios on our investment holdings do not account for potential further abatement and adaptation actions that companies and governments may take as the scenarios unfold. If and how these actions emerge are highly uncertain so there may be additional impact to that which is included in modelling currently.
- The impacts of the scenarios are highly sensitive to the underlying assumptions, including the future trajectory of carbon prices which are inherently uncertain.

Data

- The Group has sourced scenario data from a leading data provider, however data is currently more readily available for investments in listed counterparties than in private markets.
- Data coverage in the climate models used for scenario analysis currently stands at 80% of our listed equity and credit portfolio where we exercise influence and control. Our ability to increase the coverage further is limited by the granularity and functionality of data providers.

Other limitations

- Asset modelling assumes the asset mix of the Group remains constant throughout the projection period.
- The modelling does not account for possible management actions that may be taken to decarbonise the portfolio.

Conclusions and next steps

The results of the scenario analysis performed this year were not deemed to significantly threaten the strategic objectives of the Group. However, the medium to highest risk labels do indicate that climate change has the potential to materially reduce investment returns in certain sectors and increase volatility for customers and shareholders over time, if the Group does not continue to take action to manage and mitigate the risk.

We fundamentally believe that an orderly transition to net zero will lead to better outcomes for our customers and shareholders, in particular because current models underplay the potential impacts of physical risk under scenarios that lead to a higher temperature outcome. Our Net Zero Transition Plan sets out our approach to achieving net zero by 2050 in support of good customer outcomes in more detail.

In certain asset classes we have levels of flexibility as to how and where to invest and could, theoretically, decarbonise certain parts of our investment portfolio in a short period. However, we recognise that narrowing the investable universe in this way is unlikely to be aligned with delivering better outcomes for our customer and managing other risks (such as concentration risk), and nor would it necessarily contribute to real economy decarbonisation. The Group will continue to assess the impact of possible climate pathways. This will help inform the appropriate pace of actions taken in managing climate risks, in particular if the global transition deviates from a net zero 2050 pathway.

Climate stress and scenario testing will continue to be developed and performed to identify and manage further potential exposures and possible mitigating actions.

Given the uncertainty with the materialisation of physical risks and modelling limitations, the Group continues to work through its climate physical risk roadmap to better identify and understand the impact of physical risks (flooding, subsidence, sea level rise, wildfire, etc.) on our investment portfolio in order of materiality. As part of this roadmap, we plan to explore extending our physical risk analysis to other asset classes, such as illiquid credit, and explore the integration of nature factors. We will also review data providers to seek enhancements to the physical risk data points within the scenario modelling, while continuing to build on our own qualitative judgements.

Risk management

Our processes for managing climate and nature-related dependencies, impacts, risks and opportunities continue to evolve.

Our processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall Risk Management Framework ('RMF'). Nature risk is identified as an merging risk and we have developed an initial approach.

The Group's understanding of climate-related risks has deepened as regulatory expectations, stakeholder priorities and scientific understanding evolves. In particular, the release of SS5/25 has raised regulatory expectations, prompting the Group to further strengthen its approach.

As part of this evolution, we are considering the interdependencies between climate and nature-related risks to ensure that components of the framework are adapted to maintain resilience against these interconnected and emerging challenges.

Identifying and assessing climate-related risks

The identification of climate-related risks has been embedded into the components of the RMF which support the identification of risks both quantitatively and qualitatively, and from top-down and bottom-up perspectives. The materiality of climate risks is assessed on an ongoing basis, and differs between business areas. Individual areas ensure their strategies suitably consider climate risk, proportionately to the materiality of other risks they face. This informs how and when climate risk-driven decisions are taken over time.

We use the following tools, which have a combination of internal and external inputs, to understand our climate risk exposures and assess materiality:

- Annual stress and scenario testing programme
- Carbon footprinting exercises for our assets and operations
- Horizon scanning
- Monitoring and reporting progress against climate risk metrics and targets

Identifying and assessing nature-related risks

Nature loss is identified as an emerging risk for the Group due to our potential exposure to nature-related risks through our investments, operations and supplier base – see emerging risks on page 83.

We have developed an initial approach which is aligned with the TNFD's Locate, Evaluate, Assess, Prepare to act ('LEAP') framework, expanded with an initial evaluation step. This has enabled us to begin to identify and assess potential nature-related dependencies, impacts, risks and opportunities in our investment portfolio and supplier base. Our nature risk assessments for our investment portfolio and supplier base are covered in more detail in the Metrics and targets section on pages 65 to 75.

Our processes for managing climate and nature-related impacts, dependencies, risks and opportunities

The Group has embedded the management of climate risks across the business and is building its capabilities to manage nature-related risks.

Sustainability review continued
Our climate and nature-related financial disclosures

The management actions the Group is taking to address the material climate and emerging nature-related risks identified on page 57 are set out in the table below. Our Net Zero Transition Plan sets our further information on the actions we will take to reduce our exposure to climate risk and support the transition to net zero by 2050.

Material risks	Mitigating actions
Climate and nature risk exposures within our investment portfolios	• We use scenario analysis to stress test our investment portfolio against a range of scenarios. This helps inform our actions to manage our exposure to climate transition and physical risks. See pages 58–62 for outputs of our scenario analysis. • We are adopting decarbonisation strategies (including through the use of our custom climate indices) across our listed equity and credit portfolios. • Our ESG integration framework for illiquid credit integrates both climate and nature-related factors. We aim to further integrate nature factors into credit origination and credit portfolio monitoring for in-house asset management teams. • We are running a multi-year engagement programme with high emitting companies on climate change. We have also begun to include nature-related factors into our corporate research to encourage companies to measure and manage their dependencies and impacts on nature. • We engage with our asset management partners, seeking alignment with our objectives on climate change and nature. • We aim to scale up our investment in line with our ambition to invest up to £40 billion in sustainable, transition or UK-focused productive assets, including climate solutions and nature-related investment opportunities, in line with delivering better outcomes for our customer and our fiduciary duty. • Our Exclusions Policy sets out our thresholds for excluding investment in companies whose business practices are not aligned with our standards. We have completed initial research to identify potential new exclusions linked to high nature impact, where this aligns with better outcomes for our customers and shareholders.
Changing demand for products, funds and solutions	• We engage with our customers to understand their changing needs and preferences and to help them understand the impact of their investments. This includes preferences relating to addressing climate change and nature loss. • We are focused on growing customers' money while reducing their exposure to climate risk. We do this through products such as our Sustainable Multi Asset default Workplace solution and other sustainable investment options.
Emerging government policy, regulatory and legal changes	• We engage with decision makers, collaborate with peers and deliver thought leadership to overcome barriers and play our part in addressing systemic climate risk. This also informs our own decision-making and management of climate risks. We will broaden the scope of our thought leadership and policy engagement to include nature over time.
Reputational damage if climate and nature risks are not appropriately managed	• We ensure the implementation and reporting of risk management controls, including anti-greenwashing, across the business. • We conduct ongoing horizon scanning and reporting of Management Information on climate and nature-related topics to the Board.
Disruptions to our business operations and supply chain	• We are decarbonising our own operations to mitigate our exposure to climate risk and considering opportunities to reduce our water consumption and improve biodiversity across our sites. • We assess the business' resilience to physical climate risk on an ongoing basis to ensure that the Group can continue to operate under extreme weather events. • We have conducted an initial assessment of the Group's supplier base to identify exposure to nature-related impacts and dependencies. • We have a supplier risk management and oversight process in place. Suppliers must be able to demonstrate that they operate/provide services that satisfy the Group's risk appetite to be onboarded and must continue to demonstrate this on an ongoing basis.

Our risk policies and capital

Risk policies are in place to cover key sources of climate and sustainability risk across the business. Sustainability-related enhancements have also been made to the suite of quantitative and qualitative tolerances and triggers which support the monitoring of risk appetites.

Specific capital is not currently held for climate risk; however, the appropriateness of capital is assessed through scenario analysis (see page 58). In addition, the Group's Internal Model Governance Policy requires explicit consideration of climate-related risks when developing and reviewing Solvency UK methodology and assumptions. This approach to capital will continue to evolve as internal and industry practices mature.

For more information on the Group's Risk Management Framework **see pages 78–83**

Limitations and dependencies

The Group recognises several limitations when using current tools and data to identify, assess and manage climate and nature-related risks, such as:

- Data quality
- Data coverage
- Sophistication of models for scenario analysis and modelled climate and nature outputs
- Methodology differences across different data sources and tools
- Evolving regulatory landscape

We will continue to enhance our approach as the quality of tools and data improves to better inform decisions relating to risk management.

Responding to developing regulation and reporting requirements

The Group continues to evaluate the evolving regulatory landscape and how this will impact ongoing climate and nature risk assessment and reporting, including the implications of Supervisory Statement SS5/25 and UK Sustainability Reporting Standards ('SRS').

The Group continues to develop its internal climate risk reporting to reflect the evolution of market best practice and to enable effective management of climate risk.

Metrics and targets

Our metrics and targets help us assess and manage our climate and nature-related dependencies, impacts, risks and opportunities.

Our investment portfolio

Investment portfolio targets framework

We believe science-based targets are essential to help us reduce our emissions in line with a credible pathway to net zero by 2050. Our targets are aligned with the target-setting protocol developed by the Net-Zero Asset Owner Alliance. We do not use carbon offset credits to achieve our investment portfolio decarbonisation targets.

We will continue to monitor the development of nature-related target-setting frameworks and seek to develop our approach as best practice evolves.

Investment metrics framework

We use the financed emissions methodologies developed by the Partnership for Carbon Accounting Financials ('PCAF') insofar as possible. Our 2025 position reflects asset values as at YE2025, and carbon emissions largely from calendar year 2024 (the latest year for which emissions data is readily available).

Our primary metric to analyse our investment portfolio emissions is economic emissions intensity, which is used as the basis for our externally reported investment portfolio targets. To support the interpretation of this metric, we also disclose data quality scores and data coverage at an asset class level. In addition, we have a suite of investment metrics which helps us to better understand our exposure to transition risk, and to determine how aligned our investment portfolio is to net zero by 2050.

The development of metrics to measure our exposure to key nature-related risks and opportunities is ongoing and will evolve as data quality and availability improves. We have completed an initial exploratory assessment of listed equity and listed credit portfolios based on metrics that are supported by currently available data. The metrics selected are broadly aligned with TNFD assessment metric guidance where possible and support the articulation of how nature factors are being integrated within the Group's responsible investment strategy.

Key progress in 2025

- Achieved our 2025 target to reduce the carbon intensity of our listed equity and credit portfolio (where we have control and influence) by 25%. We have observed a 58% reduction in the carbon intensity of our listed equity and credit portfolio relative to our 2019 baseline.
- Reviewed and refined our 2030 target in the context of global decarbonisation progress, evolution of target-setting guidance and our peer landscape. Our 2030 target maintains the 50% reduction in economic emissions intensity (versus our 2019 baseline year) of assets over which we can exercise control and influence, but this target now applies specifically to listed and private equity, credit assets and directly held real estate[2].
- Experienced a 42% reduction in absolute emissions across our investment portfolio relative to the baseline, from 24.6 $MtCO_2e$ (YE2019) to 14.3 $MtCO_2e$^ (YE2025).
- Enhanced our reporting of Scope 3 emissions from companies in our listed asset portfolio. The Scope 3 emissions of companies in our listed asset portfolio is 99 $MtCO_2e$ at YE2025 (vs 97 $MtCO_2e$ at YE2024), 78% of which is from four sectors: industrials, energy, financials and materials.
- Assessed our listed equity and listed credit portfolio's potential exposure to potential nature-related impacts and dependencies.

Measuring our carbon footprint baseline

We have selected YE2019 as our baseline position against which we measure progress. As a pre-COVID-19 pandemic year this reflects a more comparable level of global economic activity emissions. We have developed internal re-baselining guidelines which articulate trigger points for recalculating the carbon footprint baseline of our portfolio. Possible factors that could drive a re-baseline include (but are not limited to): material changes in our asset values due to business acquisition or disposal, material changes in our carbon footprint methodology, changes in data vendors which drive material corrections in prior years, or a restatement of financials in our external reporting which has a material impact on our asset portfolio. Our primary source of counterparty carbon emissions data is Institutional Shareholder Services ('ISS'), an established sustainability data vendor. Our analysis captures the Scope 1 and Scope 2 emissions of our investee companies, and we have separately conducted analysis to consider the Scope 3 emissions of our investee companies.

1. Our investment portfolio decarbonisation targets relate to the Scope 1 and 2 emissions of our investee companies relative to a 2019 baseline. Targets apply to our investment portfolio where we have control and influence. See glossary for definition of control and influence.
2. Sovereign debt is no longer in scope of this target due to a change in methodology in line with best practice.

Investment portfolio decarbonisation targets

2025
25%
reduction in the carbon intensity of our listed equity and credit portfolio (58% reduction achieved)[1]

2030
≥50%
reduction in the carbon intensity of our investment portfolio[1,2]

2050
Net zero
across our investment portfolio

Sustainability review continued
Our climate and nature-related financial disclosures

Our carbon footprinting results capture all assets within our control and influence, including assets supporting annuity, with-profits and unit-linked products. The total AUA (YE2025) covered in our carbon footprinting results is £218 billion, which is 69% of our total AUA and covers 100% of assets in scope of our 2030 target – see note 2 on page 65. The table shows asset classes covered by our carbon footprinting results.

Coverage of carbon footprint analysis by asset class

Asset class		AUA as at YE25 (£bn)
Included in carbon footprinting results	Listed equity and credit	153
	Sovereign debt	42
	Real estate	5
	Illiquid credit	9
	Equity release mortgages	5
	Alternatives	3
Currently not included in carbon footprinting results	Collectives outside of influence and control	68
	Other[1]	22
	Cash	9
Total		**317**

1. Includes off-balance sheet AUA, assets held in Wrap Self-Invested Personal Pension products, and onshore bond products, enabling a reconciliation to the Group AUA of £317bn.

Analysing our investment portfolio emissions

Absolute emissions

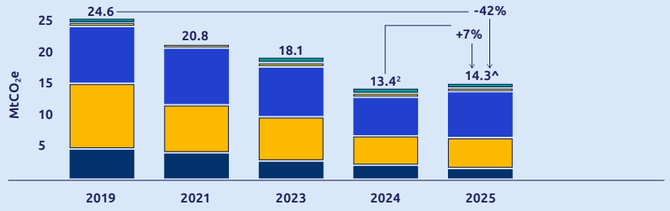
We have experienced a 42% reduction in total absolute emissions relative to the baseline, from 24.6 $MtCO_2e$ (YE2019) to 14.3 $MtCO_2e$^ (YE2025). The reduction in absolute emissions for our investment portfolio is driven by both decarbonisation activity undertaken by our investee companies and a result of investment allocation changes from the introduction of decarbonising benchmarks in our equity portfolio. This is partly offset by an increase in the AUA in scope of our carbon footprinting exercise over time.

We have experienced an 7% increase in total absolute emissions across the investment portfolio in 2025, from 13.4 $MtCO_2e$ (YE2024)[2] to 14.3 $MtCO_2e$^ (YE2025). This is primarily driven by an increase in sovereign debt AUA and an improvement in our methodology which now uses reported and verified emissions data from the United Nations Convention on Climate Change, rather than reported but unverified emissions data. The absolute emissions profile of our baselined investment portfolio is primarily driven by sovereign debt (51%), listed equity (34%) and listed credit (11%). Other asset classes that we have footprinted (illiquid credit, real estate, equity release mortgages and alternatives) collectively make up less than 4% of our absolute emissions.

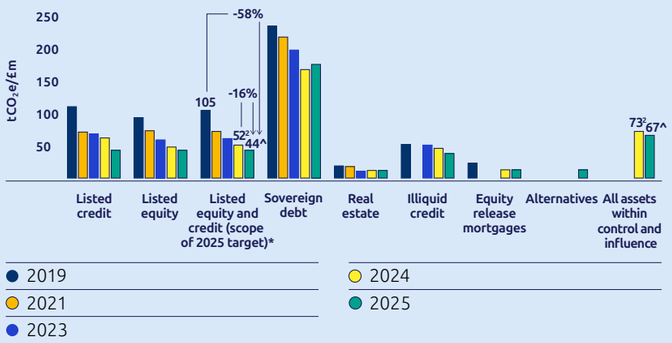
Emissions intensity

Economic emissions intensity is an important measure for portfolio investors as this enables comparison between portfolios of different sizes and between different time periods. We observe a 16% reduction in the economic emissions intensity of our listed asset portfolio between YE2024[2] and YE2025, which brings the total reduction observed since the baseline YE2019 position to 58%. We have therefore achieved our 2025 target to reduce the carbon intensity of our listed equity and credit portfolio (where we have control and influence) by 25%, relative to our 2019 baseline.

Absolute emissions (Scope 3, Category 15 – emissions from investment) for all assets in carbon emissions baseline



Economic emissions intensity (EVIC) of all assets within our control and influence

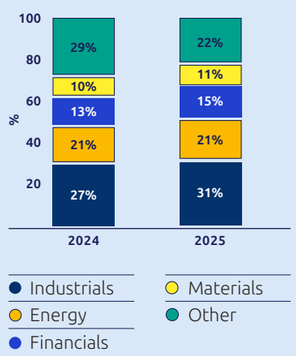


* Achieved our target of a 25% reduction from 2019 baseline.

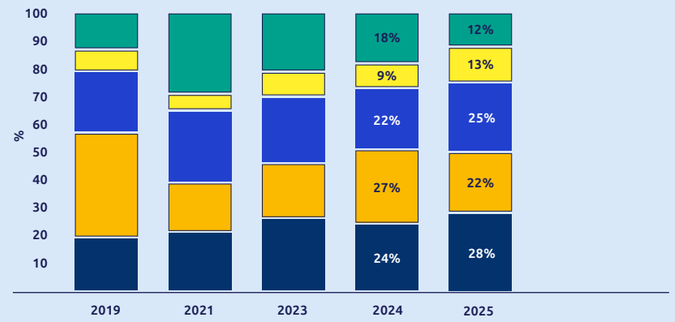
2. As part of our commitment to improving our carbon footprinting process, we show updated YE24 numbers to reflect an enhancement in listed asset data coverage that was delivered after publication of our Group Annual Report and Accounts 2024. The restatement only impacts YE24 numbers, not the 2019 baseline. The assured metrics impacted are: absolute emissions of the investment portfolio, increasing from 12.4 $MtCO_2e$ to 13.4 $MtCO_2e$, driven by absolute emissions of listed equity increasing from 4.3 $MtCO_2e$ to 4.7 $MtCO_2e$ and listed credit increasing from 1.5 $MtCO_2e$ to 2.0 $MtCO_2e$. Economic emissions intensity of the assets in scope of 2030 target increased from 72 $tCO_2e/£m$ to 73 $tCO_2e/£m$, driven by listed equity and credit increasing from 51 $tCO_2e/£$ to 52 $tCO_2e/£m$ (due to listed equity increasing from 47 $tCO_2e/£m$ to 49 $tCO_2e/£m$).

Due to the time lag in sourcing climate data, prior disclosures reported investment portfolio GHG emissions from earlier financial periods. Since the YE2023 reporting cycle, our reporting capability was upgraded to enable portfolio emissions disclosures to relate to the latest financial year. The result is that there has been no reporting against YE2020 and YE2022.

Scope 3 absolute emissions of investee companies in our listed asset portfolio split by sector



Sector exposure as % of listed asset absolute emissions (Scope 1 & 2)



The reduction in economic emissions intensity of our listed asset portfolio between YE2024 and YE2025 is largely driven by an increase in the Enterprise Value Including Cash ('EVIC') component of the intensity calculation, which is a measure of a company's capital base. An increase in company value since YE2024 is in line with expectations given market performance over this period.

We recognise that our economic emissions intensity metric can change year-on-year due to changes in asset values, volatility in the EVIC component of the calculation, and evolution of methodology and process. We are therefore prudent in the inference that we draw from the reduction in economic emissions intensity achieved to date and recognise that the economic emissions intensity of our investment portfolio could increase in future if asset values fall. We will continue to explore ways to improve our understanding of drivers of change and enhance our attribution analysis to support increased transparency.

We also calculate emissions intensity on a revenue basis for our listed asset portfolio in line with TCFD guidance. Revenue emissions intensity provides insight into a company's carbon efficiency per dollar of revenue earned and is a particularly useful metric for comparing companies within sectors. We observe a 17% reduction in revenue emissions intensity for listed credit from YE2019 to YE2025, and a 38% reduction for listed equity over the same period. Revenue emissions intensity remained broadly unchanged between YE2024 and YE2025.

Analysis of the Scope 3 emissions of investee companies

We believe that considering the Scope 3 emissions of our investee companies enables a more complete view of the carbon profile of our investment portfolio. We use ISS as our primary source of Scope 3 emissions data.

Our share of the Scope 3 absolute emissions of all investee companies in our listed asset portfolio has increased from 97 $MtCO_2e$ at YE2024 to 99 $MtCO_2e$ at YE2025, based on reported numbers (where available) and estimated data. This is due to improvements in the transparent reporting of Scope 3 emissions by investee companies, and enhancements in the capabilities of our data vendors to estimate Scope 3 emissions data where it is not reported. This far exceeds the financed emissions for which we are responsible under Scope 1 and 2, since Scope 3 emissions capture the upstream and downstream activities of the company.

The majority of our share of the Scope 3 absolute emissions of investee companies in our listed asset portfolio at YE2025 is from investee companies in four sectors (industrials, energy, financials and materials), which is broadly unchanged from YE2024. While methodologies continue to improve, we recognise that there are still significant limitations to Scope 3 emissions data, which is dependent on high-quality and transparent reporting by investee companies. We will continue to engage with our data vendors to enhance Scope 3 estimation methodologies where investee company reporting gaps remain.

Understanding our exposure to climate risk

Our exposure to high transition risk sectors

We identify four industry sectors as being particularly vulnerable or susceptible to transition risks due to policy, technology or market changes – energy, utilities, materials and industrials. 24% of our listed asset portfolio (by AUA) is invested in these high transition risk sectors, and collectively they account for 88% of listed asset portfolio emissions. As shown in the chart the sector exposure is broadly comparable with the YE2024 position, indicating that the high transition risk sectors we have identified continue to be responsible for a significant proportion of our portfolio emissions.

In addition to our analysis of high transition risk sectors, we have applied a screen to our listed asset portfolio to identify investee companies which generate greater than 20% of their revenues from the fossil fuel value chain, including production, exploration, distribution and services. The proportion of our listed asset portfolio exposed to the fossil fuel industry has decreased from 9% at YE2024 to 7% at YE2025.

Analysis of our top 10 emitting counterparties

The profile of our listed asset portfolio's top-10 emitting counterparties is similar between YE2024 and YE2025. They make up 3% of listed asset AUA but 33% of listed asset absolute emissions. Two of our top-10 emitting investee companies have approved science-based targets.

Sustainability review continued
Our climate and nature-related financial disclosures

Our exposure to physical risk
While our current analysis indicates we are more materially exposed to transition risk in our investment portfolio, we do have exposure to sectors and geographies which are materially susceptible to physical risk. We have conducted analysis to assess potential physical risk within our real estate portfolio, using the S&P Climanomics platform – see page 60 for more information.

Measuring the alignment of our investment portfolio to net zero by 2050
We measure the 'climate alignment' of our investment portfolio to track whether it is aligning with net zero by 2050, and to support our engagement with investees on their net zero targets and transition plans. As at YE2025, 53% of our listed asset portfolio is invested in counterparties that have committed to set or already set approved science-based targets (based on their affiliation with the Science Based Targets initiative ('SBTi')). This figure is broadly unchanged from YE2024.

While evaluating an investee company based on whether it has affiliated itself with the SBTi gives a useful sense of alignment to net zero by 2050, it is one of several metrics that could be used. We recognise that SBTi may not be an appropriate methodology to follow for some companies in some sectors, particularly where a standardised methodology may not provide the flexibility required. We continue to develop our suite of forward-looking climate investment risk metrics to form a more detailed picture of net zero alignment across the investment portfolio.

Limitations
Change in data coverage
Our data coverage metric represents the proportion of our investments that we have been able to successfully calculate financed emissions for. We calculate a data coverage metric for each asset class included in the baseline and expect this to improve over time as data availability continues to improve. As at YE2025, of the 69% of our total AUA which we footprint, the total portfolio data coverage is 95% which is broadly unchanged from last year (post restatement, previously 2024 data coverage was 89%). Small improvements in listed asset and sovereign debt data coverage since YE2024 have been partly offset by the introduction of alternative assets into our carbon footprinting exercise at YE2025.

Data quality score by asset class

Asset class	Listed equity	Listed credit	Sovereign debt	Real estate	Illiquid credit	Equity release mortgages	Alternatives	Total[1]
2019	1.5	1.9	2.0	3.6	2.6	5.0	–	1.8
2021	1.4	2.3	2.0	3.4	–	–	–	1.9
2023	1.3	1.3	2.0	3.0	2.8	–	–	1.7
2024	1.3	1.6	2.1	3.0	2.7	5.0	–	1.7
2025	1.2	1.3	1.3	2.9	2.8	5.0	2.5	1.5

1. Total weighted by AUA.

Change in data quality score by asset class
Our ability to report accurate emissions information is dependent on the quality and transparency of the reporting of our investee companies. We use the PCAF data quality hierarchy to assess the quality of emissions data of individual companies (Scope 1 and 2 emissions only), where a score of 1 represents the highest standard of disclosed and verified emissions and a score of 5 represents the lowest standard based on industry estimates. Our total data quality score has improved from 1.7 at YE2024 to 1.5 at YE2025, which is primarily driven by an improvement in our data quality score for sovereign debt. This is driven by an improvement in our methodology which now uses reported and verified emissions data for sovereign counterparties from ISS.

While reported climate data is generally of a higher standard than modelled data, there are challenges with the consistency, transparency and coverage of reported climate data which limits the true accuracy of the carbon profile of the portfolio. Climate reporting is still relatively nascent and even high-quality data has its limitations.

As a result, while our total data quality score (for assets included in our carbon footprinting exercise) is relatively high, we are prudent with what inference we can draw. The metric results reported are best estimates. Therefore there remain limitations in the quality and coverage of climate data and best practice methodologies are still evolving across all metrics. We also recognise the inherent challenge with double counting financed emissions and emissions in the real economy.

Decarbonisation actions
We continue to take action to decarbonise our investment portfolio in line with our fiduciary duty and in support of delivering better customer outcomes. Our Net Zero Transition Plan sets out these actions in detail.

We have conducted initial assessments of our investment portfolio's exposure to nature-related impacts and dependencies
The assessments have been conducted on portfolio holdings using 2025 Q2 data within our listed equity and listed credit portfolios where we have control and influence. They provide an initial high-level overview of potential portfolio exposures. We have considered these outputs along with more general publicly available information on sectoral exposures such as information provided by TNFD when selecting initial areas of focus.

We note that there are significant limitations to the data used for these assessments, which are set out in the limitations section on page 70.

These outputs support work to identify priority impacts and dependencies but as we develop our approach we will look to establish a more bottom-up led methodology to identifying sectoral exposure and materiality, the outputs from which can be better integrated into investment processes and support disclosure and reporting.

We recognise that our approach to assessing and disclosing our investment portfolio's potential exposure to nature-related impacts and dependencies is still at an early stage and we will continue to develop our approach in line with emerging best practice and as data improves.

See our Glossary on **page 348** for the definition of nature impacts and dependencies.

Impacts
Sectors with high or very high potential exposures to nature impacts

Sector	Number of high/very high impact exposures	Sector NAV %	High/very high impacts
Materials	6	3%	Marine, Freshwater, Emissions of non-GHG air pollutants, Toxic emissions to soil and water, Generation and release of solid waste, Disturbances
Energy	4	4%	Marine, Freshwater, Toxic emissions to soil and water, Disturbances
Utilities	2	6%	Emissions of non-GHG air pollutants, Generation and release of solid waste
Consumer staples	2	4%	Toxic emissions to soil and water, Disturbances
Consumer discretionary	1	8%	Disturbances

NAV = Net asset value
Marine and Freshwater impacts refers to ecosystem change, as defined by the publicly available ENCORE tool.
1. ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure. ENCORE Partners (Global Canopy, UNEP FI, and UNEP-WCMC), 2024.

Dependencies
Sectors with high or very high potential exposures to nature dependencies

Sector	Number of high/very high dependency exposures	Sector NAV %	High/very high dependencies
Consumer staples	6	4%	Water supply, Soil and sediment retention, Water purification, Storm mitigation, Water flow regulation, Rainfall pattern regulation
Materials	4	3%	Water supply, Water purification, Water flow regulation, Rainfall pattern regulation
Healthcare	3	7%	Water supply, Water purification, Water flow regulation
Utilities	2	6%	Water supply, Solid waste remediation
Energy	2	4%	Water supply, Water purification

Assessing our exposure to nature-related impacts
We assessed our listed equity and listed credit portfolios for potential exposure to different impacts defined by ENCORE[1]. The table above provides a high-level summary of sectors where we are potentially exposed to nature-related impacts of high or very high materiality and provides details of these impacts by sector. Investment weighted materiality ratings for each Global Industry Classification Standard ('GICS') level 4 sub-industry have been aggregated to GICS sector level 1.

Our analysis is based on ENCORE materiality ratings, with a higher materiality rating indicating greater potential for investment value exposure to nature impacts. In our analysis we have overweighted 'Very High' and 'High' materiality ratings to emphasise these exposures and reflect their increased potential for financial materiality.

A number of sectors are shown to have higher potential exposure across multiple impacts, including utilities, consumer staples and energy and materials; in total representing around 17% of the investment value of assessed portfolios. Financials and information technology sectors represent nearly 37% of investment value assessed but are not shown due to relatively low potential exposure materiality. However, we note that financial institutions will have increased exposure through their investment and lending activities to issuers and clients with high exposure to nature impacts, which is not captured within this analysis.

The analysis reveals a number of potentially material impacts for our investment portfolios, including: emissions of non-GHG air pollutants; emissions of toxic pollutants to soil and water; generation and release of solid waste; and disturbances. Land use change also features at a more moderate level of materiality across several sectors.

Assessing our exposure to nature-related dependencies
We applied the same methodology to assess our potential exposure to nature-related dependencies. As with the impacts analysis, a high or very high materiality rating indicates elevated potential exposure to nature-related dependencies.

The sectors with the most significant potential exposure to nature-related dependencies are healthcare, consumer staples, utilities, energy and materials, collectively representing nearly 24% of investment value assessed across our listed asset portfolios. These sectors have dependencies across ecosystem service types, with greatest potential exposure to dependencies on rainfall pattern regulation, water purification, water supply, flood mitigation, storm mitigation and water flow regulation.

As with impacts, the financial and information technology sectors show low materiality of dependence on ecosystem services and are therefore not shown; however, we note that this likely downplays potential exposure to risks within direct operations and value chains.

Our initial focus on deforestation and water use and scarcity reflects both the potential impact and dependency of portfolio exposures to these topics. These topics represent potential issuer-level and more systemic risks and so we will continue to develop our risk assessment approaches for both.

Sustainability review continued
Our climate and nature-related financial disclosures

Impact pressure focused assessments

Tropical deforestation

Land use change (driven by tropical deforestation) has been identified as a priority impact pressure for the Group. Several different biomes need to be considered when addressing land use change but we have initially focused our work on tropical forest biomes. Tropical forest biomes are vital for climate mitigation and adaptation, biodiversity and global water cycles. The deforestation of these critical biomes is also linked to other issues such as illegal forest clearance, misappropriation of lands belonging to indigenous peoples and financial crime.

To better understand our listed equity and listed credit portfolios' potential exposure to deforestation risks we used data from Forest 500. Forest 500 identifies the companies most exposed to deforestation risks as significant producers, traders and buyers of agricultural commodities, and assesses the quality of these companies' actions to mitigate these risks. We looked at three factors, including number of portfolio companies within the Forest 500 dataset, the distribution of Forest 500 scores across these companies and the percentage investment value for each score category. Our analysis on page 71 shows that we have 157 portfolio holdings in Forest 500 companies, representing 9.5% of total investment value assessed. The analysis identified that 108 portfolio holdings have a Forest 500 score of 0–2 indicating that, of the total portfolio investment value assessed, 6.2% is exposed to companies that potentially have poor deforestation risk management practices.

For more information see our investment position statement on tropical deforestation **here**

Water withdrawal and use in areas of high water stress

Freshwater scarcity has also been identified as a priority nature factor for the Group, given the potential exposure to material risks and dependencies in our investment portfolios.

The availability of fresh water is affected by many factors including climate change, over-extraction of ground and surface water resources, pollution and changes to freshwater ecosystems. Our summary analysis on page 71 reflects water withdrawal and use only, with assessment methods still in development for portfolio exposure to water pollution and changes to freshwater ecosystems. This initial analysis provides a high-level indication of the extent to which our listed equity and listed credit portfolios are exposed to freshwater-related risk through our portfolio companies' water use and the quality of management actions to mitigate associated risks.

Our analysis shows that around 20% of our investment portfolio value is exposed to sub-industries that are classified by ENCORE as having a moderate, high or very high impact on water availability through water withdrawal and use. Of our holdings in companies that have potentially significant exposure, around 45% of investment is in companies that are scored by CDP as A to B- which indicates evidence of management actions to mitigate water-related risks. However, almost 55% of the investment value assessed is exposed to companies which have a CDP rating of C or lower including 'failure to respond' and 'score not available' categories, which may indicate a more elevated risk profile for these investments.

For more information see our investment position statement on freshwater scarcity **here**

Limitations

The outputs of our assessment of nature-related impacts and dependencies provide a high-level overview of potential areas of risk within our investment portfolio. However, there are significant limitations to the analysis, which limit the insights we can draw into portfolio- and issuer- level exposure and risks. Note that the analyses summarised above do not yet support investment decision making within our investment activities but serve as an input into the ongoing evolution of our portfolio assessment methodologies and emerging investment strategy for nature.

Principal limitations include:

Impact and dependency assessment

- ENCORE materiality data is provided using the International Standard Industrial Classification of All Economic Activities ('ISIC') framework. We have undertaken an exercise to map ISIC classifications to the Statistical Classification of Economic Activities in the European Community ('NACE') classifications using the cross-walk provided by ENCORE and then mapped NACE classifications to the MSCI Global Industry Classficiation Standard ('GICS') classification framework. As a result of systematically applying a double cross-walk approach some holdings will be applied with impact and dependency materiality ratings that may be inappropriate and therefore may significantly under or overstate ENCORE materiality scores at the sub-industry and sector levels.
- Impact and dependency exposure assessments have been generated at the GICS sub-industry level and subsequently aggregated to the GICS sector level. Sector materiality can be significantly affected by the number and diversity of sub-industries. Where there are a greater number and more diverse range of sub-industries the more diluted the sector materiality may be to reflect the aggregate investment weighted position at the sector level.
- ENCORE data is generated top-down and globally applied and does not include assessment of the local geospatial context of issuer activities at the asset level specifically or full supply chain exposures of portfolio companies. We note that gaps in assessment of critical supply chain exposures can understate materiality of high impact and dependency activities.
- ENCORE data is incomplete, with data gaps across impact and dependencies for sub-industries, resulting in a likely understatement of exposure at aggregated portfolio level views.
- Materiality ratings may also be based on historic data, potentially understating or overstating impact or dependency materiality ratings provided due to absence of forward-looking components.
- ENCORE data does not support quantification of financial impacts of impact and dependency exposure on the financial metrics of issuers. Additional data and assessment approaches are required to achieve this.

Tropical deforestation assessment

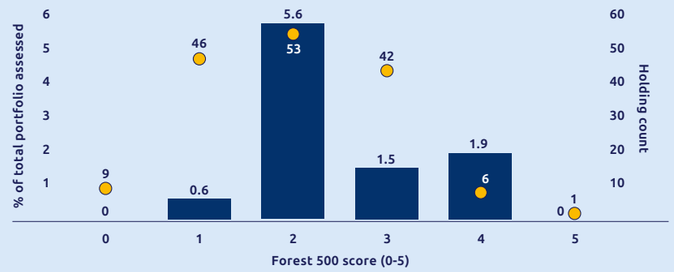
- Limited portfolio coverage is provided by Forest 500. We have used historic data from 2023 with data covering 350 corporate entities only, updated with 2024 Forest 500 scores. Portfolio exposure and risk is therefore very likely underrepresented.
- Security identifiers, such as ISINs, are not provided by Forest 500 and so we have had to manually apply these resulting in potential gaps in ISIN coverage.
- Forest 500 data is a proxy for deforestation risk only. While this provides good coverage of the companies handling the largest volumes of agricultural commodities, it does not capture smaller and medium-sized companies that are still capable of driving significant deforestation.
- Forest 500 data is unable to link portfolio companies to actual instances of deforestation and trace purchased commodities back to landscapes of production. As a result, low Forest 500 scores may not necessarily correspond to instances of deforestation.

Water withdrawal and use assessment

- This assessment relies on ENCORE data to provide a filter for companies and issuers based on the materiality rating for water use. This approach is therefore subject to the limitations of our approach to using ENCORE data highlighted on page 70. In particular it relies on the mapping of ENCORE's ISIC classifications to MSCI GICS which may result in significant omissions and inclusions within this filter and subsequently over or understate the exposure and risk proxy assessment outputs provided.
- CDP overall company scores provide a high level and more general assessment of company responses to managing water-related risks and as such are considered as a proxy for risk only.
- Company actions to mitigate impact pressure and dependency-related risks are not fully captured by CDP data and are required to be assessed separately.

Given the limitations of the data, we emphasise that this analysis serves as a starting point and that further steps are being taken to enhance the outputs. We are considering options for accessing additional impact and dependency data, and conducting more detailed, bottom-up assessment of exposure, risk and opportunity that can then be aggregated to the sector and portfolio level to provide insights that support investment decision making. In particular, we are working to address additional data needs and we continue to review evolving asset-level and geospatial data products with a view to acquiring additional relevant data in the near term.

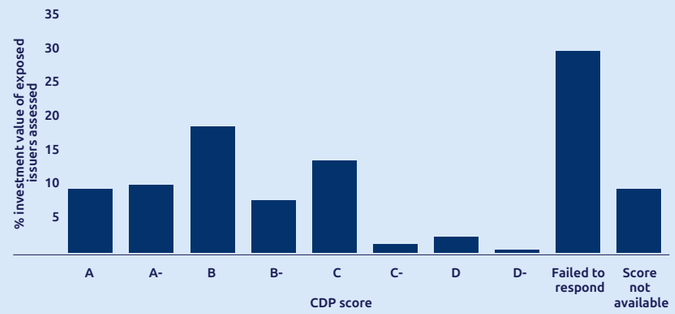
Portfolio holdings by Forest 500 score



Holding count

Forest 500 assessment data, Global Canopy, 2024.

% investment value of holdings by CDP score



Water-related disclosures, CDP, sourced October 2025.

We set nature-related ambitions to assess and manage nature-related dependencies, impacts, risks and opportunities and measure our performance against these

In line with Finance for Biodiversity Pledge ('F4BP') requirements, the Group established priority nature ambitions for 2025 with the aim to identify further options for integrating nature within investment decision making. We have achieved these ambitions and the table below provides information on our progress.

Ambition	Progress
Develop initial investment position statements in relation to priority nature topics.	Statements on deforestation and water scarcity published on our website **here**.
Develop initial sovereign debt asset class portfolio exposure and risk assessment methodology.	High-level methodology developed and subsequently aligned with F4BP sovereign debt assessment guidance.
Continue with and further develop ongoing monitoring and assessment of asset management partners' integration of nature factors.	Additional nature-related questions included within annual questionnaire for distribution to asset management partners.
Conduct horizon scan for emerging nature-related risks for potential inclusion within in-house credit investment due diligence.	Nature-related factors included within broader ESG integration framework for illiquid credit with additional nature factor integration in development for credit origination and due diligence.
Deliver periodic education and training sessions with relevant Board and management-level governance forums.	Introductory sessions on nature were provided to relevant teams across the Group. Education sessions and an introductory paper on nature were also provided to relevant management and governance committees.

Sustainability review continued
Our climate and nature-related financial disclosures

Our operations

Operations metrics and targets framework

The following section is our statement of our UK and global energy consumption and GHG emissions for the financial year 1 January 2025 to 31 December 2025, and the 2024 comparative year. Our approach is in line with the Streamlined Energy and Carbon Reporting ('SECR') requirements. We are considering our approach to developing metrics and targets to measure and manage the impact of our operations on nature.

Key progress in 2025

- We have achieved an 84% reduction in our emissions intensity (Scope 1 and 2 per FTE (market-based)) against our 2019 baseline. Achieving our target to maintain a 75–85% reduction vs 2019.
- Absolute Scope 1 and 2 emissions (market-based) reduced by 27% from 2024 and 81% from 2019, in line with a net zero trajectory. We have used nature-based carbon removal credits to offset our residual Scope 1 and 2 emissions and achieve carbon neutral status.
- Building electricity and gas consumption was reduced by 12% from YE2024.

We previously set a target to reach net zero operational emissions by 2025 including by offsetting our residual emissions, this was based on emerging best practice. In line with current best practice, we are now targeting a 90% reduction in our Scope 1 and 2 absolute emissions, which we aim to achieve by 2030 or sooner.

Measuring our operational emissions

Emissions intensity

The Group has used the GHG Protocol Corporate Standard (revised edition) and emissions factors from the International Energy Agency ('IEA'), DESNZ UK Government Conversion Factors, and Association of Issuing Bodies ('AIB') European Residual Mix as the basis to report on any greenhouse gas ('GHG') in tonnes of carbon dioxide equivalent ('tCO_2e'). This expresses multiple greenhouse gases in terms of carbon dioxide based on their global warming potential (including methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride).

Absolute energy consumption and GHG emissions[1]

Absolute energy consumption in GWh

Consumption (GWh)[1] from:	2025	2024[3]
Building electricity	18.0	19.0
Building natural gas	11.5	14.4
Business travel	0.1	0.2
Homeworking electricity	1.4	1.4
Homeworking natural gas	20.6	21.7
Total consumption	**51.6^**	**56.7**

Absolute GHG emissions in tonnes of CO_2e

	2025		2024[3]	
Emissions[2] (tCO_2e) from:	(Market-based)	(Location-based)	(Market-based)	(Location-based)
Scope 1 – Combustion of fuels, business travel (in company owned and operated vehicles), and fugitive emissions of refrigerant gases	1,533^	1,533^	2,111	2,111
Scope 2 – Electricity purchased for landlord shared services and own use (heat, steam and cooling not applicable)	0^	2,480^	0	2,457
Scopes 1 + 2 – Mandatory carbon footprint disclosure	**1,533**	**4,013**	**2,111**	**4,568**
Scope 3 – category 3: Fuel and energy related activities (T&D)	300	300	290	290
Scope 3 – category 6: Business travel[3]	2,319	2,319	2,887	2,887
Scope 3 – category 7: Employee commuting (incl. Homeworking emissions)	4,319	4,099	4,507	4,309
Scope 3 – category 8: Upstream leased assets	1,077	803	951	722
Scope 3 – category 13: Downstream leased assets	968	1,073	842	1,058
Scopes 1 + 2 + 3 – Voluntary carbon footprint	**10,516**	**12,607**	**11,588**	**13,834**
Carbon offsets purchased[4]	**3,852**		**2,039**	

1. Energy Units: 1 GWh = 1,000,000 kWh.
2. Emissions factors – IEA (for location-based Scope 2 and Scope 3 T&D losses), AIB (for market-based residual mix factors for non-renewable electricity), and DEFRA (fuels, refrigerants and travel). There is a significant time-lag in the availability of IEA factors –2025 factors will not be published until late 2026. Therefore all 2025 consumption data are converted using the factors arising in 2021 (except business travel which uses DEFRA factors as published in 2025).
3. Restatements – 2024 business travel emissions have been updated from the originally reported 2,310 tCO_2e to 2,887 tCO_2e. This was due to an incorrect formula applied to the data identified after the publication of our 2024 SECR disclosure. The figure has been restated in this 2025 SECR disclosure.
4. Carbon offsets – Carbon offsets purchased in 2025 differ to those in previous years. Previously, offsets attached to our gas contract that were purchased by the supplier were reported but did not contribute towards the Group's emissions reductions. For 2025, the Group purchased and retired carbon removal credits to directly offset operational emissions in our Scope1, Scope 2 and Scope 3 category 6 emissions. From 2025 onwards, the Group will only report offsets that are purchased and retired to offset these operational emissions. Once credits are retired they cannot be used again.

Operational decarbonisation targets

2025
75–85%
Maintain a 75–85% reduction in Scope 1 and 2 operational emissions intensity per FTE (market-based) relative to a 2019 baseline

2030
90%
reduction in our operational Scope 1 and Scope 2 absolute emissions (market-based) relative to a 2019 baseline

Emissions considered relate to activities both in the UK and globally for which the Group is responsible and include as applicable: combustion of any fuel and operation of its facilities; fugitive emissions released from refrigerants purchased (based on refrigerant top-ups); and annual emissions from the purchase of electricity, heat, steam or cooling by the Group for its own use. In addition, the Group estimates Scope 3 emissions associated with employee homeworking (using the EcoAct Homeworking Emissions Whitepaper 2020) and employee commuting, as well as business travel from other third-party owned/operated sources, including car, air, taxi, hotel and rail travel. Reported data relates to occupied premises in the UK, Ireland, Germany, Austria and Bermuda, where the Group is responsible for energy consumption.

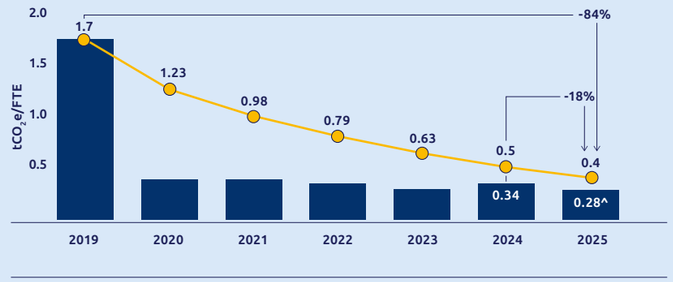
The operational control approach has been used to define our reporting boundary (Scope 1 and 2), as described in the GHG Protocol, to our GHG emissions. Therefore, the businesses we report on are the Group and its wholly owned and operated subsidiaries, and exclude joint ventures and associates. We consider all locations where the Group is responsible for the utility costs and able to tangibly influence our energy supplier to be within our 'operational control' as Scope 1 and 2. For locations that fall outside this boundary, emissions are reported under Scope 3 (category 8 or 13, depending on whether the Group is the end user of energy). The Group reports Scope 2 emissions using the GHG Protocol dual-reporting methodology, stating two figures:

- A location-based method that reflects the average emissions intensity of the national electricity grids from which energy is drawn.
- A market-based method that reflects emissions from electricity specific to each supply/contract. Where electricity supplies are known to be from a certified renewable source, a zero emissions factor is used. Otherwise, residual mix factors are used, or location-based factors where residual mixes are unavailable.

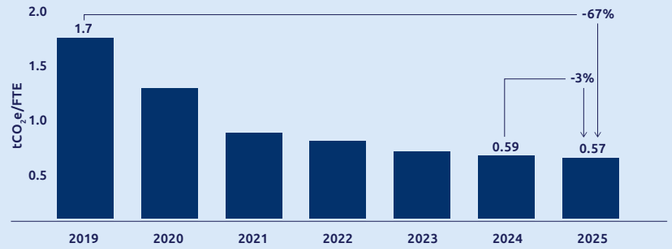
Market-based emissions remain the primary measure of GHG emissions for the Group to focus on the actual carbon impact of energy consumption. This recognises the organisation's actions to promote sustainable procurement and improve environmental outcomes.

For completeness we also disclose our total Scope 3 emissions – total of categories 1,2,3,6,7,8,13 which has decreased from 66,375 tCO_2e (YE2024) (restated) to 56,099 tCO_2e^ (YE2025).

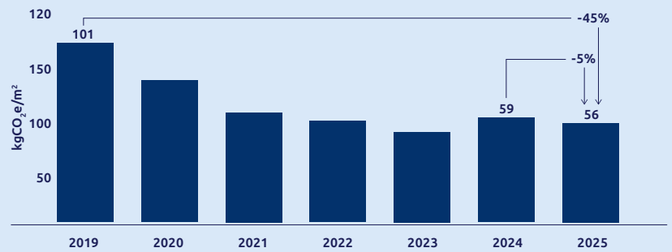
Emissions intensity metric for Scope 1 and 2 emissions per FTE (market-based) – accounting for renewable energy purchasing as a carbon reduction method



Emissions intensity metric for Scope 1 and 2 emissions per FTE (location-based)



Emissions intensity metric for Scope 1 and 2 emissions from occupied premises per floor area (location-based)



The Group's chosen intensity measurement

	2025		2024	
Emissions (kilogrammes and tonnes) of CO_2e per chosen intensity metric:	(Market-based)	(Location-based)	(Market-based)	(Location-based)
Scope 1 and 2 emissions from occupied premises per floor area (kg CO_2e/m^2)	**28^**	56	**34**	59
Scope 1 and 2 emissions from occupied premises per full-time equivalent employee (tCO_2e/FTE)	**0.28^**	0.57	**0.34**	0.59

Sustainability review continued
Our climate and nature-related financial disclosures

Commentary on the Group's performance

In 2025, the Group consumed 29.6 GWh of energy globally (the sum of building electricity, building natural gas and business travel, as shown on page 70), approximately 98% of which was from UK operations. This is a decrease in global energy consumption compared with 2024, driven by estate consolidation and energy efficiency measures. In addition, 21.92 GWh of energy consumption from employee homeworking has been estimated in 2025, of which 89% occurred within the UK. This is a decrease compared to 2024, primarily driven by a decrease in the number of FTEs. The Group's GHG emissions (location-based Scope 1 and 2) have continued to decrease year-on-year, by 12% in 2025.

The Group has further consolidated its occupied areas by sub-letting spaces within an additional site. The associated emissions for this site have been apportioned into Scope 3 category 13, resulting in an increase of 1.4% (location-based) for this category. The Group also entered three new office leases in 2025, including them into Scope 3 category 8, resulting in an increase of 11% (location-based) emissions for this category in 2025.

Business travel has seen a decrease of 19.7% (restated) largely due to a reduction in FTEs and starting to utilise travel carbon budgets as a lever to reduce travel emissions. This is despite the addition of taxi emissions to our Scope 3 category 6 emissions in 2025. The Group continues to procure 100% of its directly obtained electricity from certified renewable sources, which is why market-based Scope 2 emissions are zero in the table on page 72.

Operational emissions intensity

The Group's chosen operational intensity metrics detail GHG emissions per occupied floor area (m^2) and per FTE in occupied premises. The methodology to establish whether buildings should be included in the intensity metric only covers occupied areas of buildings where emissions are considered Scope 1 and 2, where Group FTEs are present, and where 12 months of data is available in the current reporting year. To calculate the intensity for both occupied floor area and FTE per occupied premises, the total Scope 1 and 2 emissions for these buildings were divided by the applicable occupied floor area and FTEs respectively.

Analysing our operational emissions

In 2025, both the floor area and FTE intensities have seen slight reductions due to a decrease in the total Scope 1 and 2 emissions. This is despite a reduction in total FTEs and floor area occupied. Our Scope 1 and 2 emissions market-based intensity metric per FTE intensity has decreased from 0.34 tCO_2e (YE2024) to 0.28 tCO_2e^ (YE2025). This is primarily due to the reduction in Scope 1 and 2 emissions despite a reduction in FTE numbers for the Group. The Group has achieved an 84% reduction in emissions intensity since YE2019 and is therefore within the target range of a 75–85% reduction vs 2019. The reduction in emissions intensity is driven by estate consolidation and the implementation of energy efficiency measures. The emissions intensity per floor area (m^2) (location-based) decreased slightly from 59 tCO_2e/m^2 in YE2024 to 56 tCO_2e/m^2 in YE2025. This is due to a decrease in emissions as well as occupied floor area. The emissions intensity per FTE (location-based) has also reduced slightly at YE2025 compared to YE2024. The Group has achieved overall reductions from the 2019 baseline of 45% and 67% in these areas respectively.

Our approach to offsetting

In 2025, the Group purchased carbon removal credits totalling 3,852 tCO_2e to offset residual Scope 1, Scope 2 and Scope 3 category 6 emissions. This is the first time the Group has offset its direct operational emissions. Our approach follows the mitigation hierarchy set out by the Oxford Offsetting Principles, prioritising emissions reductions first. To offset any residual emissions, we procure carbon credits from high integrity nature-based removal projects as defined by industry standards, including the International Carbon Reduction and Offset Alliance's Code of Best Practice and the Core Carbon Principles developed by the Integrity Council for the Voluntary Carbon Market.

Read our **Position statement** on the use of carbon credits

Decarbonisation actions

We continue to take action to decarbonise our operational emissions. The Group aims to prioritise its spending based on the potential carbon impact of projects across the operational estate. The following key projects are a selection of the actions undertaken by the Group in 2025; our Net Zero Transition Plan sets out these actions in detail.

1. Completed Year 1 delivery of our Energy Performance Contract with facilities management partner, Mitie. Delivering c.200 individual energy conservation measures at four of our main sites (Standard Life House, Telford, Wythall and Glenogle Road).
2. Upgraded our building management systems in Standard Life House and completed a full audit, identifying and replacing faulty sensors to bring them in line with our Comfort Policy.
3. Consolidated floor space and reduced heating, ventilation and air-conditioning equipment demand on one floor in our Wythall office in preparation for site exit.
4. Reviewed office equipment and replaced poor performers with more efficient alternatives. This included ventilation and air-conditioning equipment at Telford and a refurbishment at our Dublin office.

We continue to review opportunities on an ongoing basis to reduce our GHG emissions through the Group's Eliminate-Reduce-Substitute-Compensate model.

Supplier base decarbonisation targets

2030
50%
reduction in our supplier base Scope 3 category 1 and 2 emissions intensity

2050
Net zero
across our supply chain

Our supplier base

Supplier base metrics and targets framework

We continue to review and enhance our supplier metrics taking into account examples of emerging best practice in evaluating exposure to climate-related risks and opportunities. We have set science-based emissions reductions targets which are aligned with a net zero by 2050 pathway. We do not use carbon credits to achieve our supplier base decarbonisation targets. We have begun to assess our exposure to nature-related risks and dependencies within our supplier base and will aim to introduce nature-related metrics and targets as data, methodologies, industry guidance and best practice develop.

Key progress in 2025

- We are making progress towards our 2030 decarbonisation target; noting a dependency on action by our suppliers.
- We have achieved a 36% reduction in our Scope 3 category 1 and 2 emissions intensity from our 2022 baseline year.
- Our 10 highest emitting suppliers, accounting for 41% of the supplier base's absolute emissions, have set a science-based net zero target.
- Our absolute emissions have decreased by 33% from our 2022 baseline to 47,116 tCO_2e^.

Measuring our supplier base emissions

Data is integrated from multiple sources to calculate the supplier base's emissions, including: supplier Scope 1, 2 and 3 emissions data from public disclosures (upstream only); supplier revenue; invoiced spend reports; supplier carbon data collected by the Group's ESG third-party data collection partner; and UK Government Standard Industrial Classification codes and the associated emission factors provided by DEFRA (and the University of Leeds). These inputs are combined in an Extended Environmental Input-Output model, where spend is multiplied by emission factors to calculate supplier emissions.

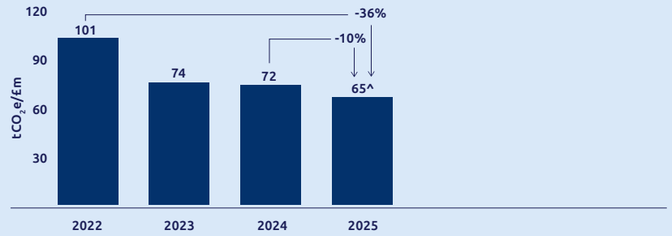
Analysing our supplier base emissions

The Group achieved a 36% reduction in the supplier base emissions intensity ($tCO_2e/£m$), relative to the baseline, from 101 $tCO_2e/£m$ (YE2022) to 65 $tCO_2e/£m$^ (YE2025); and a 33% reduction in the absolute supplier base total emissions (tCO_2e), relative to the baseline, from 69,861 tCO_2e (YE2022) to 47,116 tCO_2e^ (YE2025). These reductions are primarily driven by a lower supplier spend in 2025 and our suppliers decarbonising in line with expectations. The Group's supplier base emissions are concentrated within our Business Process Outsource, Technology and Professional Services categories. Our top 50 highest emitting suppliers account for 75% of all emissions across the supplier base, which comprises c.1,100 active suppliers, and our 10 highest emitting suppliers in 2024 accounted for 41% of the supplier base's absolute emissions.

Limitations and dependencies

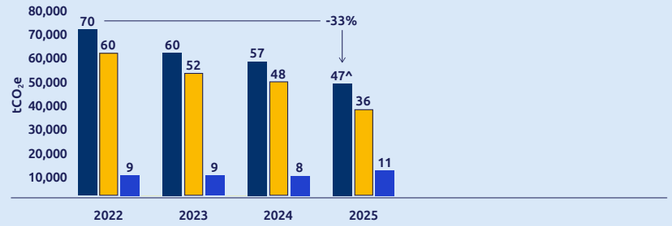
The Group's carbon accounting of category 1 and category 2 emissions only covers the supplier base (our direct suppliers). The Group does not measure or report the emissions arising outside of this boundary. The Group has made significant improvements with its methodology to calculate its Scope 3 category 1 and 2 emissions, however we recognise that Scope 3 category 1 and 2 emissions are not based on complete spend data and we continue to work to improve the data set.

Emissions intensity of our supplier base (location-based)



● Emissions intensity (Scope 3 emissions – categories 1 and 2 on a per £ spend intensity)

Absolute emissions of our supplier base



● Total absolute emissions (Scope 3 – category 1 and 2)
● Absolute emissions (Scope 3 – category 1)
● Absolute emissions (Scope 3 – category 2)

Decarbonisation actions

We continue to take action to decarbonise our supplier base and engage with our direct suppliers on their journey towards net zero. Our Net Zero Transition Plan sets out these actions in detail.

Our initial assessment of our supplier base's exposure to nature-related impacts and dependencies

The assessment identified the sectors where we're most exposed to material nature-related risks. The value chains of companies operating in data infrastructure and computer manufacturing sectors were shown to have highest exposure to risks such as water stress, land-use change, pollution and biodiversity loss. Furthermore, physical climate risks such as droughts and flooding were also shown to pose potential operational risks for these sectors, and transition risks linked to tightening global regulations may increase compliance costs. We are using the outputs to develop next steps.

Non-financial and sustainability information statement

As required by the Companies Act 2006 sections 414CA and 414CB, this table outlines our non-financial and sustainability information statement with a reference to relevant policies and additional documents.

This section primarily covers our non-financial information as required by the regulations. Other related information can be found as follows:

For further details on our Business model see **pages 18 to 21**

For further details on our climate-related financial disclosures see our TCFD compliance statement on **page 53**

For further details on our principal risks and how they are managed see **pages 80 to 83**

Environment

Our policies

The Group aims to reduce the impact on the environment from our operations, and our Environmental Management System certified to ISO 14001 is intended to help us achieve this. We aim to minimise emissions that contribute to climate change, including our direct emissions and working collaboratively with our suppliers. We are taking steps to decarbonise our investment portfolio, ensuring effective stewardship of our assets, and investing in climate solutions. We are collaborating with decision makers and peers to drive wider system change, and engaging customers and colleagues on climate action.

In our Environmental Policy we commit to:

1. Compliance with relevant environmental regulations and standards and other obligations.
2. Protection of the environment.
3. The prevention of pollution and the management of our environmental impacts.
4. Continual improvement regarding our environmental performance.

We have a range of additional policies and strategies including:

- our approach to ESG integration,
- our sustainability strategy,
- our sustainable investing risk policies.

In addition, we review Group risk policies on an annual basis to consider sustainability matters and ensure high standards are maintained.

Due diligence

Andy Briggs, Group CEO, is responsible for embedding sustainability within the Group, in line with the strategy set by the Group Board. The Group CEO reports directly to the Board on all sustainability activity across the business including the Environmental Policy. We will monitor and review our environmental performance against our environmental commitments set out in our policy and targets.

We report on our environmental performance annually and review the policy to ensure it remains relevant and appropriate.

Outcomes

Read more about our net zero and climate-related reporting commitments and KPIs on pages 48 to 52 and our sustainability actions in our 2025 Sustainability Report, Net Zero Transition Plan, and Stewardship Report. Our GHG emissions and energy consumption disclosure can be found in the ESG Data Appendix.

For further information

- Our sustainability policies: https://www.standardlifeplc.com/sustainability/reports-policy-membership
- For further reading on sustainability governance see pages 42–43 of our Sustainability Report: https://library.standardlife.co.uk/sustainability-report-2025.pdf
- Our Net Zero Transition Plan: https://library.standardlife.co.uk/net-zero-transition-plan.pdf

Colleagues

Our policies

Risk is defined in the Group's People Risk Policy as the risk of reduction in earnings and/or value, through financial or reputational loss from inappropriate staff behaviour or industrial action issues. Loss can also be incurred through failure to recruit, retain, train, reward or incentivise appropriately skilled staff to achieve objectives and/or through failure to take appropriate action as a result of staff under performance. Our Group approach to support the health and wellbeing of colleagues is a key enabler to build an inclusive, attractive, and safe working environment that can adapt and respond quickly to change. A key priority for our business is to create a workplace that is diverse, inclusive and reflective of our customers and communities, where all colleagues feel valued and supported. Our Group Dignity at Work Policy sets out what we commit to and what we expect of our employees to ensure we maintain a working environment free of discrimination where everyone is treated with dignity and respect. It provides clear guidance to help manage discriminatory complaints fairly, effectively, and as quickly as possible.

Board members[1]	Female	7	58%
	Male	5	42%
Senior managers[2]	Female	28	43%
	Male	37	57%
All employees[3]	Female	2,726	49%
	Male	2,793	51%
Senior managers and their direct reports[4]	Female	48	45%
	Male	59	55%

1. Companies Act 2006, s.414C(8)(c)(i).
2. Companies Act 2006, s.414C(8)(c)(ii).
3. Companies Act 2006, s.414C(8)(c)(iii).
4. Provision 23, UK Corporate Governance Code, see page 114

Due diligence

Adherence to the People Risk Policy is managed by the Group People function via quarterly control assessments. Control testing is integrated as part of the Risk Management Framework and People controls are currently tested every 12, 24 or 36 months depending on materiality. There were no material issues raised during the year. All colleagues are required to complete annual computer-based health and safety training. Arrangements are in place to manage on-site facilities across all sites, ensuring the working environment is compliant and fit for purpose. We have a range of tools and resources available to support our colleagues, their dependents, family members and loved ones to help look after their personal health and wellbeing.

Outcomes

Other relevant colleague engagement, including Diversity, Equity and Inclusion data can be found on pages 113 to 114 as well as in the 'Supporting our colleagues' and 'Diversity, Equity and Inclusion' sections of our 2025 Sustainability Report.

For further information

- Health and wellbeing approach: https://library.standardlife.co.uk/health-and-wellbeing-statement.pdf
- Reward and benefits: https://www.standardlifeplc.com/careers/rewards-benefits
- Diversity, Equity and Inclusion: https://www.standardlifeplc.com/careers/dei
- Dignity at Work Policy: https://library.standardlife.co.uk/dignity-at-work-policy-may-2025.pdf

Social and community

Our policies

Customers

The Group's Customer Outcomes Risk Policy sets the minimum operating standards relating to the management of customer outcomes risk across the organisation that could impact the delivery of good customer outcomes and cause foreseeable harm. The Group is committed to continuously improving communications and support, ensuring customer vulnerabilities are carefully considered to allow them to make informed decisions.

Robust processes and controls are in place to facilitate ongoing oversight and monitoring of customer outcomes, ensuring we continue to deliver good customer outcomes and fair value, and avoid foreseeable harm on our product and proposition design in line with regulatory requirements.

Our Responsible Marketing Policy sets out our commitment to communicating the correct information at the correct time and manner, ensuring our communications are easily accessible and understood.

Suppliers

We are committed to embedding sustainable best practice across our supplier base. We ask our partners and suppliers to implement the requirements and targets within our ESG Supplier Standards, which reflect our own ESG standards. Additionally, our Supplier Code of Conduct ('Code') applies to all suppliers that provide goods or services to us and/or any of our subsidiaries. The Code outlines the minimum conduct standards to which suppliers must adhere when doing business with us, as well as supporting operational resilience and strategic growth.

Community engagement

Giving back is part of our culture and we do this by fundraising, volunteering and sharing knowledge through our colleague programme. All colleagues across the UK and Ireland are entitled to three days' volunteering. We match fundraising donations colleagues make to approved registered charities across the year. We also give our colleagues the opportunity to donate to registered charities through the payroll giving scheme Give as You Earn in the UK, and 1HOP and Good2Give in Ireland.

Due diligence

Our Data Protection Officer oversees and monitors compliance with the GDPR and DPA 2018. Through an aligned Data Protection Risk Policy, they provide training and awareness services and drive compliance through embedded frameworks and standards. Our Chief Information Security Officer oversees the delivery of and compliance to our Information Security Policy, utilising capabilities such as Threat Intelligence, Penetration Testing and Vulnerability Management to identify and control cyber risks. The Group manages a comprehensive programme of continuous testing and improvement to our Information Security Framework, collaborating with industry experts and authorities to embed best practices throughout. Complaint activity, including those referred to the Financial Ombudsman Service and the Pensions Ombudsman, is monitored, and we also resolve a significant proportion of complaints across the Group in fewer than three days.

Outcomes

Information on our customer satisfaction scores and initiatives can be found on pages 33–34 of our 2025 Sustainability Report.

Information on relevant supplier and communities metrics can be found in our 2025 Sustainability Report.

For further information

- Privacy Policy: https://www.standardlifeplc.com/privacy-hub
- ESG Supplier Standards: https://library.standardlife.co.uk/esg-supplier-standards_dec2024.pdf
- Responsible Marketing Policy: https://library.standardlife.co.uk//responsible-marketing-policy.pdf

Human rights

Our policies

We recognise our responsibility to respect human rights and do this in accordance with:

- the International Bill of Human Rights; and
- the International Labour Organization's ('ILO') Core Conventions.

As an asset owner, we also align with the Organisation for Economic Co-Operation and Development ('OECD') Guidelines for Multinational Enterprises, a set of responsible business conduct standards for multinational enterprises, as well as the OECD guidance on responsible business conduct for institutional investors.

We are committed to fully aligning with the United Nations Guiding Principles on Business and Human Rights ('UNGPs'), the authoritative global framework on business and human rights, and our ambition is to encourage other organisations to do the same.

Our Group-wide Human Rights Policy applies to all entities, business units and operations and we expect all employees to adhere to the policy in their work.

We are committed to working with our partners to multiply our impact and we expect our suppliers, contractors, asset managers and investee companies to be aware of our policy and respect human rights in their business operations. We are committed to updating our Human Rights Policy at least every three years.

Due diligence

During 2022 we appointed a human rights consultant to review our alignment to the UNGPs by conducting an assessment and identifying opportunities for improvement. This work informed the development of a roadmap to address gaps, which we will continue to make progress on. As part of our ongoing due diligence processes, we continue to identify and assess the salient human rights issues to prioritise for further action across our operations and value chain. This process includes a portfolio-level assessment of human rights risks in countries of operations and high-risk business relationships on an ongoing basis.

In 2025, we completed a due diligence of our investments portfolio to understand our exposure to human rights risks through our investment activities. In 2026, this due diligence will inform our thematic engagement programme on human rights starting in 2026.

Outcomes

During 2025 The Group effectively resolved all colleague disputes and as a result has not been subject to any adverse employment tribunals, judgements or awards. We report on our salient human rights issues, actions, and progress to align with the UNGPs through our 2025 Sustainability Report and Modern Slavery Statement , and our Stewardship Report captures our assessment of human rights risks across our investment portfolios.

For further information

- Modern Slavery Statement: https://library.standardlife.co.uk/modern-slavery-statement-2025.pdf
- Human Rights Policy: https://library.standardlife.co.uk//human-rights-policy.pdf
- Stewardship Report: https://www.standardlifeplc.com/sustainability/reports-policy-membership

Anti-bribery and corruption

Our policies

The Group has a zero-tolerance policy to bribery and corruption in all its forms. The Group is committed to countering bribery and corruption and has suitable policies and procedures in place. This includes, for example:

- a Group Financial Crime Prevention Policy that covers Anti-bribery and corruption risk;
- mandatory training for our employees covering compliance with the Bribery Act;
- a Code of Ethics for ethical behaviour and general standards; and
- a Group Stewardship Policy which details our stewardship approach.

The Group's Financial Crime Prevention Policy addresses risks such as money laundering, terrorist financing, fraud (including Failure to Prevent Fraud – ECCTA 2023), sanctions breaches, bribery and corruption risks and the facilitation of tax evasion.

The Group also operates a Speak Up Policy, prompting colleagues to disclose information where they believe wrongdoing, malpractice or risk exists across any of the Group's operations. The Group has a zero tolerance for individuals experiencing detriment as a result of raising Speak Up concerns.

Due diligence

Colleagues are required to complete annual computer-based training in all aspects of financial crime prevention and are also required to complete a Gifts and Hospitality Register which is overseen and managed by the Financial Crime Team.

Outcomes

The Group's governance processes for financial crime prevention, anti-bribery and anti-corruption, ethics and compliance training, whistleblowing and speaking up can be found on our Group website.

Of the 30 Speak Up reports received during the reporting period, 20 met the threshold for a Speak Up disclosure and were investigated in accordance with our Speak Up processes. The remaining reports related to people policy or local management matters and were progressed through HR or the relevant business channels.

For further information

- Governance: https://www.standardlifeplc.com/sustainability/governance
- Anti-bribery statement: https://www.standardlifeplc.com/investors/governance/anti-bribery
- ESG Data Appendix: https://library.standardlife.co.uk/esg-data-appendix-2025.xlsx

Our risks and risk management

Effective risk management is key to delivery of our purpose and strategy – ensuring that we make informed risk-based decisions that allow us to navigate the dynamic and uncertain risk environment to deliver good outcomes for our customers and our shareholders.

We prefer risks that support our strategy and purpose, that are rewarded and that we can measure and manage. Our leadership, people and culture are key to effective risk management, underpinned by our continuously evolving Risk Management Framework ('RMF').

Our ongoing investment in our RMF and associated technologies underscores our dedication to protecting our customers and achieving sustainable growth.

Our risk environment

The Group continues to operate in an uncertain risk environment. In 2025, this was shaped by US tariffs, historically low credit spreads and persistent geopolitical tensions, alongside a competitive market environment that is evolving as customer expectations and artificial intelligence ('AI') capabilities advance. In addition, the recent escalation of conflict in the Middle East has contributed to ongoing uncertainty. Despite this backdrop, the strategy is unchanged. There continues to be strong structural demand for retirements savings and Pension Risk Transfer ('PRT') solutions, even amid economic uncertainty.

We continue to maintain a risk-aware culture and adapt as the nature of risks changes and new risks emerge. Our principal risks are set out below and are materially unchanged from 2024.

Our business and balance sheet remains resilient. We use our Partial Internal Model to measure our exposure to quantifiable risks – with the exception of liquidity risk which is separately quantified using stress testing. Stress and scenario testing (including reverse stress testing) is used to test the financial and operational resilience of our strategy, business model, balance sheet and operations.

Our Risk Management Framework

Effective risk management is fundamental to our strategic objectives, operational resilience, and the long-term sustainability of our organisation. Our RMF as illustrated on page 79 is an integral component of our corporate governance, so that risks are systematically identified, assessed, managed and reported on throughout all levels of our business. The regular review and continuous improvement of our RMF are essential to maintaining its effectiveness and adapting to an evolving risk landscape. This includes the continued development of our approaches to emerging risk areas such as AI and nature-related risks.

The RMF consists of a number of key components that collectively enable comprehensive oversight and effective risk management throughout the Group.

Risk strategy and appetite

Our Group's risk strategy is intrinsically linked to our overarching purpose to help people secure a life of possibilities and our strategic aim to build and grow a long-term sustainable business. We are deeply committed to disciplined risk taking, which is guided by our risk appetite and governance frameworks so that leaders can evaluate and challenge opportunities on the risks we are willing to accept.

Risk culture and risk governance

Effective risk governance and a risk-aware culture are fundamental to achieving our strategic objectives and upholding our purpose.

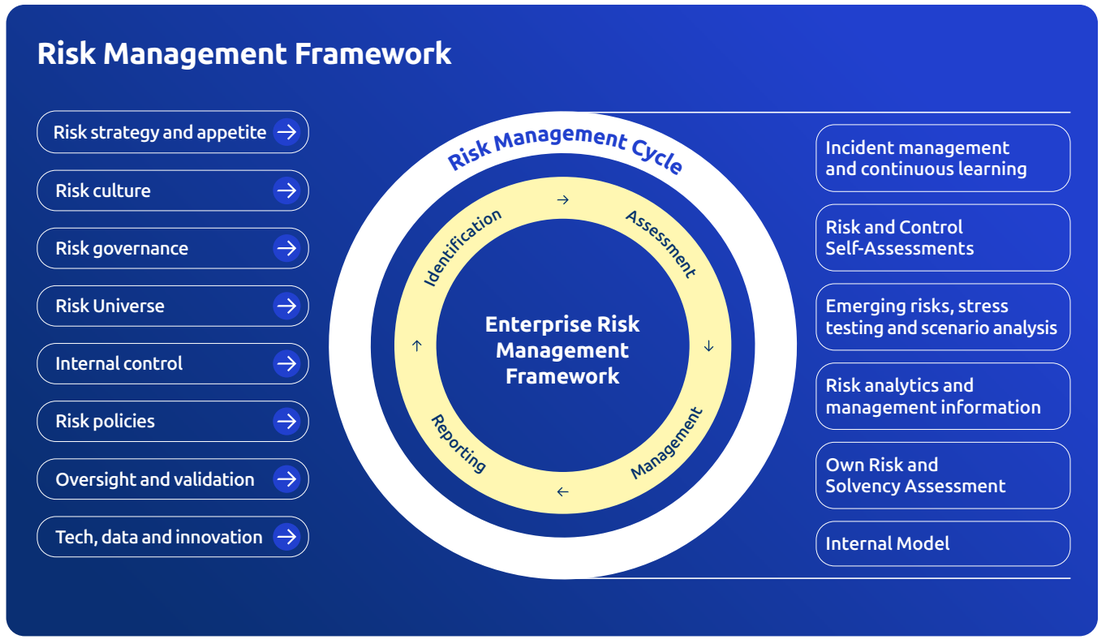
Our culture is a strategic asset, fundamental to delivering our purpose and achieving sustainable growth. We are committed to operating a culture where every colleague is empowered to champion risk management and deliver good outcomes for our customers.

We regularly assess our risk culture through surveys, workshops, and behavioural science inputs, ensuring that our desired cultural attributes are embedded and owned across all teams. Our senior leaders actively model and reinforce the behaviours that define our culture, supporting colleagues to challenge, innovate, and collaborate. We value every colleague's voice in shaping our culture, using feedback and engagement initiatives to drive continuous improvement.

Our governance framework is built upon the three lines of defence risk governance model, underpinned by our comprehensive RMF. Within this model:

- The business functions in the First Line hold primary accountability and ownership for identifying, assessing, managing and reporting on the risks inherent in their day-to-day activities. They are responsible for the proactive management of risks at the point of origin.
- The Second Line Risk and Compliance function provides expert advice, guidance, and independent oversight of the First Line's risk management activities. It is responsible for developing and maintaining the RMF, setting risk policies, and offering constructive challenge to make sure the business adheres to risk appetite and regulatory requirements.
- The Third Line Internal Audit function delivers independent and objective assurance on the effectiveness of the Group's governance, risk management, and internal control processes.

Overall responsibility for approving the RMF rests with the Board. The Board delegates the maintenance and review of the design and operating effectiveness of the RMF to the Board Risk Committee alongside the review and recommendation to the Board of the risk appetite, risk policies, management of the Group's risk profile and any emerging risks.



The Group's financial incentive arrangements incorporate risk management metrics, ensuring alignment with the Group's risk appetite and governance frameworks. The Group's Chief Risk Officer advises the Remuneration Committee on any adjustments to these incentives where appropriate, and both incentives and metrics are subject to regular review.

To support effective risk management being embedded in the business, colleagues across all lines of defence receive regular training on the RMF.

Risk Universe and internal control

Our Risk Universe consistently defines and categorises all known risks to the organisation. This Risk Universe is regularly reviewed and updated to adapt to the evolving risk environment. It is fully integrated into our risk management activities, including the setting of our risk appetite and our Own Risk and Solvency Assessment ('ORSA') process. Aligned with our Risk Universe is our Internal Control Framework ('ICF'), which establishes the objectives, processes and responsibilities for maintaining an effective internal control environment. The ICF effectively manages risks and provides an evidence-based approach for assessing, monitoring, and reporting on control effectiveness throughout the business.

Risk policies

The Group maintains a central Risk Management Policy that supports the controlled delivery of our purpose and strategic objectives. It is supported by a suite of policies and standards that set out the Group-wide requirements for the identification, assessment, management and reporting of risks.

Oversight and validation

The oversight and validation approach is used to assess and monitor the design and operational effectiveness of our RMF. This includes confirming that our risk management approach, processes, systems and activities, alongside the quality and integrity of the risk data and key models, are fit for purpose and are used as intended. It provides critical evidence of the RMF's robustness, effectiveness and consistent implementation across the Group.

Technology, data and innovation

The technology, data and innovation component of the RMF sets out the systems, processes and tools to support effective and consistent risk management across the Group. Our risk technology environment is evolving to keep pace with emerging market practice and our changing risk landscape. This will allow us to further strengthen our ability to provide data insights and analysis to aid strategic decision making.

Principal risks and uncertainties facing the Group

Our principal risks focus on the specific risks with the potential to materially impact the Group's strategic objectives, future performance, or reputation, including those that could threaten our business model, solvency or liquidity.

They are not intended to be exhaustive but are the risks most likely to seriously affect the Group.

These principal risks are directly aligned with the Group's strategic priorities and are aligned with the risks regularly discussed by the Executive Committee and reported to the Board Risk Committee.

The Board Risk Committee provides oversight, considering whether the consequences of risks crystallising are understood and appropriate action is being taken if required to ensure the risks continue to be managed and mitigated.

Strategic risk

The Group's ability to deliver its transformation agenda successfully

Risk management focus ⊖

Impact	Mitigating actions
Failure to deliver the successful transformation of our policy administration capabilities and cost efficiency programmes to meet our expense saving targets and ensure good customer outcomes. It is key to bring our business together into an efficient operating model and achieve the Group's target expense profile. This will provide us with the right tools and infrastructure to enable more efficient growth as we scale the business further. These policy administration migration programmes also expose the Group to the risk of significant disruption to the operation of necessary business processes and controls; and failing to deliver good outcomes for its customers, should failures occur. The Group is reliant on our strategic partners to support these transformation programmes, which introduces further risk if capability or performance does not meet programme needs.	The Group has a strong track record in delivering policy administration migration and transformation and has made excellent progress in its overall cost transformation programme. Over 2025, the Group carried out its largest migration in history and successfully migrated a further c.1.9 million policies to the TCS BaNCS administration system with minimum customer impact. On 1 October 2025, the Group completed the transfer of ownership of the ALPHA platform to Wipro[1], which will continue to serve our ReAssure customers and invest further in this modern platform. This reduced the risk and complexity within our migration portfolio. At the end of 2025, 75% of policies are on their end-state platform. The Group maintains its focus on delivering the remaining key programmes that support the delivery of an efficient operating model including the remaining customer platform migrations.

1. Through Servaada, Wipro's FCA regulated entity.

Risk management focus

- ⊖ Maintaining
- ↑ Increasing
- ↓ Decreasing

Strategic risk continued

The Group is exposed to the risk that customer behaviours evolve in ways that are difficult to predict, influenced both by factors within and outside their control

Risk management focus ⊖

Impact	Mitigating actions
Shifts in wider social and societal attitudes, including increasing expectations around digital accessibility and transparency, and heightened political and social sensitivities, may influence how customers perceive and engage with long-term savings and retirement products. Such behavioural changes may affect customer engagement, persistency, product demand and satisfaction, potentially resulting in adverse customer outcomes, reputational harm, or commercial performance. This risk is amplified by macro-economic uncertainty and rising public expectations around fairness and sustainability, which continue to shape customer sentiment and influence financial decision making.	The Group focuses on long-term decision making prioritising our Consumer Duty obligations, with a clear emphasis on supporting customers' retirement savings and income needs. The Group actively works to improve customer understanding of long-term financial planning and the importance of securing a sustainable retirement income. We are continuing to develop solutions to support customer decision making. In line with evolving customer expectations, the Group continues to invest and improve our digital access for customers. The Group closely monitors customer opinion and wider consumer and economic trends, enabling us to adjust our approach where appropriate to support customers in meeting their long-term retirement savings and income needs.

Climate risk

The Group fails to understand and respond to risks associated with climate change and other environmental, social and governance ('ESG') factors

Risk management focus ⊖

Impact	Mitigating actions
Climate risk is significant for both the Group and our customers. To reduce the physical impacts of climate risk, the global economy needs to transition to a low carbon economy. This creates both physical and transition risks that could impact our strategy and business model, shareholder and customer asset values, our operations, and the behaviours of our customers. The Group is also exposed to litigation risk. We actively manage climate risk for all our stakeholders and look to support the transition to a low carbon economy through our Net Zero Transition Plan – nonetheless our priority focus is delivering good customer outcomes. Emissions pathways are inherently uncertain due to the unpredictability of economy-wide decarbonisation rates and evolving policy, regulatory and market environments – all factors that could affect our ability to effectively manage climate risk and that are outside our direct control.	The Group has a clear sustainability strategy in place which is reviewed annually and includes our response to climate change. Delivery is overseen by the Board Sustainability Committee. Investment decisions are made in customers' interests, including managing their exposure to climate and other risks. We focus on initiatives that support good customer outcomes and effective climate risk management, including our Sustainable Multi Asset funds, SDR-labelled products, climate aware benchmarks, and our broader stewardship and engagement work. The Group uses qualitative and quantitative scenario analysis to assess our risk exposure and monitor a defined set of sustainability key metrics. The Group also maintains constructive engagement with investee companies, asset managers, policymakers, and market participants to shape our approach and support broader system-wide responses to climate and sustainability risks.

Risk management continued

Operational risk

The Group or its partners are not sufficiently resilient

Risk management focus: ↑

Impact	Mitigating actions
Across the wider market, both the volume and sophistication of cyber-attacks have risen significantly, and this trend is expected to continue. Severe disruption – whether within the Group or through our key suppliers – could affect our ability to deliver our important business services and meet customer outcomes. Severe events may lead to customer hardship, reputational damage, regulatory scrutiny or increased operating costs.	The Group is committed to protecting customers from harm in the event of a cyber-attack or an unexpected disruption. The Group continues to invest in adapting our cyber security controls as threats evolve and become more sophisticated. The Group's Operational Resilience Framework supports our ability to maintain critical and important business services and recover quickly in the event of an interruption or disruption to service from a material third party. We continually review our important business services and undertake resilience testing to understand our ability to avoid intolerable harm in the event of a severe scenario. The Group continues to work closely with its outsource partners and third-party suppliers to ensure it remains within risk appetite and impact tolerances for operational resilience.

The Group is impacted by significant changes in the regulatory or legislative environment

Risk management focus: —

Impact	Mitigating actions
Changes in the regulatory or legislative environment could impact the industry, products we offer, our distribution channels or the Group's capital requirements. Regulatory focus on the PRT market continues to evolve and the Group continues to monitor and respond to developments in this space. The Group is exposed to the risk of changes in tax legislation or fiscal policy, which could affect the taxation of life insurance business, investment returns, and impact the ongoing attractiveness of retirement and savings products to customers. The Group is exposed to changes to policy in the markets we invest in which could impact the value of our investments.	The Group regularly engages with regulators and policymakers to listen and contribute to discussions on a wide range of matters, including those that could have market-wide and systemic risks. The Group will continue to monitor developments across the political and regulatory environment during 2026 and use our voice and experience to influence thinking. Sensitivity testing and scenario analysis of the Group's business model and balance sheet are used to consider potential strategies to respond to changes in regulations.

The Group fails to retain or attract a diverse and engaged workforce with the skills needed to deliver its strategy

Risk management focus: —

Impact	Mitigating actions
The Group requires talented, diverse and engaged people with the right skills and capability to deliver our strategy. There is a risk that it will be harder to retain skilled colleagues, maintaining critical capabilities during transformation. This could impact the delivery of critical business change programmes such as migrations or transformation. There is also a key risk that it will be harder to attract new capabilities (e.g. AI) in a competitive market and impact our ability to deliver our ambition.	There is ongoing monitoring of the capability and capacity required to support both business as usual activities alongside key programme delivery and to ensure the operating environment remains stable. The Group continues to build on its future-focused skills needed to support long-term growth, including investment in AI and data capability, leadership development and targeted upskilling to ensure colleagues can succeed and support delivery of the Group strategy as markets change and evolve. The Group has a strong focus on employee value proposition. It offers competitive terms and conditions, benefits, and flexibility to foster colleague engagement, which is monitored regularly through employee engagement surveys that track colleague sentiment and enable prompt intervention on areas of concern.

Risk management focus

- — Maintaining
- ↑ Increasing
- ↓ Decreasing

Financial Markets risk

The Group is exposed to adverse movements in the value of assets, liabilities or liquidity caused by a deterioration in macro-economic conditions, downgrades, counterparty failure and wider geopolitical instability

Risk management focus: —

Impact	Mitigating actions
Volatile market conditions and geopolitical disruption can affect the certainty and timing of future cash flows and the long-term investment performance for the Group and its customers. It increases the risk of immediate financial loss and/or reduced capital, solvency, and liquidity positions, which may constrain the Group's ability to execute strategic priorities. Escalating regional conflicts, protectionist policies, and supply-chain disruption can amplify inflationary pressures, impact creditworthiness, and drive changes in market conditions, which in turn can impact the pricing of PRT business, the Group's market competitiveness, the ability to deliver recurrent management actions and the effectiveness of hedging strategies.	The Group operates within a well-defined risk appetite supported by clear limits and regular monitoring of market, credit, and geopolitical exposures. Through hedging unrewarded risks, the Group actively manages its position to reduce sensitivity to market movements and preserve capital strength, while maintaining flexibility to respond to changing conditions. Scenario analysis and stress testing, informed by global developments, support ongoing assessment of business model resilience and the feasibility of management actions under different market environments. All of this is supported by the hiring and retention of personnel with deep markets expertise and investment in technology to understand the implications of market dynamics. The Group operates a suite of controls over customer funds to ensure exposure to market risk is maintained within the customer's risk appetite. These controls include regularly reviewing the strategic asset allocations of customer funds, monitoring of external asset managers and associated fund performance. In addition, proactively adjusting strategies or asset managers, when we believe this can offer better risk-adjusted returns to customers.

Emerging risks and opportunities

The Group maintains a comprehensive library of emerging risks, which are distinguished from the current risks by the amount of available information resulting in a higher level of uncertainty as to how and when the risks will crystallise and its impact to the Group.

The Group's Senior Management and Board take emerging risks and opportunities into account when considering potential outcomes. This determines if appropriate management actions are in place to manage the risk or take advantage of the opportunity.

Examples of key emerging risks and opportunities discussed by Senior Management and the Board during 2025 are:

Emerging technologies

Impact	Mitigating actions
AI presents opportunities across our organisation. However, it presents a range of risks, most notably a change in the competitive landscape, customer, and reputational harm. Quantum computing also presents promising opportunities for many industries; however, this may create risk to existing encryption techniques.	The Group continues to develop and enhance its AI Framework to support safe adoption of AI to deliver business benefits. This includes ensuring controls are fit for purpose and in line with our standards. The Group is assessing our encryption capabilities across all services and creating a roadmap to achieve quantum safe encryption in line with regulatory guidance and recommended timeline.

Nature risk

Impact	Mitigating actions
Nature loss and ecosystem collapse presents a systemic risk to the global financial system. It is complex and inherently interconnected with other global risks such as climate change. The World Economic Forum ranks nature loss and ecosystem collapse as the second most severe global risk over the next 10 years. Nature loss may pose a material financial risk for the Group due to our exposure to nature-related risks through our investments, operations and supplier base which depend upon the ecosystem services that nature provides.	The Group has developed assessment methods to understand our potential exposure to nature-related risks and support investment portfolio decisions for both customers and shareholders. The Group is taking action to reduce its potential exposure to nature-related risk by integrating nature-related factors into its stewardship activity and illiquid asset origination and portfolio monitoring. The Group is undertaking further work on protecting our supply chain by integrating nature into our procurement processes – with the ultimate aim of enhancing operational resilience.

Viability statement

In accordance with Provision 31 of the 2018 UK Corporate Governance Code, the Board is required to conduct an assessment of the viability of the Group over a specified time horizon.

Assessment process

In assessing the future viability of the Group, the Board has defined 'viability' as maintaining the capability to satisfy mandatory liabilities and meet the recurring uses of capital.

In doing so, the Board considered whether the definition of viability should reflect the success of the Group in delivering against its strategic priority to invest in the growth of the business on an organic and inorganic basis. It concluded that any such investment needs to comply with the Group's capital allocation framework and risk appetite, and that the Board retains flexibility to manage the level of investment to support the Group's strategic priorities. In the absence of new business growth, the Group maintains a significant cash generation capacity from its in-force business which remains resilient under stress, supporting longer-term viability.

The Board has determined that the three-year time horizon to December 2028 is an appropriate period for the assessment which aligns to the period covered by the Group's latest Board-approved Strategic Financial Business Plan ('the Plan'), and which includes the 2026 period for which the Group has established its external targets.

In making its assessment and assessing the prospects of the Group over the short, medium and longer term, the Board considered a large range of information including:

- The Group's strategic and operational plans as set out in the Plan, approved by the Board in December 2025;
- The latest financial results for the Group;
- Financial projections of the Group's capital, liquidity and funding positions over the viability assessment period. These projections have considered both base assumptions and severe but plausible stress scenarios, reflecting the major risks to which the Group is exposed;
- The results of wider stress and scenario testing activity, including reverse stress testing, capturing non-financial risks as well as more onerous scenarios with a low likelihood of occurrence;
- The operation of the Group's Risk Management Framework, including any breaches of risk appetite;
- The principal risks and uncertainties impacting the Group, together with an assessment of emerging risks that may impact on the Group's future performance;
- The Own Risk and Solvency Assessment process which provides a forward-looking assessment of the Group's risk and capital profile as a result of its business strategy, the Plan and the overall risk environment; and
- An assessment of the wider operating environment for the Group, including legal, regulatory, political, climate and competitive factors.

Assessment of viability

The Standard Life plc Plan is reviewed and approved by the Board on an at least annual basis and results in a set of strategic priorities, detailed financial forecasts across multi-year periods, risk assessments and associated resilience, and available contingent actions. Those strategic priorities are outlined in the Strategic Report of the Group's Annual Report and Accounts, and progress against the Plan is reviewed monthly by the Board.

The Board reviewed the results of stress testing to assess viability under severe but plausible scenarios, including three adverse stresses as follows, which are deemed to be representative of the key financial risks to the Group:

1. Plausible economic downside stress – a combined market stress broadly equivalent to a 1 in 10 year event, characterised by a broad deterioration in financial conditions, including falls in equities and property values, widening credit spreads and a general tightening of credit markets.
2. Lower than planned levels of cash and capital generated by management actions, aimed at assessing execution risk; and
3. Plausible combined stress – which considers market downside coupled with delays in key transformation programmes and migration-related operational changes.

The calibration and assessment of the stresses is informed by the Group's Solvency II Internal Model. The projections take into account the impact of any appropriate Solvency II recalculation of transitional benefits and allow for refinancing of certain of the Group's debt obligations. In considering the projections, the Board has assessed the availability of mitigating actions to increase resilience.

The scenarios were applied to the Solvency II capital, liquidity and funding positions of the Group, and demonstrated that the Group could continue to meet its mandatory obligations, maintaining sufficient headroom and without any breach to regulatory capital requirements, while continuing to track towards the delivery of the Group's strategic priorities.

Additional stress testing

In addition, through the ORSA, Business Plan stress and scenario testing and wider financial resilience processes during the year, the Board has reviewed a wide range of stress and scenario testing which has provided additional insight with regard to the defined viability assessment period. The scope of this testing covers the Group's risk universe and includes scenarios such as:

- Additional severe downside economic scenarios with a low likelihood of occurrence;
- Operational disruption or failure of key third party service providers;
- Cyber-attack, and resultant denial of service to key systems or applications;
- Failure to execute and deliver key change activities within the Group; and
- Climate related risks, including those related to a disorderly climate transition.

In doing so, the Board has considered the results of reverse stress testing that has been performed to analyse scenarios that have a low probability but where, if they occurred, have the potential to render the business model unviable. Reverse stress testing validates and improves, where necessary, mitigating actions in place to deal with threats to the Group's viability by starting at the point of business failure and working backwards to identify the sequence of events that would lead to that outcome. It supports the development of actions that can be implemented now to avoid the failure.

The scenarios assessed under both ORSA (including reverse stress testing) and the stress and scenario testing for the Business Plan demonstrated that the Group had the ability to withstand severe events as a result of robust risk management and a range of mitigating actions, thereby maintaining its viability over the Plan period.

Risk assessment

The Board reviewed the Group's principal risks and uncertainties as set out on pages 80 to 83 of the 2025 Annual Report and Accounts and considered the impacts of changes in the related impact assessments and the mitigating actions implemented. This included an assessment of the potential impacts of emerging risks on the Group's business during the viability assessment period.

As noted in the Risk Management section of the Annual Report and Accounts, the Group identifies, assesses and manages risk through the operation of its Risk Management Framework ('RMF'). The Board approves the RMF and monitors its operation against established risk appetites through regular reporting that comes from across the three lines of defence.

Whilst noting continued macroeconomic uncertainty and an evolving political and regulatory landscape, the Board will continue to monitor risk exposures relative to risk appetites to ensure the risks are proactively managed and do not present a material threat to the Group's viability.

2025 financial results

The latest financial results for the Group as included within the 2025 Annual Report and Accounts have been considered as part of the assessment. Key factors included:

- The Group's strong capital position with a Solvency II surplus of £3.6 billion and a Shareholder Capital Coverage Ratio of 176%, providing significant headroom above regulatory minimum capital requirements and the Group's risk appetite;
- The resilience of the Group's capital position and cash generation to movements in market factors, as indicated in the sensitivity analysis included on page 44, which is reflective of the Group's hedging approach; and
- Holding company cash of £846m at the end of 2025, as well as access to the Group's undrawn £1.5 billion unsecured revolving credit facility, provides assurance over the Group's ability to meet mandatory obligations as they fall due.

The impact of losses on an IFRS basis were considered as part of the assessment. It was noted that the Group's hedging approach prioritises the protection of the Solvency II capital position and therefore the dependable delivery of future cash generation. It is accepted that this results in volatility in the IFRS metrics but as the Board considers that IFRS metrics only partially reflect the underlying cash potential of the business which is captured more fully under the Solvency II cash and capital metrics this was not considered to represent a material threat to the Group's viability.

Concluding statement on viability

Based on the factors outlined above, the output of the Group's financial projections and its resilience under severe but plausible stressed conditions, and the management of the Group's principal risks and associated mitigating actions, the Board has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of assessment ending 31 December 2028.

Chair of the Group Board's introduction to governance

Simplifying and strengthening governance

Sir Nicholas Lyons
Chair of the Group Board

Board highlights 2025

Board activities during 2025

Read more on **page 97**

Board performance review
The 2025 Board performance review was facilitated externally.

Read more on **pages 106 to 107**

Compliance with the 2024 UK Corporate Governance Code

Read more on **page 92**

Group Board education sessions

Read more on **pages 108 to 109**

Group Board engagement with the wider workforce
Through Maggie Semple, Designated Non-Executive Director for Workforce Engagement ('DNED').

Read more on **pages 104 to 105**

Culture
The Big Three and how the Group Board assesses and monitors culture.

Read more on **pages 98 to 99**

Management of conflicts of interest

Read more on **page 94**

Dear Shareholder,

I am delighted to introduce our Corporate governance report for 2025. During the year, the Group Board continued its oversight of the second year of our 3-year strategic journey. There have also been a number of Board and governance changes highlighted below.

Governance

A key governance focus in 2025 was simplifying our Group and Life Companies Board meetings to support a collaborative and cohesive approach to decision making and governance while ensuring robust agenda planning and appropriate management of any potential conflicts.

A Joint Meeting Model was implemented on 25 August 2025 for the Group and Life Companies Boards, Nomination, Audit and Risk Committees. The Group Board Sustainability and Remuneration Committees' arrangements have not changed. The Joint Meeting Model comprises three segments: Life Companies Board Directors meet first, followed by a joint session between the Group and Life Companies Boards' Directors, concluding where required with a meeting of the Group Board Directors only. This approach replaces the previous structure where up to 80% of agenda items were duplicated across separate meetings. The new format streamlines discussions, strengthens governance, enhances efficiency, and fosters meaningful dialogue. There is greater onus on the Chair of these meetings to manage conflicts of interest and ensure an increased number of Directors are given the appropriate opportunity to challenge, but it has encouraged cross-Board understanding and reduced siloed working. Directors from both Boards have welcomed the more cohesive and inclusive meeting structure.

Joint private sessions and Board dinners are also now held, giving all Directors an opportunity to build relationships and discuss matters outside the boardroom.

Standard Life plc

The Group Board was proud to announce the Company's name change from Phoenix Group Holdings plc to Standard Life plc on 24 February 2026. The ticker at the London Stock Exchange has now changed to SDLF. This change has brought the Standard Life brand to the forefront of our business, further supporting our vision to become the UK's leading retirement savings and income business and championing the belief that everyone's journeys to and through retirement can be better.

Board activities during 2025

The Group Board has recommended a Final dividend of 28.05 pence per share in line with its progressive and sustainable dividend policy, bringing the total 2025 dividend to 55.40 pence per share. Conflicts of interest are carefully managed when the dividend is reviewed, approved and recommended by the Life Companies Board to the Group Board Risk Committee, which recommends it to the Group Board before its final approval for payment to our shareholders.

The Group Board continues to prioritise strong relationships with UK and overseas regulators. Updates on this are provided by the Group Chief Risk Officer ('CRO') and Head of Regulatory Relationships, providing insights on regulatory views and strategic impact.

Artificial Intelligence ('AI') and cyber security are priority areas for both Boards. Emerging risks now include emerging technologies, covering both AI and quantum risks. Standard Life takes its oversight and management of these matters seriously. AI will be applied across our business, technology, data and people. AI-related risk, including the investment-focused 'AI bubble' highlighted in H2 2025, will continue to be monitored and challenged robustly by the Board. To strengthen oversight, a Digital Advisory Group ('DAG') will be established in 2026, comprising of both Group and Life Companies Non-Executive Directors, to provide expert guidance and challenge on items such as the Group's AI strategy.

Board changes

Sherry Coutu was appointed as a Director of the Group Board on 1 May 2025 and Chair of the Group Board Remuneration Committee on 1 July 2025. She replaced Nicholas Shott who retired from the Group Board on 30 June 2025 having served nine years. Sherry's biography on page 90 outlines her many years of remuneration committee chair experience. Further information on Sherry Coutu's induction is available on page 117.

Belinda Richards retired from the Group Board on 24 August 2025, having served for eight and a half years, and Siobhan Boylan replaced David Scott on 1 September 2025 as the Shareholder Nominated Director representative for Aberdeen Group plc.

With the implementation of the Joint Meeting Model, two Directors were appointed as Dual Directors to the Group Board and the Life Companies Board. On 25 August 2025, following regulatory approval, Mark Gregory was appointed as a member of the Life Companies Board and assumed the role of Chair of the Risk Committee on both Boards. On the same date, Karin Cook joined the Group Board as an Independent Non-Executive Director. Further information on Karin Cook's induction is available on page 117. In 2026, Nic Nicandrou will become Dual CFO of the Group and Life Companies Boards. This is in line with Andy Briggs' role as Dual CEO.

Rosie Harris was appointed as Chair of the Life Companies Board on 25 August 2025 and now attends the Group Board Remuneration Committee, bringing not only a Consumer Duty lens as the Group's Consumer Duty Champion, but a wider Life Companies focus to key discussions.

See the Directors' Remuneration report on **page 136**

Board performance review

The 2025 Board performance review was facilitated externally by Ffion Hague of Independent Board Evaluation ('IBE'). An external consultant was chosen to assess our transition to the Joint Meeting Model. This engagement is for a three-year term while we continue to embed and evolve the model.

2026 priorities

During 2026, the Group Board intends to focus on:

- Monitoring the Joint Meeting Model to continue to strengthen governance and improve efficiency.
- Supporting the continued embedding of our established culture and The Big Three in the context of the Standard Life plc rebrand.
- Continuing the open and transparent relationship with the regulators and other stakeholders such as our customers.

Shareholder and stakeholder engagement

The following engagement with shareholders took place during 2025 and includes the 2026 Chair's Roadshow:

	Number of meetings	Topic	Outcome
Chair of the Group Board	5 meetings covering 45.66% of the register were held.	Share price, new Group CFO performance	Group CFO appointment welcomed by shareholders.
2026 Group Board Chair's Roadshow	13 meetings covering 56.13% of the register were held.	Stewardship, Strategy and ESG	Direct investor feedback received through open and transparent engagement has been relayed to the Board.
Chair of the Group Board Remuneration Committee	34 shareholders engaged through the circulation of detailed information to 75% of the register. 21 shareholders requested a meeting covering 57.82% of the register.	Proposed 2026 Remuneration Policy	Retained TSR (excl. Investment Trusts) benchmark vs a peer group. Proxy advisers and ESG rating agencies feedback within the Directors' Remuneration report (see page 136).

Annual General Meeting ('AGM')

Standard Life plc's AGM will be held on 14 May 2026 at Floor 9, 20 Old Bailey, London EC4M 7AN. The AGM will be held as a physical meeting, in line with the Institutional Shareholder Services Inc. ('ISS') definition. Following shareholder approval of updated Articles of Association (the 'Articles') at the 2025 AGM, hybrid meetings are now permitted by the Company. However, physical meetings will continue, allowing direct engagement with shareholders, which the Group Board values. Hybrid AGMs will only be implemented if government restrictions mean that a physical meeting cannot reasonably be held. Full details of the 2025 AGM will be found in the Notice of Meeting, to be published shortly and made available on our website. The Group Board appreciates its shareholders' strong support in 2025 and looks forward to continued engagement in 2026.

Sir Nicholas Lyons
Chair of the Group Board

Board leadership and Company purpose
Our Board of Directors

Leading from the top to drive governance and a clear purpose

The Group Board comprises the Chair of the Group Board, the Group Chief Executive Officer, the Group Chief Financial Officer, one Aberdeen Group plc ('Aberdeen') Nominated Director, one MS&AD Insurance Group Holdings, Inc. ('MS&AD') Nominated Director and seven Independent Non-Executive Directors, including two Dual Directors.

2025 Group Board changes

- Sherry Coutu was appointed to the Group Board on 1 May 2025.
- Nicholas Shott retired from the Group Board on 30 June 2025.
- Belinda Richards retired from the Group Board on 24 August 2025.
- Karin Cook was appointed to the Group Board on 25 August 2025 as part of her role as Dual Director.
- Mark Gregory was appointed to the Life Companies Board on 25 August as part of his role as a Dual Director.
- David Scott retired from the Group Board on 31 August 2025.
- Siobhan Boylan was appointed to the Group Board on 1 September 2025.

Committee membership key

- (A) Audit
- (N) Nomination
- (Re) Remuneration
- (Ri) Risk
- (S) Sustainability

Sir Nicholas Lyons
Chair of the Group Board

Appointed:
31 October 2018 to 1 September 2022, re-appointed on 1 December 2023

Committee: (N)
Chair of the Group Board Nomination Committee

Career and experience
Nicholas has wide-ranging experience across the financial services industry, both in executive and non-executive roles. He started his career at Morgan Guaranty Trust Company of New York UK (later JP Morgan), where he held various roles in Debt and Equity Capital Markets and then in Mergers & Acquisitions. He later moved to Salomon Brothers and then to Lehman Brothers International Limited where he was a Managing Director and Co-Head of their European Financial Institutions Group and then Global Co-Head of Recruitment, Training and Career Development for the whole of Lehman Brothers.

Nicholas has extensive Non-Executive Director ('NED') experience, including Chair of Miller Insurance Services LLP, Senior Independent Director of Pension Insurance Corporation plc and Catlin Group Limited and NED of Friends Life Group Limited and Convex Group Limited. Nicholas is a member of the Chartered Insurance Institute.

Key skills and competencies
- Seasoned business leader with experience and understanding of insurance and the financial services industry, including the regulatory environment.
- Strong communicator, bringing a sharp focus to people leadership, succession planning and development.
- Experience in the governance of large-scale business operations, leading mergers and acquisitions and managing complex projects which are skills key to the fulfilment of Standard Life's vision and purpose supporting his role as an experienced Chair of the Group Board.

Current external appointments
NED at Convex Group Limited and Alderman in the City of London.

Andy Briggs MBE
Group Chief Executive Officer ('CEO')

Appointed:
10 February 2020

Career and experience
Andy joined the Company in 2020, bringing over 30 years of experience in the insurance industry. He has held senior executive roles across multiple business areas within the industry, including CEO of UK Insurance and Global Life and Health at Aviva plc, CEO of Friends Life Group Limited, Managing Director of Scottish Widows, CEO of the Retirement Income Division at Prudential plc and Chair and President of the Association of British Insurers ('ABI'). Andy is a Fellow of the Institute of Actuaries.

Key skills and competencies
- Sound executive leadership and a considered approach to strategy, demonstrated through continued delivery of the Company's operating model. Strong history of high-profile M&A work in his previous roles.
- Broad knowledge of the global insurance industry, which helps inform views on long-term strategic direction.
- Proactive approach to understanding stakeholder priorities, which closely aligns to the Company's core social purpose and strategy, including work on developing initiatives such as financial and digital inclusion.

Current external appointments
President of the ABI and a member of the Business in the Community Leadership Council.

Nicolaos Nicandrou
Group Chief Financial Officer ('CFO')

Appointed:
2 December 2024

Career and experience
Nicolaos joined the Company in December 2024, bringing over 30 years of experience in financial services. He most recently held the position of Chief Executive Officer at Prudential Asia & Africa, and prior to this, was Group CFO of Prudential plc.

Nicolaos has held several senior finance and executive leadership roles during his career, including CFO of Aviva UK Life, Group Financial Control Director of Aviva plc, and Chair of the European Insurance Industry CFO Forum. He is a Non-Executive Director ('NED') of Kingdom of Saudi Arabia Insurance Authority and a member of the Institute of Chartered Accountants of England & Wales.

Key skills and competencies
- Experienced in leading significant transformational and infrastructure projects which assists with oversight of the implementation of the Company's evolved financial framework, driving progress towards being the UK's leading retirement savings and income business.
- Detailed knowledge of financial markets as leader of the Company's financial strategy, supporting the achievement of strong financial results in line with the financial framework of Cash, Capital and Earnings.
- Extensive financial services experience and strong awareness of the global life insurance sector, enabling informed contributions to discussions on long-term strategy.

Current external appointments
NED and member of the Audit Committee of Kingdom of Saudi Arabia Insurance Authority.

Karen Green
Senior Independent Director ('SID')

Appointed:
1 July 2017

Committee: (N) (Re) (Ri) (S)
Chair of the Group Board Sustainability Committee

Career and experience
Karen has over 30 years of financial services experience. She has held a number of senior executive roles, including Chief Executive Officer of Aspen UK (comprising the principal insurance and reinsurance companies of Aspen Insurance Holdings), Principal of MMC Capital Limited (now Stonepoint Capital LLC), and Director of Corporate Development of GE Capital Europe Limited.
Karen has significant Non-Executive Director ('NED') experience, including as Chair of the Remuneration Committee at Admiral Group plc, a former Council member and Chair of the Investment Committee at Lloyd's of London, and NED and SID at Great Portland Estates plc.

Key skills and competencies
- Significant experience in the insurance industry, supporting oversight of the Company's activities and ensuring alignment with market expectations and stakeholder needs.
- A strong background in strategic planning and corporate development, including M&A, facilitating informed oversight and constructive challenge of the development and execution of the Company's growth strategy.
- A balanced sounding board, with significant leadership experience and understanding of the Company allowing the provision of qualified support to the Chair of the Group Board and the Group Board as a whole in the role of SID.

Current external appointments
NED and Chair of the Remuneration Committee at Admiral Group plc, Board member and Chair of the Audit and Risk Committee of the TMF Group, SID and Chair of the Audit and Risk Committees at Miller Insurance Services LLP and Ben Nevis Cleanco Ltd (the Miller broking group), SID at Great Portland Estates plc, NED at Hamilton Insurance Group Ltd, Adviser at Cytora Limited, Trustee of Wellbeing of Women and Governor of Bute House Preparatory School for Girls Ltd.

Siobhan Boylan
Non-Executive Director ('NED')

Appointed:
1 September 2025

Shareholder Nominated Director

Career and experience
Siobhan is the appointed representative of one of the Company's major shareholders, Aberdeen Group plc ('Aberdeen'). She has over 30 years' experience and significant knowledge across the financial services sector and as an executive director. Siobhan is currently Aberdeen's Chief Financial Officer ('CFO'), having joined from Coutts & Co, the private banking arm of NatWest Group, where she was also CFO. Prior to this, she was CFO of Brewin Dolphin (a FTSE 250 constituent until its acquisition by Royal Bank of Canada in 2022), CFO of Legal & General Investment Management Limited, the asset management subsidiary of Legal & General Group plc and held various finance roles at Aviva plc.

Siobhan is a member of the Institute of Chartered Accountants in England & Wales and has previous NED experience as NED of Jupiter Fund Management plc.

Key skills and competencies
- Brings broad financial leadership and strong experience across leading financial services organisations, offering practical insight, sound judgement and deep sector knowledge to support board-level decision making.
- Extensive leadership background within financial services organisations, providing valuable appreciation of industry dynamics and contributing to informed challenge during board discussions.

Current external appointments
Chief Financial Officer of Aberdeen Group plc and Director at Interactive Investor Limited.

Board leadership and Company purpose continued
Our Board of Directors

Eleanor Bucks
Independent Non-Executive Director ('NED')

Appointed:
1 December 2023

Committee: A Ri

Career and experience
Eleanor has a wealth of experience in investment and asset management. Most recently she was Chief Investment Officer of Lloyd's of London. Prior to this, Eleanor held several senior roles at Legal & General plc, including Chief Operating Officer of Legal & General Capital, Managing Director of Direct Investments and Real Assets, and Chief Investment Officer of Legal & General Retirement. Eleanor previously served as Chair of Lloyd's Investment Platform ICAV and has held executive directorships as Chair of Legal & General Investment Management's Alternative Investment Fund Manager and as Director of Legal & General's Single-Family Build-to-Rent business. Eleanor is a Fellow of the Institute of Actuaries.

Key skills and competencies
- Seasoned investment professional, experienced in leading high-performing investment teams and setting investment strategy for both insurance and pension funds.
- Deep understanding of the life insurance sector and the investment approaches that underpin those businesses, bringing an external perspective and supporting the delivery of robust, constructive challenge and guidance during board discussions.

Current external appointments
Director at ReMarkitMe Ltd.

Karin Cook
Dual Independent Non-Executive Director ('NED')

Appointed:
25 August 2025

Committee: Ri S

Career and experience
Karin has over 30 years' experience in financial services. Her experience spans across retail, commercial and investment banking, as well as financial advice, wealth management and insurance. Karin brings customer-focused, digital, operational and transformation expertise from several leadership roles. Most recently, Karin served as Chief Operating Officer of Quilter plc. Prior to this, she held a number of senior executive roles at Lloyds Banking Group plc, including Director of Group Operations/ Services and Chief Operating Officer – Commercial Banking and at HSBC Bank plc including as Global Chief Operating Officer – HSBC Private Bank. Karin's NED experience includes NED of NatWest Holdings Limited, NED of the Group's Life Companies[1] and Chair of SunLife Limited.

Karin is committed to Diversity Equity & Inclusion ('DE&I') and has been recognised in the LGBT Great's Top 50 Executive Allies, featured on the FT OUTstanding LGBT Role Model list, and was named Stonewall Champion of the Year.

Key skills and competencies
- Deep knowledge and understanding of the Group's Life Companies, providing insight and perspective to Group Board discussions and adding value as a Dual NED, while maintaining her independence.
- Knowledge of running large global operational and technology teams, delivering major strategic change, including technology-enabled programmes and transformations, supporting the strategic objectives of the Company.

Current external appointments
Chair of SunLife Limited and NED of NatWest Holdings Limited, National Westminster Bank Public Limited Company and The Royal Bank of Scotland Public Limited Company (neither of which are UK listed).

Sherry Coutu CBE
Independent Non-Executive Director ('NED')

Appointed:
1 May 2025

Committee: Re N
Chair of the Group Board Remuneration Committee

Career and experience
Sherry has a wealth of business and entrepreneurial experience, having founded several technology companies and invested in both tech start-up companies and venture capital firms. Throughout her career, Sherry has held senior leadership positions including Chief Executive Officer at Interactive Investor International plc and UK Managing Director at ISI Emerging Markets Group and has supported numerous companies in their transformation journeys.

Sherry has significant experience as a NED from a combination of technology, investment, innovation, education and financial services organisations that empower their customers. Her experience includes roles as NED at London Stock Exchange Group plc, Senior Independent Director ('SID') and Chair of the Remuneration Committee at RM plc and Raspberry PI and NED and Chair of the Remuneration Committee at Pearson plc and Zoopla plc (prior to its acquisition by private equity).

Key skills and competencies
- Seasoned remuneration committee chair with experience in different industries and regulated environments which enables well-informed and productive discussions at the Group Board Remuneration Committee, while always being mindful of the Company's stakeholders.
- Deep understanding of the role posed by technology, Artificial Intelligence and cyber within the business environment, which offers a unique insight into the ways in which the Group can capitalise on opportunities and keep abreast of risks while navigating a rapidly changing digital landscape for our customers.

Current external appointments
NED and Chair of the Remuneration Committee at Pearson plc, SID and Chair of the Remuneration Committee at Raspberry Pi and Chair of Trustees at Founders4Schools.

Mark Gregory
Dual Independent Non-Executive Director ('NED')

Appointed:
1 April 2023

Committee: A Ri N Re
Chair of the Group Board and Life Companies Board Risk Committees

Career and experience
Mark brings 25 years of experience in the financial services industry. Most recently, Mark served as Chief Executive Officer ('CEO') of Merian Global Investors Limited ('Merian'). Preceding this, he held roles at Legal & General Group plc including Group Chief Financial Officer, CEO of Savings and Managing Director of With Profits, at Asda Group plc as the Divisional Director for Finance and the Business Development Director, and at Kingfisher plc as a Senior Financial Analyst.

His previous NED experience consists of roles as NED and Chair of the Risk Committee at Direct Line Insurance Group plc, NED and Chair of the Remuneration Committee at Entain plc and NED at Merian and the Group's Life Companies[1]. Mark is an associate of the Institute of Chartered Accountants in England & Wales.

Key skills and competencies
- A wealth of executive finance experience and acumen and a deep knowledge of the insurance industry, particularly life and general insurance, which contribute to his effectiveness as Chair of the Group Board and Life Companies Board Risk Committees and a member of the Group Board Audit Committee.
- Highly qualified to appraise strategy development and execution, having led corporate projects and transactions with added appreciation of the retail sector and customer service activity.
- Valuable experience in establishing and delivering strategy while managing risk appetite and compliance, which contributes to his effectiveness as Chair of the Group and Life Companies Risk Committees.

Current external appointments
Director of Westdown Park Management Company Limited.

1. The term 'Life Companies' refers collectively to the Group's insurance subsidiaries: Phoenix Life CA Limited, Phoenix Life Limited, ReAssure Life Limited, ReAssure Limited and Standard Life Assurance Limited.

Hiroyuki Iioka
Non-Executive Director ('NED')

Appointed:
23 July 2020

Shareholder Nominated Director

Career and experience
Hiroyuki serves as the appointed representative of one of the Company's major shareholders, MS&AD Insurance Group Holdings Inc. ('MS&AD'). He is an MBA-qualified professional with over 38 years of experience and is currently the Senior Advisor for MSIG Corporate Services (Europe) Limited. Previously he was Senior General Manager for the International Business Planning Department at MS&AD, General Manager for the Asian Life Insurance Business Department at Mitsui Sumitomo Insurance Company Limited (Japan), and Assistant General Manager for MSIG Holdings (Europe) Limited (UK).

Hiroyuki's NED experience includes roles as NED of ReAssure Group plc and Mitsui Sumitomo Insurance (London Management) Limited (UK), as well as an Alternate NED of Challenger Limited (Australia). Hiroyuki is a Chartered Member of the Securities Analysts Association of Japan and a Certified International Investment Analyst.

Key skills and competencies
- Commercial business leader, providing an international business perspective, with strong global insurance and financial services industry experience.
- Responsible for general management, including managing efficient and effective operations and business development within the financial services industry.

Current external appointments
Senior Advisor for MSIG Corporate Services (Europe) Limited, a UK subsidiary of MS&AD Insurance Group Holdings, Inc.

Katie Murray
Independent Non-Executive Director ('NED')

Appointed:
1 April 2022

Committee: A N
Chair of the Group Board Audit Committee

Career and experience
Katie has over 30 years of experience gained across the financial services industry and is currently Group Chief Financial Officer ('CFO') of NatWest Group plc, having also acted as Deputy Group CFO. Prior to this, Katie spent several years at Old Mutual plc, where she held senior executive roles including Group Finance Director of Old Mutual Emerging Markets, Director of Finance – Group Chief Accountant and Head of Group Planning and Analysis. She was also a Senior Audit Manager at KPMG LLP. Katie is a member of the Institute of Chartered Accountants in Scotland.

Key skills and competencies
- Vast financial services experience positions her to provide valuable and technical input in board discussions and in her capacity as Chair of the Group Board and Chair of the Joint Group Board and Life Companies Board Audit Committee.
- Current business leader with recent and relevant financial experience and deep understanding of industry complexities.
- Valuable knowledge and executive director experience within global financial services organisations.
- Plays an active role in the development and reporting for climate reporting across the financial services sector.

Current external appointments
Group Chief Financial Officer of NatWest Group plc.

Maggie Semple OBE
Independent Non-Executive Director ('NED')

Appointed:
1 June 2022

Committee: Re S
Designated NED for Workforce Engagement ('DNED')

Career and experience
Maggie has over 30 years experience of working internationally in the private and public sectors. Formerly an academic, she began advising governments on large-scale cultural transformation projects and was a member of several UK Government and European task groups. She has been a global senior management consultant and has worked in the energy, media, technology, and legal sectors. Maggie was a member of the King's Counsel Selection Panel, a Civil Service Commissioner and Director of the Learning Experience at the New Millennium Experience Company. Maggie is an author and owner of a professional services management company, and a luxury consumer business.

Maggie's NED experience includes roles as NED of PwC Business Restructuring Services, JN Bank UK Limited, McDonald's Restaurants Limited, University of Cambridge HR Committee, as well as the University of Cambridge Ambassador of the Black British Voices Project.

Key skills and competencies
- Combines deep experience and passion for sustainability, ethics and inclusivity bringing a breadth of knowledge across the broad Environmental, Social and Governance ('ESG') agenda. Informs the development of operations and strategy in this area, while also drawing on extensive experience in cultural transformation and customer insight, with a deep understanding of developing successful businesses through the lens of its people.
- Brings a strong sense of social purpose and depth of perspective to board considerations and distinguished stakeholder engagement with a highly personable style, as demonstrated in her role as DNED.

Current external appointments
NED of Crest Nicholson Holdings plc.

Our business, led by the Executive Committee ('ExCo')
The Executive Management of the Group is led by the Group CEO, who is supported by the ExCo. During 2025, the ExCo played a key role in driving Standard Life's year of significant progress, striving to help people secure a life of possibilities. Career and experience details for each member of the ExCo can be found on:

www.standardlifeplc.com

Andy Briggs
Group Chief Executive Officer

Nicolaos Nicandrou
Group Chief Financial Officer

Angela Byrne
Chief Executive Officer, Pensions & Savings

Arlene Cairns
Life Chief Financial Officer & Group Performance Director

Claire Hawkins
Director of Corporate Affairs & Brand

Brid Meaney
Group Chief Risk Officer

Jackie Noakes
Group Chief Operating Officer

Vanessa Swanton
Group Chief Audit Officer

Sara Thompson
Group Chief People Officer

Quentin Zentner
Group General Counsel

Board leadership and Company purpose continued

UK Corporate Governance Code

Compliance with the UK Corporate Governance Code 2024 (the '2024 Code')

The Group Board is committed to maintaining high standards of corporate governance. For the year ended 31 December 2025, the Group Board considers that Standard Life plc applied the Principles and complied with the Provisions of the 2024 Code that were in force at that date. In accordance with UKLR 6.6.6(5), the table below highlights where examples of compliance can be found within this Annual Report.

Board leadership and Company purpose

A.	Board leadership and long-term success	Pages 88 to 91
B.	Purpose, values, strategy and culture	Pages 98 to 99
C.	Board decisions and outcomes	Pages 97, 112, 122, 130 and 132
D.	Stakeholder engagement	Pages 100 to 103
E.	Wider workforce considerations	Pages 98 to 99, 100 to 103, 104 to 105 and 122

Division of responsibilities

F.	Role of the Chair	Page 93
G.	Board composition and division of responsibilities	Pages 88 to 91, 93 to 95
H.	Directors' responsibilities and time commitment	Pages 96 and 115
I.	Support information and resources available to the Board	Page 95

Composition, succession and evaluation

J.	Appointments, succession planning and diversity considerations	Pages 76, 110 to 115 and 118
K.	Board skills, experience and knowledge	Pages 88 to 91, 113 and 118 to 119
L.	Board performance review	Pages 106 to 107

Audit, risk and internal control

M.	Audit independence and effectiveness	Pages 120 to 126
N.	Fair, balanced and understandable assessment of company's position and prospects	Pages 84 to 85, 120 to 126, 176 to 181
O.	Risk management and internal controls	Pages 78 to 79, 80 to 83, 127 to 130

Remuneration

P.	Remuneration alignment to strategy, company purpose and values	Pages 138 to 175
Q.	Executive and senior management remuneration	Pages 138 to 175
R.	Independent judgement and discretion when authorising remuneration outcomes	Pages 136 to 137 and 138 to 175

Areas for enhancement

Progress made during 2025

In the Group's Full Year 2024 Annual Report, two areas of enhancement were identified. The below table sets out the actions taken during 2025 to strengthen compliance with the 2024 Code.

Board leadership and Company purpose

Provision or Principle	Enhancements during 2025
2. The Board should assess and monitor culture and how the desired culture has been embedded.	During 2025, the Group Board enhanced its oversight of culture through several key actions. The culture dashboard, introduced in 2024, was updated and presented for periodic review by the Joint Group and Life Companies Board and the ExCo. Maggie Semple, DNED, attended relevant ExCo meetings to monitor how the desired culture had been embedded and provided quarterly updates, along with bi-annual reflections, to the Joint Group and Life Companies Boards following engagement with the Colleague Representation Forum ('CRF'). In addition, the Group's Internal Audit function, together with external support from Ernst & Young LLP, completed an independent review of the Group's culture framework and 3-year culture strategy. Findings were considered by the Joint Group and Life Companies Boards, and the ExCo has committed to further amplifying culture initiatives in 2026 through site visits, optimising ways of working to ensure cross-functional teams are aligned on enterprise-wide priorities and ensuring a culture of psychological safety for all colleagues.
29. The Board should monitor and review the effectiveness of the Company's risk management and internal control framework and a description of how this has been done, along with details regarding the effectiveness of the material controls and action taken to improve any material controls which have not operated effectively, should be included in the Annual Report.	The Joint Group and Life Companies Boards continued to monitor the effectiveness of the risk management and internal control framework through regular reporting from the Joint Group and Life Companies Audit and Risk Committees. Further enhancements will be carried out on internal controls in 2026 so that the Board can confirm compliance with Provision 29 of the 2024 Code for Full Year 2026 reporting.

Focus areas for 2026

Provision or Principle	Action currently undertaken	Enhancements for 2026
21. There should be a formal and rigorous annual review of the performance of the board, its committees, the chair and individual directors. The chair should commission a regular externally facilitated board performance review. In FTSE 350 companies this should happen at least every three years.	During 2025, an external performance review facilitated by Ffion Hague of IBE, assessing the effectiveness of the Group Board, its Committees and the Chair of the Group Board was completed. Individual Director evaluations were not undertaken as part of this review to allow for the embedding of the new Joint Meeting Model and to provide newly appointed Directors sufficient time to settle into their roles.	During 2026, individual Director evaluations will be reinstated and will form a key area of focus.

Division of responsibilities

Division of responsibility on the Board

Division of responsibilities on the Group Board

Clear roles and responsibilities to drive forward our purpose and strategy

The Directors understand their individual and collective responsibility to ensure the long-term success of the Company and fulfil the Group's purpose. The Group Board maintains a clear division of responsibilities, avoiding any concentration of power or over-reliance on one individual. Director independence supports strong governance and encourages diversity of thought and inclusion. All NEDs are considered independent, except for the Shareholder Nominated Directors and the Chair of the Group Board, who was independent upon appointment.

Chair of the Group Board

(independent upon appointment)

- Leadership and effective operation of the Group Board.
- Leading the Group Board in driving the strategy, desired culture and values of the Group. Assessing and monitoring how the Group culture has been embedded.
- Setting the Group Board agenda, working with the Group Company Secretary to ensure effective meetings.
- Leading, while ensuring effective challenge from all members of the Group Board on all agenda items.
- Leading the development of and monitoring the effective implementation of policies and procedures for the induction, training and education sessions for the Group Board.
- Leading the highest standards of corporate governance.
- Effective shareholder engagement.
- Ensuring an orderly succession process for the Group CEO and the Group Board as a whole.

Group Chief Executive Officer

- Overall performance and day-to-day management of the Group.
- Leading on embedding the desired culture, values and purpose of the Group throughout.
- Operational matters relating to:
  - business strategy and management;
  - investment and financing;
  - risk management and controls;
  - recommending remuneration policies and succession plans to the relevant Group Board Committees for employees below Executive Director level;
  - regulation;
  - sustainability;
  - communication; and
  - HR policies.

Group Chief Financial Officer

- Overall responsibility for the financial management and performance of the Group.
- Leading on embedding strong financial governance, integrity, and transparency throughout the Group.
- Operational matters relating to:
  - financial strategy and planning;
  - capital management, including liquidity and funding;
  - financial risk management and internal controls;
  - statutory and regulatory financial reporting;
  - tax and treasury management;
  - communication with investors, analysts, and
  - regulators; and
  - succession planning within the Finance function.

Full descriptions of the Group Board's roles and responsibilities are available on the **Company's website** www.standardlifeplc.com

Senior Independent Director

- Acting as a sounding board for the Chair of the Group Board.
- Chairing Group Board meetings in the Chair's absence.
- Supporting on governance matters, including the annual Board performance review and the Chair's performance review by the NEDs.
- Serving as an intermediary between the Chair of the Group Board and the other Executive Directors as necessary.
- Being available to shareholders whose concerns are not resolved through the normal channels or when such channels are inappropriate.
- Ensuring an orderly succession process for the Chair of the Group Board.

Independent Non-Executive Directors

- Assessing, challenging and monitoring Management's delivery of the strategy, within the risk and governance structure set by the Group Board.
- Measuring, monitoring and assessing culture.
- Robustly challenging items brought to any Committee they are a member of, applying their skillset and expertise (see pages 88 to 91).
- Co-operating with regulators and any other applicable regulatory authority.
- Dual Directors are appointed to both the Group and the Life Companies Boards. Their conflicts of interest are robustly managed by the Group Company Secretary and are detailed on page 94.

Designated Non-Executive Director for Workforce Engagement

In addition to the responsibilities of Independent Non-Executive Directors, the DNED is responsible for:

- Developing an annual communication programme with the CRF to collate employees' views.
- Acting as the primary Group Board feedback mechanism between colleagues across the Group and the Board and raising relevant matters, or issues of concern, highlighted by engagement with the workforce.
- Participating in ExCo and Life Companies Board meetings when culture is discussed.

Shareholder Nominated Directors

(not independent in line with the 2024 Code)

- A relationship agreement between the Company and MS&AD includes the right for MS&AD to appoint a representative NED to the Group Board, provided that MS&AD continues to hold 10% or more of the Company's shares.
- A relationship agreement between the Company and Aberdeen includes the right for Aberdeen to appoint a representative NED to the Group Board, provided that Aberdeen continues to hold 10% or more of the Company's shares.

Division of responsibilities continued
Division of responsibility on the Board

Independence
During the year, the Group and Life Companies Board Nomination Committees continued to assess the independence of the NEDs to ensure that they were able to properly fulfil their roles on their respective Boards and provide constructive challenge to the Executive Directors.

Conflicts of interest
A Conflicts of Interest Register is maintained by the Group Company Secretary. Under the Companies Act 2006, each Director has a duty to avoid situations where they have, or may have, a direct or indirect interest that conflicts with the Company's interests. If a Director becomes aware of a potential conflict, they must inform the Board on which they sit immediately. That Board may then authorise such conflicts under the Company's Articles, and any authorisation is recorded in the Register, along with the date of approval.

Each Director certifies annually that the Register is accurate and completes a questionnaire to confirm all conflicts have been disclosed. From 2025, the Register was presented to the Group Board quarterly for review. When considering authorisation, only non-conflicted Directors may participate in the discussion. A conflict is authorised only if the relevant Board believes it will not affect its ability to promote the Company's long-term success. The Board may also impose conditions or limits on any authorisation.

Potential conflict situations are reviewed and authorised, where applicable, at the start of each Board meeting. Particular care is taken regarding the Shareholder Nominated Directors for Aberdeen and MS&AD, and Dual Directors such as the Group CEO and INEDs who are Dual Directors of the Group and Life Companies Boards.

Managing potential conflicts
As part of the implementation of a Joint Meeting Model, the management of potential conflicts of interest was reviewed and an updated protocol approved by the Group and Life Companies Boards. It was decided that Dual Directors will act in their capacity as a Life Companies Director in line with the table below. This ensures the majority of Life Companies Directors are aligned to the best interests of the Life Companies. The Dual CEO will recuse himself from voting at the subsidiary level, when the other party is Standard Life plc.

Outside directorships
Executive Directors are encouraged to serve as NEDs of external companies, dependent upon time commitment in accordance with the 2024 Code. Andy Briggs is the President of the ABI and a member of the Business in the Community Leadership Council. Nicolaos Nicandrou is a NED of Kingdom of Saudi Arabia Insurance Authority.

Re-appointment of Directors
In accordance with the 2024 Code, all Directors offer themselves individually to shareholders for initial election or re-election annually, unless retiring immediately following the AGM.

Independent advice
All Directors have access to the advice and services of the Group Company Secretary to support their Board and Committee responsibilities. They may also seek independent professional advice at the Group's expense, although none did so during 2025. The Group provides insurance cover for legal actions against Directors and has entered into indemnities with them, as outlined in the Directors' report on page 177.

Role	Life Companies Board	Standard Life plc Board
Dual Directors	Vote in their capacity as a Director of the Life Companies, including on cash remittances.	Participate in discussions; recused from decisions on intra-group loans between the Group and the Life Companies. Can vote and be included on dividends paid to shareholders of the Group.
Dual CEO	Recused from voting, but may participate in discussion.	Can vote and be included in decisions for the Group.
Dual CFO*	Vote in their capacity as CFO/a Director of the Life Companies, including on cash remittances.	Participate in discussion; recused from decisions on intra-Group loans. Can vote and be included on dividends paid to shareholders of the Group.
Chief Actuary	Presents all cash remittance papers at the Group Board and Life Companies Board Risk Committees and the Group and Life Companies Boards and is supported by a Line 2 opinion.	

* This change will take place in 2026 subject to regulatory approval.

Our governance framework

The Group and Life Companies Boards provide strong challenge to Management through a robust governance framework enabling cohesion of our purpose, strategy, values and culture.

We maintain high standards of corporate governance to enable the successful delivery of our strategy.

Standard Life plc Board
Chair of the Group Board, Sir Nicholas Lyons

The Group Board's role is to provide leadership, promoting the long-term sustainable success of the Company, generating value for shareholders and positively contributing to wider society, within a framework of prudent and effective controls, which enables risk to be assessed and managed. It establishes the Standard Life strategy, leading the development and setting of its culture.

Matters Reserved for the Group Board and each Committee's Terms of Reference can be found at: **www.standardlifeplc.com**

Our governance framework ensures that the Group Board is effective in both making decisions and maintaining oversight of those Committees it delegates to. The Chair of each Group Board Committee reports into the Group Board at the end of each Board meeting cycle.

Group Board Nomination Committee
- Recommends Group Board appointments.
- Reviews the Group Board and Committee composition.*
- Reviews Board and Senior Executive succession planning.*
- Recommends Life Companies Board appointments.
- Oversees nomination, induction and evaluation of the Group Board.
- Oversees the diversity, equity and inclusion of the Group Board and senior appointments.*
- Monitors the Boards in line with the Group's strategy and Joint Meeting Model.*

Committee report on **page 110**

Group Board Audit Committee
- Monitors the integrity of financial reporting.
- Reviews significant reporting judgements.
- Maintains an appropriate relationship with the External Auditor.
- Drives the Internal Audit programme and any recom-mendations.*
- Reviews ESG reporting.

Committee report on **page 120**

Group Board Risk Committee
- Reviews the risk appetite and high-level risk matters ensuring they are appropriate for the Group as a whole.*
- Assesses the effectiveness of the Group's Risk Management Framework ('RMF').*
- Monitors whistleblowing.*
- Oversees the appropriateness of the Group's capital and liquidity requirements.*
- Assesses the effectiveness of the Group's internal controls system.

Committee report on **page 128**

Group Board Sustainability Committee
- Agrees and monitors progress against the Sustainability Strategy.
- Reviews ESG reporting.
- Monitors culture, and diversity, equity and inclusion ('DE&I').
- Oversees the organisation's thought leadership plans to advocate across priority sustainability themes.
- Monitors progress against the Group's Net Zero Transition Plan.

Committee report on **page 133**

Group Board Remuneration Committee
- Sets and reviews the Group's remuneration framework.
- Recommends Executive Directors' remuneration and policy.
- Reviews Chair, executive, Senior Management and SMF remuneration.
- Assesses the impact of the Group CRO report on any undue risk taken by individuals or the Group and applying its discretion.
- Reviews performance-related share schemes.
- Reviews wider workforce remuneration-related policies.

Committee report on **page 136**

The ExCo supports the Group CEO in discharging his responsibilities in managing Standard Life's business day-to-day. In addition, a Market Disclosure Committee reports into the Group CEO and has oversight of Standard Life's disclosure obligations in accordance with the Listing Rules.

* These items were considered as part of the Joint Meeting Model, which was introduced with effect from August 2025.

Board support
All Directors have access to the advice and services of the Group Company Secretary to support the discharge of their duties and on matters of governance. The Group Company Secretary supports the Chair of the Group and Life Companies Boards, ensuring that the Directors receive accurate, timely and clear information. Appropriate policies, processes, time and resources are available to the Board to ensure its effective and efficient operation. The Group Company Secretary ensures that accurate records of Board and Committee meetings are prepared on a timely basis enabling unresolved concerns of Directors to be duly recorded. No concerns were recorded during 2025.

Division of responsibilities continued
2025 Group Board and Committee meeting attendance

The Group Board met formally seven times during 2025, including a two-day strategy setting meeting. The Group Board regularly holds calls outside of the formal schedule to facilitate education sessions or provide support or feedback to Management on matters between meetings if required. The NEDs met with the Chair of the Group Board on at least seven occasions without Executive Directors present, which normally takes place after each Board meeting.

The Group and Life Companies Chairs work closely with the Group Company Secretary and Group Executive Directors to plan appropriate and well-informed agendas, ensuring time is given to strategic matters and full challenge can be provided by the Group and Life Companies Boards.

Planning Board meeting agendas

- The Group Company Secretary meets with the Group CEO and Group CFO to discuss the first draft of the Board agenda following the previous ExCo meeting. Meeting agendas stem from the annual planner, which is approved by the Group Board at the end of each year and sets out the regular items and expected topics of discussion for the following year. Management, following consultation with the Group Company Secretary, may add items to the agenda which are notified to the Group CEO for approval.
- This agenda is then presented to the Chair of the Group Board who meets with both the Group CEO, Group CFO and the Group Company Secretary to provide feedback. Actions from the previous meeting, the Board planner, strategic items and stakeholder matters, for example our regulatory relationships or customers, are discussed to ensure the agenda is appropriately balanced.
- The Group Board planner is reviewed in that meeting and updated in anticipation of the next agenda. A similar process is followed by the Group Company Secretary or their designate for each of the Group Board Committee meetings.
- The Group Company Secretary follows a similar process including the Chair of the Life Companies Board for any related meetings for the Joint Meeting Model.

The following attendance table details all formal Group Board and Committee meetings held during 2025. Group Board members are expected to attend all formal Group Board meetings with the aim of 100% attendance.

The Group Board Nomination Committee has confirmed its satisfaction with the time and commitment given to the Standard Life plc Board and its Committees by all Directors.

	Group Board	Group Board Audit Committee	Group Board Risk Committee	Group Board Remuneration Committee	Group Board Nomination Committee	Group Board Sustainability Committee
	Actual/Max	Actual/Max	Actual/Max	Actual/Max	Actual/Max	Actual/Max
Chair						
Sir Nicholas Lyons	7/7	–	–	–	7/7	–
Executive Directors						
Andy Briggs (Group CEO)	7/7	–	–	–	–	–
Nicolaos Nicandrou (Group CFO)	7/7	–	–	–	–	–
Non-Executive Directors						
Karen Green[1]	7/7	–	6/7	7/7	7/7	5/5
Siobhan Boylan[2]	3/3	–	–	–	–	–
Eleanor Bucks[3]	7/7	3/3	5/5	–	–	–
Karin Cook[4]	3/3	–	3/3	–	–	2/2
Sherry Coutu[5]	4/5	–	–	5/5	3/3	–
Mark Gregory[6]	7/7	8/8	7/7	–	7/7	–
Hiroyuki Iioka	7/7	–	–	–	–	–
Katie Murray	7/7	8/8	–	–	7/7	–
Belinda Richards[7]	4/4	–	4/4	4/4	–	–
David Scott[8]	4/4	–	–	–	–	–
Maggie Semple	7/7	–	–	7/7	–	5/5
Nicholas Shott[9]	4/4	4/5	–	4/4	4/4	3/3

1. Karen Green was unable to attend a Group Board Risk Committee meeting due to a funeral.
2. Siobhan Boylan was appointed as a Director of the Group Board on 1 September 2025.
3. Eleanor Bucks became a member of the Group Board Risk Committee on 1 April 2025 and the Group Board Audit Committee on 25 August 2025.
4. Karin Cook was appointed to the Group Board as a Dual Director on 25 August 2025, becoming a member of the Group Board Risk Committee and the Group Board Sustainability Committee on this date.
5. Sherry Coutu was appointed as a Director of the Group Board and member of the Group Board Remuneration Committee on 1 May 2025 and became Chair of the Group Board Remuneration Committee on 1 July 2025. Sherry became a member of the Group Board Nomination Committee on 1 July 2025. She was unable to attend a Group Board meeting in June due to an unforeseen clash of meetings scheduled prior to her joining the Group Board.
6. Mark Gregory was appointed as a Dual Director to the Life Companies Board on 25 August 2025. He also became Dual Chair of the Risk Committees by being appointed to the Life Companies Board Risk Committee on that date. Mark Gregory became a member of the Group Board Remuneration Committee on 1 December 2025.
7. Belinda Richards retired from the Group Board on 24 August 2025.
8. David Scott retired from the Group Board on 31 August 2025.
9. Nicholas Shott retired from the Group Board on 30 June 2025. He was unable to attend a Group Board Audit Committee meeting due to an unforeseen clash of meetings.

Group Board activities

Meeting agendas are derived from the annual planner which sets out the recurring items and expected topics of discussion for the following year. Each meeting features a balanced and tailored agenda, structured around governance, strategy and financial performance, alongside emerging matters.

During 2025, in addition to the scheduled meetings, the Group Board calendar was supplemented with informal updates and calls as needed as well as an annual two-day strategy session along with additional education sessions. Details of the education sessions delivered can be found on pages 108 to 109.

The Chair of the Group Board and Group Company Secretary work closely together to finalise each agenda which, across the year, consists of the following regular reports:

- Group CEO report detailing business updates covering people and culture, brand and strategic priorities.
- Group CFO report detailing financial performance, capital management and liquidity updates.
- Group CIO updates on asset management strategy and performance.
- Group General Counsel updates on legal developments.
- Project Manager updates on key transformation initiatives.
- Designated NED for Workforce Engagement insights.
- Updates from the Chair of the Group Board Audit Committee on audit matters.
- Updates from the Chair of the Group Board Risk Committee on risk and compliance matters including regulatory updates.
- Updates from the Chair of the Group Board Sustainability Committee on our sustainability approach; People and Planet.
- Updates from the Director of Corporate Affairs & Brand on Investor Relations and market engagement.
- Life Companies Board reports detailing regulatory compliance and Consumer Duty updates.

Key activities during the year

Q1	Outcome	
Approved the Full Year 2024 financial results, Annual Report and Accounts, revised external targets, and Final dividend recommendation.	Reinforced financial transparency and shareholder confidence by aligning market expectations with internal plans, confirming the credibility of ambitious targets.	O E
Approved the Solvency and Financial Condition Report ('SFCR').	Confirmed regulatory compliance and capital strength, with a 172% shareholder coverage ratio supported by robust controls over report preparation.	O
Received a deep dive on the Group's ongoing migrations.	Oversight of the Group's migration programme and movement to Wipro.	E
Approved to recommend the Articles of Association for shareholder approval at the AGM.	Future-proofed governance framework for Mandatory Direct Credit, hybrid meetings (if government restrictions mean that a physical meeting cannot reasonably be held) and change of Company name.	E
Approved (in principle) the proposed change to the Group Brand Strategy and change of Company name.	Enhanced brand alignment and strategic clarity by focusing activities and investment on our strongest brand; Standard Life. This supports organic growth and simplifies the business for customers and capital markets.	G E

Q2	Outcome	
Hosted the Group's AGM.	Delivered effective shareholder engagement and developed relationships ahead of the 2025 Remuneration Policy review.	G E
Held a two-day strategy meeting with members of the Life Companies Board to discuss the strategy of the Group.	Improved alignment between the Group Board and Life Companies Board by agreeing to a Joint Meeting Model from 25 August 2025, supporting strong governance and meeting efficiency.	G O E
Considered the Technology and Data Strategy (including information security and cyber security).	Strengthened the technology roadmap, including the introduction of a Board Digital Advisory Group ('DAG') in 2026 to provide expert guidance and challenge on behalf of the Boards on cyber security and digital-related items.	O E

Q3	Outcome	
Approved the 2025 Interim financial results, Interim dividend recommendation, and the announcement of the proposed change to the Group brand strategy and Company name.	Maintained transparency and investor confidence while signalling strategic progress through brand alignment and positioning for long-term growth.	G O
Reviewed and approved the strategy for the Asset Management and Retirement Solutions functions.	Positioned business for growth and innovation through strategic projects, including the decision to in-house c.£20bn of the Group's annuities portfolio.	G O
Considered early drafts of the Strategic Financial Business Plan and 2026 Annual Operating Plan.	Introduced concise metrics for remuneration alignment and ensured robust financial targets.	G O E
Approved the Consumer Duty Annual Assessment.	Reinforced customer-centric compliance culture.	O E
Approved the ORSA.	Enhanced risk management and capital planning.	O

Q4	Outcome	
Approved the Strategic Financial Business Plan and Annual Operating Plan.	Confirmed forward-looking financial resilience.	G O E
Approved a new Capital Risk Appetite Framework.	Ensuring appropriate risk appetite.	O
Approved the Group's Position Statements on tropical deforestation, freshwater scarcity and the use of carbon credits.	Enhanced sustainability governance and transparency aligning commitments with stakeholder expectations and industry best practice.	G
Considered the roadmap for compliance with Provision 29 of the 2024 Code ahead of the YE26 controls attestation.	Confirmed roadmap for Provision 29 compliance and agreed enhanced evidence-based control effectiveness reporting, including dry runs through 2026.	G

Strategic priorities key G Grow O Optimise E Enhance

For more information see out Strategic priorities on **pages 28 to 35**

Division of responsibilities continued
Our culture

The following pages explain how the Directors of the Group monitor and assess the embeddedness of its desired culture across the organisation.

As the principal decision-making body for the Group, the Group Board sets the cultural tone for the organisation through strong custodianship and alignment with the Group's intended purpose, values and strategy.

Our desired culture: The Big Three

In 2024, the Group introduced new cultural principles for the Group. The Big Three are the Group's guiding principles and the cultural strategy serves as a roadmap to embed The Big Three into everything we do, providing a framework for optimum commercial growth while maintaining focus on customer outcomes. In 2024, the Group launched a 3-year culture strategy to define, implement and embed the desired cultural outcomes and strengthen alignment with strategic objectives. This 3-year strategy will continue to be monitored and challenged by the Joint Group and Life Companies Boards, with improvements and refinements made using a dashboard of qualitative and quantitative metrics, combining key data points with colleague feedback to provide a holistic view of cultural performance against The Big Three.

The Big Three was launched with the aim of being simple, clearly expressed and relevant to all colleagues across the Group, agnostic of brand. During the year, the Company committed to a significant change in its name and branding. This decision was carefully considered by Management and subject to robust challenge by the Group Board, with particular focus on the potential impact on culture and the continued embeddedness of our core values. A key question was whether a change in identity could influence the way our culture is lived and experienced across the organisation. Feedback since the announcement to rebrand has indicated strong support for the move to a brand that carries both heritage and future relevance, with many colleagues welcoming the opportunity to align under one unified culture, reinforcing a sense of shared purpose and belonging.

Embedding and measuring our culture

The Group Board continues to prioritise the monitoring and assessment of organisational culture and its integration across all areas of the business. To support this, the Group and Life Companies Boards receive comprehensive data tracking progress against The Big Three and other priority action areas. During 2025, the Group and Life Companies Boards strengthened their oversight mechanisms by enhancing the materials used to review and monitor culture, including improvements to reporting frameworks, cultural data points such as exit interviews, and a focus on evaluating the effectiveness of DE&I initiatives across the workforce. During the year, the Group's Internal Audit function, with external support from Ernst Young LLP, conducted an audit of the Group's culture framework and 3-year culture strategy. The results of the audit were presented to the Joint Group and Life Companies Board meeting in November 2025. The audit found that the 3-year culture strategy is well designed, aligned with the Group's strategic objectives and supported by a comprehensive plan that defines cultural ambition and approach. Feedback from participants indicated that culture was fundamentally business and leader led and it is therefore essential that Senior Management continue to model and reinforce cultural values across the organisation while retaining flexibility to prioritise cultural values most relevant to their business areas.

As such, the ExCo has committed to further amplifying the culture in 2026 through site visits, optimising ways of working to ensure cross-functional teams are aligned on enterprise-wide priorities and ensuring a culture of psychological safety for all colleagues. As part of our commitment to fostering a culture of transparency and trust, the Group has strengthened its Speak Up (Whistleblowing) Framework by expanding the dedicated team. This enhancement provides greater support and structure for colleagues who wish to raise concerns, reinforcing confidence in our reporting mechanisms and embedding our desired culture.

The Big Three

We put our customers first

We aim high

We work together

How the Group Board and Committees monitor and assess culture

Board performance review
The annual Board performance review assesses both the performance as a whole and individual elements, such as measuring how well the Group Board promotes the Group's culture, embodies the Group's values and continues to set a clear cultural 'tone from the top'. The Group Board Nomination Committee advises the Group Board on succession planning, ensuring that appropriate candidates are chosen and the desired culture is preserved.

Colleague voice
Monthly surveys provide leaders with timely insights to review with their teams and shape action plans to strengthen our culture. This helps the Group Board understand colleague experiences and monitor cultural trends. The DNED meets quarterly with the CRF, which brings colleague views into early decision making. Their insights on colleague experience inform her cultural discussions with the Joint Group and Life Companies Board and ExCo.

Colleague engagement
The Group Board attends various colleague engagement sessions. This two-way dialogue enables the Group Board to understand colleague experiences and the topics that matter most. This supports the Group Board with monitoring culture and discharging its duties under section 172 ('s172') by having regard to the interests of the Company's employees. To read more about the work of our DNED see pages 104 to 105.

Workforce policies
Workforce policies support fairness and consistency by describing colleagues' entitlements and responsibilities. They reinforce the Group's culture and strengthen understanding of required behaviours. The Group Board Risk Committee receives Speak Up data and challenges Management on its behavioural insights. Mark Gregory, Chair of the Group and Life Companies Risk Committees, is the Group's Whistleblowing (Speak Up) Champion.

Internal Audit
To achieve the principles contained in the Internal Audit Charter, the Group Board is required to set an appropriate 'tone from the top'. This is to ensure a supportive and collaborative culture of internal audit, assurance and internal controls at all levels of the organisation. Updates on the effectiveness of this are provided to the Group Board Audit Committee on a regular basis.

Remuneration
The Group Board Remuneration Committee ensures the Group's remuneration policies and practices are implemented and maintained in line with the Group's culture and strategic direction. NEDs review remuneration for material risk takers and others within the Committee's remit where adjustments may affect the application of the Annual Incentive Plan rewards. Page 141 outlines the underpin framework.

Diversity, equity and inclusion
The Group Board Sustainability Committee oversees the implementation of the DE&I strategy. The strategy shapes the Group's culture and supports the ambition to be the best place that colleagues have ever worked.

Customer
The Life Companies Board has primary responsibility of overseeing the Group's customer strategy, encouraging a culture of customer centricity and in turn helping people secure a life of possibilities.

Risk culture
The Group Board Risk Committee monitors the Group's risk culture which determines our awareness, attitude and behaviour towards risk and is an important feature of the Group's culture. The Joint Group and Life Companies Board receives regular updates on risk culture and appetite.

Intranet and employee communications
Colleague communications, providing Group-wide news and updates, emphasising the Group's values and culture and promoting The Big Three, are provided in a variety of formats such as intranet announcements and interactive all-colleague hybrid sessions.

Site visits
Maggie Semple, in her capacity as DNED, conducts site visits across the Group's main offices to better understand specific colleague experiences, which vary depending on location. Group Board members are invited to attend. These visits enable the Group Board to monitor culture and ensure appropriate tailored responses to any specific needs.

Culture dashboard
The Group Board monitors and assesses culture on a quarterly basis by reviewing a culture dashboard which includes statistics on employee surveys, diversity data and talent pipeline development, as well as key data points from across the organisation. The Group Board also receives and challenges bi-annual culture updates from the Group CEO.

Stakeholder engagement
s172 statement

Under Section 172 of the Companies Act 2006 (the 'Act'), all directors of UK companies have a duty to act in a way that promotes the success of the Company or the benefit of its members as a whole.

The Group Board recognises that effective stakeholder engagement is essential to fulfilling this duty. Engagement enables the Group Board to understand what matters most to our stakeholders and to take these factors into account when making decisions in the long-term interests of the Company and its stakeholders.

Strategic engagement strengthens the Group Board's understanding of issues material to each stakeholder group. This involves a combination of business-led initiatives and Board-level interaction. The Group Board aims to foster a culture where stakeholder interests are considered throughout the decision-making process across all levels of the organisation. Alongside Board-level discussions, the ExCo regularly engages with stakeholders and discusses any key issues identified.

The Group Board acknowledges that it is not always possible to deliver positive outcomes for all stakeholders simultaneously and that decisions often require balancing competing priorities. In such cases, the Group Board aims to act in a way that best supports the delivery of our strategy and creates sustainable long-term value for all stakeholders.

s172 Principle	Relevant disclosure
The likely consequence of any decision in the long term	• Chair's statement (pages 10 to 11) • Group CEO's report (pages 12 to 15) • Risk management and principal risks (page 78 to 83) • Board activities (page 97) • Viability statement (page 84 to 85) • Going concern (page 178) • Our strategic priorities and KPIs (pages 28 to 37) • Our business model (pages 18 to 21)
The interests of the Company's employees	• Our culture (pages 98 to 99) • Workforce engagement (pages 104 to 105) • Our business model (pages 18 to 21) • Sustainability Report (www.standardlifeplc.com) • Group Board Nomination Committee report (pages 110 to 115) • Group Board Remuneration Committee report (pages 136 to 137) • DE&I (page 118 and 114) • Speak Up (Whistleblowing) Policy (page 122)
The need to foster business relationships with suppliers, customers and others	• Our business model (pages 18 to 21) • Sustainability Report (www.standardlifeplc.com) • Group Board Sustainability Committee report (pages 133 to 135)
The impact of the Company's operations on the community and the environment	• TCFD (page 53) • SECR (page 72) • Sustainability Report (www.standardlifeplc.com) • Group Board Sustainability Committee report (pages 133 to 135) • Net Zero Transition Plan (www.standardlifeplc.com)
The desirability of the Company maintaining a reputation for high standards of business conduct	• Risk management (page 78 to 83) • Board activities (page 97) • Sustainability Report (www.standardlifeplc.com) • Board performance review (pages 106 to 107) • Division of responsibilities (page 93) • Our governance framework (page 95)
The need to act fairly as between members of the Company	• Annual General Meeting (pages 87 and 177) • Dividend Policy and Final dividend (pages 17, 47 and 176) • Group Board Sustainability Committee report (pages 133 to 135) • Our business model (pages 18 to 21)

s172 preparation, discussion and feedback mechanism

1. Director induction and training
- The Directors' induction programme includes detailed training on Directors' duties and the requirements of s172.
- The Group and Life Companies Boards are formulated to include a diverse set of skills and experience which contribute to well-considered and strategic decision making.

2. Board information
- The Group and Life Companies Boards and Committees agendas contain the details of Directors' duties.

3. Board discussion
- Rigorous risk management, challenge and assessment of s172 factors to ensure value creation in the short, medium and long term.
- The Chair of the relevant Board or Committee is responsible for ensuring that the outcomes and decisions are informed by s172 factors.
- The s172 factors are discussed by the relevant Board to ensure that long-term value is created for stakeholders.

4. Board decision feedback to business
- CRF consultation and feedback loop from the DNED.
- Intranet communications on business-wide decisions.
- Senior Management tasked with follow-up actions.
- Boards are updated on progress as the decision is actioned.

Key stakeholder groups

Customers

How we engage
- Discussed the inclusion of Consumer Duty as an underpin in the Annual Incentive Plan ('AIP').
- Reviewed Pensions and Savings strategy and customer journey.
- Oversaw migration of c1.7 million customers to the new platform.
- Enabled customer shareholders to submit questions in advance of the AGM and on the day.
- Monitored customer satisfaction scores and included them in the AIP for Executive Directors, monitored by the Group Board Remuneration Committee.
- Approved the rebrand strategy for Standard Life.
- Completed the Consumer Duty Annual Assessment.

Outcome
- Consumer Duty was incorporated into the 2025 AIP as an underpin. See page 150 of the 2024 Directors' Remuneration report and page 156 of the 2025 Directors' Remuneration report.
- Migrations successfully delivered with strong service standards maintained.
- Company rebranded as Standard Life plc in March 2026.
- 'Phoenix Insights' rebranded as the 'Standard Life Centre for the Future of Retirement' to align impactful research and campaigning work with the trusted and customer-facing Standard Life brand.

Colleagues

How we engage
- Provided colleague shareholders the opportunity to meet the Group Board and submit questions at a physical AGM.
- Delivered 'Connect Live' events throughout the year, hosted by the Group CEO and other members of the ExCo to provide workforce updates and receive live Q&A both in-person and via streaming.
- Received regular updates from the DNED following engagement sessions with colleagues and the CRF.
- Continued to collect DE&I 'Who We Are' surveys to better understand the composition of the workforce and their needs, with the completion rate now at 71.5%.
- Regularly reviewed whistleblowing data at the Joint Group and Life Companies Board Audit Committees before review by the Joint Group and Life Companies Board.
- Requested inclusion of grievance data in quarterly HR Management Information to improve oversight.
- Discussed the gender and ethnicity pay gaps across various functions, discussing improvements and the actions being taken to address disparities.
- Reviewed talent and succession planning across key roles.
- Received regular updates on People, Culture and DE&I.

Outcome
- Incorporated grievance data into quarterly HR Management Information to improve oversight and tracking of employee complaints.
- Introduced collaborative interviews between NEDs and ExCo members to improve colleague understanding of the role of the Group Board following CRF survey feedback.
- Approved the office move from Wythall to Brindleyplace, Birmingham City Centre, enhancing colleague experience and talent attraction through a central location.
- Increased engagement with identified successors for key roles to foster relationships and empower future leaders.
- Won multiple awards including, the 'Best Women's Health initiative for Wellbeing & Menopause' at the InsideOut Awards 2025 and the 'Most Impactful Reward and Recognition Strategy' and Bronze for the 'Best Benefits Launch/Relaunch' at the Appreciation Awards 2025.
- Signed the Employers' Pension Pledge in July 2025.
- Introduced a Shadow ExCo comprising high-performing, high-potential colleagues representing diverse perspectives. It provides check and challenge input to support ExCo decision making, with representatives attending ExCo and Board meetings to share insights and cascade feedback, ensuring two-way engagement.
- Received recognition for the LGBTQ+ network and its impact on the business at the Proud Scotland Awards 2025.
- Signed the Armed Forces Covenant and achieved a Gold Award under the Ministry of Defence Employer Recognition Scheme.
- Reinforced the commitment to closing pay gaps and improving transparency.
- Racial allyship training has been organised for the Group and Life Companies Boards in 2026.

Stakeholder engagement continued

Key stakeholder groups

Shareholders

How we engage

- Engaged directly with shareholders before and at the 2025 AGM.
- Received regular updates from the Chair of the Group Board on Investor Relations Roadshow meetings and from the Group CEO on investor feedback.
- Reviewed all key shareholder communications, including the Annual Report, Interim Financial Report and Notice of AGM.
- Conducted detailed shareholder consultation on the Directors' Remuneration Policy.
- Maintained dialogue with the two Shareholder Nominated Directors from major shareholders, Aberdeen and MS&AD, who joined Group Board meetings and shared direct views on behalf of those institutions.
- Continued our engagement programme with private client brokers via roadshows.
- Increased direct interactions with retail investors via a dedicated session post 2025 Half Year results with the Group CEO and Group CFO.
- Reviewed and updated our forward-looking Investor Targeting Plan and broker strategy, conducting a Group Board-approved tender process.

Outcome

- All resolutions at the 2025 AGM passed.
- Following engagement with stakeholders and detailed discussion by the Group Board and the Group Board Remuneration Committee, the updated Directors' Remuneration Policy will be presented for shareholder approval at the 2026 AGM. See page 138 for detailed feedback from the shareholder consultation process, and the impact this had on the design of the Directors' Remuneration Policy.
- Investor engagement increased by approximately 50% year-on-year in 2025.
- BNP Paribas appointed as Joint Corporate Broker, alongside BofA Securities.

Community and environment

How we engage

- Supported employee volunteering and fundraising programmes including the Company's social partnership with Carers UK and the Give As You Earn scheme.
- Received regular updates, via the Group Board Sustainability Committee, on progress against the Group's sustainability targets, Sustainability Strategy and Net Zero Transition Plan.
- Received horizon scanning updates, via the Group Board Sustainability Committee to ensure that Directors are apprised of regulatory and climate-related changes.
- Reviewed and approved the 2026 Sustainability Strategy framing and materiality assessment.
- Considered the Nature and Carbon Offsetting Position Statements.
- Discussed stewardship engagement.

Outcome

- Approved updated Sustainability Strategy and DE&I targets focused on embedding inclusive practices.
- The Group raised nearly £130,000 in the first year of partnership with Carers UK, which included a period of triple-matching contributions by the Group.
- Trained 30 colleagues to champion carers' needs in every aspect of our customer service.
- Publication of Position Statements on tropical deforestation, freshwater scarcity and Carbon offsetting (in line with the Oxford Principles).
- Confirmed commitment to 2025 interim net zero goals and continued transparency in reporting. Provided challenge ahead of the second iteration of the Net Zero Transition Plan, due to be published in March 2026.

Suppliers

How we engage

- Approved the Modern Slavery Statement and received an externally provided, holistic education session from industry experts, including information on supplier base reviews.
- Ensured all supplier-related activity is managed in line with Group procurement processes to ensure that risk is managed and mitigated.
- Reviewed and approved amendments to the ESG Supplier Standards, considering DE&I provisions and Modern Slavery compliance.

Outcome

- Continued reinforcement of practices and processes to focus engagement on suppliers' material to carbon reduction commitments.
- Approved updated ESG Supplier Standards with enhanced DE&I requirements.

Key stakeholder groups

Regulators

How we engage

- Met formally with the Financial Conduct Authority ('FCA') and Prudential Regulation Authority ('PRA') during the year on a range of matters, including the Joint Meeting Model.
- Considered the Life Insurance Stress Test ('LIST') 2025 and the Group's approach to completing the stress test.
- Together with the Group Board Risk Committee, reviewed the Group's Recovery and Resolution Plans, taking into account feedback from the PRA.
- Discussed the Regulatory Relationships Engagement Model during the Strategic Financial Business Plan review.
- Along with the Group Board Risk Committee and the Life Companies Model Governance Committee, considered the Internal Model Major Model Change application.
- Together with the Group Board Risk Committee, the Group Board considered the Group's regulatory relationships at each meeting.
- Reviewed the PRA PSM letter and the FCA FE letter.
- Discussed the Company's progress towards compliance with Provision 29 of the 2024 Code and the internal control attestation roadmap.
- Together with the Group Board Risk Committee and the Group Board Audit Committee, considered the Own Risk and Solvency Assessment ('ORSA').
- Completed CBEST cyber resilience exercise with the PRA, FCA and the Central Bank of Ireland.

Outcome

- Filed the LIST with the PRA in June 2025, with feedback being received in November 2025 and an announcement to the market published.
- Approved the Recovery and Resolution Plans, responding to feedback and communicated refinements to the PRA.
- Submitted the application for a Major Model Change in June 2025 and received approval in December 2025.
- Maintained positive engagement and transparency with regulators, including discussions on Board simplification and governance frameworks and structure.
- Confirmed the roadmap for Provision 29 compliance and enhanced evidence-based control reporting.
- Approved the ORSA and submitted it to the Regulator.
- Confirmed the CBEST remediation plan and submitted it to the Regulator for feedback.

Government

How we engage

- The Group Board, via the Group Board Sustainability Committee, received updates on public affairs and priorities, and the work being undertaken by Management to influence external policy to create better outcomes for its customers.
- The Group Board, via the Group Board Risk Committee, received updates from the Director of Public Affairs on fiscal strain, polarisation and the rise of the Reform party, and political management.

Outcome

- Continued constructive engagement with policymakers to advocate for pension reform and customer-focused outcomes.
- Raised Group Board awareness of political nuances to inform strategic planning and external engagement.

Workforce engagement

Maggie Semple, OBE
Designated Non-Executive Director for Workforce Engagement ('DNED')

Our colleagues are fundamental to the Group's success. They play a vital role in driving our growth and delivering our strategy, so it is essential that we create an environment where they can perform at their best. The Group Board sets the cultural tone for the organisation and actively engages with colleagues throughout the year, both directly and indirectly. It recognises that our people are key to achieving our strategic priorities and to ensuring the Group delivers the best possible outcomes for customers and all stakeholders.

An annual programme of colleague engagement ensures coverage across business functions and targeted groups. The Big Three cultural ambitions define our goals for the colleague experience. They guide the Group and Life Companies Boards' engagement with the workforce and provide a clear framework for measuring progress.

Engagement in action: listening to the colleague voice

Methods of engagement with colleagues

In-person engagement sessions

Sessions were hosted across business locations to ensure visibility across the Group. At these site visits, I engaged with the leadership population to understand the local leadership perspective, then with colleagues at the site to compare, contrast and understand all experiences. Towards the end of the year, I introduced a lunch and connect element to the site visits, to celebrate the Colleague Representation Forum ('CRF') and our colleague networks. In these sessions I used local colleague survey data to prompt discussion on emerging themes such as our strategy, customers, leadership and the colleague experience.

Virtual engagement sessions

Sessions were held quarterly with a specific focus or theme. Group Board members were invited to join these sessions and colleagues could opt to attend. Some sessions targeted specific audiences to shape discussion around shared experience.

Monthly engagement surveys

The Group Board and I continue to take a keen interest in the outputs from the Group's monthly colleague engagement survey, Peakon. This data is used to create culture dashboards which inform site visits and my ExCo one-to-one discussions.

CRF engagement and surveys

The CRF is an autonomous, regulated forum that represents the collective colleague voice. It gathers colleague feedback through various data channels, including direct interactions with colleagues across the business, and conduct surveys and polls on key subject areas. The insights shared with me from this activity guide my sessions with colleagues and inform reporting to the ExCo and the Group Board.

Quarterly DNED blog

I write a quarterly blog, which is published on the Group's intranet and is informed by my engagement with colleagues on key topics that quarter. This blog is a key aspect of the feedback loop between the Group Board and colleagues.

Engagement statistics

Active participants in engagement activities
244

Monthly survey engagement
83%

Average views of quarterly blogs
1,300

Average views for internal social channel posts
3,000

Engagement activities throughout the year

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Board meeting and colleague engagement session		●	●		●	●			●	●		●
DNED site visit						●			●	●	●	
DNED update to the Group Board		●	●		●				●		●	
DNED engagement with CRF				●						●	●	
DNED network leads meeting and Q&A			●	●		●				●		
DNED blog			●			●				●		●
Employee survey	●	●	●	●	●	●	●	●	●	●	●	●

Examples of outcomes from my engagement with colleagues in 2025

Engagement	Attendance*	Outcome
Focus group: Workload, April 2025	Maggie Semple	I attended a focus group with eight participants to discuss workload and its impact on colleague experiences of the Group. Amongst discussions, I was asked to clarify the feedback loop between the Group Board and colleagues, and how discussions at Board meetings directly impact outcomes for colleagues. In response, my quarterly blog will be developed in 2026 to act as a mechanism for closing the feedback loop and keeping colleagues informed on how their input and thoughts are used and responded to.
ExCo session: May 2025	Maggie Semple	From the second half of 2025, I committed to holding quarterly one-to-one sessions with the Group CEO as well as bi-annual meetings with each member of the ExCo. These sessions are designed to deliver the combination of monthly survey data and the colleague voice directly to members of the ExCo with the nuance and external perspective of a NED. This will also strengthen the feedback loop between the Boards and colleagues.
Focus group: External Customer Service, July 2025	Maggie Semple Sherry Coutu	I attended a focus group with seven colleagues, accompanied by Sherry Coutu. Colleagues highlighted a strong commitment to customer outcomes, supported by robust governance, outcome testing and a culture of care, particularly in areas of vulnerable customer support. The group also highlighted some operational challenges and the value of cross-functional collaboration to improve outcomes. Sherry Coutu attended the ExCo meeting in August 2025, leveraging her knowledge and expertise in the sector, to discuss the ways in which AI could be utilised to further improve outcomes for customers and support efficiencies for those communicating with customers.
Focus groups: Culture Reflection, October 2025	Maggie Semple Karen Green Eleanor Bucks	I attended two focus groups on culture, one with Karen Green and one with Eleanor Bucks. A key theme from discussions was the work being undertaken to transform and simplify the business, which had brought uncertainty for some colleagues. I write a regular blog, sharing my reflections and perspectives on transformation activity and best practice approaches for colleagues to support themselves and navigate through times of ambiguity. The blog titled 'Change is easier when we face it together' was published on the Group's Intranet in October 2025.
CRF meeting, October 2025	Maggie Semple Karin Cook	Karin Cook joined me for a CRF meeting in October 2025. The session focused on leadership consistency, transformation, customer focus and workload. While it was noted that Peakon data showed engagement above industry benchmarks, there were signs of strain in areas undergoing strategic improvements and colleagues indicated that leaders could be more present. As such, the ExCo has committed to increased site visits in 2026 to increase visibility across all offices and to engage more regularly with colleagues within their functions to better understand their experiences.
CRF Survey	N/A	A CRF survey highlighted that many colleagues did not fully understand the role of a Group Board Director. In response, Group Board members were invited to attend CRF meetings during the year to provide insight and foster greater transparency. The Group Board and ExCo, in collaboration with Company Secretariat, created a series of videos for the Group's intranet which detailed the role of Directors and how they collaborate with Management in deciding the strategic direction of the organisation.
2026 Engagement Plan	N/A	Following feedback from key internal stakeholders and colleagues, the 2026 Engagement Plan will be more targeted, with specific Board members invited to discuss subjects directly related to their responsibilities. For example, to ensure holistic and transparent discussions relating to relevant governance and strategic decisions, a focus meeting will be held in Q2 2026 to discuss remuneration and the updated Directors' Remuneration Policy. Sherry Coutu, Chair of the Group Board Remuneration Committee, will attend this meeting.
Full Year 2026 Remuneration underpin	N/A	During 2025, it was agreed that, as a matter of good governance, I would review the Company's employee engagement, culture, workforce matters and related management objectives within my remit as DNED. Accordingly, in 2026, before final variable remuneration outcomes are determined, I will review overall progress on culture and workforce matters, working with the Group Chief People Officer and supported by a defined scorecard. I will consider whether formula-driven remuneration outcomes appropriately reflect performance in these areas. Where concerns within my remit are identified, I will recommend to the Group Board Remuneration Committee that discretion be exercised in respect of variable pay outcomes, including reductions of up to 100%.

* Other attendees during the year included Mark Gregory, Nicolaos Nicandrou and Katie Murray.

Maggie Semple, OBE
Designated NED for Workforce Engagement

Composition, succession and evaluation
Board review

Although an external Board performance review was undertaken in 2023, the Directors decided it was appropriate to conduct an external review again in 2025 due to the move to a Joint Meeting Model between the Group and Life Companies Boards and Committees.

Feedback from the review would support the change in governance ensuring it was fit for purpose. Ffion Hague of Independent Board Evaluation ('IBE') facilitated the 2025 performance review. The Group Board confirms that IBE has no other connection with Standard Life plc or individual Directors. IBE is a founder of The International Register of Board Reviewers, which provides the principles under which board reviews are conducted. The following process was undertaken by IBE:

External Board review process

1. The format and scope of the review were discussed by IBE, the Chair of the Group Board, the Chair of the Life Companies Board, the Group CEO and the Group Company Secretary. IBE was chosen due to its experience of the insurance sector, two-tier boards and highly regulated, listed companies. IBE provided a longer-term partnership demonstrated through its three-year engagement and AI-enabled support, 'Derek'. This AI-enabled tool operated alongside the service to eliminate potential human bias such as length of service, gender or ethnicity and supported subsequent internal reviews.
2. Each member of the Group and Life Companies Boards, Senior Management, advisers, ExCo members and the Group Company Secretary had a confidential interview with IBE which included a set agenda tailored to the Company's Board to discuss pertinent topics.
3. The Group Company Secretary, or her designate, worked with each individual Committee Chair to finalise actions and any potential 2026 education sessions. These were then added to the 2026 education session schedule. Actions were approved at the January 2026 meeting and will be monitored by the relevant Board and Committees throughout the year.
4. IBE observed the Group Board and the Joint Group and Life Companies Board and Committee meetings held between 18 to 20 November 2025 and 17 December 2025. IBE prepared for meetings by reviewing the Board and Committee papers for those meetings. IBE also observed the ExCo meeting on 18 December 2025. Other Life Companies subsidiary boards and the Enterprise Risk Management Committee were also included in IBE's review.
5. Draft reports were circulated to the Chair of the Group Board and Chair of the Life Companies Board and discussed at the Joint Group and Life Companies Board meeting on 27 January 2026. IBE also met with each Committee Chair to discuss each Committee report.
6. Observations were circulated in the meeting packs for the January Board and Committee meetings by IBE.
7. Actions identified and those to be taken throughout 2026 to enhance Board effectiveness were approved at the meeting of the Joint Group and Life Companies Board on 13 March 2026.

The 2025 Board performance review included both the Group and Life Companies Boards. The below enhancements relate to IBE's observations at Joint Group and Life Companies Board meetings, and Group Board only meetings, chaired by Sir Nicholas Lyons, the Chair of the Group Board. The Joint Group and Life Companies Board and Committees were found to be effective, well chaired, engaged and evolving in response to the Joint Meeting Model. Continued attention on strategic focus, comprehensive Director skillsets and robust challenge will be key to enhancing effectiveness. The following recommendations relate to the Joint Group and Life Companies Board as the Joint Meeting Model evolves.

Action 1

Rebalance the agenda in favour of strategic objectives

Action 2

Clarify the roles of the Group and Life Companies Boards within Board and Committee planners

Action 3

Review the Board skills matrix

Action 4

Assist the Company Secretary in providing strategic support to the Board

Action 5

Enhance the mechanism whereby challenge is captured as actions

Committees' performance

The Group Board Remuneration and Sustainability Committees and the Boards and Committees that operate in a Joint Meeting Model were also part of IBE's performance review. All duties set out in each Committee's Terms of Reference were addressed during the year.

Individual performance

No individual review of performance was conducted during the 2025 Board performance review due to the timing of the implementation of the Joint Meeting Model. This will be completed in 2026 when individuals have had more time to embed and reflect upon the new framework.

Assessment of the Chair's performance

IBE carried out the above process for the Chair of the Group Board, who also chairs the Joint Meetings of the Group and Life Companies Boards. Feedback was provided by Group Board members and the Group Company Secretary. The Chair was found to be effective. He was particularly adept at fostering an inclusive culture between the Group and Life Companies Boards. Directors found the Joint Meeting Model a positive process, with enhancements identified on page 106.

The 2024 Board review

The 2024 Group Board performance review was internally facilitated by the Chair of the Group Board and Group Company Secretary. The following progress against actions identified during the review have taken place during 2025:

Action identified	Action taken
Continue to enhance and monitor the quality of Board papers to ensure sustained improvement.	A paper template for the Joint Meeting Model was implemented from 25 August 2025 with training provided to key authors. In addition, quality of papers continues to be challenged by the Company Secretariat team, Management and the Board. Directors are encouraged to provide feedback on papers at each meeting and any feedback loop completed.
Review agenda focus and consider the frequency of meetings.	With the implementation of the Joint Meeting Model, the Company Secretariat team and Management have thoroughly reviewed the Group and Life Companies Boards' agendas to bring any overlap into the Joint Meeting Model. This will continue to be monitored as the Joint Meeting Model continues to be embedded throughout 2026.
Thoroughly review in advance the approach to, and agenda for, the 2025 Board Strategy Day to ensure alignment with long-term strategic objectives.	The 2025 strategy agenda was reviewed thoroughly with topics including: emerging risks and industry trends, an update and analysis of competitors' business performances; and strategies for discussion on our competitive advantages and changes in accounting methodologies. The Life Companies Board also attended the Strategy Day in line with the Joint Meeting Model.
Continue to enhance NED and colleague engagement.	See pages 104 to 105 for details of how NED and colleague engagement has been enhanced.

Composition, succession and evaluation continued
Group Board education and development

Each year, the Group Board ensures a continuous improvement cycle providing personal and collective development through a formal programme of education and deep dive sessions. The following education and deep dive sessions were provided to the Group Board and Committees during 2025.

Strategic priorities

- G Grow
- O Optimise
- E Enhance

See our Strategic priorities on **pages 28 to 35**

Q1

Annual review of targets and dividend approach
The Group CFO transparently briefed the Group Board on the rationale behind external targets, published on 17 March 2025, ensuring robust challenge and discussion.

Outcome:
Well-executed results and stable share price since 17 March 2025, driven by a transparent investor presentation and clear proposed metrics outlined in the 2024 Directors' Remuneration report.

Board G O E

Macro-economics and political landscape
The Chief Investment Officer led a deep dive on external risks affecting equity, credit, and interest rate markets, examining macro-economic, market, and geopolitical factors – including the incoming US administration – and their impact on Standard Life's investment performance and financial framework, with emphasis on key strategic initiatives.

Outcome:
Better understanding of the impact from a new US administration upon the Group's strategy and rationale for decisions made.

Board O

Funded reinsurance
The funded reinsurance strategy and its impact upon business planning, managing investment risk capital, including temporary strain and boosting returns.

Outcome:
Better strategic understanding of funded reinsurance in respect of life companies firms and the increased demand for bulk transfers of the defined benefit pension liabilities.

Risk G E

Migrations
Deep dive into the progress of migrations and the importance of all Standard Life's strategic partners that are key stakeholders under s172 of the Companies Act 2006.

Outcome:
Enhanced collaboration with key third-party suppliers, including a 10-year strategic partnership with Wipro to deliver life and pension administration for ReAssure and accelerate Standard Life's operational transformation.

Board G O E

Q2

Management actions
Deep dive into the sustainability of the recurring and non-recurring management actions upon the Strategic Financial Business Plan.

Outcome:
The Group Board provided challenge on management actions with a full understanding of what actions would be recurring.

Board G O E

Mansion House Accord
Deep dive into the next phase of the Mansion House Compact.

Outcome:
The Company became a signatory to the Mansion House Accord on 13 May 2025.

Board G E

Strategy Day Sessions
Topics included: Retail/Master Trust, market trends, profit pools and strategy, Strategic Financial Business Plan, key dependencies and risks, customer opportunity, rebrand and change of Company name.

Outcome:
Approved in principle the transition of our principal brand from Phoenix Group to Standard Life.

Board G O E

In-house management of annuity-backing assets
Deep dive into the risks of transferring Standard Life's annuity-backing assets from its current asset manager to in-house to benefit our scaled asset management capabilities, while optimising customer outcomes and ensuring enhanced returns.

Outcome:
Approved the in-housing strategy at its September 2025 meeting.

Risk O E

Modern Slavery
Education session delivered by 'Unseen,' the UK's leading modern slavery charity, marking the 10-year anniversary of the Modern Slavery Act.

Outcome:
The Group Board Sustainability Committee received key updates, recent case examples and guidance on UK Principles and best practice knowledge on the Modern Slavery Act.

Sustainability E

Q3

Investor Relations
Feedback provided to the Group Board following Half Year 2025 investor meetings.

Outcome:
Investor presentation improved further following consideration of investor feedback.

Board G O E

2026 Remuneration Policy
Deep dive sessions with Deloitte (advisers) and Management to streamline the key metrics for Full Year 2026 from 22 metrics towards market practice of 5–6 metrics.

Outcome:
Shareholders welcomed the streamlined number of metrics that truly improved strategy.

Remuneration G O E

Cyber security
Deep dive into the CBEST exercise which aimed to test the organisation's security posture using threat-led penetration testing to emulate real-world threat actor techniques, and the Cyber Security and Resilience Self-Assessment.

Outcome:
The ExCo completed its CBEST at its August 2025 meeting and any actions were reported to the Group and Life Companies Board. The Digital Advisory Group ('DAG') will be constituted in 2026 to ensure that the Group and Life Companies Boards have appropriate members monitoring such threats.

Risk O E

Net Zero Transition Plan outline, context and messaging
Education session on the Group's Net Zero investment proposition in light of evolving market sentiment, customer expectations and regulatory developments. The second iteration of the Net Zero Transition Plan will be published in Q1 2026.

Outcome:
To review the impact of any change in government at the next general election with a particular focus on customer outcomes.

Sustainability O E

Q4

Finance Transformation Programme ('FTP')
A progress report on people, culture, automation, process reporting, performance management of the balance sheet, and capital within the Finance function.

Outcome:
A continued focus in 2026 for the Joint Group and Life Companies Board Audit Committees.

Board G O E

Underpin framework within the 2026 Remuneration Policy
Deep dive into the process and how the underpin would work for a number of metrics including people, customer, audit, risk and sustainability.

Outcome:
See page 141 of the Directors' Remuneration report.

Audit, Risk, Remuneration and Sustainability Committee Chairs, DNED and the Chair of the Life Companies Board G O E

Wider workforce dashboard
Annual review of the wider workforce dashboard that is benchmarked against peers on fixed and variable pay, benefits and wellbeing.

Outcome:
See page 145 of the Directors' Remuneration report.

Board G O E

Mandatory training
The Board received specific mandatory training on:

- Code of Conduct;
- Consumer Duty;
- Data Protection;
- Financial Crime;
- Failure to Prevent Fraud in accordance with the implementation of the Economic Crime and Corporate Transparency Act 2023 ('ECCTA' 2023);
- Market Abuse Regulations;
- Information Security; and
- Internal Model Validation.

Outcome:
All mandatory training for 2025 was completed by January 2026.

Board G O E

Composition, succession and evaluation continued
Group Nomination Committee report

Sir Nicholas Lyons
Group Board Nomination Committee Chair

Role, responsibilities and effectiveness

The Role of the Committee is shown on **page 95**

The Committee's responsibilities and duties can be found within its **Terms of Reference**, which are available on the Company's website.

Key Committee activities in 2025

- Reviewed and challenged the Joint Meeting Model for the Group Board and Life Companies Board Nomination Committees by assessing which items overlap for the Joint Meeting Model.
- Appointment of Mark Gregory to the Life Companies Board and Karin Cook to the Group Board as Dual Directors.
- Retirement of Belinda Richards after serving eight and a half years on the Group Board.
- Appointment of Sherry Coutu as Chair of the Group Board Remuneration Committee, succeeding Nicholas Shott. Sherry also brings expertise in AI, addressing a previously identified skills gap on the Group Board.
- Review of succession plan for Executive Directors, the ExCo and Senior Management with emergency cover identified for all roles.
- Retirement of David Scott as the Shareholder Nominated Director for Aberdeen Group plc and appointment of Siobhan Boylan from 1 September 2025.

Committee meetings and membership

	Member from	2025 meeting attendance	2025 % attendance
Sir Nicholas Lyons	1 December 2023	7/7	100%
Sherry Coutu[1]	1 July 2025	3/3	100%
Karen Green	5 May 2022	7/7	100%
Mark Gregory	4 December 2024	7/7	100%
Katie Murray	29 June 2023	7/7	100%
Nicholas Shott[2]	11 May 2017	4/4	100%

1. Sherry Coutu became a member of the Group Board Nomination Committee on 1 July 2025.
2. Nicholas Shott retired from the Group Board on 30 June 2025.

Additional regular attendees include the Group CEO, Group Chief People Officer and the Group Company Secretary.

Number of Committee meetings held this year (including ad hoc)

7

2026 focus

- Succession planning for the Group Board's Senior Independent Director ahead of her reaching her nine-year term in June 2026.
- Monitoring the Joint Meeting Model for the Group and Life Companies Boards Nomination Committees.
- Ensure individual directors' performance is reviewed during the 2026 Group and Life Companies Boards performance review in line with Provision 21 of the 2024 Code.

Group Board Nomination Committee reporting cycle

Q1

- Approved the Nomination Committee report for the Full Year 2024 Annual Report
- Re-election proposals for 2025 AGM
- Reviewed NED independence and time commitments
- Reviewed Executive Directors, ExCo succession plans and emergency cover
- Considered proposals for the Joint Meeting Model

Q2

- Renewed NED appointments
- Reviewed Board succession planning in light of the Board simplification strategy
- Approved the Colleague Engagement Plan for July and August
- Considered and challenged the proposed Board simplification strategy

Q3

- Implemented the Joint Meeting Model on 25 August 2025*
- Discussed Group and Life Companies Boards and their Committees' composition and appointments*
- Reviewed the Advisory Groups to the Group Board

Q4

- Considered the successor of the SID in advance of Karen Green's retirement in June 2026
- Agreed that from 2026, the Group and Life Companies Board Audit Committees would meet jointly, with standalone meetings only when required*
- Reviewed the Group Board DE&I Policy

* These items were considered as part of the Joint Meeting Model, which was introduced in August 2025.

The Joint Meeting Model has been a key focus of the Group Board Nomination Committee in 2025. This will continue to be monitored during 2026, but the Group and Life Companies Boards are pleased with the improved ways of working to date.

Sir Nicholas Lyons
Chair of the Group Board Nomination Committee

Composition, succession and evaluation continued
Group Board Nomination Committee report

Outcomes from Committee discussions

On an annual basis, a review of the Committee's activities is undertaken. In 2025, it was concluded that all elements of responsibility detailed in the Committee's Terms of Reference had been addressed. An overview of some of the significant activities undertaken during the year and the way in which they contributed to important outcomes is detailed in the following table:

Key activities

Board simplification	Outcome
Joint Meeting Model	A more streamlined approach to the previous two-tier model where meetings ran separately two weeks apart. The Joint Meeting Model means meetings are run concurrently. The Joint Meeting Model was applied to the Group and Life Companies Boards and Nomination, Audit and Risk Committees. The introduction of Dual Directors appointed to both the Group and Life Companies Boards provides a better level of continuity and a streamlined approach, with conflicts robustly managed. The initial success of this Joint Meeting Model will lead to further refinement during 2026.
Succession planning	**Outcome**
Executive Directors, ExCo and ExCo-1	Appropriate emergency cover for the Dual CEO is now in place. Development themes for ExCo successors have been communicated. Though gender balance at ExCo level is 50:50, the ethnicity balance requires further improvement. To support the challenge of ensuring more ethnic minorities are 'future ready' for the ExCo, a Shadow ExCo has been introduced from 2026, ensuring broader diversity is a focus and giving our best talent the tools and experience needed to reach their full potential. The Group Board is mindful of the succession pipeline required for better ethnic minority representation within Senior Management. The amalgamation of the Asset Management and Retirement Solutions businesses following the retirement of Andy Curran, CEO Savings and Retirement, UK and Europe, also allowed those businesses to be streamlined under the supervision of one ExCo member.
NED process	**Outcome**
NED succession planning	Sherry Coutu joined the Group Board on 1 May 2025 and became Chair of the Group Board Remuneration Committee on 1 July 2025 following the retirement of Nicholas Shott on 30 June 2025. Karen Green will retire from the Group Board on 30 June 2026 following her nine-year tenure and consideration has been given to who will replace her on the Group Board as SID, Chair of the Group Board Sustainability Committee and member of the Group Board Risk Committee. Mark Gregory joined the Group Board Remuneration Committee on 1 December 2025 to allow for orderly succession for that Committee.
Appointment of Karin Cook	The Group Board's composition requirements were reviewed in light of skills gaps following Belinda Richards' retirement from the Group Board, as well as the implementation of the Joint Meeting Model. The Joint Meeting Model has brought closer links between the two Boards to ensure focused debate and challenge. It was considered sensible to recruit a candidate from the Life Companies Board and Karin Cook was identified as a suitable replacement given her strong customer, operational and transformation background. It was deemed unnecessary to involve the use of an external search consultancy for Belinda Richards' replacement as Karin Cook had already been through a rigorous process when appointed to the Life Companies Board on 1 May 2024, where she had demonstrated challenge at Life Companies Board meetings since her appointment.
Committee changes	**Outcome**
With the introduction of the new Joint Meeting Model a refresh of Committee members was also considered	Mark Gregory joined the Life Companies Board on 25 August 2025 as a Dual Director and Chair of the Group and Life Companies Board Risk Committees. Karin Cook joined the Group Board on 25 August 2025 as a Dual Director. She replaced Belinda Richards, who retired from the Group Board with effect from 24 August 2025 following an eight and a half year tenure. Eleanor Bucks joined the Group Board Risk Committee and the Group Board Audit Committee from 1 April 2025 and 25 August 2025, to replace Belinda Richards and Karen Green respectively.
Colleague engagement	**Outcome**
DNED	It was agreed that the DNED, Maggie Semple, would attend ExCo meetings at least twice a year to provide feedback on colleague engagement, enabling Management to consider and agree appropriate actions. In addition, Maggie Semple met individually with ExCo members to discuss key themes emerging from their teams. These interactions support continuous monitoring of how the desired culture is being embedded across the organisation. Further information on how the Group Board monitors and assesses culture can be found on pages 98 to 99.

The Committee also received education sessions as shown on pages 108 to 109.

Board and Executive succession planning

Succession planning is a key focus for the Group and Life Companies Boards from both a leadership and governance perspective. The Committee continually reviews the composition and skillsets of the Group Board and Committees to ensure they can support Management to execute the Group's strategy. As previously mentioned, the succession planning for when Karen Green retires from the Group Board is underway. As the Joint Meeting Model is embedded, a further review of Group Board requirements will be monitored during 2026, as a full cycle of joint meetings has not yet been completed.

The Committee ensures that Board recruitment and succession planning are conducted in a measured and timely manner, allowing a robust and rigorous search to be undertaken for each Board appointment. This allows an appropriate amount of time for the Directors to interview and select the best candidate.

Appointment process

The standard process used by the Group Board Nomination Committee for Group Board appointments involves the use of an external search consultancy to source external candidates and, in the case of executive appointments, also considers internal candidates. A role profile is drafted by the Group Company Secretary and reviewed and approved by the Group Board Nomination Committee.

Detailed assessments of short-listed candidates are undertaken by the search consultancy and the Committee. The Committee requires search firms to ensure that both long-lists and short-lists are balanced from a diversity and inclusion perspective. If not, the Committee will insist on a refresh.

Each member of the Group Board Nomination Committee interviews short-listed candidates individually or jointly with other members of the Committee. A pre-prepared list of questions is used to ensure continuity. Interviewers are mindful of the skills matrix, diversity of thought and how Standard Life's values are demonstrated to ensure any potential Director is a good cultural fit for the Group Board. Interviews are also held with the Group CEO and Group Chief People Officer as part of the process and other members of the ExCo as appropriate.

References are then obtained prior to the Committee recommending the appointment to the Group Board. Once the Group Board has approved the recommendation, a market announcement is made as soon as possible, and the onboarding process begins.

Succession planning

The Committee follows a similar approach to succession planning for Executive Directors. For ExCo roles, the process ensures that, in the event of an emergency, there is at least one identified internal successor who is either immediately ready or expected to be ready within one to two years. External candidates are also included in the process. ExCo succession planning was a focus for 2025, considering talent, capabilities and the broader diversity agenda. Though the gender balance at ExCo level is 50:50, the ethnic minority balance requires some enhancement. To support the challenge of ensuring more ethnic minorities are 'future ready' for the ExCo, a Shadow ExCo has been introduced from 2026, ensuring broader diversity is a focus and giving our best talent the tools and experience needed to reach their full potential.

Subsidiary governance

Part of the Committee's role is the oversight of the Group's subsidiary governance framework, which forms part of our regulated entities. With the implementation of the Joint Meeting Model, certain items such as ExCo successors, emergency CEO, CFO and CRO cover and colleague engagement have been discussed at Joint Group and Life Companies Board Nomination Committee meetings. Though the Life Companies Board reviews its own succession planning, this is also noted by the Group Board Nomination Committee.

Board skills

The Group Board's skills and experience are regularly assessed. The introduction of the Joint Meeting Model made it essential to ensure that the Life Companies Board possessed the appropriate skills and experience on a standalone basis. The implementation of the model has also enabled the Group Board to benefit from additional expertise and perspectives drawn from the Life Companies Board. For example, the Committee identified certain Non-Executive Directors that bring strong technology, AI and customer expertise and created the DAG, which addresses a previously identified skills gap and leads to increased challenge and oversight in this area.

Board Diversity Policy

The Group Board annually reviews and updates its Board DE&I Policy to ensure it reflects its values, culture and relevant Listing Rules compliance and 2024 Code Principles. The 2025 Board DE&I Policy can be found on the Company's website.

The Group Board is pleased that it currently complies with its own policy in line with UKLR 6.6.6(9), the Parker Review and the FTSE Women Leaders Review.

Objectives	Compliance update as at 31 December 2025
Board diversity	
Ongoing compliance with the FTSE Women Leaders Review, Parker Review and the FCA's Listing Rules: • at least 40% of women on the Board; • at least one of the senior Board positions (Chair, CEO, CFO or Senior Independent Director) should be a woman; and • at least one Board member should be from a non-white minority ethnic background (as defined by the ONS).	As at 13 March 2026: • Seven female Directors representing 58% of Group Board composition. • The Senior Independent Director is Karen Green. She will retire from the Group Board on 30 June 2026 and the Group Board will be mindful of gender diversity when making future senior Board appointments. • Two minority ethnic Directors representing 17% of Group Board composition. • Standard Life plc's target for ethnic minority representation at Senior Management[1] level was 13% by 31 December 2025. At 13 March 2026, it is tracking at 13.8%. The Group Board is mindful of the succession pipeline required for better representation in Senior Management. See page 112.

1. Definition of Senior Management is in line with the Parker Review of ExCo and ExCo minus 1, excluding those not in Senior Management roles.

Composition, succession and evaluation continued
Group Board Nomination Committee report

The Group Board was pleased to be recognised as a top performer for 2025 in the FTSE Women Leaders Review. In addition, the Group Board met the recommendation of the Parker Review for FTSE 100 companies in relation to there being at least one Director from an ethnic minority background on the Group Board.

The Committee has been active in promoting gender and ethnic diversity on the Group Board and continues to take an active role in oversight and guidance of the executive diversity and inclusion process. Details of the diversity and inclusion initiatives for Standard Life colleagues (including the Executives) are contained in the Sustainability Report, which is available on the Company's website.

The Group's Senior Management gender diversity data (including statutory requirements) is contained in the Strategic report on page 76.

Gender diversity

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in Executive Management	Percentage of Executive Management	Number of total employees	Percentage of total employees
As at 13 March 2026							
Men	5	42%	3	3	27%	2,712	51%
Women	7	58%	1	8	73%	2,622	49%
As at 31 December 2025							
Men	5	42%	3	6	46%	2,793	51%
Women	7	58%	1	7	54%	2,726	49%

The definition of Executive Management includes the Group Company Secretary in line with that under UKLR 6.6.6(10) and Provision 23 of the 2024 Code.

Ethnic diversity

	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in ExCo	Percentage[2] of ExCo	Number of total employees[2,3]	Percentage of total employees
As at 13 March 2026[1]							
White British or other White (including minority White groups)	10	84%	4	9	90%	2,965	56%
Mixed/Multiple Ethnic Groups	0	0	0	0	0%	70	1%
Asian/Asian British	1	8%	0	0	0%	358	7%
Black/African/Caribbean/ Black British	1	8%	0	0	0%	74	1%
Other ethnic group, including Arab	0	0	0	0	0%	44	1%
Not specified/ prefer not to say	0	0	0	1	10%	1,823	34%
As at 31 December 2025[1]							
White British or other White (including minority White groups)	10	84%	4	11	92%	3,086	56%
Mixed/Multiple Ethnic Groups	0	0%	0	0	0%	76	1%
Asian/Asian British	1	8%	0	0	0%	375	7%
Black/African/Caribbean/ Black British	1	8%	0	0	0%	80	1%
Other ethnic group, including Arab	0	0%	0	0	0%	45	1%
Not specified/ prefer not to say	0	0%	0	1	8%	1,857	34%

1. Based on the Office for National Statistics classification and included: Asian, Black, Mixed/multiple ethnic groups, Other ethnic groups, White and Prefer not to say.
2. Standard Life collects data through the internal HR platform with the aim of providing up-to-date views of colleague diversity and allowing data analysis at a Group, function and business unit level, as at 31 December, the participation rate was 71.5%.
3. Data collected, permissible and volunteered by colleagues.

Board independence

With the exception of the Chair of the Group Board and Shareholder Nominated Directors, all NEDs are considered independent in character and judgement. The independence criteria set out in Provision 10 of the 2024 Code is reviewed as part of the selection process for the NEDs who join the Group Board. The Committee determined that Sherry Coutu was independent upon her appointment to the Group Board on 1 May 2025.

Karin Cook was appointed as a Group NED and a Dual Director with effect from 25 August 2025. During her appointment process a cross-directorship was identified with Katie Murray at NatWest (on the ringfenced bank which is a significant subsidiary of the listed NatWest Group plc). Thorough due diligence was undertaken with robust protocols implemented following legal advice to ensure both Karin and Katie could be considered to be independent NEDs of the Group Board. It was concluded that:

- Neither Director would have a decisive influence at a Board level given the size of the Group Board and Life Companies Board.
- The activity between NatWest and Standard Life on a group-to-group basis is largely minimal. For any treasury matters brought to the Group Board for approval both Katie Murray and Karin Cook would recuse themselves from any decision.
- No treasury matters are brought to either the Group or Life Companies Board Audit Committees, where Katie Murray is Chair of the Joint Group Board and Life Companies Audit Committees and Karin Cook is a member of the Life Companies Board Audit Committee.

The Group Board was therefore able to confirm that Katie Murray and Karin Cook remained Independent NEDs of the Group Board.

Additional appointments

If any Director wishes to take on an additional external appointment, they are required to seek permission from the relevant Board. That Board will then take into consideration the additional time commitments, independence and any potential conflicts of interest in relation to the Directors' current roles and responsibilities before any permission is given.

Time commitment

All Directors are expected to commit sufficient time to the Group or Life Companies Board. Time commitments for Directors are reviewed by the Group Board and Life Companies Board Nomination Committees on an annual basis including prior to recommendation for re-appointment to the Group Board at the Company's AGM, on changes in role (joining additional Committees or taking on further responsibility) and prior to approving external appointments. A list of time commitments of each Director for their external and internal appointments are maintained and updated immediately following any change in their portfolio.

Before the implementation of the Joint Meeting Model on 25 August 2025, time commitments required by each Director were thoroughly reviewed and the number of days per role established. A similar process is applied to external appointments to ensure Directors have enough time to dedicate to the Company. These will be reviewed and updated once the Joint Meeting Model has completed its first annual cycle to ensure they remain fit for purpose.

The basic time commitment can be significantly increased on account of transactional or other activity. The Group Board Nomination Committee confirms that all Group NEDs have demonstrated they have sufficient time, which is regularly reviewed by calculating days allocated to their appointment at Standard Life plc with external board appointments, whilst also considering the size, complexity and global scale of those additional appointments.

Time commitment was a focus during the recruitment process of Sherry Coutu. Her current appointments were listed against the proxy and major shareholders' voting guidelines on overboarding along with the complexity and number of days spent on each board and any committees to ensure she had the appropriate time to also commit to her role at Standard Life. The Committee agreed that Sherry will not be appointed to any additional committees during the 2026 Directors' Remuneration Policy review and shareholder consultation. This approach ensures she can devote the necessary time and focus to her responsibilities as Chair of the Group Board Remuneration Committee at Standard Life, while managing her other external commitments. The Committee will revisit her Committee appointments following the 2026 AGM.

It has been a busy year with a strong focus on strengthening governance and this will continue in 2026 as the Joint Meeting Model continues to be embedded.

Sir Nicholas Lyons
Chair of the Group Board and Nomination Committee

Role	Number of days	Notes
Group Board and Nomination Committee Chair and any Committee membership/attendee	104	
Life Companies Board and Nomination Committee Chair and any Committee membership/attendee	90	
Executive Director who is a Committee Chair or has two Committee memberships	24	
Group SID	7	
Group/Life Companies NED and member of one or more Group/Life Companies Board Committees	40	This includes Board, Committee and AGM attendance and preparation. The Group Board Nomination Committee agreed approximately 3 days are required to participate in meetings (including meetings and dinners) with a further day required to prepare for the meetings. One day per month is to review Group information and any briefing sessions for Committee members.
Dual Director (on both Group Board and Life Companies Board) and member of one or more Group or Life Companies Board Committees	50	
Chair of Group and Life Companies Risk Committee	15	
Chair of the Group Board Audit Committee	10	
Chair of the Group Board Remuneration Committee	15	This will reduce to 10 days once the 2026 Remuneration Policy has been completed.
Chair of the Group Board Sustainability Committee	10	

Composition, succession and evaluation continued
NED inductions

Directors' induction

The Chair of the Group Board leads the development and oversight and implementation of training policies and procedures for Directors. On appointment, each Director receives a tailored induction, followed by ongoing education and deep dives (see pages 108 to 109).

The Chair of the Group Board discusses training annually with each NED, supported by the Group Company Secretary, particularly after Board effectiveness reviews, to see if any additional training requirements have been suggested. Directors are encouraged to suggest training topics and have access to a Board portal with additional resources. For example, when the Cyber Governance Code was introduced all Directors were encouraged to complete the training referred to in this code.

Meetings

- Chairs of the Group Board and the Life Companies Board
- Group Company Secretary
- Group Chief Executive Officer
- Group Chief Financial Officer
- Individual NEDs of the Group and Life Companies Boards
- ExCo members
- Customer Operations Manager
- Group Treasurer
- Investor Relations Director
- Key external advisers

Outcomes

Provide an understanding of each role, challenges and opportunities, culture of the Group Board and ExCo.

Being a highly regulated Group, it is important NEDs have a full understanding of the importance of the regulators.

Site tours with management

- London
- Birmingham
- Edinburgh
- Telford
- Ireland
- Bristol

Outcomes

These provide insight into the Group and office culture across Standard Life. Site visits provide an opportunity to meet a cross-section of the wider workforce.

Key documents

- Directors' duties and s172 requirements.
- Group and Life Companies Boards' operations and governance framework.
- Joint and Group meeting minutes and meeting packs.
- Group policies/delegations of authority/conduct/regulatory responsibilities.
- Financial, strategic and operation plans and priorities.
- Directors' & Officers' liability insurance summary.
- Market Abuse Regulations training.
- Listed company and life companies governance training.
- Other documents as appropriate in relation to the level of Board or Board Committee responsibilities.
- Mandatory training.

Outcomes

Though some of the documents such as those relating to Market Abuse Regulations will be familiar to many NEDs, there are some Standard Life specific documents relating to the Group and Life Companies Boards governance framework which support the NEDs in familiarising themselves with the Group.

The induction programme at Standard Life has been comprehensive and I wish to thank Nicholas Shott for his diligent and detailed handover.

Sherry Coutu, CBE

Joined the Group Board on 1 May 2025

I received the typical programme and an in-person course by a third-party supplier as shown below to deepen my financial services knowledge in an informal environment where I could challenge and ask questions. I found this level of support comforting and invaluable:

Topic	Session	Time commitment	Outcome
Introduction to Life Insurance – valuation of reserves and UK Solvency II. SMCR – overview of the regime and what it means for NEDs.	1	2hrs	Full understanding of the regime and the specific responsibilities of the SMF12 role.

Additional sessions were available on request and if deemed necessary. These topics range from insurance market/product landscape to more technical areas such as IFRS 17 and the Own Risk and Solvency Assessment and Internal Model.

Karin Cook

Joined the Group Board on 25 August 2025

Upon joining the Life Companies Board as a NED on 1 May 2024, I received the typical programme. Following my appointment to the Group Board as a Dual Director on 25 August 2025, I undertook a second programme addressing potential conflicts of interest across the Group and Life Companies Boards, with emphasis on dividend governance, Listing Rules, and Market Abuse Regulations which deepened my understanding of Group-level oversight.

Mark Gregory

Joined the Life Companies Board on 25 August 2025

I was appointed to the Life Companies Board on 25 August 2025, having attended several Life Companies Board Risk Committee meetings beforehand. This early involvement ensured that I was well prepared and familiar with the Life Companies Board's operations prior to my formal appointment.

Siobhan Boylan

Joined the Group Board on 1 September 2025

I was appointed as the Shareholder Nominated Director for Aberdeen Group plc on 1 September 2025, following David Scott's retirement. My induction programme was tailored to ensure I met with the most relevant people internally, included the typical programme, with additional emphasis on strategic priorities, particularly asset management and sustainable investments. I was also reminded of my legal responsibilities under the Companies Act 2006, including the management of conflicts of interest specific to my role as a Shareholder Nominated Director.

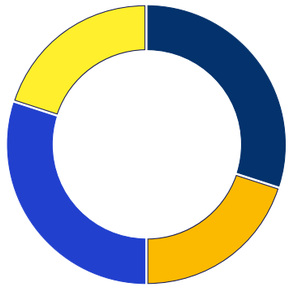
Composition, succession and evaluation continued
Board diversity

The Group Board's composition reflects a diverse mix of backgrounds, skills, knowledge and expertise which enhances decision making; mitigates the risk of 'groupthink'; and supports robust risk management.

Board gender balance[1]
(including Shareholder Nominated Directors)

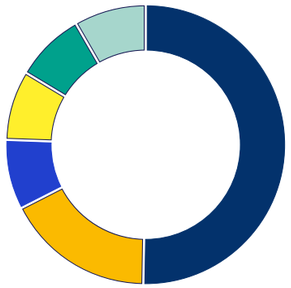
Male (5)	42%
Female (7)	58%

Non-Executive Director tenure[1]



Less than 1 year (3)	30%
1–3 years (2)	20%
3–6 years (3)	30%
6–9 years (2)	20%
9 years or more (0)	0%

Board ethnicity[1]
(including Shareholder Nominated Directors)



White British/English (6)	50%
White Irish (2)	17%
White Scottish (1)	8%
White Canadian (1)	8%
Asian (Japanese) (1)	8%
Black (Caribbean) (1)	8%

AGM votes in favour of all resolutions May 2025
84%
97% in 2024

Independent Board Directors[1]
58%

FTSE Women Leaders ranking (February 2026)
7th
6th in 2025

Board ethnic minority Director representation[1]
17%
17% as at 14 March 2025

Board female Director representation[1]
58%
42% as at 14 March 2025

Average age of the Board[1]
60

1. As at 13th March 2026.

For a summary of how the Group complied with the 2024 Code during 2025 **see page 92**

Board skills and expertise

The Board skills and expertise detailed below demonstrates strong capability across the expected categories, as well as a broad range of complementary skills. This assessment informs the Group Board's succession planning and the ongoing recruitment of NEDs, with targeted action taken to strengthen any areas identified for development.

	Mergers & Acquisitions	Capital markets	Regulatory	Financial	Life assurance	Actuarial	Asset/Investment management	Risk management	Customer service and solutions	Sustainability/ESG	Change/Transformation	IT/ Product digitisation	Sales/Distribution	Marketing	Operations	Human resources	FTSE 100 board experience	Artificial Intelligence
Sir Nicholas Lyons Chair of the Group Board	●	●	●	●	●		●	●	○	●	○		○	○		●	●	
Andy Briggs MBE Group Chief Executive Officer	●	●	●	●	●	●	○	●	●	○	●	○	●	●	○	●	●	
Nicolaos Nicandrou Group Chief Financial Officer	●	●	●	●	●		●	●	●	●	●	●			●	●	●	
Karen Green Senior Independent Director	●	●	●	●	○		○	●		●	○	○			●	●	●	
Siobhan Boylan Shareholder Nominated Director	●	○	●	●	●	○	●	●		○		○				○		
Eleanor Bucks Independent Non-Executive Director		●	○	○	●	●	●	○		●					○		●	
Karin Cook Independent Non-Executive Director	○		●	○	○			●	●	○	●	●	○	○	●	○	●	○
Sherry Coutu CBE Independent Non-Executive Director	●	●	●	●			○	○	●	●	●	●	●	●	●	●	●	●
Mark Gregory Independent Non-Executive Director	●	●	●	●	●	○	●	●	●		○				●	○	●	
Hiroyuki Iioka Shareholder Nominated Director	●	●	●	●	○		●	○							○	○	●	
Katie Murray Independent Non-Executive Director	●	●	●	●	●		●	●	○	●	●					○	●	
Maggie Semple OBE Independent Non-Executive Director			●					○	●	●	○	●	●	●	○	●	●	●
Total primary skills ●	9	9	11	9	7	2	7	8	6	7	5	4	3	3	5	6	11	2
Total secondary skills ○	1	1	1	2	3	2	3	4	2	3	4	3	2	2	4	5	0	1

Audit, risk and internal controls
Group Board Audit Committee report

Katie Murray
Chair of the Group Board Audit Committee

Role and responsibilities

- The Role of the Committee is shown on **page 95**
- The Committee's responsibilities and duties can be found within its **Terms of Reference**, which are available on the Company's website.

Key Committee activities in 2025

- Reviewed the plans for the implementation of the Internal Control Framework ('ICF') in anticipation of the Group Board's declaration in accordance with Provision 29 of the 2024 Code at Full Year 2026.
- Challenged the strategic improvements being made to the Finance function, including the embeddedness of the IFRS 17 reporting processes.
- Oversaw the external disclosure for the PRA Life Insurance Stress Test ('LIST') results.
- Reviewed the introduction of new business unit segmental disclosures for IFRS adjusted operating profit and Operating Cash Generation.
- Further considered the financial reporting and disclosure impacts of Solvency II as modified by the PRA's 2024 reforms ('Solvency UK').
- Supported the new Chief Audit Officer in their role, including oversight of functional performance, reporting and organisational design changes.
- Discussed accounting policy application.

Committee meetings and membership

	Member from	2025 meeting attendance	2025 % attendance
Katie Murray	1 April 2022	8/8	100%
Mark Gregory	1 January 2024	8/8	100%
Eleanor Bucks[1]	25 August 2025	3/3	100%
Nicholas Shott[2]	2 July 2019	4/5	80%

1. Eleanor Bucks became a member of the Group Board Audit Committee on 25 August 2025.
2. Nicholas Shott retired from the Group Board on 30 June 2025. He was unable to attend a Group Board Audit Committee meeting due to an unforeseen clash of meetings.

Additional regular attendees include the Group CFO, Group CEO, External Auditor, Chief Audit Officer, Group CRO and the Group Company Secretary.

Number of Committee meetings held this year (including ad hoc)

8

2026 focus

- Continue to monitor the embeddedness and effectiveness of the Group's ICF and testing of material controls in anticipation of the Board's declaration as to its effectiveness of internal controls at Full Year 2026, in accordance with the 2024 Code.
- Continue to support the strategic changes and efficiencies of the Internal Audit function.
- Further alignment between the Committee and the Life Companies Board Audit Committee to enhance governance.
- Continue to oversee strategic improvements to the Company's Finance function including deliveries of the FTP.
- Oversee the roll-out of the enhanced control framework for sustainability reporting.
- Monitor key Management objectives and matters within its remit. Where concerns are identified, the Committee will consider whether to recommend to the Group Board Remuneration Committee that discretion be exercised in respect of variable remuneration outcomes, including reductions up to 100%.

Group Board Audit Committee reporting cycle

Q1

- Full Year 2024 results
- External targets
- External Audit update
- Internal Audit update
- Annual Control Assurance Opinion
- External Quality Assessment of Group Internal Audit
- Solvency Reporting
- Quarterly Actuarial Assumptions
- Internal Controls report
- Update from Chair of the Group and Life Companies Board Risk Committees
- Full Year Internal Control Assessment report
- Appointment of new Chief Audit Officer

Q2

- Full Year 2025 External Audit Plan
- Solvency Reporting
- Internal Controls report
- Annual Quantitative Reporting template
- LIST 2025 update
- Base Balance Sheet governance framework
- Internal Audit update
- External Audit effectiveness review
- External Audit planning report
- Joint Audit & Risk Committees – approved the Solvency Financial Condition Report
- Group Tax Strategy
- Quarterly Actuarial Assumptions
- Whistleblowing update
- Update from Chair of the Group and Life Companies Board Risk Committees

Q3

- 2025 Half Year 2025*
- Half Year External Audit*
- Half Year illiquidity premium*
- FTP update*
- Half Year Control Assurance Opinion*
- Internal Audit plan refresh*
- Quarterly Actuarial Assumptions*
- Solvency Reporting*
- External Auditor fees*
- LIST 2025 update*
- Internal Controls report
- Update from Chair of the Group and Life Companies Board Risk Committees*

Q4

- Key financial reporting judgements
- External Audit update*
- Solvency Reporting*
- Internal Audit update*
- FTP scope review*
- Quarterly Actuarial Assumptions*
- LIST 2025 announcement review*
- Whistleblowing update*
- Update from Chair of the Group and Life Companies Board Risk Committees*

* These items were considered as part of the Joint Meeting Model, which was introduced in August 2025.

Audit, risk and internal controls continued
Group Board Audit Committee report

Outcomes from Committee discussions

On an annual basis, a review of the Committee's activities is undertaken. In 2025, it was concluded that all elements of responsibility detailed in the Committee's Terms of Reference had been addressed. An overview of some of the significant activities undertaken during the year and the way in which they contributed to important outcomes are detailed in the following table:

Key activities

Financial reporting	Outcome
Strategic changes to the Finance function	The Group CFO provided updates to the Committee on how the Finance function was transforming to support the needs of the business. Review and challenge was given on the embedding of the IFRS 17 process as well as control enhancements and new technology solutions, supporting Group reporting, performance management and capital and liquidity forecasting. The Committee also reviewed the new Finance organisational design model and related Senior Management changes.
External financial targets	The Committee reviewed performance against targets set in March 2024 and oversaw the work supporting the proposed revisions to the external financial targets, which were approved by the Group Board and announced as part of the Full Year 2024 results in March 2025.
Reporting Disclosure Committee ('RDC')	The Committee monitored the implementation of the RDC which was formed to strengthen Management's oversight of all external reporting disclosures prior to Committee review. This allowed all relevant internal stakeholders to strengthen confirmatory due diligence, challenge and review processes before the Committee's approval and recommendation of certain public disclosures.
Review of Going concern and Viability statements	Following review, the Committee approved the Viability statement. See page 84 to 85 and 178 respectively for the Group's Going concern and Viability statement.
Fair, balanced and understandable	The Committee satisfied itself that Standard Life plc's 2025 Annual Report and Accounts was fair, balanced and understandable. It did so by considering relevant FRC guidance, feedback from various sources and robust challenge from a RDC formed of internal senior stakeholders. The Committee can therefore concur with the declaration made by the Board of Directors on page 180 in line with Principle N of the 2024 Code.
Key estimates and judgements	Thorough review and challenge by the Committee. See significant matters on pages 125 to 126.
External audit	**Outcome**
Re-appointment of KPMG as External Auditor	The Committee noted the positive working relationship with KPMG and work undertaken since its appointment as External Auditor in May 2024.
Internal controls	**Outcome**
Monitoring the overall integrity of financial reporting by the Company and its subsidiaries and the effectiveness of the Group's internal controls	The Committee provided oversight of Management's programme of work to upgrade and mature the control environment, delivered through the FTP and business as usual initiatives, recognising that further development is underway to prepare for the enhanced control effectiveness reporting expectations under Provision 29 of the 2024 Code.
Whistleblowing (Speak Up)	During 2025, a total of 29 concerns were reported. Of these, 18 were triaged as 'Speak Up Disclosures', and were investigated in accordance with established processes. Following triage the remaining cases were referred to relevant functions and taken forward through appropriate channels. Our investigations resulted in various recommendations for the business. Employee survey scores indicated colleagues generally felt that the Group was a psychologically safe environment where they can speak up freely and had a strong belief that serious misconduct would be dealt with appropriately. Whistleblowing will move under the remit of the Group Board Risk Committee in 2026.
Private meetings	Private meetings were held with the External Auditor, Chief Audit Officer, Head of Speak Up (Whistleblowing) and Group CFO.
Joint Meeting Model	The Committee moved to a Joint Meeting Model in 2025, which will remain a focus in 2026 with a view to continually improving the Committee's effectiveness.
Full Year 2026 discretion	**Outcome**
Application of discretion to Full Year 2026 remuneration outcomes Read about the work of the Group Board Remuneration Committee on **pages 136 to 137**	During 2025, the Committee identified that, as a matter of good governance, it should review the Company's Full Year financial results, non-financial results and Management objectives within the Committee's remit before final remuneration outcomes were determined. From 2026, the Committee will: • Review the Full Year results and underlying performance. • Consider whether formula-driven remuneration outcomes appropriately reflected performance. • If any concerns within the Committee's remit were identified, recommend that the Group Board Remuneration Committee exercise its discretion to adjust variable pay outcomes. See page 141.

Where relevant, all papers receive a Line 1, 2 and regulatory review.
The Committee also received education sessions as shown on pages 108 and 109.

External Auditor

The Group Board Audit Committee is responsible for reviewing and overseeing the work of the Group's External Auditor. KPMG was appointed on 14 May 2024 and re-appointed at the AGM on 13 May 2025. External Audit partners attended all Committee meetings during 2025. KPMG presented its audit plan and strategy, setting out key milestones, materiality thresholds, audit scope, and significant risks. It also outlined its approach to providing assurance over the Half Year results for the six months ended 30 June 2025. The Committee received KPMG's findings from its review procedures, followed by regular updates and private sessions in preparation for the Full Year 2025 results.

Audit Quality Indicators ('AQIs')

AQIs aim to provide users of audit services with information regarding factors contributing to audit quality, and to complement other means of assessment. KPMG has developed proposed AQIs which focus on inspections, engagement and team, which were presented to the Committee in May 2025. Regular updates were provided to the Committee to provide an indication of the direction of travel, highlight improvements in the management of information requests and to identify further opportunities for improvement in the delivery of information for audit.

Assessment of the effectiveness of the external audit process

Overall, the assessment of KPMG remains positive and, where opportunities for improvement have been identified through the Committee's annual external audit effectiveness review, KPMG have agreed to implement these in future audit cycles. Based on the formal evaluation and ongoing monitoring, the Committee is satisfied that KPMG remained independent and objective and that the audit process was effective. On this basis, the Group Board will recommend KPMG's re-appointment as Auditor at the 2026 AGM.

Independence and objectivity of the External Auditor

KPMG's independence was reviewed and monitored against the Group's External Auditor Policy, including its provision of non-audit services. The Committee remains satisfied with KPMG's objectivity, and that KPMG is fully independent from Management and free from conflicts of interest.

KPMG continually monitors its own independence throughout the year and voluntarily brings any potential matter to the Committee. KPMG confirmed its ongoing independence and has stated that between 1 January 2025 and 13 March 2026 there were no relationships that would be thought to bear on KPMG's independence and objectivity. KPMG's independent approach, including threats and safeguards, is outlined to the Committee when the audit plan for that year is approved.

External Auditor Policy

The Company's External Auditor Policy safeguards auditor independence and caps non-audit fees at 70% of the average audit fees paid over the previous three years. The policy was reviewed in 2025 to reflect the FRC's Revised Ethical Standard with no significant changes required. The policy, available on our website, covers audit partner rotation, employment of former audit team members, and permitted non-audit and audit-related services. Permitted non-audit services are those set out in the FRC's Revised Ethical Standard. In 2025, non-audit services provided were ESG assurance, assurance related to the Hong Kong Branch's Insurance Authority Levy for the year ended 30 September 2025 and agreed upon procedures relating to Standard Life International Dac.

The Group's policy requires audit partner rotation at least every five years in line with the FRC's Revised Ethical Standard. Stuart Crisp became Audit Partner on 14 May 2024 and will be required to rotate following completion of the 31 December 2028 audit. At the 2026 AGM, resolutions will propose KPMG's re-appointment and authorisation for the Group Board to determine remuneration, on the Group Board Audit Committee's recommendation.

External Auditor's fees

The Committee reviewed the audit fee proposal and discussed the factors driving the fee level increase with the External Auditor. The engagement of the External Auditor to perform any non-audit service is subject to a process of pre-approval by the Committee to safeguard the External Auditor's objectivity and independence and the prescribed limit set out above in line with statutory requirements.

	Fees payable to KPMG LLP 2025 £m
Non-audit fees	0.6
Audit fees	25.1
Audit-related fees	3.3
Total	29.0
Ratio of non-audit: audit fees	0.15:1

In 2025, total fees of £29.0 million were payable to KPMG. Of this amount, £25.1 million related to statutory audit fees of the parent and its subsidiaries and £3.3 million was payable in respect of audit-related services. The remaining fees of £0.6 million related to other services, including ESG assurance. This gives rise to a non-audit to audit fee ratio under the EU Directive and Regulations of 15% for 2025. This lies well within the limits prescribed in the Group's policy. The Committee challenged and reviewed the KPMG fees for the 2025 audit to ensure the proposed figure was appropriate prior to approval.

In light of the above, the Committee is satisfied that the non-audit services performed during 2025 have not impaired the independence of KPMG in its role as External Auditor.

Katie Murray
Chair of the Group Board Audit Committee

Audit, risk and internal controls continued
Group Board Audit Committee report

Internal Audit

During 2025, the Committee continued to receive regular updates from the Chief Audit Officer on all Internal Audit-related matters. This included:

Item	Outcome
Internal Audit Strategy	The Committee reviewed and approved the Internal Audit Strategy. This included the purpose, vision and operating model for Internal Audit, aligned to Standard Life's core purpose and strategy. The strategy focused on harnessing data analytics and AI innovations and supporting enhancements to overall Company risk and governance capabilities.
Internal Audit function design	In June 2025, the Chief Audit Officer presented the outcomes of a review of the Internal Audit operating model, which considered the future skills needed in response to the evolution of the business and its risk profile. The Committee noted the proposed strategic changes to the organisational design, noting the importance of ensuring the function's independence. The amendments to the operating model were actioned in 2025 and included reducing spans and layers across the function, removal of duplication, improved colleague engagement, alignment with Line 2 and Line 1 risk categories and balancing the resource mix.
Internal Audit Plan, budget, resources and plan progress	The Committee reviewed and approved the Internal Audit Plan and budget. Internal Audit's risk-based plan was aligned to Standard Life's strategic priorities and core purpose. The Committee monitored progress against the plan throughout the year. This included oversight of trends in findings, the status of management actions to resolve issues identified, the ongoing adequacy of Internal Audit resources and progress against key performance metrics. Private sessions were held with the Chief Audit Officer.
Internal Audit Charter	The Internal Audit Charter was updated and approved by the Committee. This sets out Internal Audit's role, mandate, and independence and was drafted in line with the Global Audit Standards and Internal Audit Code.
Control Assurance Opinion	The Committee reviewed and challenged control assurance opinion reports which set out Internal Audit's view of the Risk Management, Governance and Control Framework at Half Year and Full Year. Controls assurance will continue to be a focus in 2026.
Internal Audit effectiveness	The Committee reviewed and approved the Internal Audit strategy which is aligned to the overall Standard Life strategy. An annual update was provided on Internal Audit effectiveness, which included output from independent quality control, annual stakeholder effectiveness surveys and progress of actions to further enhance Internal Audit activity. The Committee received updates on strategic improvements made to the Internal Audit function throughout the year. An external independent assessment of Internal Audit is completed every five years.

Significant matters considered by the Committee in relation to the financial statements, where KPMG was invited to provide robust challenge.

Significant matters in relation to the 2025 IFRS financial statements	How these issues were addressed
Review of the IFRS and Solvency II actuarial valuation process, to include the setting of actuarial assumptions and methodologies, and the robustness of actuarial data	Management presented papers to the Life Companies Board Audit Committee detailing recommendations for the actuarial assumptions and methodologies to be used for the Half Year and Full Year reporting periods, with justification and benchmarking as appropriate. This included assumptions related to longevity, mortality, expenses, persistency and policyholder behaviour, as well as economic assumptions. These assumptions and methodologies were debated and challenged by the Life Companies Board Audit Committee, prior to their approval, including consideration of the impacts of continued economic volatility, expense inflation and data quality. A summary of these papers was presented for oversight review by the Committee, and the Life Companies Board Audit Committee's conclusions were reported to the Committee through minutes of its meeting and a discussion between the Chairs of the Committees. The Committee discussed and questioned Management and KPMG on the content of the summary papers and the Life Companies Board Audit Committee's conclusions. The Committee considered and debated the basis of the valuation for adjustments to actuarial provisions that arise at a consolidated Group level, including the methodology and derivation of certain IFRS 17 assumptions where calibrated on a Group basis. This included consideration of the results of a detailed review of the Group's maintenance expense assumptions in light of strategic transformation and cost reduction initiatives. The Committee also evaluated the determination of the IFRS 17 discount rate, including the appropriateness of the allowances for illiquidity and credit risk, together with the calibration of the risk adjustment assumption. Pension assumptions for use in the IAS 19 Employee Benefits valuations were reviewed and approved by the Committee. The Committee received and considered detailed written and verbal reporting from KPMG setting out their observations and conclusions in respect of the assumptions, methodologies and actuarial models, including benchmarking analysis.
Valuation of complex and illiquid financial assets	Management presented papers setting out the basis of the valuation of financial assets, including changes in methodology and assumptions, for the Half Year and Full Year reporting periods to the Life Companies Board Audit Committee. The assumptions, valuations and processes, particularly for financial assets determined by valuation techniques using significant non-observable inputs (Level 3), were debated and challenged by the Life Companies Board Audit Committee prior to being approved. This included a review of judgements made in respect of data and inputs driving the valuation of equity release mortgages, assumptions utilised in the valuation of modelled debt securities such as credit ratings and bond spreads, and the impacts of continued economic volatility. The valuation information was then presented for oversight review by the Committee which considered and further challenged the information prior to confirmation of the appropriateness of the basis of valuation.
Valuation and recoverability of intangible assets and the Parent Company investment in subsidiaries	Management presented papers detailing the results of annual impairment testing carried out in respect of goodwill balances and reviews for indicators of impairment performed in respect of finite life intangibles and the Parent Company's investment in its subsidiaries. Where indicators of impairment were identified, Management provided an analysis of the recoverable amounts determined and the assumptions and judgements underlying their calculation. This included assessing the potential impact of the risk of climate change. The Committee considered the results of the work performed and confirmed the appropriateness of the conclusions reached.
Provisions	Management presented papers detailing the basis of recognition and measurement of accounting provisions recognised by the Group. The Committee considered the results of the analysis performed, the uncertainties surrounding the measurements adopted and confirmed the appropriateness of the conclusions reached.

Audit, risk and internal controls continued
Group Board Audit Committee report

Significant matters considered by the Committee in relation to the financial statements, where KPMG was invited to provide robust challenge.

Significant matters in relation to the 2025 IFRS financial statements	How these issues were addressed
Alternative performance measures ('APMs')	The Committee reviewed the use of APMs in the Group's financial reporting, understanding the basis for determining the metrics and considering the clarity and explanation of their usage within the Group's Annual and Interim Reports. On reviewing the results, the Committee provided challenge as to the allocation of amounts to either adjusted operating profit or to non-operating items for consistency with the Group's adjusted operating profit framework. The Committee concluded that the usage, disclosure and prominence of APMs within the Group's Annual Report and Accounts was appropriate.
Assessment of whether the Annual Report and Accounts are fair, balanced and understandable	The Committee considered and confirmed agreement with the analysis in support of Management's conclusions that the Annual Report and Accounts are fair, balanced and understandable. As part of the year-end procedures, the Committee discussed with Management and KPMG the review processes that operated over the production of the Annual Report and Accounts.
Going concern and viability analysis	The Committee reviewed information on the capital and liquidity position of the Group, together with a review of the associated risks and supporting stress and scenario testing. This was part of a comprehensive assessment undertaken prior to the Committee recommending to the Group Board that the Group financial statements should be prepared on a Going concern basis and that the disclosures, with regard to the long-term viability of the Group, were sufficient and appropriate. Specifically, the Committee challenged the impact of losses experienced in the Group's IFRS results on the disclosures included in the Viability statement in concluding on their appropriateness.

Internal Controls Statement

The Group Board is accountable for ensuring that an appropriate and effective system of risk management and internal control is in place across the Group. This framework underpins the Group's ability to deliver sustainable performance, protect its customers and respond effectively to an evolving risk landscape.

Oversight of internal control is undertaken jointly by the Group Board Risk Committee and the Group Board Audit Committee, with each Committee reviewing and approving controls within its respective terms of reference. This co-ordinated governance structure forms the basis for the Group's internal controls assurance and will support the Provision 29 statement, as required under the 2024 Code), contained within the Group Board Audit Committee section of the 2026 Annual Report. The Group operates a well-established 'three lines of defence' model. Line 1 (the Business) is responsible for risk ownership and for maintaining effective processes, procedures and controls. Line 2 (Risk and Compliance) provides independent oversight and challenge. Line 3 (Internal Audit) provides objective assurance over the design and effectiveness of the internal control environment. Further information on the Group's approach to risk management is provided in the 'Our Risk Management Framework' section.

Throughout 2025, the Group continued to operate its processes for identifying, assessing, managing, monitoring and reporting risks, and their related controls, against approved risk appetites. A key part of this activity was the bi-annual Internal Control Self-Assessment ('ICSA'), requiring Senior Management to evaluate the adequacy and effectiveness of the Group's internal control environment and to identify areas that require strengthening. The ICSA was independently validated by Line 2 and supplemented by an Annual Internal Control Environment Opinion Report from Line 3. These processes, alongside regular reporting on control improvements across the Group, support the Group's adherence to the 2024 Code's provisions on risk management and internal controls.

The Group continued to invest in strengthening its control environment during 2025, particularly in relation to financial reporting, cyber security, liquidity, capital and expense management. In preparation for the enhanced requirements under the 2024 Code, including Provision 29, work continues in 2026 in these areas, aimed at embedding a strong risk and controls culture, supported by technology enabled processes and enhanced leadership engagement.

Audit, risk and internal controls continued
Group Board Risk Committee report

Mark Gregory
Chair of the Group Board and Life Companies Board Risk Committees

Role and responsibilities

- The Role of the Committee is shown on **page 95**
- The Committee's responsibilities and duties can be found within its **Terms of Reference**, which are available on the Company's website.

Key Committee activities in 2025

- Monitored the risk profile against the risk appetite and challenged Management to continue enhancements to risk reporting.
- Monitored external and emerging risks throughout the year from macro-economic, political, regulatory, competitive and technology perspectives.
- Reviewed and challenged the upgrades to the Group's external targets.
- Oversaw a detailed review of the risks to the Strategic Financial Business Plan including stress and scenario testing.
- Challenged, before recommending, the Own Risk and Solvency Assessment ('ORSA') to the Group Board for approval.
- Monitored improvements to the control environment including capital and liquidity Management Information.
- Monitored customer risk including the embeddedness of Consumer Duty in the organisation.
- Monitored the Group's cyber security risk including the enhancement of our controls given the increased prevalence of cyber-attacks.
- Oversaw the execution risk of the Group's planned change initiatives given the scale of investment in change across the business.

Committee meetings and membership

	Member from	2025 meeting attendance	2025 % attendance
Mark Gregory	1 April 2023	7/7	100%
Karen Green[1]	13 September 2024	6/7	86%
Belinda Richards[2]	1 October 2017	4/4	100%
Eleanor Bucks[3]	12 May 2025	5/5	100%
Karin Cook[4]	25 August 2025	3/3	100%

1. Karen Green was unable to attend a Group Board Risk Committee meeting due to a funeral.
2. Belinda Richards retired from the Group Board on 24 August 2025.
3. Eleanor Bucks became a member of the Group Board Risk Committee on 1 April 2025.
4. Karin Cook was appointed to the Group Board as a Dual Director on 25 August 2025 becoming a member of the Group Board Risk Committee on this date.

Additional regular attendees include the Group CEO, Group CRO, Group CFO, Chief Audit Officer, General Counsel and the Group Company Secretary.

Number of Committee meetings held this year (including ad hoc)

7

2026 focus

- Continue to monitor the Group's principal risks and the potential impacts to the organisation from changes in the external environment.
- Provide effective oversight of the risk profile against the risk appetite of the Group.
- Oversee the refresh of the Risk Appetite Framework and the implementation of a simplified RMF including the preparation for the new obligations under Provision 29 of the 2024 Code.
- Continue to oversee the execution of the planned enhancements to managing market and liquidity risks.
- Continue to monitor cyber and AI risks and the operational resilience of the Group.
- Continue to oversee the execution risk of the key strategic change initiatives.
- Further monitor customer outcome reporting and the embeddedness of Consumer Duty.
- Take on responsibility for monitoring whistleblowing updates.
- Monitor risk culture, Consumer Duty and key Management objectives within its remit. Where concerns are identified, it will consider whether to recommend to the Group Board Remuneration Committee that discretion be exercised in respect of variable remuneration outcomes, including reductions of up to 100%.

Risk Committee reporting cycle

Q1

- Group CRO report including Top Risks report
- Update on external market risks
- 2024 Final dividend
- External targets
- Group Recovery and Resolution Plans
- Review of Annual Control Assessment and agreed enhancements for 2025
- Update on RMF
- Review of Funded reinsurance strategy and risks

Q2

- Group CRO report including Top Risks report
- Review of the risks to management actions
- BPA Solvency based termination rights
- Macro-economic environment
- Group Money Laundering Risk Officer report
- Medium-term capital management plan
- Review of ORSA
- Risk culture framework

Q3

- Group CRO report including Top Risks report*
- Interim Internal Control Self-Assessment
- Review of the competitive landscape of the BPA market and Pensions and Savings market*
- Review of private debt macro risk*
- Review on cyber risks and control enhancements*
- Deep dive on specific change initiatives
- Review of customer risks and key action plans
- 2025 Interim dividend
- Approval of ORSA

Q4

- Group CRO report including Top Risks report*
- Approval of new Capital Risk Appetite Framework
- Setting risk limits for leveraged sovereign bond exposure*
- Cyber risks and control enhancements*
- Update from Chair of Standard Life International Risk Committee*
- Customer risks and key action plans*
- Review of Strategic Financial Business Plan 2025–30*
- Reinsurance Counterparty Framework review*

* These items were considered as part of the Joint Meeting Model, which was introduced in August 2025.

Audit, risk and internal controls continued
Group Board Risk Committee report

Outcomes from Committee discussions

On an annual basis, a review of the Committee's activities is undertaken. In 2025, it was concluded that all elements of responsibility detailed in the Committee's Terms of Reference had been addressed. An overview of some of the significant activities undertaken during the year and the way in which they contributed to important outcomes is detailed in the following table:

Key activities

Discussion	Outcome
Operational and customer risk	
Political, regulatory and competitor risk	The Committee acknowledged the Group's principal risks and the potential impacts to the organisation from the macro-economic, regulatory, political and competitive landscape and requested regular updates from Management. Deep dives were held on external risks at the majority of Committee meetings in 2025.
Change delivery risk	The Committee continues to recognise the importance of progress on projects designed to transform areas of the organisation and to increase efficiency. Updates on key transformation projects across the organisation were presented to the Committee throughout 2025.
Cyber risk and ability to respond	The Committee monitored the impact of cyber risks and the ability of the organisation to respond appropriately to an attack given the increasing nature of the risk. The Committee reviewed the outcomes of the ExCo cyber crisis simulation, which took place in September.
Financial and strategic risk	
Final and Interim dividends	The Committee took responsibility for robustly challenging the affordability of the payment of the 2024 Final and 2025 Interim dividend ahead of recommending to the Group Board for approval.
Funded reinsurance	In July 2024, the PRA published SS5/24, directed to all life insurers to outline their expectations for managing risks associated with funded reinsurance. The Committee received a deep dive on the Company's Funded Reinsurance Strategy, with an update provided following market-wide information from the regulator in September and an updated framework in November.
Climate and environmental risk	From 2026, it was agreed the Committee would have responsibility for monitoring climate risk and its potential impact on the organisation. The oversight of climate risk would sit with the Group Board.
Asset management strategy	The Committee reviewed the operational risks related to the shift to an in-housing model for annuity-backing assets. After robust challenge from the Committee, the Group announced in its Half Year 2025 results that it was preparing to in-house a further c.£20bn of assets.
Risk Management Framework	
Effectiveness of the RMF	The Company commissioned an external review of the RMF in Q4 2024. Throughout 2025, the Committee provided oversight of the changes and improvements which will continue throughout 2026.
Full Year 2026 Underpin	
Application of discretion to the Full Year 2026 remuneration outcomes Read about the work of the Group Board Remuneration Committee on **pages 136 to 137**	During 2025, the Committee identified that as a matter of good governance, it should continue to review the Group's risk culture through the CRO Report and Management objectives within the Committee's remit. From 2026, before remuneration variable outcomes are determined, the Committee will: • Review the Half Year and Full Year CRO Report, that includes Consumer Duty. • Consider whether formula-driven remuneration outcomes appropriately reflected performance. • If any concerns within the Committee's remit are identified, recommend the Group Board Remuneration Committee exercise its discretion to adjust variable pay outcomes. See page 141.

The Committee also received education sessions as shown on pages 108 to 109.

Group CRO report

At each meeting, the Committee receives a formal report from the Group CRO which contains an assessment of the top risks against the Group's risk appetite, as well as an overview of the current and emerging risks to the organisation. This also provides an update on the plan to deliver enhancements to the RMF throughout the year.

During the year, the Committee maintained focus on the macro-economic and geopolitical environment, and the potential risk events that could crystallise, challenging management on whether the appropriate mitigations are in place. A key focus in 2025 was implementing a Joint Meeting Model for the Group and Life Companies Board Risk Committees, which has streamlined discussions, strengthened governance processes, enhanced efficiency and fostered meaningful dialogue between members. The Committee continued to focus on overseeing non-financial risks such as cyber risk, operational resilience and execution risk in delivering the change agenda. A summary of the principal risks and uncertainties facing the Group can be found on pages 80 to 83.

Customer risks

The Committee received regular customer outcome reporting with an outline of the customer risks and plans to mitigate them. This report was accompanied by an update from the Group Compliance Officer. In addition, the Committee reviewed the Consumer Duty Annual Assessment before recommending to the Board for approval. Monitoring the embeddedness of the Group's Consumer Duty plans was a key focus in 2025 and this will continue in 2026.

Mark Gregory
Chair of the Group Board and Life Companies Board Risk Committees

Joint Audit, Risk and Sustainability Committee report

Climate risk, its controls relating to reporting and climate risk reporting will continue to evolve and be a focus for 2026.

Katie Murray
Chair of the Group Board Audit Committee

Key Committee activities in 2025

- Oversaw the disclosures within the Sustainability Report and the integration of climate risk (including the requirements as set out by the Taskforce on Climate-related Financial Disclosures) reporting within the Annual Report, in place of a standalone Climate Report. Ensure that disclosures provide all information required by the market.
- Continuously reviewed climate risk.
- Monitor requirements and implementation of ESG reporting frameworks, where required, including Taskforce on Nature-related Financial Disclosures, UK Sustainability Reporting Standards and Corporate Sustainability Reporting Directive, and receive updates on new and evolving regulation.
- Continuously challenged and reviewed the processes followed to produce sustainability disclosures.
- Education session on the risk and impact of tipping points upon the future world, economy and financial services sector.
- Challenged assurance and controls around sustainability reporting.

Committee meetings and membership

	Member from	2025 meeting attendance	2025 % attendance
Karen Green	1 January 2024	2/2	100%
Mark Gregory	1 January 2024	2/2	100%
Katie Murray	1 January 2024	2/2	100%
Eleanor Bucks[1]	1 April 2025	1/1	100%
Karin Cook[2]	25 August 2025	1/1	100%
Belinda Richards[3]	1 January 2024	1/1	100%
Maggie Semple	1 January 2024	2/2	100%
Nicholas Shott[4]	1 January 2024	1/1	100%

1. Eleanor Bucks became a member of the Group Board Risk Committee on 1 April 2025 and the Group Board Audit Committee on 25 August 2025.
2. Karin Cook was appointed to the Group Board as a Dual Director on 25 August 2025, becoming a member of the Group Board Risk Committee and Group Board Sustainability Committee on this date.
3. Belinda Richards retired from the Group Board on 24 August 2025.
4. Nicholas Shott retired from the Group Board on 30 June 2025.

Additional regular attendees included the Group CFO, Group CRO, Director of Corporate Affairs and Brand, and the Group Company Secretary.

Number of Committee meetings held this year (including ad hoc)

2

2026 focus

- From 1 January 2026, a separate Committee will no longer be required, and its responsibilities will be allocated to existing governance structures. Sustainability reporting and related controls will fall under the Group Board Audit Committee, while oversight of climate-related matters, including the principal risk of climate and climate risk stress testing, will be managed by the Group and Life Companies Board Risk Committees. The Group Board Sustainability Committee will focus on the sustainability content and disclosures as well as oversight of the Group's climate and nature ambitions.

Audit, risk and internal controls continued
Joint Audit, Risk and Sustainability Committee report

Outcomes from Committee discussions

Bi-annual joint meetings of the Audit, Risk and Sustainability Committees focused on reviewing sustainability reporting disclosures, internal and external assurance (including Line 2 opinions), climate risk and regulatory implementation.

The Chairs of the Group Board Audit, Group Board Risk and Group Board Sustainability Committees rotate at each meeting in that order to allow each Chair to provide a different perspective. Since the Joint Meeting Model was implemented from 25 August 2025, the Life Companies Board Risk Committee members have joined for risk-related items, including climate risk and stress testing.

Key activities

Activity	Outcome
Full Year 2024 Sustainability reporting	The Climate Report was discontinued, with all relevant content integrated into the Sustainability and Annual Reports. The balance of information across reports has evolved for the Full Year 2025 process, with increased signposting. Sustainability strategy framing has aligned with the Standard Life brand, a new social impact target shapes the content, and disclosures are enhanced where possible to align to regulatory requirements.
Climate risk stress testing	Nature risk would be included in the risk appetite statement. Given the breadth of climate risk the Committees requested that consideration be given to separating the Group's appetite for climate risk as it related to its balance sheet and investment portfolio, from climate risk relating to its operations.
Evolving role of Finance function	The initial transition work commenced to increase the role of the Finance function, including assurance ownership and development of an ESG data control framework across assured metrics in the 2025 ARA. An implementation plan based on a gap analysis commissioned to Deloitte in October 2025, along with the plan to design and implement the internal controls to support an approved sign-off process of the 2026 annual sustainability disclosures (both subject to assurance and not) was presented to the Joint Group and Life Companies Board Audit Committee in March 2026. This will continue to be an evolving focus of the Committee in 2026.
Education session – tipping points	The session highlighted the underestimated impact of climate tipping points, which are not well captured by linear climate scenario models commonly used by financial institutions. The Committee discussed how tipping points could affect future asset values, as well as their broader geopolitical and macro-economic implications.
Climate risk	Known areas of development included forward-looking financial metrics to monitor exposure, assessment of the Group's exposure to physical risk, and scenario analysis given the industry-wide challenges in modelling climate change over the short to long term. The review highlighted the need to evolve climate risk from a cross-cutting risk consideration into a defined component of the RMF.

Climate change risk

During 2025, climate risk became a standing agenda item for the Committees' meetings. The CRO explained that Standard Life continues to develop its approach to scenario analysis and embedding climate risk within its RMF in line with SS3/19 'Enhancing bankers' and 'insurers' approaches to managing the financial risks from climate change' and allowing challenge on climate risk appetite by the Committees' members.

Katie Murray
Chair of the Group Board
Audit Committee

Mark Gregory
Chair of the Group Board and Life Companies Board Risk Committees

Karen Green
Chair of the Group Board
Sustainability Committee

Sustainability Committee report

Karen Green
Chair of the Group Board
Sustainability Committee

Role and responsibilities

The Role of the Committee is shown on **page 95**

The Committee's responsibilities and duties can be found within its **Terms of Reference,** which are available on the Company's website.

Key Committee activities in 2025

- Agreed and measured progress against the Group's Sustainability Strategy, in the context of external policy and market developments.
- Approved a social target to support strategic objectives, differentiate the Group's brand and continue to embed the customer-first mindset.
- Assisted the Group Board with the close monitoring of the Group's culture.
- Challenged the proposals for the Group's updated Net Zero Transition Plan, for publication in March 2026.
- Oversaw the Group's thought leadership plans, which detailed the intention to continue to advocate for change across priority sustainability themes.
- Received education sessions on relevant existing and emerging sustainability-related issues and trends.
- Considered the repositioning of the ESG and employee engagement AIP and LTIP metrics from standalone to a hard underpin metric as part of the Directors' Remuneration Policy review.

Committee meetings and membership

	Member from	2025 meeting attendance	2025 % attendance
Karen Green	1 December 2020	5/5	100%
Nicholas Shott[1]	1 December 2020	3/3	100%
Maggie Semple	1 September 2022	5/5	100%
Karin Cook[2]	25 August 2025	2/2	100%

1. Nicholas Shott retired from the Group Board as a Director of the Company on 30 June 2025.
2. Karin Cook was appointed to the Group Board as a Dual Director on 25 August 2025 becoming a member of the Group Board Sustainability Committee on this date.

Additional regular attendees include the Group CEO, Chair of the Group Board, Chief Sustainability Officer, Director of Corporate Affairs & Brand and the Group Company Secretary.

Number of Committee meetings held this year (including ad hoc)

5

2026 focus

- Continue to monitor and challenge progress against the Sustainability Strategy in the context of external developments and emerging best practice.
- Oversee the key actions to support the delivery of the long-term social target and how these are embedded in the organisation.
- Oversee the second iteration of the Net Zero Transition Plan, monitor progress in delivery and provide challenge to key strategic activities.
- Monitor progress on priority sustainability themes and any required response to evolving external reporting and regulatory requirements.
- Oversee Management's thought leadership and engagement with stakeholders to effect change in policy and market developments to unlock societal impact and better customer outcomes.
- Further embed and monitor ESG and related Management objectives that could impact the AIP and LTIP outturns and make recommendations to the Remuneration Committee as part of the Full Year 2026 remuneration underpin.

Sustainability Committee report

Sustainability Committee reporting cycle

Q1

- Approval of Sustainability Strategy and targets
- Update on the sustainability organisational design model
- Approval of the DE&I Strategy
- People, culture and DE&I update
- Report from DNED
- Progress update against the Net Zero Transition Plan
- Forward plans for thought leadership
- Quarterly Chief Sustainability Officer report

Q2

- Recommendation of the Stewardship Report to the Group Board
- Recommendation of the Modern Slavery, Human Rights and Supply Chain Statement to the Group Board
- State of the nation review of 2030 climate targets
- Review of the roadmap to invest £40bn in sustainable transition and productive assets
- Externally facilitated education session: Modern Slavery: Ten years on from the inception of the Modern Slavery Act 2015
- Quarterly Chief Sustainability Officer report

Q3

- Review of long-term social target initial analysis
- People, culture and DE&I update
- Report from DNED
- Net Zero Transition Plan outline content and messages
- Deep dive on business travel
- Review of Net Zero investment proposition development
- Quarterly Chief Sustainability Officer report

Q4

- 2026 Sustainability Strategy framing and double materiality assessment results
- ESG litigation update
- Approval of changes to the ESG Supplier Standards
- Approval of long-term social target approach
- Forward plans on nature and recommendation of nature position statement to the Group Board
- Recommendation of carbon credit position statement to the Group Board
- Quarterly Chief Sustainability Officer report
- Externally facilitated education session: DE&I horizon scanning

I am proud of the strong partnership between the Committee and Management over the last five years, which has been central to driving meaningful sustainability progress.

Karen Green
Chair of the Group Board Sustainability Committee

Outcomes from Committee discussions

On an annual basis, a review of the Committee's activities is undertaken. In 2025, all elements of responsibility detailed in the Committee's Terms of Reference were addressed. An overview of some of the significant activities undertaken during the year and the way in which they contributed to important outcomes is detailed in the following table:

Key activities

Discussion	Outcome
Modern Slavery Statement	The Committee received an externally facilitated education session on Modern Slavery in the 10 years since the inception of the Modern Slavery Act 2015. The Committee challenged the disclosures within the draft statement and reviewed the gap analysis against the CCLA Modern Slavery Benchmark. The Committee supported and strongly advocated for the organisation to aim for an improved CCLA rating. The Group received confirmation in November 2025 that it had attained a Tier 2 'demonstrating evolving good practice' rating from the CCLA following the release of its 2025 Modern Slavery Statement.
Culture monitoring and DE&I Read about how the Group Board monitors culture on **pages 98 to 99** Read about Maggie Semple's work as DNED and Workforce engagement on **pages 104 to 105**	The Committee reviewed DE&I as part of its quarterly updates and noted the rollback of DE&I initiatives in the US due to the macro-political environment. The Committee requested an externally facilitated education session on DE&I horizon scanning, which was held in November 2025. Going forward, DE&I data will be presented to the Joint Group and Life Companies Board meetings alongside the bi-annual culture update and the DNED workforce engagement update, intended to provide a holistic view of the colleague experience.
Long-term social target	The Committee challenged the initial analysis for the long-term social target, noting that the target should be more stretching. The team was encouraged to go away and revert with more ambitious targets. The Committee reviewed the target again in November. The Group Board approved the target in February 2026.
ESG litigation	The Committee held a session on ESG litigation and its global impact, noting the rise in various types of cases being brought against companies and the associated risks, including reputational, commercial, and financial. The Committee requested a separate session on fiduciary duties case law, which will be scheduled for 2026.
ESG Supplier Standards	While reviewing changes to the ESG Supplier Standards in November, the Committee requested a deep dive on the process for ensuring that modern slavery and human trafficking were eliminated from the supply chain. This session will take place in 2026.
ESG link to executive remuneration	ESG performance forms part of executive remuneration and is overseen by the Group Board Sustainability Committee. Having analysed the implications for external benchmarking, index positioning and long-term investor outcomes, and after consulting our major shareholders and engaging with ESG rating agencies, the Group Board Sustainability Committee concluded that the proposed approach for 2026, as part of the Directors' Remuneration Policy review, which is to be tabled for shareholder approval at the 2026 AGM, appropriately aligns ESG delivery with executive accountability and sustainable value creation.
Application of discretion to Full Year 2026 remuneration outcomes Read about the work of the Group Board Remuneration Committee on **pages 136 to 137**	The Group Board Sustainability Committee will continue to review progress against the Group's ESG targets quarterly, and, as part of its review, also continue to consider annually whether formula-driven remuneration outcomes reflect performance appropriately. The Group Board Sustainability Committee determined that selected ESG metrics would be included as a hard underpin for the Full Year 2026 outturn. In particular, it will consider, if the selected Group Net Zero Transition Plan targets and commitments have not been met during the year, recommending to the Group Board Remuneration Committee that it exercise its discretion to adjust variable pay outcomes. (See page 141). The Group Board Sustainability Committee may propose a downward adjustment to remuneration of up to 100% based on its assessment.
Full Year 2026 ESG metrics and targets for Executive Directors remuneration	For the 2026 LTIP (evaluated FY2028) the Group Board Sustainability Committee's recommendation will include an assessment of whether the following two targets relating to our Net Zero Transition Plan ambitions have been met: (i) Investment portfolio intensity reduction of -40%, and (ii) 50% of shareholder private assets originated which are deemed to be sustainable, transition or productive (evaluated over three years).

The Committee also received education sessions as shown on pages 108 to 109.

Monitoring progress against our Net Zero Transition Plan

The Group believes that transitioning to net zero will deliver better outcomes for our customers, which is why we are committed to being a net zero business by 2050, with interim targets in place for 2025 and 2030. The transition to a low carbon economy presents both risk and opportunity for our customers' financial futures and we recognise our responsibility to act. Throughout 2025, the Committee received regular updates on progress against the Net Zero Transition Plan.

As part of this, the Committee reviewed and approved the Group's third Stewardship Report, which sets out the focus on effective stewardship and the intention to have a positive effect on action on climate change and other ESG priority topics. The Group's second iteration of the Net Zero Transition Plan will be published in 2026 and has been a key focus of challenge for the Committee throughout 2025.

Assessing materiality

During 2025, the Committee supported management in conducting a double materiality assessment to ensure the Company's 2026 Sustainability Strategy focused on the most material ESG topics. The assessment considered market trends, regulatory developments, peer priorities, and stakeholder expectations. The results confirmed that the highest-ranking ESG topics identified in the previous 2024 assessment remain largely unchanged, with some minor adjustments. Key drivers of change include an increased emphasis on customer engagement following the rebrand to Standard Life, the growing interconnection between climate and nature, ongoing ESG-related political headwinds, and the rising impact of cyber risks and AI. Further details on the assessment outcomes are available in our Sustainability Report on the Group's website.

It has been a pleasure to chair the Group Board Sustainability Committee since its inception five years ago. I retire from the Board at the end of June 2026 and I would like to thank my fellow Committee members and executive colleagues for the meaningful progress made in realising the Group's sustainability objectives.

Karen Green
Chair of the Group Board Sustainability Committee

Directors' Remuneration report

Sherry Coutu CBE
Chair of the Group Board Remuneration Committee

Role and responsibilities

- The Role of the Committee is shown on **page 95**
- The Committee's responsibilities and duties can be found within its **Terms of Reference** which are available on the Company's website.

Key Committee activities in 2025

- Completed a comprehensive review of the 2026 Directors' Remuneration Policy ('Remuneration Policy'), which is subject to approval at the 2026 Annual General Meeting ('AGM'). The review focused on ensuring that the new Remuneration Policy supports strategy execution and the attraction and retention of market leading talent.
- The Annual Incentive Plan ('AIP') and Long Term Incentive Plan ('LTIP') metrics were streamlined to ensure they also aligned with our forward-looking strategy, purpose and values.
- Engaged with shareholders and stakeholders (both internal and external) on the Remuneration Policy proposals. The Committee considered all feedback received and reflected it in the final proposals where appropriate. This is outlined on page 142.
- Assessed AIP and LTIP performance outcomes, ensuring alignment with risk, the wider stakeholder experience and performance context.
- Reviewed and approved the remuneration policies and practices for all colleagues within the Committee's remit.

Committee meetings and membership

	Member from	2025 meeting attendance	2025 % attendance
Sherry Coutu CBE[1]	1 May 2025	5/5	100%
Nicholas Shott[2]	20 October 2016	4/4	100%
Karen Green	1 July 2017	7/7	100%
Belinda Richards[3]	2 July 2019	4/4	100%
Maggie Semple OBE	1 January 2024	7/7	100%
Mark Gregory[4]	1 December 2025	0/0	0%

1. Sherry Coutu became a member of the Committee on 1 May 2025 and Chair of the Committee on 1 July 2025.
2. Nicholas Shott retired from the Group Board on 30 June 2025.
3. Belinda Richards retired from the Group Board on 24 August 2025.
4. Mark Gregory became a member of the Committee on 1 December 2025.

Additional regular attendees include the Group CEO and Group Chief People Officer.

Number of Committee meetings held this year (including ad hoc)

7

2026 focus

- Approval of the Remuneration Policy by shareholders.
- Implementation of discretionary underpin framework process for 2026 incentive outturns.
- Approval of colleagues' compensation to ensure the attraction and retention of market-leading talent as we continue our ongoing transformation and organisation design.
- Monitor and review remuneration arrangements to ensure they remain aligned to market practice and our Standard Life strategy.
- Listen to the voice of the wider workforce on remuneration through the Board's Designated Non-Executive Director ('DNED') for Workforce Engagement and the Chair of the Group Board Remuneration Committee.

Remuneration Committee review cycle

Q1

- 2025 Full Year Group Chief Risk Officer ('Group CRO') report
- Approval of 2024 AIP and 2022 LTIP outturns
- Executive Director and Executive Committee ('ExCo') 2024 performance ratings
- Approval of 2025 AIP and LTIP metrics and targets
- Approval of 2025 share award grants

Q2

- Chief Executive Officer ('Group CEO') and Chief Financial Officer ('Group CFO') benchmarking
- Review of market trends and AGM results
- Review of Remuneration Policy

Q3

- 2025 Half Year Group CRO report
- Approval of 2025 share award grants
- Monitoring 2025 AIP outturn and in-flight LTIP awards
- Review of Remuneration Policy

Q4

- Review of 2026 AIP and LTIP metrics
- Review of the discretionary share plans
- Review of shareholder feedback following the Remuneration Policy consultation
- Review and approval of the 2026 shareholding guidelines

Our new Remuneration Policy reflects deliberate ambition and responsible stewardship. In a fiercely competitive and rapidly evolving market we have set a higher standard – aligning Executive reward with exceptional customer outcomes, disciplined performance and sustainable shareholder value. Because safeguarding the long-term security of our policyholders underpins the strength and enduring success of the Company.

Sherry Coutu CBE
Chair of the Group Board Remuneration Committee

Company performance snapshot

Outturn of 2025 Group AIP (all employee) scorecard

87.9%

Outturn of 2023 LTIP

68.4%

Directors' Remuneration report continued
Chair's statement

Dear Shareholder,

On behalf of the Board, I am pleased to present the Directors' Remuneration report for the year ended 31 December 2025. As the newly appointed Chair of the Group Board Remuneration Committee from 1 July 2025, I wish to extend my thanks to Nicholas Shott for his work as Remuneration Committee Chair since 2023.

This year we are asking shareholders to vote on the following remuneration resolutions at our 2026 AGM:

- The Directors Remuneration Policy ('Remuneration Policy'), which outlines the remuneration framework that will apply to our Executive Directors, Non-Executive Directors and the Group Chair, should it be approved by our shareholders; and
- The Annual Report on Remuneration ('Remuneration report), which sets out remuneration outcomes for 2025 and explains how we intend to apply the Remuneration Policy in 2026.

Remuneration outcomes for 2025

We made strong strategic progress in 2025, the second year of our 3-year strategy, delivering robust financial performance across our financial framework of cash, capital and earnings:

- Delivered £1.7 billion of Total Cash Generation for FY2025 on track to meet our 2024–26 cumulative £5.1 billion target.
- Robust balance sheet position with our Solvency II ('SII') Shareholder Capital Coverage Ratio ('SCCR') of 176%, remaining in the upper half of our 140–180% operating range.
- Growth in operating profit for the year of 15% to £945 million, supported by the continued delivery of cost savings as we progress towards our £250 million cost savings target by the end of 2026.
- Strong shareholder returns in the year with closing share price up 44% on opening position.
- Continued execution on strategic priorities, including strong business wins and ongoing focus on building out our ability to engage with our customers.

The strong financial performance, alongside strategic progress, made in 2025 has resulted in an overall formulaic outcome of 84.8% of maximum under the AIP for Andy Briggs, Group Chief Executive Officer ('Group CEO'), and Nicolaos Nicandrou, Group Chief Financial Officer ('Group CFO'). This was due to achieving 100% in all financial performance outcomes, 60% of maximum in non-financial performance outcomes, and 72.25% of maximum under the Strategic Scorecard.

The 2023 LTIP award covering the years 2023–2025 has an overall formulaic outcome of 68.4% of maximum through achieving 70% of maximum under the financial performance outcomes and 62% of maximum under the non-financial performance outcomes.

The Committee reviewed the AIP and LTIP outcomes in the context of the Group's performance, individual performance, strategic delivery and the experience of broader stakeholders. Overall, the Committee was satisfied that the AIP and LTIP outcomes were reflective of performance and no discretion has been applied by the Committee in respect of incentive outcomes.

Remuneration Policy review

As signalled in our Directors' Remuneration report last year, during 2025 the Committee undertook a comprehensive review of the existing remuneration framework, in line with the normal 3-year cycle. Our review centred on ensuring that remuneration arrangements incentivise and retain our Executive team to continue to execute our strategy and to achieve our vision of being the UK's leading retirement savings and income business.

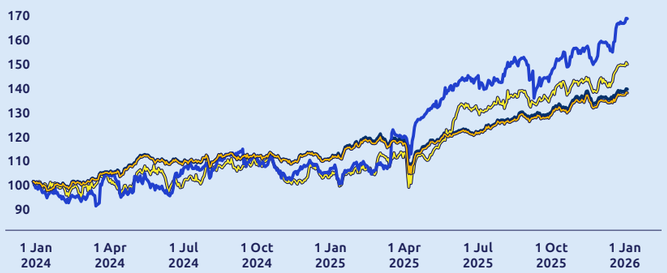
Given the 2024–2026 strategy concludes next year, the Board will undertake a review of our strategy for FY2027 and beyond, with a focus on accelerating our drive to meet more of our existing customer needs, acquire new customers and deliver better outcomes for stakeholders.

We are uniquely positioned to capture momentum in a growing market, and retaining our high-performing Executive team to lead the business through the next phase is a priority. We operate within a highly competitive sector and attracting and retaining Executives with the requisite sector knowledge is very challenging, in particular in an evolving landscape affected by regulatory and artificial intelligence disruption.

Andy Briggs is a highly valued and experienced Group CEO who is successfully driving forward the transformation of our business. In December 2024, we announced the appointment of Nicolaos Nicandrou as our Group CFO. Nicolaos is an exceptional and highly regarded leader, with extensive insurance, asset management and executive leadership experience in the FTSE 100. The Board was delighted to appoint an individual of his calibre and is pleased with the excellent progress that Andy Briggs, Nicolaos Nicandrou and the wider Executive team are making in advancing our strategic priorities with pace and purpose.

As part of the review, we consulted extensively with 34 of our largest shareholders, representing 75% of share ownership, and both proxy and environmental, social and governance ('ESG') agencies. Overall, the majority of shareholders were supportive of our proposals and we highly value the feedback and views shared. A summary of the context against which the Committee reviewed the Remuneration Policy is set out below, as well as detailed changes proposed to both the Policy and performance measurement framework.

Standard Life (formerly Phoenix Group Holdings plc) Total Shareholder Return since FY2024–26 strategy launch (Jan 2024 to date)



Performance context and business transformation

Since the launch of our strategy in 2024, Standard Life plc has delivered total shareholder returns of 67%, materially in excess of the FTSE 350 (excluding investment trusts) (36.5%) and FTSE 100 (38%) returns, as well as the median of sector peers. We are over two-thirds of the way through our 3-year strategic cycle and pleased with the strong progress. We have consistently executed against our strategic priorities, and we are seeing our businesses winning in their markets and growing organically, delivering against all our financial targets. This strong performance and operating momentum is supporting the progress of our strategy and delivery gives us the financial flexibility to reduce our leverage, while also sustaining our progressive dividend policy.

Changing our name from Phoenix Group Holdings plc to Standard Life plc brings our most trusted brand to the forefront – helping to simplify our business, unify our colleagues, and strengthen our brand.

Our sector peers and market positioning

As part of the review, the Committee carried out a review of arrangements against relevant sector peers and was mindful of the need to ensure that our remuneration framework is competitive and fit for purpose across the next 3-year policy cycle. The Committee carefully considered market data to ensure that it was appropriate taking into account Standard Life's size, complexity, sector and talent market, as well as our context as a UK FTSE-listed business.

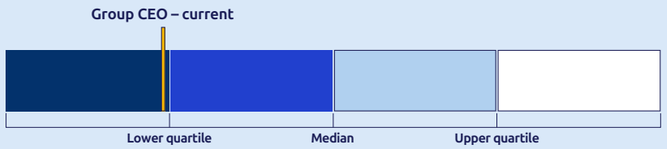
Given Standard Life's business focus, there are a limited number of firms which would be considered primary sector comparators. To ensure a peer group of robust size and reflecting the markets in which we compete for talent across the organisation, we developed a benchmarking peer group consisting of firms with a broader insurance and asset management focus, as summarised in the table below.

Selection of benchmarking peer group

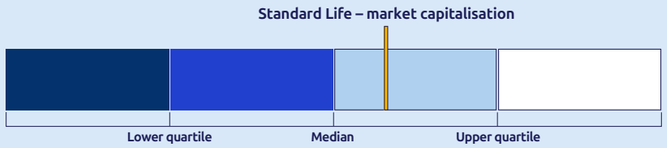
Sector	Company	Size – market capitalisation	Size – employees	Operations – geographical focus	Talent market alignment
Insurers	Aviva	○	○	●	●
	Beazley	●	○	●	○
	Hiscox	●	●	○	○
	L&G	○	●	○	●
	Prudential	○	○	○	○
Asset managers	Aberdeen	●	●	●	●
	M&G	●	●	●	●
	Quilter	○	●	●	○
	Rathbones	○	●	●	○
	St. James's Place	●	●	●	○

● Peers within x0.5 – x2.0 of Standard Life equivalent values where criteria is numerical based.
○ Peers less/greater than x0.5 – x2.0 of Standard Life equivalent values where criteria is numerical based.

Group CEO – current target total compensation vs sector peers



Standard Life plc – market capitalisation vs sector peers



Other insurers and asset managers including Admiral Group, Lancashire Holdings and Schroders were excluded on the basis of speciality focus, location and/or nature of operations.

Sector peers – current market positioning

A review of market positioning of the Group CEO's current package against market peers demonstrated that this was below the lower quartile of our sector peers. Andy Briggs will enter his sixth year as Group CEO with a strong track record of performance over this period and the Board believes he will play a critical role in leading the next phase of our strategy.

Remuneration Policy proposals

We believe that the combination of the AIP and LTIP continues to support the delivery of our customer-focused and performance-driven strategy, aligning pay with the interests of wider stakeholders. As such, we are not proposing to change the overall incentive framework. Having carefully considered several alternative remuneration structures, the Committee concluded that the current structure remains appropriate for the business at this time.

For the 2026–28 cycle, the Committee is proposing to implement the following changes to the Remuneration Policy:

- **Long Term Incentive Plan:** increase the maximum LTIP opportunity to 425% of salary (from 275% of salary), with the removal of the previous exceptional maximum limit of 400% of salary. The maximum LTIP opportunity for the Group CEO will increase to 425% of salary for 2026. There is no change to maximum opportunity for LTIP for the Group CFO.
- **Shareholding requirements:** increase the Group CEO shareholding requirement from 350% to 425% of salary, in line with the revised LTIP maximum, and retain the Group CFO shareholding requirement of 300% of salary.
- **Malus and clawback:** expand our malus and clawback provisions to enable us to recover remuneration in the event of a material downturn in financial performance or errors in calculation, and extend malus and clawback time horizons on share plans to seven years.

In line with the principle of aligning pay to long-term investor and policyholder outcomes, we are not proposing to make any changes to the AIP maximum levels which will remain at 200% for the Group CEO and Group CFO.

Directors' Remuneration report continued
Chair's statement

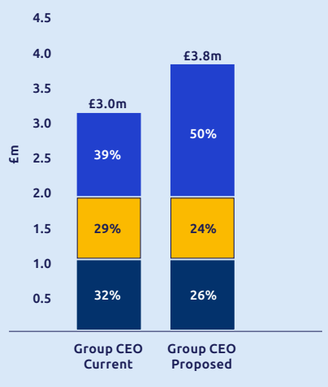
The Committee also carefully considered the Investment Association guidance that where an Executive Director has met the shareholding guideline, investors may support a reduction in the level of deferral. However, we are choosing to propose no change to our current approach to deferral of 50% of earned bonus for three years, reflecting our commitment to a Remuneration Policy which provides long-term alignment of Executive and investor interests.

Our proposals have been carefully structured to ensure that overall Group CEO remuneration is market competitive while rebalancing the package towards variable, long-term pay. The Committee believes an adjustment to the LTIP opportunity – which will only be realised if strong long-term performance is delivered – is important in the context of Andy Briggs' performance and contribution, as well as wider competitive market practice.

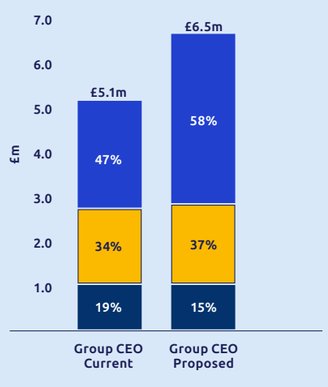
Increased shareholding requirements further enhance long-term investor alignment, and the removal of an additional exceptional LTIP limit provides a simplified and more market-aligned approach to incentive opportunities.

The impact of this change is illustrated below for the Group CEO on target and maximum package scenarios:

Group CEO target package – current vs proposed

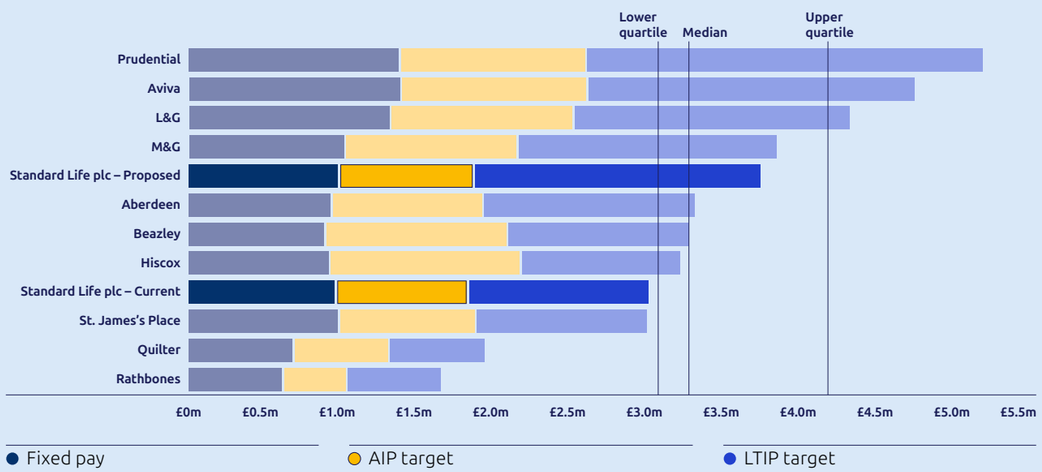


Group CEO maximum package – current vs proposed



The proposed LTIP increase rebalances the overall pay package towards variable, long-term pay with value dependent on the achievement of stretching long-term performance objectives, bringing the Group CEO's total target compensation in line with our market capitalisation positioning relative to peers.

Total Group CEO target compensation against our benchmarking peers



Note: Peer data is based on disclosure available as of the end of 2025 – excludes benefits.

The Remuneration Policy we are proposing improves the competitive positioning of the total Group CEO package, moving it from below the lower quartile to between median and upper quartile of the sector peer group, in line with the relative market capitalisation positioning within the Group. This proposal has been designed to ensure that any increase in total remuneration depends on the achievement of stretching long-term performance metrics, with increased shareholding requirements further enhancing long-term alignment to our shareholders. Whilst a phased approach was considered, the Committee believes it is critical to ensure that market competitive arrangements are in place as we transition to the next phase of our ambitious growth strategy. The LTIP will also be linked to revised performance metrics from FY2026 focused on driving superior customer and investor returns (see below).

The Group CFO LTIP opportunity will remain at 275% of salary for FY2026. As stated in the 2024 Directors' Remuneration report, on his appointment in December 2024, the Committee recognised that the package for Nicolaos Nicandrou was at the upper end of the market when compared to UK listed insurance companies, reflecting the quality and global experience that he brings to the Group. The Committee will keep this under review over the life of the Remuneration Policy.

The full Remuneration Policy can be found on **page 148**

Performance framework and metric review

Our Remuneration Policy is designed to support Standard Life in achieving its purpose with regard to our customers and shareholders.

Consequently, the Committee is proposing a number of changes to performance metrics to better align with the next phase of growth based on our evolving strategy, ensuring that our incentives drive superior customer and investor returns.

Key principles

1. **Simplification of framework** – the Committee has sought to simplify and focus the overall performance metric framework.
2. **Retained focus on financial strength and balance sheet resilience** – AIP and LTIP metrics will continue to be weighted towards the delivery of stretching cash, capital and earnings performance, in line with our strategy and commitment to wider stakeholders. The weighting of financial metrics on the AIP will increase to 70%, with the remaining 30% based on quantifiable, customer metrics. Financial metrics will continue to represent 80% of the LTIP opportunity.
3. **Delivering for our customers** – we are introducing new metrics linked to the delivery of customer growth and outcomes aligned to our vision to be the UK's leading retirement, savings and income business. Success will be measured by our net customer growth, customer retention and the performance of the pensions of our customers, supporting our purpose and commitment to Consumer Duty.

   New AIP metrics will be Net Customer Growth (Net Flows) and Customer Retention.

   Under the LTIP, a new customer outcomes metric (Relative Policyholder Outcomes versus peers) will be introduced with a 20% weighting to directly align Executives' outcomes with those of our customers, supporting our purpose of helping people secure a life of possibilities. This metric will track how we support most of our customers to achieve better returns through our flagship multi-asset default pension funds where we have full discretion over the investment strategy. We want to help more customers achieve better outcomes and greater financial security as we aim to deliver customer outcomes ahead of peers and long term real returns above inflation (UK CPI).
4. **Underpin and robust discretion framework** – the AIP and LTIP will be subject to robust underpins informed by input from the Chairs of the Risk, Audit, and Sustainability Committees and the DNED for Workforce Engagement. Downward adjustments to outcomes may range from 0–100%, depending on the materiality and significance of any issues identified. Each Committee Chair may consider matters arising from their respective areas of responsibility – including, but not limited to, those relating to risk, audit, compliance, customer experience, employee engagement and ESG/sustainability.

   It is important to note that ESG/sustainability will continue to be assessed as part of the robust underpin framework, with progress against key sustainability, people (including DEI) and culture ambitions forming a key input for the Committee's assessment of any adjustments to be made and recommendations provided to the Remuneration Committee on whether overall performance is consistent with the Company's targets in this area. This will include assessment of specific quantifiable targets against our Net Zero Transition Plan.

   The Remuneration Committee will consider this input and retains full discretion to determine whether, and to what extent, any adjustment to incentive outcomes is appropriate.

Further details are provided on **page 166**

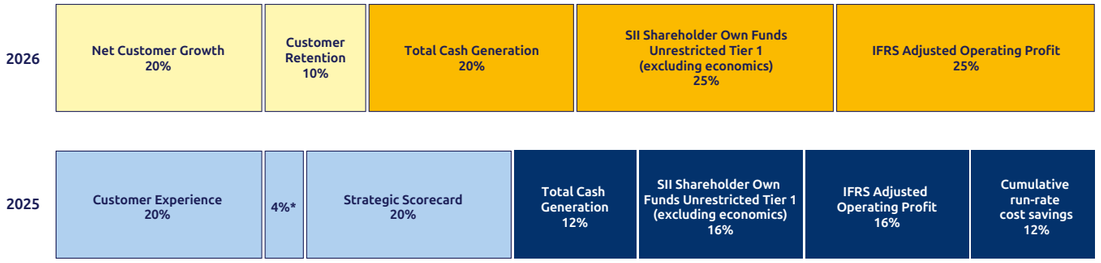
We considered amending the Relative Total Shareholder Return ('TSR') metric to measure performance against a sector-aligned peer group, with the objective to make comparison with companies subject to similar external factors. Some shareholders had concerns that, with a limited number of truly comparable peers, the peer group risked becoming smaller should there be further consolidation or private investment in the sector. Taking into account shareholder feedback, the current approach of comparison with the FTSE 350 excluding investment trusts will be retained for 2026 and kept under review for future awards.

The proposed changes to AIP and LTIP metrics and weightings for FY2026 are summarised overleaf, with FY2025 metrics provided for comparison.

Full details of the 2026 AIP and LTIP metrics are provided on **pages 164 to 165**

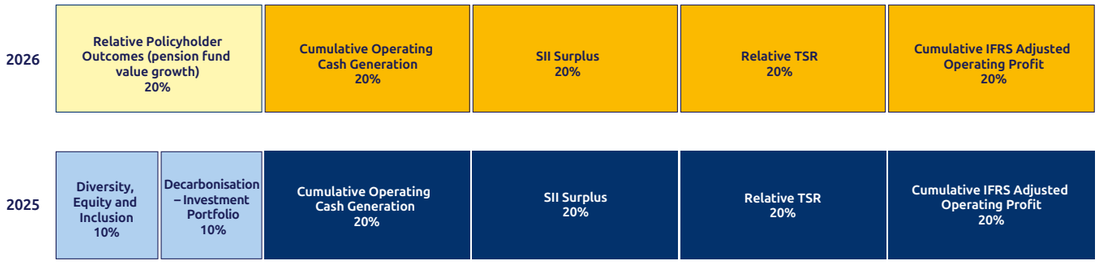
Directors' Remuneration report continued
Chair's statement

AIP – FY2026 vs FY2025: Increased focus on customer growth & retention



*Colleague Engagement eNPS

LTIP – FY2026 vs FY2025: Increased alignment with policyholder outcomes



AIP and LTIP will be subject to robust underpins informed by input from the Chairs of the Risk, Audit and Sustainability Committees and the Employee Engagement Lead. Downward adjustments to outcomes may range from 0–100%, depending on the materiality and significance of any issues identified.

Salary review for 2026
A salary increase of 2.35% effective from 1 April 2026 will apply for Andy Briggs and Nicolaos Nicandrou, in line with the wider workforce. This is the first salary increase for Nicolaos since his appointment in December 2024.

Further details on how we implement pay for the wider workforce is set out on **pages 167 to 168**

Share plan rules
The rules of the existing Company's LTIP and DBSS (the 'Rules') were previously approved by shareholders in 2018. Though the Rules are yet to expire, the renewal of the Remuneration Policy provided an appropriate time to review the Rules and ensure they were in line with best market practice. As a result, we will be seeking shareholder approval for a new Standard Life plc Incentive Plan and Deferred Share Bonus Plan on 14 May 2026 at our forthcoming AGM. Further information will be provided in the Notice of AGM.

Shareholder engagement
As noted above, as part of the Remuneration Policy renewal, the Committee engaged extensively with shareholders representing 75% of our investor base, as well as proxy and ESG rating agencies, on both our Remuneration Policy proposals and performance metric review. I would like to take this opportunity to thank those who took the time to engage with us and provide feedback.

We were pleased that the overwhelming majority of shareholders consulted were supportive of our proposals. Shareholders recognised the importance of retaining and fairly rewarding our high-performing Executive team through the next strategic phase in a highly competitive sector, and were supportive of our proposed adjustment to rebalance the Group CEO's remuneration towards long-term variable pay subject to appropriately stretching targets, creating alignment with shareholders. Themes from the shareholder feedback included a request for transparent disclosure in terms of benchmarking peers, as well as views on our TSR group and approach to ESG.

We remain committed to a constructive and positive relationship with our shareholders and will continue to engage widely as appropriate going forward. We are grateful for the ongoing support and engagement of our investors, and I would like to thank shareholders for their continued support at the 2026 AGM.

Yours sincerely,

Sherry Coutu CBE
Chair of the Group Board Remuneration Committee

Remuneration at a glance

Remuneration at a glance

Overview

Remuneration structure

Base salary

Base salaries are reviewed each year against companies of similar size and complexity.

Benefits

Market competitive benefits are provided in a consistent manner with the wider workforce.

Pension

Competitive employer-sponsored defined contribution pension plan with contributions at the same level as the wider workforce.

Annual Incentive Plan

AIP to motivate employees and incentivise delivery of annual performance targets aligned to strategy.

Long Term Incentive Plan

LTIP to motivate and incentivise delivery of sustained performance over the long-term in line with our strategy and purpose, and to promote alignment with shareholders' interests.

Statement of intent
The Committee adopts a simple and transparent approach to remuneration to support the Group's purpose, values and strategic priorities, in order to ensure the sustainability of the business. When setting the remuneration for Executive Directors, the Committee carefully considers wider workforce pay across the whole organisation.

Our remuneration principles
- Support long-term, sustainable value creation for stakeholders.
- Enable attraction and retention of high-performing talent.
- Aligned to Group purpose, values and risk appetite.
- Support a strong pay for performance culture.

Alignment to purpose and strategy
Our Remuneration Policy is designed to align to our purpose and is focused on the delivery of our strategy and long-term value creation for our stakeholders.

Our variable pay plans ensure remuneration outcomes are directly aligned to our core strategic priorities as shown on page 146 and to deliver long-term sustainable value. A significant portion of Executive remuneration is delivered in shares and deferred for up to five years.

Our purpose

Helping people secure a life of possibilities

Strategic priorities

Grow

Optimise

Enhance

Sustainability strategy

People

Planet

Embed responsibility

Pay for performance
A material portion of total remuneration is based on variable pay. Performance targets are set with reference to the Annual Operating Plan and consensus, with stretch targets set such that maximum payouts can only be achieved for exceptional performance. Subject to approval of the Remuneration Policy at the 2026 AGM, under the maximum scenario over 70% of the Group's CEO maximum remuneration is delivered in shares, deferred for three years under the DBSS and subject to a combined vesting and holding period of five years for the LTIP. This ensures strong alignment between Executive Directors and shareholders.

Directors' Remuneration report continued
Remuneration at a glance

2025 at a glance

What did Executive Directors earn during 2025?

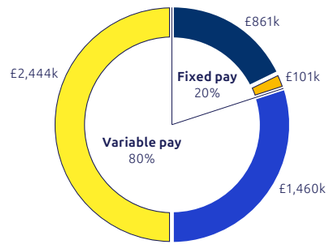
2025 single figure
The outcomes under the AIP and LTIP resulted in a single figure outcome for Andy Briggs of £4.866 million and for Nicolaos Nicandrou £2.045 million.

Group CEO total pay (Andy Briggs)
£4.87m

Group CFO total pay (Nicolaos Nicandrou)
£2.05m

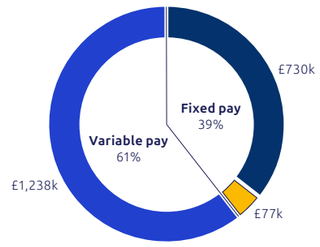
See **page 157** for further details

Fixed vs variable pay (% weighting) Group CEO (Andy Briggs)



Fixed pay	20%	Variable pay	80%
Salary	18%	AIP	30%
Pension and benefits	2%	LTIP	50%

Fixed vs variable pay (% weighting) Group CFO (Nicolaos Nicandrou)



Fixed pay	39%	Variable pay	61%
Salary	36%	AIP	61%
Pension and benefits	3%	LTIP	n/a

Total 2025 AIP out of maximum opportunity

Overall outturn 84.8%

Total Cash Generation (12% weighting) — 100%

SII Shareholder Own Funds Unrestricted Tier 1 (excl. economics) (16% weighting) — 100%

IFRS Adjusted Operating Profit (16% weighting) — 100%

Cumulative run-rate cost savings (12% weighting) — 100%

Customer Experience (20% weighting) — 64%

Colleague Engagement eNPS (4% weighting) — 38%

Strategic Scorecard (20% weighting) — 72%

Group CEO (Andy Briggs)
84.8%

Group CFO (Nicolaos Nicandrou)
84.8%

See **pages 158 to 160** for further details

Total 2023 LTIP out of maximum opportunity

Overall outturn 68.4%

Relative TSR (20% weighting) — 80%

Net Operating Cash Receipts (20% weighting) — 100%

Group In-force Long-term Free Cash (20% weighting) — 100%

Persistency (20% weighting) — 0%

Decarbonisation – Investment Portfolio (10% weighting) — 50%

Decarbonisation – Operations (10% weighting) — 74%

Group CEO (Andy Briggs)
68.4%

Group CFO (Nicolaos Nicandrou)
n/a
Nicolaos Nicandrou did not participate in the 2023 LTIP

See **page 160** for further details

Wider workforce remuneration in 2025

Salary	Annual salary review – average 3.32% increase (2.65% median)
Pension	Pension – up to 12% Company contribution
AIP	AIP outcome based on 88% Group outturn for 4,876 current employees
LTIP	107 colleagues were awarded a 2025 LTIP

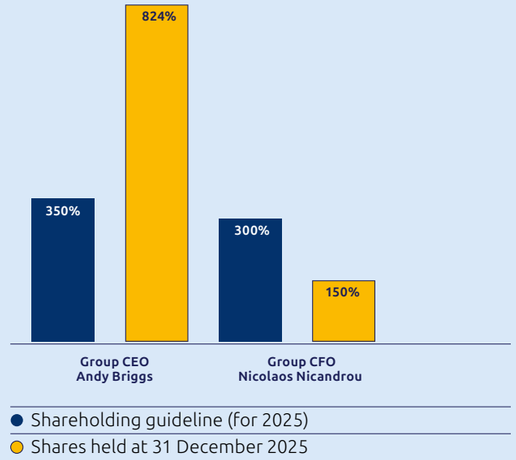
Long-term alignment with shareholders

A significant proportion of Executive remuneration is delivered in shares which are released over a period of five years. In combination with our shareholding guidelines, this aligns Executive Directors with shareholders over the long term.

The graph to the right illustrates the percentage of shares held under the current shareholding guidelines.

Shareholding requirements (from 2026)

Further details on shareholding requirements (including post-cessation) are included in the proposed Remuneration Policy on page 152.



2026 at a glance

2026 at a glance

Fixed pay

Group CEO Andy Briggs	Group CFO Nicolaos Nicandrou		
Salary **£886,863** (2.35% increase)	**Salary** **£747,155** (2.35% increase)	Wider workforce pay budget increased by **2.5%**	Pension value of **12%** aligned to wider workforce rate

Variable pay

AIP Maximum		LTIP Maximum	
Group CEO Andy Briggs	**Group CFO Nicolaos Nicandrou**	**Group CEO Andy Briggs**	**Group CFO Nicolaos Nicandrou**
200% of base salary	**200%** of base salary	**425%** of base salary	**275%** of base salary
Operation		**Operation**	
50% paid in cash 50% deferred into shares for 3 years		3-year performance period 2-year holding period	

Directors' Remuneration report continued
Remuneration at a glance

Performance measures 2026

This table demonstrates how each of our performance measures for AIP and LTIP align with the Group's strategic priorities.

		Financial framework and strategic priorities					
		Cash	Capital	Earnings	Grow	Optimise	Enhance
AIP	Total Cash Generation	✓	–	–	–	–	–
	SII Shareholder Own Funds Unrestricted Tier 1 (excluding economics)	–	✓	–	–	–	–
	IFRS Adjusted Operating Profit	–	–	✓	–	–	–
	Net Customer Growth	–	–	–	✓	–	–
	Customer Retention	–	–	–	✓	–	–
LTIP	Cumulative Operating Cash Generation	✓	–	–	–	–	–
	SII Surplus	–	✓	–	–	–	–
	Cumulative IFRS Adjusted Operating Profit	–	–	✓	–	–	–
	Relative TSR (excl. Investment Trusts)	✓	✓	✓	✓	✓	✓
	Relative Policyholder Outcomes (pension fund value growth)	–	–	–	✓	–	–

The AIP and LTIP are subject to robust underpins informed by input from the Chairs of the Risk, Audit, and Sustainability Committees and the DNED for Workforce Engagement. Downward adjustments to outcomes may range from 0–100%. ESG/sustainability will continue to be assessed, with progress against key sustainability, people (including DEI) and culture ambitions (including specific quantifiable targets against our Net Zero Transition Plan) forming a key input for the Committee's assessment of any adjustments to be made and recommendations provided to the Remuneration Committee on whether overall performance is consistent with the Company's targets.

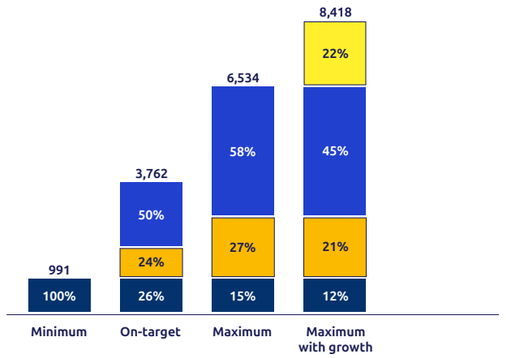
All employees participate in a common incentive plan ensuring consistency of corporate goals and individual performance management. Certain sales colleagues in our Pensions and Savings Workplace function have additional functional metrics.

Potential remuneration under various scenarios (£000)

The charts below illustrate the maximum levels of total remuneration payable under the 2026 Directors' Remuneration Policy.

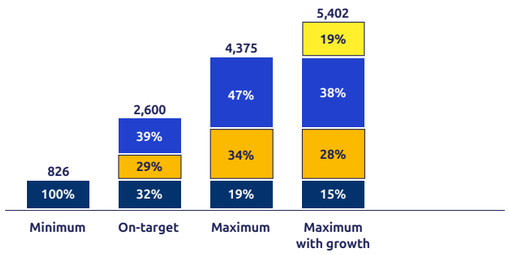
Scenario charts

Group CEO (Andy Briggs)
£000



- Total fixed pay
- AIP
- LTIP
- Share price growth and dividends

Group CFO (Nicolaos Nicandrou)
£000



- Total fixed pay
- AIP
- LTIP
- Share price growth and dividends

Minimum, on-target and maximum represent the scenario charts required under the Directors' Remuneration Policy – see the data assumptions below.

Executive Director	Base salary £000	Benefits £000	Pension £000	Total fixed £000
Andy Briggs	887	11	93	991
Nicolaos Nicandrou	747	1	78	826

Minimum	Consists of base salary, benefits and pension: • Base salary is the salary to be paid in 2026. • Benefits measured as benefits to be paid in 2026. • Pension measured as the full entitlement of approximately 10.5% of base salary receivable (after the reduction to payments made in cash for employers' National Insurance Contributions).
On-target	Based on what the Executive Director would receive if performance was on-target: • AIP: consists of the on-target annual incentive (100% of base salary). • LTIP: consists of the target level of vesting (50% of maximum for Group CEO and Group CFO).
Maximum	Based on the maximum remuneration receivable: • AIP: consists of the maximum annual incentive (200% of base salary). • LTIP: assumes maximum vesting of awards and valued as on the date of grant (award of 425% of base salary for Group CEO and 275% of base salary for Group CFO).
Maximum with growth	Based on the maximum remuneration receivable assuming a 50% share price growth assumption over the 3-year period until LTIP vesting. • AIP: consists of the maximum annual incentive (200% of base salary for Group CEO and Group CFO). • LTIP: assumes maximum vesting of awards and valued as on the date of grant (award of 425% of base salary for Group CEO and 275% of base salary for Group CFO) and assumes 50% share price growth.

The Directors' Remuneration Policy ('Remuneration Policy')

Subject to approval from shareholders, the Remuneration Policy set out below will be effective from the date of the 2026 AGM. It will apply for a period of three years, until the 2029 AGM, unless a revised Remuneration Policy is approved by shareholders before then.

Comparing the 2026 Remuneration Policy with the current Remuneration Policy

The main features of the 2026 Remuneration Policy are summarised in the table below. The table also includes details of how the Remuneration Policy is intended to be applied subject to approval by shareholders at the 2026 AGM.

Current	Proposed
Base salary	**Base salary**
Pension 12% of salary for Group CEO and Group CFO	**Pension** 12% of salary for Group CEO and Group CFO No change
Annual incentive 200% of salary for Group CEO and Group CFO	**Annual incentive** 200% of salary for Group CEO and Group CFO No change
Long-term incentive Exceptional maximum limit 400% of salary 275% of salary for Group CEO 275% of salary for Group CFO	**Long-term incentive** Overall maximum limit 425% of salary 425% of salary for Group CEO 275% of salary for Group CFO
Shareholding guidelines 350% of salary for Group CEO 300% of salary for Group CFO	**Shareholding guidelines** 425% of salary for Group CEO 300% of salary for Group CFO

Consideration of shareholders' views when shaping the Remuneration Policy

As part of the Remuneration Policy renewal, the Committee engaged extensively with shareholders representing 75% of our investor base, as well as proxy and ESG agencies, on both our Remuneration Policy proposals and performance metric review. We would like to take this opportunity to thank those who took the time to engage with us and provide feedback.

We were pleased that the overwhelming majority of shareholders consulted were supportive of our proposals. Shareholders recognised the importance of retaining and fairly rewarding our high-performing Executive team through the next strategic phase in a highly competitive sector, and were supportive of our proposed adjustment to rebalance the Group CEO's remuneration towards long-term variable pay subject to appropriately stretching targets, creating alignment with shareholders.

In order to ensure that the package is fairly positioned against sector peers relative to our size, we considered a number of scenarios, including a more moderate increase to the LTIP alongside an increase to the short-term incentive opportunity. On balance, the Committee felt strongly that any uplift in pay should be focused on the LTIP, thereby linked to sustainable, long-term performance delivery. This is also aligned to our underlying remuneration principle of ensuring reward is appropriately aligned to risk and avoids unduly rewarding short-term behaviours.

In considering a range of scenarios, we also discussed a phased approach to the LTIP increase (e.g. a stepped increase in two stages in 2026 and 2027). However, the Committee believes it is critical to ensure that market competitive arrangements are in place now as we transition to the next phase of our ambitious growth strategy, recognising Andy Briggs' performance and contribution and the highly competitive sector in which we operate. In our consultation with other major investors and proxy agencies, we are pleased to have received strong support for the LTIP adjustment subject to appropriate stretching targets.

Other themes from the shareholder feedback included a request for transparent disclosure in terms of benchmarking peers, as well as views on our TSR group and approach to ESG.

In our initial proposals, we considered amending the Relative TSR metric to measure performance against a sector-aligned peer group, with the objective to make comparison with companies subject to similar external factors. Some shareholders had concerns that, with a limited number of truly comparable peers, the peer group risked becoming smaller should there be further consolidation or private investment in the sector. Taking into account shareholder feedback, the current approach of comparison with the FTSE 350 excluding investment trusts will be retained for 2026 and kept under review for future awards.

General policy

The Remuneration Policy for Executive Directors is summarised in the table below along with the policy on the Chair's and the Non-Executive Directors' fees.

Remuneration Policy table

Element and purpose in supporting strategic objectives	Remuneration Policy and operation	Maximum	Performance measures
Base salary This is the core element of pay which supports the recruitment and retention of Executive Directors and reflects the individual's role and position within the Group as well as their capability and contribution.	• Base salaries are normally reviewed each year and are positioned to ensure we are able to attract and retain Executives with appropriate skills and experience. In reviewing base salaries, the Committee may reference market data of comparators which the Remuneration Committee considers to be suitable based on index, size and/or sector. • The Remuneration Committee takes into account a number of factors when setting base salary. These may include, but are not limited to: relevant market data; corporate and individual performance and skillset and any changes in an individual's role and responsibilities; and the level of salary increases awarded to other employees of the Group. • Base salary is normally paid monthly in cash. • Changes to base salaries normally take effect from 1 April.	• Salary levels are specific to the role and individual. • When reviewing salaries for Executive Directors, the Remuneration Committee will also review the salaries, and salary increases, for Senior Management and employees in relevant countries and sectors to maintain consistency. Typically, percentage increases for Executive Directors will not exceed that of the broader employee population, other than in specific circumstances identified by the Remuneration Committee (e.g. in response to a substantial change in responsibilities).	• N/A
Benefits To provide other benefits valued by recipient.	• The Group provides market competitive benefits in kind. Details of the benefits provided in each year will be set out in the Implementation of Remuneration Policy within this report. The Remuneration Committee reserves discretion to introduce new benefits where it concludes that it is in the interests of the Group to do so, having regard to the particular circumstances and to market practice. • Where appropriate, the Group will meet certain costs relating to Executive Director relocations and other exceptional expenses.	• It is not possible to prescribe the likely change in the cost of insured benefits or the cost of some of the other reported benefits year-to-year, but the provision of benefits will normally operate on a consistent basis. • The Remuneration Committee will monitor the costs in practice and ensure that the overall costs do not increase by more than the Remuneration Committee considers to be appropriate in all the circumstances.	• N/A
Pension To provide retirement benefits which keep the Group competitive within the marketplace and provide for the future of our employees.	• The Group provides a competitive employer-sponsored defined contribution pension plan. • All Executive Directors are eligible to participate in the defined contribution pension plan available to all new joiners or they may opt to receive the contribution in cash if they are impacted by the relevant lifetime or annual limits, aligned to the wider workforce. Any such cash payments are reduced for the effect of employers' National Insurance Contributions.	• Pension contributions for Executive Directors are aligned with the wider workforce rate which is currently 12% of salary (reduced to 10.5% when taken as cash in lieu of contribution).	• N/A

Directors' Remuneration report continued
The Directors' Remuneration Policy

Remuneration Policy table

Element and purpose in supporting strategic objectives	Remuneration Policy and operation	Maximum	Performance measures
Annual Incentive Plan ('AIP') and Deferred Bonus Share Scheme ('DBSS') To motivate employees and incentivise delivery of annual performance targets aligned to strategy.	• AIP levels and the appropriateness of measures are reviewed annually to ensure they continue to support the Group's strategy. • AIP outcomes are normally paid in cash in one tranche (less the deferred share award). • At least 50% of any annual AIP award is to be deferred into shares for a period of three years although the Remuneration Committee reserves discretion to alter the current practice of deferral (whether by altering the portion deferred, the period of deferral or whether amounts are deferred into cash or shares). Such alterations may be required to ensure compliance with regulatory guidelines for pay within the insurance sector, but will not otherwise reduce the current deferral level or the period of deferral. • Deferral of AIP outcomes into Company shares is currently made under the DBSS. • The 3-year period of deferral will normally run to the third anniversary of the award date. • Dividend entitlements will accrue over the deferral period and will normally be delivered as additional vesting shares. • Malus/clawback provisions apply to the AIP and to amounts deferred under the DBSS as explained in the notes to this table.	• The maximum annual incentive level for an Executive Director is 200% of base salary per annum.	• The performance measures applied to the AIP will be set by the Remuneration Committee and may be financial or non-financial and corporate, divisional or individual and in such proportions as it considers appropriate. However, the weighting of financial performance measures will not be reduced below 60% of total AIP potential in any year for the duration of this Remuneration Policy. • In respect of the financial and non-financial performance measures, attaining the threshold performance level normally produces a £nil annual incentive payment for that metric. • On-target performance on all measures normally produces an outcome of 50% of maximum annual incentive opportunity. However, the Remuneration Committee reserves the right to adjust the threshold and target levels for future financial years in light of competitive practice. • Recognising that the business of the Group is to engage in corporate activity, the Remuneration Committee may adjust targets during the year to take account of such activity and ensure the targets continue to reflect performance as originally intended. • An underpin informed by input from the Chairs of the Risk, Audit, and Sustainability Committees and the DNED for Workforce Engagement ensures alignment to overall Company performance. The AIP remains a discretionary arrangement, and the Remuneration Committee reserves discretion to adjust outcomes from 0–100%, depending on the materiality and significance of any issues identified.

Remuneration Policy table

Element and purpose in supporting strategic objectives	Remuneration Policy and operation	Maximum	Performance measures
Long Term Incentive Plan ('LTIP') To motivate and incentivise delivery of sustained performance over the long-term in line with our strategy and purpose, and to promote alignment with shareholders' interests.	• LTIP awards are typically granted annually. • The vesting period will normally be at least three years and run until the third anniversary of the award date (unless a longer vesting period is introduced). • A holding period will normally apply so that Executive Directors may not normally exercise vested LTIP awards until the fifth anniversary of the award date. • Dividend entitlements will accrue until the end of the holding period in respect of performance vested shares and will normally be delivered as additional vesting shares. • Malus/clawback provisions apply on a basis consistent with the equivalent provisions in the AIP and DBSS and as explained in the notes to this table. • The Group will honour the vesting of all awards granted under previous policies in accordance with the terms of such awards.	• The maximum limit under the LTIP is 425% of base salary per annum. • The Remuneration Committee's normal practice is to make LTIP awards to Executive Directors each year over shares with a value (as at the award date) of up to 425% of the Group CEO's annual base salary and 275% of the Group CFO's annual base salary although discretion is reserved to make awards up to the maximum levels of the Remuneration Policy.	• The Remuneration Committee may set such performance measures for LTIP awards as it considers appropriate (whether financial or non-financial and whether corporate, divisional or individual). • For every LTIP award, appropriate disclosures regarding the proposed performance conditions will be made in the Implementation of Remuneration Policy within this report. • Once set, performance measures and targets will generally remain unaltered unless events occur which, in the Remuneration Committee's opinion, make it appropriate to make adjustments to ensure alignment with strategic objectives, provided that any adjusted performance measure is, in its opinion, neither materially more nor less difficult to satisfy than the original measure. • For each part of an LTIP award subject to a specific performance condition, the threshold level of vesting will be no more than 25% of that part of the LTIP award. • The performance period for LTIP awards will normally be at least three years, but the Remuneration Committee reserves discretion to lengthen the applicable performance periods for LTIP awards. • An underpin informed by input from the Chairs of the Risk, Audit and Sustainability Committees and the DNED for Workforce Engagement ensures alignment to overall company performance. The LTIP remains a discretionary arrangement, and the Remuneration Committee reserves discretion to adjust outcomes from 0–100%, depending on the materiality and significance of any issues identified. • The Remuneration Committee retains discretion to adjust the weightings or substitute metrics but would normally consult with its major shareholders regarding any material changes to the current performance measures applied for LTIP awards made to Executive Directors or the relative weightings.

Directors' Remuneration report continued
The Directors' Remuneration Policy

Remuneration Policy table

Element and purpose in supporting strategic objectives	Remuneration Policy and operation	Maximum	Performance measures
All-employee share plans To encourage share ownership by employees, thereby allowing them to participate in the long-term success of the Group and align their interests with those of the shareholders.	• Executive Directors are able to participate in all-employee share plans on the same terms as other Group employees as required by HMRC legislation.	• ShareSave – the Remuneration Committee has the facility to allow individuals to save up to a maximum of £500 each month (or such other level as permitted by HMRC legislation) for a fixed period. At the end of the savings period, individuals may use their savings to buy ordinary shares in the Group at a discount of up to 20% of the market price set at the launch of each plan. • Share Incentive Plan ('SIP') – the Remuneration Committee has the facility to allow individuals to have the opportunity to purchase, out of their pre-tax salary, shares in the Group and receive one matching share for every purchased share up to a maximum of £50. The maximum saving is £150 each month (or up to such level as permitted by the Group in line with HMRC legislation). The SIP also has the facility to allow for reinvestment of dividends in further shares, or the award of additional free shares (up to the limits as permitted by HMRC legislation).	• Consistent with normal practice, such awards are not subject to performance conditions.
Shareholding guidelines To encourage share ownership by the Executive Directors over the long-term, including post-cessation of employment, and ensure interests are aligned.	• Executive Directors are normally expected to retain all shares (net of tax) which vest under the DBSS and under the LTIP (or any other discretionary long-term incentive arrangement introduced in the future) until such time as they hold a minimum of 425% of base salary in shares for the Group CEO and 300% of base salary in shares for the Group CFO. • Only beneficially owned shares, vested share awards, and unvested share awards not subject to performance conditions (discounted for anticipated tax liabilities), may be counted for the purposes of the guidelines. Share awards subject to performance conditions do not count prior to vesting. • Once shareholding guidelines have been met, individuals are expected to retain these levels as a minimum. The Remuneration Committee will review shareholdings annually in the context of this Remuneration Policy. • Post-cessation of employment, Executive Directors are expected to retain the lower of their full level of employment shareholding guideline or their actual shareholding at termination for a period of two years.	• N/A	• N/A

Remuneration Policy table

Element and purpose in supporting strategic objectives	Remuneration Policy and operation	Maximum	Performance measures
Chair of the Group Board and Non-Executive Director fees	• The fees paid to the Chair of the Group Board and to the other Non-Executive Directors are set to be competitive with other listed companies of equivalent size and complexity. • Additional fees are paid to Non-Executive Directors who chair or are a member of a board or committee of a subsidiary company and to the Senior Independent Director ('SID') and Designated NED for Workforce Engagement. • Fees are normally paid monthly in cash; however, a proportion of that fee may be paid in Standard Life plc shares. If implemented, shares are normally acquired at the prevailing market price with the individuals tax and associated costs deducted. • Fee levels for Non-Executive Directors are reviewed annually with any changes normally taking effect from 1 April. Additional reviews may take place in exceptional circumstances, such as following major corporate events, to ensure that fees remain appropriate in the context of the Group's size and complexity and to reflect the time commitment required.	• The aggregate fees of the Chair of the Group Board and Non-Executive Directors will not exceed the limit from time to time prescribed within the Group's Articles of Association for such fees (currently £2 million per annum in aggregate). • The Group reserves the right to vary the structure of fees within this limit including, for example, introducing time-based fees or reflecting the establishment of new Board or subsidiary company committees.	• N/A

Directors' Remuneration report continued
The Directors' Remuneration Policy

Notes to the Remuneration Policy table

1. Differences between the Remuneration Policy for Directors and the remuneration policy for other employees
When determining Executive Directors' remuneration, the Committee takes into account pay throughout the Group to ensure that the arrangements in place remain appropriate.

The Group has (as required by Solvency II regulations) one consistent reward policy for all levels of employees and this policy is made available to all staff. Therefore, the same reward principles guide reward decisions for all Standard Life plc employees, including Executive Directors, although remuneration packages differ to take into account appropriate factors in different areas of the business as follows:

- AIP – all permanent employees participate in the AIP, although the quantum varies by level. The most senior staff are subject to the regulatory requirements of Solvency II, and these individuals also receive part of their bonus in Company shares deferred for a period of three years. For Solvency II Identified staff in 'control functions' (Risk, Compliance, Internal Audit and Actuarial), AIP is considered in the context of their role to ensure independence of the areas they monitor.
- LTIP – our most senior employees participate in the LTIP, currently based on the same performance conditions as those for Executive Directors, although the Committee reserves the discretion to vary the performance conditions for awards made to employees below the Board for future awards.
- All-employee share plans – the Committee considers it is important for all employees to have the opportunity to become shareholders in the Company. The Company offers two HMRC tax advantaged arrangements in which all UK employees can participate and acquire shares on a discounted and tax advantaged basis (ShareSave and SIP), and equivalent arrangements in foreign jurisdictions (including on a tax advantaged basis permitted under local laws).

2. Malus and clawback
Malus (being the forfeiture of unvested awards) and clawback (being the ability of the Company to claim repayment of paid amounts as a debt) provisions apply to the AIP, DBSS and LTIP. These provisions may be applied up to the seventh anniversary of the grant date for LTIP, DBSS or other equity awards, and up to the third anniversary of the payment date for AIP or other cash awards, where the Remuneration Committee considers it appropriate to do so following:

- A material financial misstatement of the Group's audited financial accounts for any period, or a misleading representation of performance for any period.
- A scenario or event which causes a material downturn in financial performance.
- The calculation of the original award was based (in whole or in part) on a material error.
- There are circumstances which would warrant or would have warranted the Company summarily dismissing the participant (whether or not the Company had chosen to do so), or of employee misbehaviour, or material error whether or not justifying such summary dismissal.
- Any regulatory investigation or breach of law, rules of codes of conduct or misconduct, which, in the opinion of the Committee ought to result in the complete or partial lapse of an award.
- There has been a material failure of risk management and/or controls by the participants, the Company, or a relevant business unit.
- The Company or a relevant business unit has suffered a material downturn in its financial performance.
- There are circumstances which in the Committee's opinion have (or would have if made public) a sufficiently significant impact on the reputation of the Company or of any Group member that would justify the application of malus and/or clawback.

These time frames are considered appropriate to allow sufficient time for any of the above circumstances to come to light and for the Committee to take such action as it considers appropriate.

3. Business expenses
While the Remuneration Committee does not consider this to form part of benefits in the normal usage of that term, it has been advised that corporate hospitality (whether paid for by the Company or another Group company) and certain instances of business travel (including any related tax liabilities settled by the Company or another Group company) for Directors may technically be considered as benefits and so the Remuneration Committee expressly reserves the right to authorise such activities and reimbursement of associated expenses within its agreed policies.

4. Discretions reserved in operating incentive plans
The Remuneration Committee will operate the AIP, DBSS and LTIP according to their respective rules and the above Remuneration Policy table. The Remuneration Committee retains certain discretions, consistent with market practice, in relation to the operation and administration of these plans including:

- (as described in the Remuneration Policy table) the determination of performance measures and targets and resulting vesting and payout levels;
- (as described in the Remuneration Policy table) the ability to adjust performance measures and targets to reflect events and/or to ensure the performance measures and targets operate as originally intended;
- (as described in the Termination policy summary) determination of the treatment of individuals who leave employment, based on the rules of the incentive plans, and the treatment of the incentive plans on exceptional events, such as a change of control of the Company;
- the ability to make adjustments to existing awards made under the incentive plans in certain circumstances (e.g. rights issues, corporate restructurings or special dividends). Any exercise of discretion will be disclosed in the Implementation of Remuneration Policy for the year.
- consistent with the UK Corporate Governance Code 2024, the Remuneration Committee may apply discretion to override formulaic outcomes if they are considered inconsistent with the underlying performance of the Group (see page 166).

Recruitment remuneration policy
The Group's recruitment remuneration policy aims to give the Remuneration Committee sufficient flexibility to secure the appointment and promotion of high-calibre Executives to strengthen the management team and secure the skillsets to deliver our strategic aims.

In terms of the principles for setting a package for a new Executive Director, the starting point for the Remuneration Committee will be to apply the Remuneration Policy for Executive Directors as set out above and structure a package in accordance with that policy.

The AIP and LTIP will operate (including the maximum award levels) as detailed in the Remuneration Policy in relation to any newly appointed Executive Director.

For an internal appointment, any variable pay element awarded in respect of the prior role may either continue on its original terms or be adjusted to reflect the new appointment as appropriate.

For external and internal appointments, the Remuneration Committee may agree that the Company will meet certain relocation expenses as it considers appropriate.

For external candidates, it may be necessary to make awards in connection with the recruitment to buy out awards forfeited by the individual on leaving a previous employer. For such awards, the value of any buy-out will not be more than is, in the view of the Remuneration Committee, necessary and will in all cases seek, in the first instance, to deliver any such awards under the terms of the existing incentive pay structure. It may, however, be necessary in some cases to make such awards to incoming Executive Directors on terms that are more bespoke than the existing annual and equity-based pay structures in the Group in order to secure a candidate. Details of any buy-out awards will be appropriately disclosed.

All such buy-out awards, whether under the AIP, LTIP or otherwise (for example, specific arrangements made under Listing Rule 9.4.2), will take account of the service obligations and performance requirements for any remuneration relinquished by the individual when leaving a previous employer. The Remuneration Committee will seek to make buy-out awards subject to what are, in its opinion, comparable requirements in respect of service and performance. However, the Remuneration Committee may choose to relax this requirement in certain cases (such as where the service and/or performance requirements are materially completed), and where the Remuneration Committee considers it to be in the interests of shareholders and where such factors are, in the view of the Remuneration Committee, reflected in some other way, such as a significant discount to the face value of the awards forfeited. Exceptionally, where necessary, this may include a guaranteed or non pro-rated annual incentive in the year of joining. For the avoidance of doubt, such buy-out awards are not subject to a formal cap.

A new Non-Executive Director would be recruited on the terms explained in the Remuneration Policy for such Directors.

Executive Directors' service contracts
Executive Director service contracts, which do not contain expiry dates, provide that compensation provisions for termination without notice will only extend to 12 months of salary, certain fixed benefits and pension (which may be payable in instalments and subject to mitigation). By excluding any entitlement to compensation for loss of the opportunity to earn variable pay, the Remuneration Committee believes the contracts to be consistent with best practice. The Remuneration Committee also has discretion to mitigate further by paying on a phased basis with unpaid instalments ceasing after the initial period of six months if the Executive Director finds alternative employment. Contracts do not contain change of control provisions. The template contract is reviewed from time to time and may be amended provided it is not overall more generous than the terms described above.

Subject to Board approval, Executive Directors are permitted to accept outside appointments on external boards as long as these are not deemed to interfere with the business of the Group.

Directors' Remuneration report continued
The Directors' Remuneration Policy

Non-Executive Directors
The Non-Executive Directors, including the Chair, have letters of appointment which set out their duties and responsibilities. Appointment is for an initial fixed term of three years (which may be renewed), terminable by one month's notice from either side (six months in the case of the Chair). Non-Executive Directors are not eligible to participate in incentive arrangements or receive pension provision or other benefits such as private medical insurance and life insurance.

Copies of Executive Director service contracts and Non-Executive Director letters of appointment are available for inspection at the Company's registered office.

Termination policy summary
In practice, the facts surrounding any termination do not always fit neatly into defined categories. Therefore, it is appropriate for the Remuneration Committee to consider the suitable treatment on a termination having regard to all of the relevant facts and circumstances available at that time. This policy applies both to any negotiations linked to notice periods on a termination and any treatment which the Remuneration Committee may choose to apply under the discretions available to it under the terms of the AIP, DBSS and LTIP plans. The potential treatments on termination under these plans are summarised below.

Incentives	Approved Leaver[1,2]	Non-Approved Leaver	Exceptional Events
	A participant is considered an Approved Leaver if leaving through redundancy, serious ill health or death or otherwise at the discretion of the Remuneration Committee.	A participant would typically be a Non-Approved Leaver if they leave through voluntary resignation or for disciplinary reasons.	For example, change in control or winding up of the Company.
AIP	Pro-rated annual incentive. Pro-rating to reflect only the period worked. Assessment determined by the Remuneration Committee.	No awards made.	Either the AIP will continue for the year or there will be a pro-rated annual incentive. Performance metrics determined by the Remuneration Committee.
DBSS	Deferred awards vest at the end of the original vesting period.	Deferred awards normally lapse.	Deferred awards vest.
LTIP	Will receive a pro-rated award subject to the application of the performance conditions at the normal measurement date and, generally, any holding period will continue to apply. Remuneration Committee discretion to disapply pro-rating or to accelerate vesting to the date of leaving (subject to pro-rating and performance conditions) and/or the release of any holding period.	All awards will normally lapse.	Will receive a pro-rated award subject to the application of the performance conditions at the date of the event. Remuneration Committee discretion to disapply pro-rating.

1. Under the DBSS Rules, an Approved Leaver is an individual who leaves for a reason other than voluntary resignation and dismissal.
2. Where the reason for leaving is retirement, the individual will be required to provide confirmation of their continued retirement before any payments are released to them after the end of the vesting period.

The Group has power to enter into settlement agreements with Executives and to pay compensation to settle potential legal claims. In addition, and consistent with market practice, in the event of termination of an Executive Director, the Group may pay a contribution towards the individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees would be disclosed as part of the detail of termination arrangements. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

In the event of cessation of a Non-Executive Director's appointment (excluding the Chair) they would be entitled to a one month's notice period. The Chair, as detailed in his letter of appointment, would be entitled to a six months' notice period.

Consideration of employment conditions elsewhere in the Group
As explained in the notes to the Remuneration Policy table, the Remuneration Committee takes into account Group-wide pay and employment conditions. The Remuneration Committee reviews the average Group-wide base salary increase and annual incentive costs and is responsible for all discretionary and all-employee share arrangements.

Consistent with previous practice, the Remuneration Committee did not specifically consult with employees in preparing the Remuneration Policy although has established further employee engagement in accordance with the requirements under the UK Corporate Governance Code 2024.

Potential rewards under various scenarios (£000)
See page 147 for the maximum levels of total remuneration payable under the Remuneration Policy.

Annual report on remuneration

This section of the Directors' Remuneration report sets out the Executive Directors' remuneration for 2025. It contains the annual report on remuneration which forms part of the Directors' Remuneration report to be proposed for approval by the Company's shareholders at the AGM on 14 May 2026.

Introduction
This report contains the material required to be set out as the Directors' Remuneration report ('Remuneration report') for the purposes of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2008 (as amended) ('the DRR regulations').

Implementation report – Audited information

Single Figure Table

	Salary/fees[1,2]		Benefits[3]		Pension[4]		Total fixed pay		Annual incentive[5]		Long-term incentives[6,7]		Total variable pay		Total	
£000	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024[7]	**2025**	2024[7]	**2025**	2024[7]
Executive Directors																
Andy Briggs	**861**	844	**11**	11	**90**	89	**962**	944	**1,460**	1,323	**2,444**	1,343	**3,904**	2,666	**4,866**	3,610
Nicolaos Nicandrou	**730**	61	**1**	–	**76**	7	**807**	68	**1,238**	100	**–**	–	**1,238**	100	**2,045**	168

1. Andy Briggs' salary increased to £866,500 with effect from 1 April 2025.
2. The Executive Directors are entitled to adjust their salary/benefit combination under flexible benefits arrangements and the figures shown are before individual elections.
3. Benefits for Executive Directors include legacy car allowance where relevant, private medical insurance, any ShareSave benefit and matching shares awarded under the Share Incentive Plan. No individual benefit provided has a value which is significant enough to warrant separate disclosure.
4. Executive Directors are entitled to each receive a Company pension contribution of 12% of salary, (plus salary sacrifice uplift of 10% of the employee contribution) aligned to the wider workforce. This may be paid as a cash supplement (without the salary sacrifice uplift), reduced for the effect of employers' National Insurance Contributions. Both Executive Directors received contributions as cash supplements (10.5%). No Director participated in a defined benefit pension arrangement in the year, and none have any prospective entitlement to a defined benefit pension arrangement.
5. Annual incentive amounts are presented inclusive of any amounts which must be deferred into shares for three years and which are subject to continued employment (i.e. 50% of the AIP award for 2025). In 2025 £729,980 of Andy Briggs' incentive payment is subject to 3-year deferral delivered in shares, and £618,919 of Nicolaos Nicandrou's incentive payment is subject to a similar deferral (2024: Andy Briggs' deferral was £661,635 and Nicolaos Nicandrou's deferral was £50,200).
6. The 2025 value for long-term incentives is an estimate of the vesting outcomes for LTIP awards granted in 2023 which are due to vest once the Full Year results are announced. This vesting level is at 68.4%, reflecting outcomes against the performance measures described on page 160 to 31 December 2025. This vesting outcome is then applied to the average share price between 1 October 2025 and 31 December 2025 (682.25 pence) to produce the estimated long-term incentives figures shown for 2025 in the above table. The assumptions will be trued up for actual share price at the day of vesting in the Directors' Remuneration report for 2026. For Andy Briggs, the disclosed LTIP figure of £2,443,533 comprises £1,879,292 representing the proportion of the original LTIP award which ultimately vested, plus the value of dividend roll-up on those shares of £564,241. £290,825 of the award related to share price appreciation over the performance period. Nicolaos Nicandrou was not a participant in the 2023 LTIP.
7. For 2022's LTIP awards which are reflected in the 2024 long-term incentives column above, the performance conditions were met as to 51.1% of maximum. These values reflect the value of the Company's shares on the date of vesting which was 18 March 2025 (581.25 pence per share) multiplied by the number of shares vesting whereas the equivalent figure within the published 2024 Single Figure Table was an estimate which reflected the average share price between 1 October 2024 and 31 December 2024 (511.05 pence per share) and certain assumptions regarding the cumulative value of dividends on the number of shares vesting.

Directors' Remuneration report continued
Annual report on remuneration

AIP outcomes for 2025 – Audited information

The overall weightings between Corporate measures and Strategic Scorecard for AIP in 2025 were:

- 80% – Corporate (financial and customer) performance measures.
- 20% – Strategic Scorecard (strategic Company priorities).

As described in the Remuneration Policy, 50% of 2025 AIP outcomes will be delivered as an award of deferred shares under the DBSS which will vest after a 3-year deferral period subject to continued employment or approved leaver status.

Outcomes for the 2025 AIP are shown below:

Performance measure	Threshold performance level for 2025 AIP	Target performance level for 2025 AIP	Maximum performance level for 2025 AIP	Performance level attained for 2025 AIP	% of Corporate element based on performance measure	% achieved
Total Cash Generation (£m)	1,500	1,600	1,700	**1,711**	15.0%	**15.0%**
SII Shareholder Own Funds Unrestricted Tier 1 (excluding economics) (£m)	4,100	4,300	4,500	**4,519**	20.0%	**20.0%**
IFRS Adjusted Operating Profit (£m)	805	855	905	**945**	20.0%	**20.0%**
Cumulative run-rate cost savings (£m)	100	125	150	**180**	15.0%	**15.0%**
Customer Experience						
Customer Satisfaction – Telephony (%)[1]	86.0%	88.0%	90.0%	**88.4%**	5.0%	**3.0%**
Customer Satisfaction – Digital (%)[2]	92.0%	94.0%	96.0%	**93.3%**	5.0%	**1.6%**
Claims Experience (% in SLA)[3]	89.0%	92.0%	95.0%	**94.7%**	5.0%	**4.7%**
Service Experience (% in SLA)[4]	90.0%	93.0%	96.0%	**93.8%**	5.0%	**3.2%**
Complaints Volume per 1,000 Customers[5]	0.7	0.5	0.3	**0.42**	5.0%	**3.5%**
Colleague Engagement eNPS	19	23	27	**22**	5.0%	**1.9%**
Total of Corporate element					**100.0%**	**87.9%**

1. Customer feedback scores as gathered immediately following customer digital journeys, where customers can rate their experience between 1–5. For Standard Life, all transactional journeys for which feedback is live on our secure site including all transactional journeys for which feedback is live on our mobile app. For Phoenix Life, encashment journey for which survey is live on MyPhoenix.
2. This metric captures a measure for the end-to-end customer experience and outcome as an aggregate view across the varying claims journeys. This is measured as a percentage of all back-office manual workflow for end-to-end claim journey requirements.
3. This metric captures a measure for the end-to-end customer experience and outcome as an aggregate view across the varying service journeys. This is measured as a percentage of all back-office manual workflow for end-to-end service journey requirements.
4. This metric provides a ratio of the number of complaints received per 1,000 polices in-force.

2025 financial results demonstrated strong strategic progress in the second year of our 3-year strategy, delivering robust financial performance across our financial framework of cash, capital and earnings. Total Cash Generation in 2025 was £1,711 million, above the top end of our £1.6 billion target for the year. Solvency II Shareholder Own Funds Unrestricted Tier 1 (excluding economics) delivered £4,519 million, benefitting from strong delivery of management actions in the year. IFRS Adjusted Operating Profit of £945 million was supported by improved business performance which generated profitable growth in our two main operating businesses, and our focus on driving cost efficiencies has enabled delivery of £180 million cumulative run rate cost savings (£63 million delivered in 2024).

2025 AIP underpin

Prior to confirming the outcomes for the 2025 AIP, the Committee reviewed in detail the extent to which the Group had operated within its stated risk appetite and delivered on its holistic Consumer Duty obligations, and determined that no adjustment to the 2025 formulaic outcome was necessary.

Strategic Scorecard

The Strategic Scorecard represents 20% of the overall incentive opportunity. Metrics and targets relating to this scorecard were agreed by the Remuneration Committee at the start of the year. The table below details the outcome against targets of the Strategic Scorecard together with weightings and outturn.

Strategic priority	Weighting	Description	Base target	Performance	Outcome	Group CEO and Group CFO outcome
Grow	15%	Progress on key strategic outcomes	See Note 1	See Note 1	75%	11.25%
		Operating Cash Generation	£1.45bn	£1.47bn		
		Workplace new scheme wins	£1.0bn	£1.5bn		
		Net flows	£(3.8)bn	£(4.7)bn		
including People	12.5%	Progress on helping more people journey to and through retirement	See Note 2	See Note 2	40%	5.00%
		Customer engagement – Standard Life customers who are active digital users (%)	33%	30%		
Optimise	30%	Deliver incremental value through asset management optimisation and enhanced capital efficiency	See Note 3	See Note 3	95%	28.50%
		Solvency leverage	35%	33%		
		Annuities internal rate of return ('IRR')	Low-teens IRR	Mid-teens IRR		
including Planet	12.5%	Decarbonisation – investments – reduction in carbon intensity (%) – meet 2025 target	25%	58%	100%	12.50%
		Decarbonisation – investments – transition equity and fixed income Phoenix Unit Trust Managers[5] Sustainable Multi Asset funds into SDR[6] labelled vehicles and launch (assets under management ('AUM'))	£32bn	£41.6bn		
Enhance including building a sustainable business	30%	Progress on transformation milestones and delivery of cost efficiency	See Note 4	See Note 4	50%	15.00%
		Risk Action Delivery Plan closures	90%	96%		
		Diversity, Equity and Inclusion – Female senior leaders (%)	42.0%	40.2%		
Total	100%					**72.25%**

1. Full suite of retirement savings and income products completed in year with the successful launch of the Standard Life Guaranteed Lifetime Income plan.
2. Significant progress in strengthening customer engagement through launches of Annuity Desk and financial advice service, together with a wide range of digital engagement tools including Retirement Hub and Family Finance Hub.
3. Progressed move to a predominately in-house model for managing annuity backing assets with £7 billion of £41.8 billion portfolio now managed internally with planning progressing to in-house a further £20 billion. Increases our confidence in the ongoing delivery of recurring management actions and creates greater cost efficiencies.
4. 1.9 million customers successfully migrated to TCS BaNCS and management of a further 1.9 million customers on the ALPHA platform transferred to Wipro with 75% of policies now on their end state administration platforms. Progress towards our end-state operating model, including actuarial and finance transformation, unlocked cost savings of £180 million, an acceleration versus previous expectations, and on track for our 2026 £250 million cost savings target.
5. Phoenix Unit Trust Managers will be rebranded to Standard Life Fund Management as part of phase two of the rebrand, either late 2026 or early 2027.
6. Sustainability Disclosure Requirements.

As described in the Committee Chair's covering letter (page 138), the Group has achieved strong financial and non-financial performance and progress on key strategic objectives during the year. 2025 has resulted in an overall formulaic AIP outcome of 84.8% of maximum for the Executive Directors, achieving 100% of maximum in all financial performance outcomes, 60% of maximum in non-financial performance outcomes, and 72.25% of maximum under the Strategic Scorecard.

Directors' Remuneration report continued
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The Committee reviewed the AIP outcomes in the context of the Group's performance, individual performance, strategic delivery and the experience of broader stakeholders, and is satisfied that the remuneration outcomes for 2025 are an appropriate reflection of the year's business performance and its trajectory providing strong alignment between pay and performance. No discretion has been applied by the Committee in respect of the AIP outcome.

The Committee determined it was appropriate to pay the following outcomes under the AIP for Andy Briggs and Nicolaos Nicandrou.

Name	Corporate element outcome (80% weighting) – % of maximum and £000	Scorecard element outcome (20% weighting) – % of maximum and £000	**Total outcome – % of maximum and £000**	Maximum opportunity as % of salary and £000
Andy Briggs	87.9%	72.3%	**84.8%**	200%
	£1,211,133	£248,827	**£1,459,960**	£1,721,990
Nicolaos Nicandrou	87.9%	72.3%	**84.8%**	200%
	£1,026,867	£210,970	**£1,237,837**	£1,460,000

LTIP outcomes for 2023 awards – Audited information

Performance measure	Weighting	Target range	Performance achieved	Vesting outcome	% achieved
Relative TSR	20%	Target range between median performance against the constituents of the FTSE 350 (excluding Investment Trusts) rising on a pro-rata basis until full vesting for upper quintile performance.	71st percentile	80%	16.0%
Net Operating Cash Receipts	20%	Target range of £3.556bn to £4.006bn.	£5.157bn	100%	20.0%
Group In-force Long-term Free Cash	20%	Target range of £14.7bn to £15.4bn.	£16.6bn	100%	20.0%
Persistency	20%	Target range of 7.10% and 6.08%.	7.3%	0%	0.0%
Decarbonisation – Investment Portfolio	5%	Net zero strategy applied between target range of 80% and 90% of assets in scope by 2025.	<80.0%	0%	0.0%
	5%	25% reduction in carbon intensity (provided in the best interests of customers).	>25.0%	100%	5.0%
Decarbonisation – Operations	10%	Target range of 75% to 85% reduction pre-offset, plus net zero post-offset.	82.4%	74%	7.4%
Total	**100%**				**68.4%**

The above targets were all measured over the period of three financial years 1 January 2023 to 31 December 2025. The 2023 LTIP award covering the years 2023–25 has an overall formulaic outcome of 68.4% of maximum resulting from strong Relative TSR, Net Operating Cash Receipts and Group In-Force Long-term Free Cash. We have significantly outperformed our 3-year Net Operating Cash Receipts due to the strong performance in 2023 supported by the c.£0.4 billion benefit from the completion of the Phoenix Life and Standard Life Part VII transfer, and the strong Operating Cash Generation in 2024 and 2025. Group In-force Long-term Free Cash outperformance is driven by higher cash generation from Life Companies.

The Committee reviewed the LTIP outcomes in the context of the Group's performance, individual performance, strategic delivery and the experience of broader stakeholders. Overall, the Committee was satisfied that the LTIP outcome was reflective of performance and no discretion has been applied by the Committee in respect of the LTIP outcomes.

2025 LTIP underpin
In addition to the above targets, the Committee confirmed that the underpin performance condition relating to risk management within the Group, customer satisfaction and, in exceptional cases, personal performance had been achieved in the performance period and that no adjustment is required to the vesting outturn.

Windfall gains
The Committee reviewed the grant price of the 2023 LTIP (576.6 pence) compared to the grant price of the 2022 LTIP (635.9 pence) and was satisfied that no adjustments were required to the awards on grant for windfall gains. The Committee has again reviewed the position ahead of the vesting, taking into account the Group's share price as at 27 February 2026 (767.0 pence), and is satisfied that no windfall gains have occurred and that no adjustment is required on vesting.

Discretion
Discretion was not applied by the Committee in respect of 2023 LTIP outcomes.

Malus and clawback
In line with the UK Corporate Governance Code 2024 requirements, the Committee confirms that there was no application of malus and clawback provisions for Executive Directors in the reporting period.

Share-based awards
LTIP targets
The performance conditions for the 2023, 2024 and 2025 awards are set out below.

Performance measure[1]	2023 award 20% Net Operating Cash Receipts 20% Group In-force Long-term Free Cash 20% Relative TSR 20% Persistency 20% Decarbonisation	2024 award 20% Net Operating Cash Receipts 20% Return on Capital 20% Cumulative Net Flows 20% Relative TSR 10% Decarbonisation (Investment Portfolio) 10% Diversity, Equity & Inclusion	2025 award 20% Cumulative Operating Cash Generation 20% SII Surplus 20% Cumulative IFRS Adjusted Operating Profit 20% Relative TSR 10% Decarbonisation (Investment Portfolio) 10% Diversity, Equity & Inclusion
Net Operating Cash Receipts	Target range of £3.556bn to £4.006bn.	Target range of £3.848bn to £4.298bn.	n/a
Group In-force Long-term Free Cash	Target range between £14.7bn and £15.4bn.	n/a	n/a
Persistency	Target range between 7.10% and 6.08%.	n/a	n/a
Decarbonisation – Investment Portfolio[2]	Net zero strategy applied to target range of 80% to 90% of in-scope assets and 25% reduction in carbon intensity (provided in the best interests of customers).	Target range of 29% to 35% carbon intensity reduction of equity and credit portfolio and target range of 87.5% to 100% assets to have agreed decarbonisation approach taken through governance.[3]	Target range of 37% to 43% carbon intensity reduction of equity and credit portfolio and target range of 60% to 90% of private assets to have agreed decarbonisation approach taken through governance.[3]
Decarbonisation – Operations	Target range of 75% to 85% reduction pre-offset, plus net zero post-offset.	n/a	n/a
Relative TSR[4]	Target range between median performance against the constituents of the FTSE 350 (excluding Investment Trusts) rising on a pro-rata basis until full vesting for upper quintile performance.		
Return on Capital	n/a	Target range between 12.6% and 14.7%.	n/a
Cumulative Net Flows	n/a	Target range between £(7.1)bn and £3.8bn.	n/a
Diversity, Equity and Inclusion – Senior Leadership Black, Asian and Ethnic Minority Representation	n/a	Target range between >12% and >14%.	Target range between >12% and >14%.
Cumulative Operating Cash Generation	n/a	n/a	Target range between £4.425bn and £4.65bn.
SII Surplus	n/a	n/a	Target range between £3.8bn and £4.1bn.
Cumulative IFRS Adjusted Operating Profit	n/a	n/a	Target range between £3.000bn and £3.225bn.

1. For each measure above, 25% of the award vests at threshold performance rising on a pro-rata basis until 100% vests. Measured over three financial years commencing with the year of award.
2. For the investment portfolio that is within control and influence.
3. Includes where the approved strategy can be to take no further action.
4. The Committee must also consider whether the TSR performance is reflective of the underlying performance of the Company measured over three financial years commencing with the year of award.

A consistent approach to target setting for the LTIP metrics has been taken each year with reference to the Group's long range plan so that delivery of target performance is considered to be comparably stretching for each award. The 2026 LTIP cash targets disclosed on page 165 have been set with reference to the Group's financial framework.

Directors' Remuneration report continued
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LTIP underpin (2023, 2024 and 2025 awards)

The 2023, 2024 and 2025 awards are subject to an underpin relating to risk management within the Group, consideration of customer satisfaction and to meet Solvency II requirements, in exceptional cases, personal performance.

From 2026, the underpin framework is being strengthened for the LTIP and AIP. Both plans will be subject to underpins informed by input from the Employee Engagement Lead and the Chairs of the Risk, Audit, and Sustainability Committees. See page 166 for further details.

Scheme interests awarded in the year – Audited information

Name	Date of award	Type of award	Nature of the award	How the award is calculated	Face value of award	Percentage vesting at threshold performance[1]	Vesting date	Performance measures[1]
Andy Briggs	1 Apr 2025	LTIP	Nil Cost Option	275% of salary	£2,382,875	25%	1 Apr 2028	See page 161
		DBSS	Nil Cost Option	50% of AIP	£661,635	–	–	None
Nicolaos Nicandrou	1 Apr 2025	LTIP	Nil Cost Option	275% of salary	£2,007,500	25%	1 Apr 2028	See page 161
		DBSS	Nil Cost Option	50% of AIP	£50,200	–	–	None

1. The DBSS awards have no threshold performance level.

The face value represents the maximum vesting of awards granted (before any dividend equivalent options are applied) and is calculated using a three-day average closing middle market share price prior to the date of grant (2025 LTIP and DBSS price was 572.33 pence).

ShareSave – Audited information

Name	As at 1 Jan 2025	Options granted	Options exercised	Options lapsed	As at 31 Dec 2025	Exercise price	Exercisable from	Date of expiry
Andy Briggs[1]	4,437	–	–	–	4,437	418.0p	1 Dec 2027	1 Jun 2028
Nicolaos Nicandrou	–	–	–	–	–	–	–	–

1. Andy Briggs contributed the maximum amount permitted under ShareSave 2024 resulting in no available headroom to join any other plans.

ShareSave options are granted at a 20% discounted option price, calculated using the three-day average share price immediately before the invitation date.

As a result of Andy Briggs electing to contribute the maximum amount permitted under ShareSave 2024, he had no available award to exercise in 2025, resulting in a nil gain (2024: nil).

Aggregate gains of Directors from share options exercised under all share plans in 2025 was £1,860,625 (2024: £873,349). This figure relates to Andy Briggs exercising his 2022 DBSS and 2020 LTIP.

During the year ended 31 December 2025, the highest mid-market price of the Company's shares was 737.5 pence and the lowest mid-market price was 479.4 pence. At 31 December 2025, the Company's share price was 737.0 pence.

Executive Directors' interests – Audited information

The number of shares and share plan interests held by each Director and their connected persons are shown below:

Name	Share interests as at 1 January 2025 or date of appointment if later	Share interests as at 31 December 2025	Total share plan interests as at 31 December 2025 – Subject to performance measures	Total share plan interests as at 31 December 2025 – Not subject to performance measures[1]	Total share plan interests as at 31 December 2025 – Vested but unexercised scheme interest
Andy Briggs	423,442	591,809	1,252,431	328,449	385,312
Nicolaos Nicandrou	–	144,000	350,759	9,021	–

1. Figures include DBSS awards, shares purchased and awarded under the Share Incentive Plan and options granted under ShareSave.

The share interests of the following Directors have increased between 31 December 2025 and 13 March 2026 (being the latest practicable date prior to the release of this Annual Report). Andy Briggs and Nicolaos Nicandrou acquired 61 and 60 shares respectively following purchases under the Group's Share Incentive Plan.

Shareholding requirements – Audited information

The Executive Directors are subject to shareholding requirements during their employment with the Group and for a period of two years post termination of employment. Andy Briggs and Nicolaos Nicandrou are subject to a post-cessation shareholding of 100% of their in-employment shareholding for a period of two years post-employment. The extent to which Executive Directors have achieved the requirements by 31 December 2025 (using the share price of 737.0 pence as at 31 December 2025) is summarised below.

Vested share awards no longer subject to performance conditions and unvested DBSS awards (both discounted for tax liabilities) are included within the shareholding requirements. In addition to the share awards and shares previously acquired, Andy Briggs retained 49,870 and 118,497 net shares respectively following his 2022 DBSS and 2020 LTIP exercise. Through participation in the Share Incentive Plan, a further 512 shares (partnership and dividend) were acquired during 2025. Nicolaos Nicandrou acquired 250 shares through participation in the Share Incentive Plan.

The extent to which the Executive Directors have achieved their shareholding percentages are shown below:

Name	Shareholding requirement (minimum % of salary)[1]	Shareholding held as at 31 December 2025 (% of salary)[2]
Andy Briggs	350%	824%
Nicolaos Nicandrou	300%	150%

1. It is expected that shareholding guidelines will be met within five years of appointment.
2. The shareholding percentage also includes shares held by the Executive Directors' Persons Closely Associated (PCAs).

As described in the Chair's covering letter on page 139, the shareholding requirement for the Group CEO will increase from 350% to 425% of salary, from 2026 in line with revised LTIP maximum. The shareholding requirement for the Group CFO will remain at 300% of salary.

The post-cessation shareholding requirement is monitored and enforced by direct liaison and confirmation with the Executive Directors and their brokers; all trades and transfers are notified to the Group by the relevant Director and registered accordingly.

The Executive Directors are required to sign a declaration that they have not, and will not at any time during their employment with the Group, enter into any hedging contract in respect of their participation in the AIP, LTIP, ShareSave, Share Incentive Plan or any other incentive plan of the Company, or pledge awards in such plans as collateral, and additionally that they will neither enter into a hedging contract in respect of, nor pledge as collateral, any shares which are required to be held for the purposes of the Company's shareholding requirements or any vested LTIP award shares subject to a LTIP holding period.

Non-Executive Directors' interests – Audited information

The number of shares held by each Director and their connected persons are shown below:

	Share interests as at 1 January 2025 or date of appointment if later	Share interests as at 31 December 2025 or retirement if earlier
Non-Executive Chair		
Sir Nicholas Lyons	105,990	105,990
Non-Executive Directors		
Karen Green	–	–
Siobhan Boylan	–	–
Eleanor Bucks	–	–
Karin Cook	–	–
Sherry Coutu	–	–
Mark Gregory	–	–
Hiroyuki Iioka	–	–
Katie Murray	9,780	9,780
Belinda Richards	–	–
David Scott	–	–
Maggie Semple	–	–
Nicholas Shott	182,146	182,146

Directors' Remuneration report continued
Annual report on remuneration

Implementation of Remuneration Policy in 2026 – Unaudited

A summary of the packages of the Executive Directors is set out in the table below.

	Andy Briggs	Nicolaos Nicandrou
Salary	£886,863, increase of 2.35% aligned to the wider workforce.	£747,155, increase of 2.35% aligned to the wider workforce.
Benefits	Benefits in line with the rest of the workforce.	
Pension	Contribution rate of 12% of base salary reduced for the impact of employers' National Insurance Contributions.	
Annual bonus	200% of base salary at maximum. Details of the 2026 AIP are set out below.	
LTIP	425% of base salary.	275% of base salary.
	Details of the 2026 LTIP awards are set out overleaf.	
Shareholding requirement	425% of base salary.	300% of base salary.
Post-cessation shareholding requirement	Executive Directors are expected to retain the lower of their shareholding on termination or their full in-employment shareholding requirement for two years.	
Element of Remuneration Policy		
Annual Incentive Plan ('AIP')	The Committee regularly reviews the performance measures of the incentive plans to ensure they remain aligned with our strategy, are appropriately challenging, support the Company's culture and values, and create value for stakeholders. Rationale for the metrics selected are shown on pages 141 to 142 of the Chair's covering letter. The performance measures and associated weightings for the 2026 AIP are summarised below:	

Performance measure	% of incentive potential
Total Cash Generation	20%
SII Shareholder Own Funds Unrestricted Tier 1 (excluding economics)	25%
IFRS Adjusted Operating Profit	25%
Net Customer Growth	20%
Customer Retention	10%
Total	**100%**

The new Net Customer Growth metric will measure net fund flows in our Pensions and Savings business. Net fund flows is an in-year movement representing aggregate net position of gross assets under administration ('AUA') inflows less gross outflows (adjusted), reflecting both new business growth and the retention of existing business.

Customer Retention in our Pensions and Savings business will measure the retention of Standard Life branded pension customers, reflecting internal transfers as a proportion of total transfers.

Whilst the performance measures for the 2026 AIP are disclosed above, the actual performance targets for these measures are regarded as commercially sensitive at the current time and accordingly are not disclosed. However, as in previous years, the Group intends to disclose the performance targets for the 2026 AIP retrospectively in next year's Remuneration report on a similar basis to the disclosures made above in respect of the 2025 AIP.

The AIP will be subject to underpins informed by input from the Chairs of the Risk, Audit, and Sustainability Committees and the DNED for Workforce Engagement. Adjustments to outcomes may range from 0–100%, depending on the materiality and significance of any issues identified. Further detail is provided on page 166.

50% of outcomes under the 2025 AIP will be delivered as an award of deferred shares under the DBSS which will vest after a 3-year deferral period.

	Andy Briggs	Nicolaos Nicandrou
Long Term Incentive Plan ('LTIP')	Awards under the LTIP will usually be granted at the beginning of April following the announcement of the Group's 2025 annual results. The Committee reviews the performance measures and targets of the LTIP each year to ensure these act as a driver of our customer-focused growth strategy. Following this review, the Committee is proposing a number of changes to performance metrics to better align with the next phase of growth and our evolving strategy, ensuring that our incentives drive superior customer and investor returns. The key principles underpinning these changes – and a summary of metrics proposed for 2026 – are detailed in the Chair's covering letter on pages 141 to 142. Consistent with previous years, targets have been set with reference to the Group Strategic Financial Business Plan and market consensus, and maximum payouts will only be delivered in the event of exceptional performance. The targets are measured over a period of three financial years, commencing with financial year 2026. Metrics, weightings and targets are shown below:	

Performance measure	Weighting	Threshold target	Full vesting target
Cumulative Operating Cash Generation	20%	£4,485m	£4,975m
SII Surplus	20%	£3,700m	£4,500m
Cumulative IFRS Adjusted Operating Profit	20%	£3,375m	£3,750m
Relative TSR vs FTSE 350 (excl. Investment Trusts)	20%	50th percentile	80th percentile
Relative Policyholder Outcomes (pension fund value growth)	20%	50% assets under management ('AUM') in Standard Life Sustainable Multi-Asset Growth and comparable Multi Asset funds ahead of peer median with underpin of achieving at least inflation growth	80% AUM in Standard Life Sustainable Multi-Asset Growth and comparable Multi Asset funds ahead of peer median with underpin of achieving at least inflation growth

A consistent approach to target setting is taken each year with reference to the Group's Strategic Financial Business Plan so that delivery of target performance is considered to be comparably stretching for each award.

The new customer outcomes metric, Relative Policyholder Outcomes, will track how we support more of our customers to achieve better returns, through our flagship multi-asset default pension funds (Sustainable Multi-Asset ('SMA') and Multi-Asset Comparable funds). We want to help more customers achieve better outcomes and greater financial security through these best-in-class solutions, which will be our primary route to support the growing market (through growth in the defined contribution pension market and consolidation). These are funds where we have full discretion over the investment strategy and we will aim to deliver customer outcomes ahead of peers and long-term real returns above inflation (UK CPI).

The LTIP will be subject to underpins informed by input from the Chairs of the Risk, Audit, and Sustainability Committees and the DNED for Workforce Engagement Committees. Adjustments to outcomes may range from 0–100%, depending on the materiality and significance of any issues identified. Further detail is provided on page 166.

All-employee share plans	Executive Directors have the opportunity to participate in HMRC tax advantaged ShareSave and Share Incentive Plans on the same basis as all other UK employees. Employees based in the Republic of Ireland and Germany have the opportunity to join the Irish Share Incentive Plan and the International Purchase Plan.

Directors' Remuneration report continued
Annual report on remuneration

New underpin introduced for 2026 AIP and LTIP

When determining performance outcomes, the Committee has adopted a discretion framework which it will apply when assessing AIP and LTIP outcomes to include input from Chairs of the Risk, Audit, and Sustainability Committees and the DNED for Workforce Engagement. Discretionary framework adjustments may reduce outturns by 0%–100% depending on materiality of any issues/ events identified. Using the formulaic outcome for the AIP and LTIP against existing targets as a starting point, the following illustrative framework will be used.

Progress against key sustainability, people (including Diversity, Equity, and Inclusion) and culture ambitions will form a key input for the Committee's assessment of any adjustments to be made (which could be up to 100% of total remuneration) and recommendations provided to the Remuneration Committee on whether overall performance is consistent with the Company's targets in this area. This will include an assessment of progress against our Net Zero Transition Plan, including specific quantifiable targets and management action commitments as detailed on page 135.

The Remuneration Committee will consider the above input to determine whether the formulaic outcomes are appropriate and retains full discretion to determine whether, and to what extent, any adjustment to incentive outcomes is required. The proposed framework does not remove the ability of the Remuneration Committee to apply positive discretion in exceptional circumstances.

Consideration of employee pay

When determining the Remuneration Policy and remuneration for our Executive Directors, the Committee took into consideration the pay and benefits of the wider workforce to ensure that our reward offering remains competitive, attractive, and suitably aligned to our Group performance, while supporting our values and purpose of helping people secure a life of possibilities.

We have a reward policy that is broadly consistent for all levels of employees, with the same remuneration principles guiding reward decisions for all Group colleagues, including Executive Directors. The AIP and LTIP performance metrics are the same for Executive Directors as for other eligible colleagues, with a higher proportion of total remuneration for the Executive Directors linked to corporate performance. Pay for the wider colleague base is driven primarily by market practice and there is a standard benefit offering across all levels, except where the external market drives differences based on role accountability. Colleagues are also eligible to participate in the Group's success through our share plans (ShareSave and Share Incentive Plan) on the same basis as those offered to Executive Directors.

We offer benefits which engage and retain our existing colleagues, as well as attract new talent to the organisation. To support this, we offer a transparent flexible and tailored reward package that is competitive in the market, with clear principles around pay, alongside comprehensive benefits and wellbeing support. Our diversity, equity and inclusion agenda remains an integral underpin to our approach to reward. Our diversity data questionnaire within our HR system enables us to continually understand the diversity and needs of our colleagues. This data is also integral to our gender and ethnicity pay gap reporting and provides insight to where we may need to implement targeted and focused initiatives to make real change.

We aim to pay a fair, market-aligned remuneration package for colleagues based on their skills, knowledge and expertise using our grading structure to benchmark not only the accountability of the role and the external market rate, but also the colleague's 'toolkit' of experience they bring. We provide transparent salary ranges for our colleagues and ensure that all colleagues below the minimum of their pay range have their fixed pay increased to that minimum level on an annual basis. This is an ongoing commitment that will see all colleagues receive increases to the minimum level of our pay ranges each year as part of our annual pay review. We continue to be a proud Real Living Wage employer, and are committed to ensuring that these pay ranges, which are reviewed annually, will always be at or above the Real Living Wage.

Equal pay and consistency of treatment for all colleagues, irrespective of gender or ethnicity, are integral guiding principles of the reward practices across the Group. The remuneration principles and framework are reviewed on a regular basis to ensure these are aligned with the Group's purpose, values and sustainability strategy. Maggie Semple, our Designated NED for Workforce Engagement, is a member of the Remuneration Committee and provides additional input to the Committee on the views of the wider workforce. Further details of Maggie Semple's engagement with the workforce throughout 2025 are shown on pages 104 to 105 of the Corporate governance report.

Directors' Remuneration report continued
Annual report on remuneration

Wider workforce pay in 2026

Alignment to wider workforce

The Committee considers a range of factors when setting the remuneration for Executive Directors, one of which is the alignment with remuneration practices across the wider workforce. We provide colleagues across the Group with a competitive reward package with details of each element included in the table below.

	Executive Directors and Executive Committee	Senior Management	Wider workforce
Salary	Salaries are reviewed annually and increases are typically in line with or less than the wider employee population.		Base salary is the basis for a competitive total reward package for all employees, and these are reviewed annually with engagement from employee representatives. Regular benchmarking exercises are carried out to ensure salaries remain competitive against the market. We are an accredited Living Wage employer and all employees are paid at least the Real Living Wage.
Benefits and Pension	All employees are eligible to participate in our range of flexible benefits and wellbeing initiatives in respective markets. Core benefits include private medical cover, life assurance cover, group income protection and a range of flexible benefits. The level of core benefits is the same across all grades. Colleagues can participate in a share matching plan under the Group Share Incentive Plan and, in the UK, the Group ShareSave plan. All employees are automatically enrolled in the Company's Master Trust pension scheme with a 10% core contribution and 2% matching contribution (plus salary sacrifice uplift of 10% of the employee contribution). Payment in lieu of contribution, reduced for the impact of employers' National Insurance Contributions is permitted where lifetime or annual limits are reached. Separate occupational pension schemes with varying contribution rates operate in Ireland and Germany.		
AIP	All permanent and fixed-term employees are eligible to participate in a discretionary AIP with overall bonus funding determined by Group measures. Awards are distributed on a fully discretionary basis considering functional and individual performance. Malus and clawback provisions apply.		
Deferral	Half of any AIP award is subject to deferral into shares for a 3-year period. Malus and clawback provisions apply.	One-third of any AIP award is subject to deferral into shares for a 3-year period. Malus and clawback provisions apply.	Deferral where required on an individual basis for Solvency II purposes, and within our Retirement Solutions and Asset Management business where AIP award exceeds a £75,000 threshold. Malus and clawback provisions apply.
LTIP	Senior Executives participate in an LTIP with a 3-year performance period and vesting is subject to Group performance outcomes. Measures and targets for the LTIP are consistent for all participants and measured over a 3-year period. Malus and clawback provisions apply.		Whilst LTIP allocation can extend below Senior Management, in practice this is rarely done.
Holding period	A two-year holding period after the vesting date also applies for LTIPs.	No holding period.	Not applicable.
Shareholding requirement	Shareholding requirements ensures greater alignment with interests of shareholders. • 425% of salary for Group CEO • 300% of salary for Group CFO • 150% of salary for ExCo members	Not required.	Not applicable.

Non-executive fees – Audited information

The emoluments of the Non-Executive Directors for 2025 based on the current disclosure requirements were as follows:

	Directors' fees		Benefits[1]		Total	
Name	2025 £000	2024 £000	2025 £000	2024 £000	2025 £000	2024 £000
Non-Executive Chair						
Sir Nicholas Lyons	**497**	460	**5**	5	**502**	465
Non-Executive Directors						
Karen Green	**176**	161	**1**	5	**177**	166
Siobhan Boylan[2]	–	–	–	–	–	–
Eleanor Bucks[3,11]	**117**	96	**1**	5	**118**	101
Karin Cook[4,11]	**60**	–	**6**	–	**66**	–
Sherry Coutu[5]	**73**	–	**4**	–	**77**	–
Mark Gregory[6,11]	**160**	133	–	4	**160**	137
Hiroyuki Iioka[7]	–	–	**1**	8	**1**	8
Katie Murray	**113**	108	–	3	**113**	111
Belinda Richards[8]	**87**	134	**1**	4	**88**	138
David Scott[9]	–	–	**3**	2	**3**	2
Maggie Semple	**132**	142	**1**	3	**133**	145
Nicholas Shott[10]	**82**	164	**3**	7	**85**	171
Total	**1,497**	1,398	**26**	46	**1,523**	1,444

1. The amounts within the benefits columns reflect the reimbursement of business expenses to Non-Executive Directors for travel and accommodation costs incurred whilst attending Board and associated meetings represent a taxable benefit. This position has been clarified with HMRC and the amounts shown are for reimbursed expenses (and the related tax liability which is settled by the Group).
2. Siobhan Boylan was appointed as a Director of the Group Board on 1 September 2025 and has waived all current and future emoluments with regard to Directors' fees.
3. Eleanor Bucks became a member of the Group Board Risk Committee on 12 May 2025 and the Group Board Audit Committee on 25 August 2025.
4. Karin Cook was appointed to the Group Board as a Dual Director on 25 August 2025.
5. Sherry Coutu was appointed as a Director of the Group Board on 1 May 2025 and became Chair of the Group Board Remuneration Committee on 1 July 2025.
6. Mark Gregory was appointed as a Dual Director to the Life Companies Board on 25 August 2025 and became a member of the Group Board Remuneration Committee on 1 December 2025.
7. Hiroyuki Iioka has waived all current and future emoluments with regard to Directors' fees.
8. Belinda Richards retired from the Group Board on 24 August 2025.
9. David Scott retired from the Group Board on 31 August 2025.
10. Nicholas Shott retired from the Group Board on 30 June 2025.
11. Some Group Directors are also Directors of certain subsidiary boards which is reflected within the fee and benefits calculation.

The aggregate remuneration of all Executive and Non-Executive Directors under salary, fees, benefits, cash supplements in lieu of pensions and annual incentive was £8.435 million (2024 restated: £6.354 million).

Implementation of Remuneration Policy in 2026 (Non-Executive Directors) – Unaudited

A summary of the annual base fees of the Non-Executive Directors is set out below.

	Fee from 1 April 2025 £000	Fee from 25 August 2025 £000	Fee from 1 April 2026 £000
Chair of the Group Board and Joint Group and Life Companies Boards	**472**	**550**	550
Group Non-Executive Director	**78**	**82**	82
Non-Executive Director (Dual Director)– additional fee where either an additional Group or Life Companies Board Non-Executive Director	**–**	**16.4**	16.4
Group Senior Independent Director	**20**	**30**	30
Designated Non-Executive Director for Workforce Engagement	**15**	**20**	20
Group Audit, Risk and Remuneration Committee Chair	**30**	**40**	40
Group Sustainability Committee Chair	**30**	**30**	30
Group Committee Chair (Dual Director) – additional fee where an additional Life Companies Board Committee Chair	**–**	**10**	10
Group Committee member	**18**	**18**	18

The Committee agreed to increase the Chair's fee to £550,000 (an increase of £78,000) with effect from 25 August 2025. Following this increase, fees will not be reviewed again until 1 April 2027 in line with the wider workforce. The fees above reflect the additional responsibilities associated with chairing the Joint Group and Life Companies Board meetings. The Group Chair must possess the necessary experience, skillset and ability to lead these meetings effectively –ensuring that all members can challenge and contribute meaningfully, and that Management receives clear actions and outputs. Additionally, the Chair must carefully manage any potential conflicts of interest between the Group and Life Companies Boards. The Committee considered that, given the Chair has not received an increase in fees since 2021, the introduction of this new Joint Meeting Model was an appropriate time to review fees to ensure they reflect time commitment responsibilities.

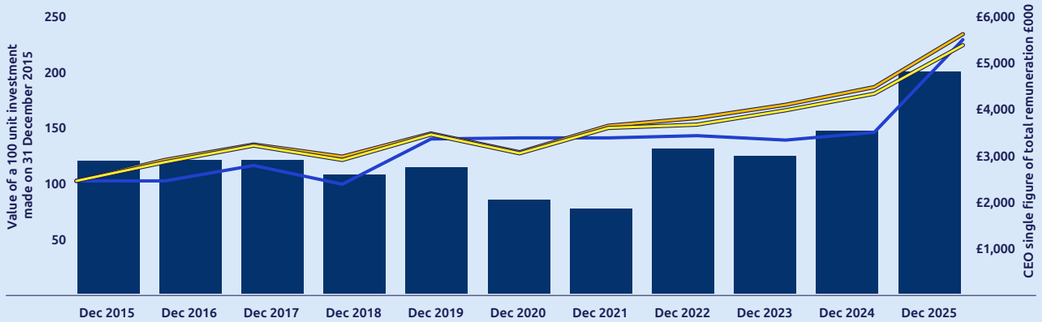
Non-Executive Director fees are not a matter for the Committee's remit, but rather a matter for the Group Chair and Executive Directors. Following a comprehensive review of time commitment and market data for FTSE 350 insurers, other adjustments were made to fees to ensure they remain market competitive and fairly reflect the responsibilities and skillset required, noting that fees generally have historically not been increased in line with wider workforce pay.

Directors' Remuneration report continued
Annual report on remuneration

Performance graph and table
The graph below shows the value to 31 December 2025 on a TSR basis, of £100 invested in Standard Life plc (formerly Phoenix Group Holdings plc) on 31 December 2015 compared with the value of £100 invested in the FTSE 100 Index and the FTSE 350 index (excluding Investment Trusts).

The FTSE 100 Index is considered to be an appropriate comparator for this purpose as it is a broad equity index of which the Group is a constituent, and the FTSE 350 index (excluding Investment Trusts) is the comparator index for the Relative TSR component of the Group's Long-Term Incentive Plan.

Total shareholder return
Value of a 100 unit investment made on 31 December 2015.



Group CEO remuneration

		Single figure of total remuneration (£000)	Annual variable element award rates against maximum opportunity ('AIP')	Long-term incentive vesting rates against maximum opportunity ('LTIP')[1]
2025	Andy Briggs	4,866	84.8%	68.4%
2024	Andy Briggs	3,610[1]	78.3%	51.1%
2023	Andy Briggs	2,975	73%	41.1%
2022	Andy Briggs	3,112	87%	44.3%
2021	Andy Briggs	1,831	78%	n/a[2]
2020	Andy Briggs[3]	1,706	83%	0.0%[4]
	Clive Bannister[3,5]	321	81%	n/a[6]
2019	Clive Bannister	2,715	92%	68.5%
2018	Clive Bannister	2,567	86%	49.5%
2017	Clive Bannister	2,888	86%	64.0%
2016	Clive Bannister	2,878	84%	55.0%

1. Figures are restated for actual share price in year of vesting.
2. Andy Briggs was not in receipt of a 2019 LTIP due to the timing of his appointment.
3. Clive Bannister left the role of Group CEO on 10 March 2020 and left the Group on the same date. Andy Briggs was appointed to the Board on 10 February 2020 and remained as CEO-designate until 10 March 2020. The total figure of remuneration for 2020 shown below is a combination of the single figures for Clive Bannister and Andy Briggs to reflect the change in Group CEO in 2020.
4. See footnote 11 on page 130 of the 2020 Annual Report and Accounts for details of Andy Briggs' LTIP vesting.
5. Clive Bannister's 2020 single figure of total remuneration does not include compensation for loss of office.
6. Clive Bannister's 2020 single figure of total remuneration does not include any value in respect of the 2018 LTIP. LTIP awards which vested after Clive Bannister stepped down from the Board have been reported as Payments to Past Directors on page 132 of the 2022 Annual Report and Accounts and are not included in the single figure of total remuneration, in line with the reporting regulations.

Group CEO pay ratio
The table below details the Group CEO pay ratio for the year ended 31 December 2025, in line with the UK regulatory requirements. The ratios compare the Group CEO total pay against the pay of three UK employees, whose earnings represent the lower quartile, median, and upper quartile positions of the UK employee population. The calculations are based on Option A of the three methodologies, which we believe is the most statistically robust approach.

The Group CEO value used is the total single figure remuneration data for 2025 (as detailed on page 157). For the 2025 ratio, the total compensation figure for UK employees follows the same methodology as for the Group CEO and is based on a full-time equivalent of actual earnings including amounts due from incentive plans.

The Group reviewed the pay of the three identified employees at the 25th percentile, 50th percentile (median) and 75th percentile and concluded that they were a fair representation of pay at the relevant quartiles of the UK employee base. Each individual was a direct employee on a permanent or fixed-term contract during 2025 and received remuneration in line with Group-wide remuneration policies. None received an exceptional award that would otherwise inflate their pay figure.

The table below sets out the salary and total single figure remuneration for the Group CEO and percentile employees included in the below ratios.

	Year	Methodology	Group CEO	25th percentile	50th percentile (median)	75th percentile
Salary (earned in 2025)	2025	Option A	£860,995	£40,434	£56,357	£82,209
Total remuneration (single figure)			£4,865,898	£50,086	£76,304	£109,322
2025 ratio (total compensation)				97:1	64:1	45:1
2024 ratio (total compensation)				82:1	52:1	36:1
2023 ratio (total compensation)				87:1	54:1	34:1
2022 ratio (total compensation)				100:1	69:1	41:1
2021 ratio (total compensation)				66:1	46:1	26:1
2020 ratio (total compensation)				78:1	54:1	31:1
2019 ratio (total compensation)				94:1	62:1	40:1

The above figures show an increase in median ratio for 2025. Salary and total compensation levels at the relevant data points have increased reflecting our continuing Group-wide organisational review and capability uplift to deliver on our future strategy. This has included a number of lower paid colleagues transferring out of the Group as part of our ongoing outsourced strategy. The increase in ratio for 2025 primarily reflects the increase in the 2023 LTIP outturn for the Group CEO compared to the 2022 LTIP outturn as shown on page 157.

Colleagues are also covered for Death in Service and Group Income Protection and are eligible to participate in our all-employee share plans. These figures are not included in the total remuneration figures shown above. Over half of all employees participate in our growth and success through either ShareSave, the Share Incentive Plan or the International Purchase Plan. We are committed to attracting best-in-class talent at all levels with a compelling and competitive total reward proposition. This includes a holistic core and flexible suite of benefits with the ability to customise these to meet individual needs, as well as industry-leading people policies including equal parental leave.

We are confident that the median pay ratio reported this year is consistent with our approach to pay, reward, career progression and growth for all colleagues. All colleagues have the opportunity for annual pay awards, performance-driven pay and recognition, as well as access to opportunities to develop their careers at the Group and create a culture that's connected, innovative, and ambitious.

Directors' Remuneration report continued
Annual report on remuneration

Directors' percentage change in pay 2024 to 2025

The table below provides a comparison of the percentage change in the prescribed pay elements of each individual who was a Director during the year (salary, taxable benefits and annual incentive outcomes) between financial years 2024 and 2025 and the equivalent percentage changes in the average of all staff employed by the Group. As no staff are employed directly by Standard Life plc (formerly Phoenix Group Holdings plc), we have disclosed information for an appropriate group that is representative of the employees of the Group and its subsidiaries, in line with the regulatory guidance for this disclosure). This group was selected as being representative of the wider workforce using the same process as was used for this comparison in last year's Annual Report and Accounts.

	Salary %					Taxable benefits %					Annual incentive %				
Year-on-year % change	**2025**	2024	2023	2022	2021	**2025**	2024	2023	2022	2021	**2025**	2024	2023	2022	2021
Executive Directors[1]															
Andy Briggs	**2.0**	1.0	3.4	1.1	0.0	**2.1**	0.4	(0.96)	2.6	3.3	**10.3**	7.8	16.6	12.4	(5.5)
Nicolaos Nicandrou[2]	**1100**	n/a[3]	–	–	–	**2897**	n/a[3]	–	–	–	**1133**	n/a[3]	–	–	–
Non-Executive Chair															
Sir Nicholas Lyons	**8.1**	1,100	(87.5)	(17.1)	13.8	**8.8**	n/a[3]	(100)	897.6	0.0					
Non-Executive Directors[4]															
Karen Green	**8.9**	(6.8)	8.9	12.8	12.8	**(86.4)**	142.1	(26.2)	362.9	0.0					
Siobhan Boylan	0.0	–	–	–	–	n/a[3]	–	–	–	–					
Eleanor Bucks	**22.3**	n/a[3]	–	–	–	**(83.4)**	n/a[3]	–	–	–					
Karin Cook	n/a[3]	–	–	–	–	n/a[3]	–	–	–	–					
Sherry Coutu	n/a[3]	–	–	–	–	n/a[3]	–	–	–	–	**n/a**[5]			**n/a**[5]	
Mark Gregory	**20.2**	55.7	–	–	–	**(100)**	61.2	–	–	–					
Hiroyuki Iioka	0.0	0.0	0.0	0.0	0.0	**(88.4)**	n/a[3]	0.0	0.0	0.0					
Katie Murray	**4.7**	0.7	45.4	n/a[3]	–	**(95.2)**	124.1	(3.3)	n/a[3]	–					
Belinda Richards	**(35.1)**	6.6	8.4	4.5	5.7	**(78.4)**	89.8	(10.7)	0.0	0.0					
David Scott	0.0	0.0	–	–	–	**27.9**	n/a[3]	–	–	–					
Maggie Semple	**(6.5)**	10.4	102.8	n/a[3]	–	**(53.8)**	28.6	106.4	n/a[3]	–					
Nicholas Shott	**(50)**	3	14.5	7.7	22.8	**(58.5)**	211.7	42.8	208.3	(100)					
Wider employee population	**4.4**	4.8	8.9	4.4	4.7	**16.8**	(9.6)	(55.3)	57.2	1.4	**6.1**	7.3	11.5	27.6	9.1

1. The taxable benefits figures used for Andy Briggs and Nicolaos Nicandrou include ongoing taxable benefits only.
2. The increase in salary, benefits and annual incentive for Nicolaos Nicandrou reflect a full year's pay and bonus for 2025 compared to 2024 figures which were from his appointment to the Board on 2 December 2024 only.
3. n/a is provided when no salary, fee or taxable benefit were received in the prior year and therefore it is not possible to calculate a percentage change.
4. Percentage change in fees were due to the implementation of the Joint Meeting Model on 24 August 2025 which resulted in increased fees due to additional responsibilities and roles, such as a Dual Director, changes to Committee membership or to reflect the additional skillset required to chair Joint Group and Life Companies Board meetings. See page 169 for further details on fees and taxable benefits for Non-Executive Directors.
5. Non-Executive Directors are not in receipt of payments relating to the Group's Annual Incentive Plan.

The figure shown above in respect of salary for Andy Briggs reflects the increase effective 1 April 2025. The taxable benefits figure reflects the increase in premium for private medical cover (same level of cover as in 2024), and the increase in AIP reflects the higher outturn under the Corporate element compared to 2024. Although all colleagues benefitted from the higher Corporate outturn in 2025, the year-on-year AIP percentage increase for the Group CEO vs 2024 was higher than that of the workforce, reflecting both the use of a discretionary downward adjustment in 2024, and the differing weighting on the Corporate and strategic scorecards.

Figures for Nicolaos Nicandrou reflect a full year for salary, benefits and annual incentive compared to 2024 which showed these amounts from his appointment to the Board on 2 December 2024.

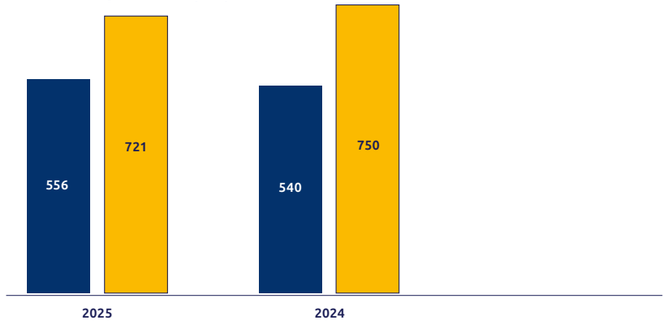
With regard to the figures for the wider employee population:

- The pay review in April 2025 was operated using a consistent approach with a pay budget of 3.0%. As in 2024, the pay budget firstly allocated awards to bring all colleagues up to at least the minimum of the salary ranges we published, ensuring all colleagues are paid the market minimum for the role they perform. Leaders were then empowered to make discretionary pay awards within the remaining pay award budget, ensuring colleagues were remunerated for the skills, knowledge and experience they bring to the role. Additional out-of-cycle salary increases were awarded throughout the year, where appropriate, to maintain internal relativity, support progression aligned to the colleagues' 'toolkit', and to retain talent.
- The change to the taxable benefits figure is as a result of an increase to the premium under our comprehensive Private Medical Insurance cover which we offer to all colleagues on a consistent basis.
- The increase in annual incentive payments compared to 2024 reflects the higher Corporate outturn achieved in 2025.

Distribution statement

The DRR Regulations require each quoted company to provide a comparison between profits distributed by way of dividend and overall expenditure on pay.

Relative importance (£m)



- Profits distributed by way of dividend (% change +3%)
- Overall expenditure on pay (% change -4%)

Profits distributed by way of dividend has been taken as the dividend paid and proposed in respect of the relevant financial year. For 2025 this is the interim dividend paid (£274 million) and the recommended final dividend of 28.05 pence per share multiplied by the total share capital issued at the date of the Annual Report and Accounts as set out in note D1 in the notes to the consolidated financial statements. No share buybacks were made in the year.

Overall expenditure on pay has been taken as employee costs as set out in note C5 Expenses in the notes to the consolidated financial statements. Expenditure on pay has decreased by 4% in the period, reflecting the impact of the reduced headcount following the launch of the Group's operational simplification programme in 2024. This reduction has been partially offset by inflationary pay increases to the wider workforce and the impact of the changes to employers' national insurance which came into effect on 1 April 2025.

Payments for loss of office – Audited information

There were no payments for loss of office in 2025.

Payments to past Directors – Audited information

As disclosed in the 2024 Directors' Remuneration report, Rakesh Thakrar stepped down from the Board and his position as Group Chief Financial Officer and Executive Director on 8 September 2024 and went on garden leave effective from this date to his initial termination date of 13 May 2025. At Rakesh's request, his termination date was brought forward to 30 November 2024 as a result of securing employment elsewhere.

In the period from 1 January 2025 to 13 May 2025, Payment in Lieu of Notice ('PILON') was paid, but was reduced by the level of remuneration paid by his new employer. PILON payments in respect of the 2025 financial year totalled £4,305.

In line with the Remuneration Policy, Rakesh was deemed to be an Approved Leaver in respect of the 2024 AIP and 2022, 2023 and 2024 LTIP plans and as such, Approved Leaver provisions apply. Rakesh's in-flight LTIP awards (which include the 2022, 2023 and 2024 LTIPs) were pro-rated to his termination date of 30 November 2024. Final vesting of the LTIP awards will be determined by the Committee at the conclusion of each performance period upon assessment of the achievement of the conditions set out for each award. Unvested LTIP awards will continue to vest on the normal vesting dates and will remain subject to their respective holding periods and malus and clawback provisions.

In line with the performance conditions as set out on page 160, the estimated value of Rakesh's 2023 LTIP that is due to vest in March 2026 totals £605k. This is based on the average share price between 1 October 2025 and 31 December 2025 (682.25 pence). £72k of this figure relates to share price appreciation over the performance period. An updated figure based on the actual share price at the date of vesting will be disclosed in the 2026 Directors' Remuneration report.

An estimated figure of £462k in respect of the vesting of Rakesh's 2022 LTIP award was included in the 2024 Directors' Remuneration report. This was based on the average share price between 1 October 2024 and 31 December 2024 (511.05 pence). The actual figure at vesting in March 2025 was £526k which is based on the actual share price at the date of vesting (581.25 pence).

Rakesh continues to be subject to a post-cessation shareholding requirement of 300% of salary until 30 November 2026.

Directors' Remuneration report continued
Annual report on remuneration

Executive Directors' service contracts
The dates of contracts and letters of appointment and the respective notice periods for Executive Directors are as follows:

Name	Date of service contract	Notice period from either party (months)
Andy Briggs	7 November 2019	12
Nicolaos Nicandrou	5 November 2024	12

External directorships
Details of external directorships held by Executive Directors can be found on pages 88 to 91 of the Annual Report.

Non-Executive Directors' letters of appointment

Name	Date of current appointment/ re-appointment letter	Date of expiry of current appointment/ re-appointment letter[1]	Unexpired term (months)
Sir Nicholas Lyons	2 December 2024	31 October 2028	6
Karen Green	12 May 2023	30 June 2026	1
Siobhan Boylan	15 August 2025	31 August 2028	1
Eleanor Bucks	23 November 2023	30 November 2026	1
Karin Cook[2]	14 August 2025	1 May 2027[2]	1
Sherry Coutu	13 March 2025	30 April 2028	1
Mark Gregory	13 March 2026	31 March 2029	1
Hiroyuki Iioka	22 July 2023	22 July 2026	1
Katie Murray	1 April 2025	31 March 2028	1
Maggie Semple	22 May 2025	31 May 2028	1

1. The date of expiry refers to each individual Directors' letter of appointment which covers a 3-year term. All Directors are subject to annual re-election at the AGM on 14 May 2026.
2. Karin Cook's 3-year term commenced on 1 May 2024, aligned with the date of appointment as a Non-Executive Director of the Life Companies Board.

The tables above have been included to comply with UKLA Listing Rule 6.6.6(7). In the event of cessation of a Non-Executive Director's appointment (excluding the Chair of the Group Board) they would be entitled to a one-month notice period. The Chair of the Group Board, as detailed in his letter of appointment, would be entitled to a six-month notice period.

Dilution
Awards granted under the LTIP and International Purchase Plan are satisfied through shares purchased in the market and held in the Employee Benefit Trust. A dividend waiver is in place for all shares. ShareSave and the DBSS are satisfied through newly issued shares. The Group monitors the number of shares issued, and their impact on dilution limits as stipulated by the Investment Association (all plans 10%, and Executive share plans 5% in any rolling 10-year period). At 31 December 2025, dilution was 1.98% and 0.96% respectively.

Advice provided to the Committee
During the year, the Committee received independent remuneration advice from its appointed advisers.

The Committee assesses the performance of its advisers regularly and reviews the quality of advice provided to ensure that it is independent of any support provided to Management. As PricewaterhouseCooper ('PwC') had been advisers for seven years, a tender invitation was issued to five advisers. Evaluation criteria included proven experience providing quality advice to Remuneration Committees in comparable organisations, and deep subject matter expertise across all relevant areas of the Committee's remit, including remuneration, benchmarking, corporate governance, and regulation. As a result of this tender, Deloitte LLP was appointed as the Committee adviser with effect from 11 July 2025.

Both PwC and Deloitte LLP are members of the Remuneration Consultants Group (the professional body for remuneration consultants) and adhere to its code of conduct. The Remuneration Committee was satisfied that the advice provided by both advisers was objective and independent.

Deloitte and PwC also provided general remuneration consultancy services to Management during the year. Separate teams within PwC and Deloitte provided unrelated professional services to the Group during the year; PwC provided services in respect of tax, assurance, risk consulting and advisory, and Deloitte provided services including technology consulting, tax advisory, finance and accounting, and cyber services. The Committee is satisfied that these activities did not compromise the independence or objectivity of the advice it has received as Remuneration Committee advisers. PwC's fees for work relating to the Committee for the period 1 January 2025 to 11 July 2025 were £117,885 which included an initial review of the Remuneration Policy renewal. These were charged on the basis of the firm's standard terms of business for advice provided.

Deloitte LLP fees for work relating to the Committee for the period 11 July 2025 to 31 December 2025 were £206,940.

The Group CEO, Chief People Officer, Reward Director, Head of Executive Compensation and Group CFO attend various Committee meetings by invitation during the year. No Executive is ever permitted to participate in discussions or decisions regarding his or her own remuneration.

The Committee consults with the Group Chief Risk Officer (without Management present) on a regular basis. The Group Chief Risk Officer is asked to detail the extent to which the Group has operated within its stated risk appetite during the year and to keep the Committee informed of any risk-related concerns that required the Committee to consider using its judgement to moderate incentive plan outcomes.

Voting outcomes on remuneration matters
The table below shows the votes cast to approve the Directors' Remuneration report for the year ended 31 December 2024 at the 2025 AGM held on 13 May 2025 and the Directors' Remuneration Policy at the 2023 AGM held on 04 May 2023.

	For		Against		Abstentions
	Number	% of votes cast	Number	% of votes cast	Number
To approve the Directors' Remuneration report for the year ended 31 December 2024 (2025 AGM)	687,401,105	95.92	29,230,842	4.08	13,216,384
To approve the Directors' Remuneration Policy (2023 AGM)	764,184,513	98.81	9,241,995	1.19	216,361

Approval
This report in its entirety has been approved by the Remuneration Committee and the Board of Directors and signed on its behalf by:

Sherry Coutu CBE
Chair of the Group Board Remuneration Committee

Approved by the Board on 13 March 2026

Directors' report

The Directors present their report for the year ended 31 December 2025. Standard Life plc (formerly Phoenix Group Holdings plc) is incorporated in England and Wales (registered no. 11606773) and is listed on the London Stock Exchange under the 'Equity shares (commercial companies)' category.

Shareholders

Dividends

Dividends for the year ended 31 December 2025

Dividends for the year are as follows:

Ordinary shares

Paid Interim dividend	27.35p per share (2024: 26.65p per share)
Recommended Final dividend	28.05p per share (2024: 27.35p per share)
Total ordinary dividend	55.40p per share (2024: 54.00p per share)

Dividends declared in respect of the Company's ordinary shares must be capable of being cancelled and withheld or deferred at any time prior to payment. This is so that the Company's ordinary shares can be counted towards Group capital. Accordingly, the Final dividend will be declared on a conditional basis and the Directors reserve the right to cancel or defer the recommended dividend. The Directors do not expect to exercise this right other than where they believe that it may be necessary to do so as a result of legal or regulatory requirements.

Share capital

Issued share capital

The issued share capital of the Company increased by 3,140,405 shares during 2025 as a result of the use of newly issued shares for the Company's ShareSave and Deferred Bonus Share Scheme. At 31 December 2025, the issued ordinary share capital totalled 1,006,252,243. Subsequently, 205,865 ordinary shares have been issued in 2026 in connection with the Company's ShareSave to bring the total in issue to 1,006,458,108 at the date of this Directors' report. Full details of the issued and fully paid share capital as at 31 December 2025 and movements in share capital during the period are presented in note D1 to the IFRS consolidated financial statements.

Authority to purchase own shares

At the Company's 2025 AGM, shareholders approved the renewal of the Company's authority to make purchases of up to 100,316,480 of its own shares and make payment for the redemption or purchase of its own shares in any manner permitted by the Companies Act 2006 including without limitation, out of capital, profits, share premium or the proceeds of a new issue of shares. The authority was not used and none of the Company's ordinary shares were purchased by the Company during 2025. The authority will expire at the 2026 AGM. A resolution to renew this authority shall be proposed in the 2026 AGM Notice of Meeting.

Treasury shares

The Company held no treasury shares during the year or up to the date of this Directors' report.

Rights and obligations attached

The rights and obligations attaching to the Company's ordinary shares are set out in the Company's Articles of Association (the 'Articles') which are available on the Company's website at www.standardlifeplc.com.

Employee Benefit Trust ('EBT')

Where the EBT holds shares for unvested awards, the voting rights for these shares are exercisable by the trustees of the EBT at their absolute discretion, ensuring that it would be in the best interest of the beneficiaries of the Trust and taking into account the recommendations of the Group.

Restrictions on transfer of shares

Under the Articles, the Directors may, in certain circumstances, refuse to register transfers of shares. Certain restrictions on the transfer of shares may be imposed from time to time by applicable laws and regulations (for example, insider trading laws), and pursuant to the UK Listing Rules of the FCA and the Company's own share dealing rules whereby Directors and certain employees of the Group require individual authorisation to deal in the Company's ordinary shares.

Substantial shareholdings

Information provided to the Company pursuant to Chapter 5 of the FCA's Disclosure Guidance and Transparency Rules ('DTRs') is published on a Regulatory Information Service and on the Company's website. As at 31 December 2025, the following interests with voting rights in the ordinary share capital of the Company had been notified to it under DTR 5. No changes have occurred in respect of the holdings below between 31 December 2025 and 13 March 2026.

Name	Number of voting rights in shares	Percentage of shares in issue
MS&AD Insurance Group Holdings Inc.	144,877,304	14.50%
Aberdeen Group plc	107,025,201	10.70%
BlackRock, Inc.	59,271,117	5.91%
Kingdom Holding Company	50,051,192	5.00%

Shareholders continued

AGM

2026 AGM

The AGM of the Company will be held at Floor 9, 20 Old Bailey, London, EC4M 7AN on 14 May 2026 at 11:00am. A separate Notice of Meeting convening this AGM will be distributed to shareholders in due course and will include an explanation of the items of business to be considered at the meeting.

Investor communications

Investor communications

The Company's Annual Report, together with the Company's Half Year Report and other public announcements and presentations, are designed to present a fair, balanced and understandable view of the Company's activities and prospects. These are available on the Company's website at www.standardlifeplc.com, along with a wide range of relevant information for private and institutional investors, including the Company's financial calendar.

Board

Board membership

The membership of the Group Board of Directors during 2025 is provided within the Corporate governance report on pages 88 to 91, which is incorporated by reference into this Directors' report.

During 2025, and up to the date of this Directors' report, the following Group Board changes occurred:

- Sherry Coutu was appointed as a Director on 1 May 2025
- Nicholas Shott retired as a Director on 30 June 2025
- Belinda Richards retired as a Director on 24 August 2025
- Karin Cook was appointed as a Director on 25 August 2025
- David Scott retired as a Director on 31 August 2025
- Siobhan Boylan was appointed as a Director on 1 September 2025

Related party transactions

Details of related party transactions which took place during the year with Directors of the Company and consolidated entities where Directors are deemed to have significant influence, are provided in note I4 to the IFRS consolidated financial statements.

Appointment, re-election and removal of Directors

The rules about the appointment and replacement of Directors are contained in the Articles. These state that a Director may be appointed by an ordinary resolution of the shareholders or by a resolution of the Directors. If appointed by a resolution of the Directors, the Director concerned holds office only until the conclusion of the next AGM following their appointment.

In accordance with the 2024 Code, all Directors must stand for election/re-election annually. The Board of Directors will be unanimously recommending that all of the Directors included in the Notice of Meeting for the AGM should be put forward for election/re-election at the forthcoming AGM to be held on 14 May 2026.

The Articles give details of the circumstances in which Directors will be treated as having automatically vacated their office and also state that the Company's shareholders may remove a Director from office by passing an ordinary resolution.

Director powers and authorities

The powers of the Directors are determined by the Companies Act 2006, the provisions of the Articles and by any valid directions given by shareholders by way of special resolution.

The Directors have been authorised to allot and issue securities and grant options over or otherwise dispose of shares under the Articles.

Directors' remuneration and interests

A report on Directors' remuneration is presented within the Directors' Remuneration report on pages 136 to 175 including details of their interests in shares and share options or any rights to subscribe for shares in the Company.

Directors' indemnities

The Company has entered into deeds of indemnity with each of its Directors whereby the Company has agreed to indemnify each Director against all losses incurred by them in the exercise, execution or discharge of their powers or duties as a Director of the Company, provided that the indemnity shall not apply when prohibited by any applicable law.

The deeds of indemnity remain in force as at the date of signature of this Directors' report.

Directors' conflicts of interest

The Group Board has established procedures for handling conflicts of interest in accordance with the Companies Act 2006 and the Articles. See page 94 of the Corporate governance report for more detail.

On an ongoing basis, Directors are responsible for informing the Group Company Secretary of any new, actual or potential conflicts that may arise.

Directors' and Officers' liability insurance

The Company maintains Directors' and Officers' liability insurance cover which is renewed annually.

Directors' report continued

As part of its comprehensive assessment as to whether the Company is a Going concern, the Group Board has considered financial projections over the period to 31 March 2027, which demonstrate the ability of the Company to withstand market shocks in a range of severe but plausible stress scenarios.

Nicolaos Nicandrou
Group Chief Financial Officer

Governance

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report. The Strategic report includes details of the Company's cash flow and solvency position, alongside details of any key events affecting the Company (and its consolidated subsidiaries) since the end of the financial year. Principal risks and their mitigation are detailed on pages 80 to 83. In addition, the IFRS consolidated financial statements include, amongst other things, notes on the Company's borrowings (note E5), management of its financial risk including market, credit and liquidity risk (note E6), its commitments and contingent liabilities (notes I5 and I6) and its capital management (note I3). The Strategic report (on pages 16 to 19) sets out the business model and how the Company creates value for shareholders and policyholders.

As part of its comprehensive assessment as to whether the Company is a Going concern, the Board has considered financial projections over the period to 31 March 2027, which demonstrate the ability of the Company to withstand market shocks in a range of severe but plausible stress scenarios. Further details of these stress scenarios are included in the Viability statement on pages 84 and 85. The projections demonstrate that appropriate levels of capital would remain in the Life Companies under both the base and reasonably foreseeable stress scenarios, thus supporting cash generation in the Going concern period. In addition, the Group Board noted the Company's access to additional funding through its undrawn £1.5bn revolving credit facility. The stresses do not give rise to any material uncertainties over the Company's ability to continue as a Going concern.

The Directors therefore have a reasonable expectation that the Company has adequate resources to meet its liabilities as they fall due and continue in operational existence over the period to 31 March 2027, the period covered by the Going concern assessment. Thus, they continue to adopt the Going concern basis of accounting in preparing the annual financial statements.

The Directors have acknowledged their responsibilities in the Statement of Directors' responsibilities in relation to the IFRS financial statements for the year ended 31 December 2025.

Viability statement

The Viability statement, as required by the 2024 Code, has been undertaken for a period of three years to align to the Company's business planning and is detailed on pages 84 to 85.

Corporate governance statement

The disclosures required by section 7.2 of the FCA's DTRs can be found in the Corporate governance report on pages 86 to 135 which is incorporated by reference into this Directors' report and comprises the Company's Corporate governance statement.

The 2024 Code applied to the Company for Full Year 2025 and details on the Company's compliance with the Code are included in the Corporate governance report on page 92. The 2024 Code is available on the website of the FRC – www.frc.org.uk. Provision 29 of the 2024 Code became effective on 1 January 2026 and the Company will ensure that compliance with Provision 29 of 2024 Code is appropriately measured and disclosed. See page 127.

The disclosures required by the Companies Act 2006 in respect of the following matters are set out in the Strategic report, as below:

Our strategy and future developments	The Company's strategy and priorities for 2026 are highlighted in the Our strategic priorities section of the Strategic report.	• See pages 28 to 35 of the Strategic report.
Our people and diversity	The Company's people strategy for colleagues is detailed in the Group's Sustainability Report. The Company's diversity and inclusion targets for colleagues are also detailed in the Group Sustainability Report, with highlights set out in the Strategic report.	• See pages 28, 34 and 35. • See the Sustainability Report on the Company's website www.standardlifeplc.com.

Governance continued

Disability	The Company has an Equal Opportunities and Diversity Framework which ensures full and fair consideration is given to applications from, and the continuing employment and training of, disabled people. The Company also has a Workplace Adjustment Guidelines which set out the Company's duty to make reasonable adjustments to help ensure that all colleagues can access opportunities and thrive in employment. In addition, the Company has a Dignity at Work Policy which sets out its commitment to creating a work environment free of discrimination where everyone is treated with dignity and respect. One of our colleague inclusion networks, 'Enable' promotes the interests of colleagues with disabilities and other long-term health conditions.	• See the Company's website www.standardlifeplc.com for more information.
Our people and engagement	Details of how the Company has engaged with, and considered the interests of, employees in key decision making can be found in the Stakeholder engagement and Workforce engagement sections of the Corporate governance report. During the year, information about the Company's performance and market trends impacting the Company was shared via an all-employee intranet. In addition, colleagues were invited to participate in the Company's ShareSave, advertised through the all-employee intranet.	• See pages 100 to 103 of the Corporate governance report (for Stakeholder engagement) and pages 104 to 105 (for Workforce engagement).
Our business relationships	Details of how the Company has engaged with stakeholders, along with details of how the Board has considered the need to foster the Company's business relationships with suppliers, customers and others, in line with section 172 of the Companies Act 2006, can be found in the Stakeholder engagement section of the Corporate governance report.	• See pages 100 to 103 of the Corporate governance report.
Greenhouse gas ('GHG') emissions	All disclosures concerning the Company's GHG emissions are contained in the Group's Streamlined Energy and Carbon Reporting ('SECR') statement and TCFD disclosures forming part of the Strategic report.	• See pages 72 and 74 of the Strategic report.

Other disclosures required within this Corporate governance statement are set out below:

Task Force on Climate-related Financial Disclosures ('TCFD')	In accordance with UKLR 6.6.6R, climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures are contained in the Strategic report on page 53. Given the progress we have made with embedding the recommendations of the TCFD across the business and the increasing need for transparent reporting, we have opted to integrate our TCFD disclosures into our Annual Report and Accounts. In response to UKLR 6.6.12G, we have also published a standalone Net Zero Transition Plan which sets out our approach to achieving net zero across our business by 2050.
Board diversity – gender and ethnicity	In accordance with UKLR 6.6.6R, a statement on Board diversity targets and numerical data on the ethnic background and gender of the Group Board of Directors and Executive Committee are included in the Corporate governance report on page 118. Data was collated through the standard process for preparing the Company's annual submission to the Department for Business and Trade in respect of the Parker Review: FTSE 350 Ethnic Diversity Data Submission and FTSE Women Leaders Review, under applicable data protection laws.
Energy usage and carbon emissions under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (SI 2018/1155)	The Company's SECR statement on the Group's UK and global energy consumption and GHG emissions for the financial year 1 January 2025 to 31 December 2025, and the 2024 comparative year is contained in the Strategic report on pages 72 and 74.
Branches	The Company, through its subsidiaries, has established branches in Germany, Hong Kong and Ireland.

Directors' report continued

Governance continued

Political donations	The Company is a politically neutral organisation and, as further explained below, did not make any political donations or incur any political expenditure (within the ordinary meaning of those words) in 2025. The Company regularly engages with regulators and policymakers (including those associated with political parties and governments) to listen and to contribute to discussions on a wide range of matters. Such engagement is an important part of our strategy and contributes to initiatives enabling the UK in its goal of reaching net zero by 2050. Further information on how we engage with stakeholders can be found on pages 100 to 103 and our Sustainability Report, which includes information on our own net zero ambitions can be found on our website at www.standardlifeplc.com. Due to the broad definition of political donations under the Companies Act 2006 (the 'Act') and as a matter of good governance and transparency, we have provided information on areas of expenditure incurred as a result of this engagement which may be regarded as falling within the scope of the Act. During the year ended 31 December 2025, the Company exhibited at, sponsored, and held events at, conferences organised by political parties, spending a total of £69,040.01. This included sponsorship of events and tickets for, the Labour Party Annual Conference, Conservative Party Annual Conference, Liberal Democrat Party Conference, Reform Party Annual Conference, Scottish Labour Annual Conference, Scottish National Party Annual Conference, and Scottish Conservative Party Annual Conference. These events allow the Company to present its views on a non-partisan basis to politicians from across the political spectrum and non-political stakeholders such as Non-Government Organisations and other listed and non-listed companies. These payments do not indicate support for any political party. At the 2026 AGM, the Company will be seeking renewal from shareholders of the existing authority approved at the 2025 AGM. More details are contained in the Notice of Meeting which will be available on the Company's website at www.standardlifeplc.com.
Articles of Association	Changes to the Articles require prior shareholder approval by special resolution. The Articles, are available for inspection on the Company's website at www.standardlifeplc.com.
Re-appointment of the External Auditor	KPMG was re-appointed as Auditor of the Company on 13 May 2025. KPMG has indicated its willingness to continue in office and shareholder approval will be sought at the AGM on 14 May 2026. There is no cap on Auditor liability in place in relation to audit work carried out on the IFRS consolidated financial statements and the Group's UK subsidiaries' individual financial statements. Details of fees paid to KPMG during 2025 for audit and non-audit work are disclosed in note C6 to the IFRS consolidated financial statements.
Disclosure of information to External Auditor	The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's External Auditor is unaware and that each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's External Auditor is aware of that information.
Group Company Secretary	The Group Company Secretary during the period was Kulbinder Dosanjh.
Fair, balanced and understandable	In accordance with the 2024 Code, the Directors confirm that they have reviewed the Annual Report and Accounts and consider that it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy. Further information on the activity undertaken by the Group Board Audit Committee can be found on page 120.

Contractual/Other

Significant agreements impacted by a change of control of the Company	The £1.5bn revolving credit facility has provisions which would enable the lending banks to require repayment of all amounts borrowed following a change of control. All of the Company's employee share and incentive plans contain specific provisions relating to a change of control. Outstanding awards and options would normally become exercisable/available on the date of notification, subject to the satisfaction of any performance conditions and pro rata reduction as may be applicable under the rules of the employee share incentive plans. Apart from the aforementioned, there are a number of agreements that take effect, alter or terminate upon a change of control of the Company, such as commercial contracts. None is considered to be significant in terms of their potential impact on the business of the Company.
Important post balance sheet events	Details of important events affecting the Company which have occurred since the end of the financial year are contained in note I7 to the IFRS consolidated financial statements.
Disclosures under UK Listing Rule 6.6.1R	For the purposes of UKLR 6.6.4R, the information required to be disclosed by UKLR 6.6.1R, where applicable, can be found within the following sections of the Annual Report:

Requirement	Location
Statement of interest capitalised	Note E5 to the consolidated financial statements
Details of long-term incentive schemes	Directors' Remuneration report
Waiver of emoluments by a Director	Directors' Remuneration report
Waiver of any future emoluments by a Director	Directors' Remuneration report

Statement of Directors' responsibilities

Statement of Directors' responsibilities in respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report, and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements on the same basis.

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 Group and Parent Company and of the Group's profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' Remuneration report and Corporate governance statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ('DTR') 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The External Auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report, includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Andy Briggs
Group Chief Executive Officer

Nicolaos Nicandrou
Group Chief Financial Officer

13 March 2026

Financials

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Independent Auditor's Report to the members of Standard Life plc (formerly Phoenix Group Holdings plc)

1. Our opinion is unmodified

In our opinion:

- the financial statements of Standard Life plc give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2025, and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006; and
- the Group and Parent Company financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

What our opinion covers

We have audited the Group and Parent Company financial statements of Standard Life plc ("the Company") for the year ended 31 December 2025 included in the Annual Report and Accounts, which comprise:

Group	Parent Company (Standard Life plc)
Consolidated income statement, statement of comprehensive income, statement of consolidated financial position, statement of consolidated changes in equity and statement of consolidated cash flows. Notes A1 to I7 to the Group financial statements, including the accounting policies in note A, except for the information marked as unaudited.	Statement of financial position, statement of changes in equity and statement of cash flows. Notes 1 to 21 to the Parent Company financial statements, including the accounting policies in note 1.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion and matters included in this report are consistent with those discussed and included in our reporting to the Audit Committee ("AC").

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

2. Overview of our audit

Factors driving our view of risks

The risk associated with the valuation of insurance contract liabilities Key Audit Matter ("KAM") (4.1) is predominantly driven by the inherent subjectivity associated with the longevity, expense and discount rate assumptions for insurance contract liabilities as well as the ongoing change in the control environment as the Group has continued to enhance processes and controls following the implementation of IFRS 17. We consider the impact of external factors such as the current uncertain economic conditions including heightened market interest rates affecting the credit risk of assets backing annuity liabilities and the trends in demographic experience on longevity assumptions.

The risk associated with the valuation of certain illiquid financial investments KAM (4.2) is predominantly driven by the significant estimation uncertainty associated with valuing Level 3 investments, specifically modelled debt securities and equity release mortgages.

The financial significance of the Parent company's investment in subsidiaries drives the identification of its recoverability as a KAM for the Parent company's audit (4.3).

Key Audit Matters	Vs. 2024	Item
Valuation of insurance contract liabilities	⟷	4.1
Valuation of certain illiquid financial investments	⟷	4.2
Parent Company's recoverability of investments in its subsidiaries	⟷	4.3

Audit Committee interaction

During the year, the Audit Committee ("AC") met eight times. We are invited to attend all AC meetings and are provided with an opportunity to meet with the AC in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the AC in section 4, including matters that required particular judgement for each.

The matters included in the Audit Committee Chair's report on page 120 are materially consistent with our observations of those meetings.

Our independence

We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

We have not performed any non-audit services during 2025 or subsequently which are prohibited by the FRC Ethical Standard. We were first appointed as auditor by the shareholders for the year ended 31 December 2024. The period of total uninterrupted engagement is for the two financial years ended 31 December 2025.

The Group engagement partner is required to rotate every five years. As these are the second set of the Group's financial statements signed by Stuart Crisp, he will be required to rotate off after the 31 December 2028 audit.

The tenure of component engagement partners is two years.

Total audit fee	£25.1m
Audit related fees (including interim review)	£3.3m
Other services	£0.6m
Non-audit fee as a % of total audit and audit related fee %	2.2%
Date first appointed	14 May 2024
Uninterrupted audit tenure	2 years
Next financial period which requires a tender	2034
Tenure of Group engagement partner	2 years
Tenure of component signing partners	2 years

Materiality (Item 6 below)

The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement ('RMM').

We have determined overall materiality for the Group financial statements as a whole to be £54m (2024: £65m) and for the Parent Company financial statements as a whole to be £51m (2024: £62m).

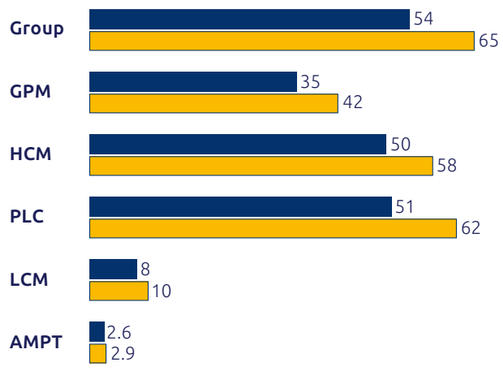
A key judgement in determining materiality was the most relevant metric to select as the benchmark, by considering factors including which metrics have the greatest bearing on shareholder decisions.

Consistent with 2024 we determined that Group IFRS adjusted shareholders' equity, being shareholders' equity adjusted for the contractual service margin (CSM) net of tax, as disclosed on page 342 remains the most relevant benchmark for the Group, although we also considered materiality with reference to other metrics, particularly adjusted operating profit, in setting the absolute amount. Group materiality represents 1.74% (2024: 1.77%) of this benchmark.

We applied a higher materiality for certain balances relating to the unit-linked and with-profits business in the Consolidated Balance Sheet, Consolidated Income Statement and related notes as follows:

- For unit linked assets and corresponding unit linked liabilities we applied materiality of £1.88bn (2024: £1.4bn) which represents 0.89% (2024: 0.73%) of the total unit linked asset balance.
- For unsupported with profit fund assets and liabilities we applied materiality of £510m (2024: £540m) which represents 1.00% (2024: 1.05%) of the total with profits asset balance.

Consistent with 2024, materiality for the Parent Company financial statements was determined with reference to a benchmark of Parent Company net assets, of which it represents 0.74% (2024: 0.92%).



- 2025 £m
- 2024 £m

Group Group Materiality
GPM Group Performance Materiality
HCM Highest Component Materiality
PLC Parent Company Materiality
LCM Lowest Component Materiality
AMPT Audit Misstatement Posting Threshold

Group scope (Item 7 below)

We have performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements, what audit procedures to perform at these components and the extent of involvement required from our component auditors.

In total, we identified seven components (2024: seven components), having considered our evaluation of the Group's legal and operational structure, the existence of common information systems, the existence of common risk profiles across divisions and our ability to perform audit procedures centrally.

Of these, we identified two (2024: two) quantitatively significant components, and five (2024: five) other components included in the scope of our work for other reasons.

We consider the scope of our audit, as communicated to the Audit Committee, to be an appropriate basis for our audit opinion.

The impact of climate change on our audit

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

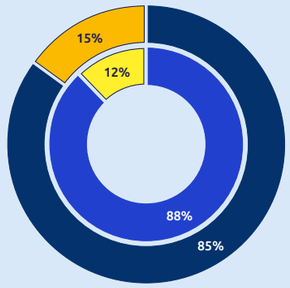
Climate change, and the associated initiatives and commitments, impact the Group in a variety of ways including the potential financial risks which could arise from the associated physical and transition risks and the narrative and disclosure of the impact of climate change risk that is incorporated into the Annual report and accounts. The Group's exposure to climate change is primarily through climate related transition risks which potentially impact the carrying amount of investments and potential reputational risk associated with the Group's delivery of its climate related commitments.

As a part of our audit we have made enquiries of management to understand the extent of the potential impact of climate change risk on the Group's financial statements, including how climate is considered as part of the investment making and monitoring processes, and the Group's preparedness for this.

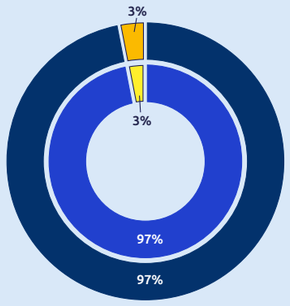
We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit.

Coverage of group financial statements

Group revenue
Our audit procedures covered the following percentages of Group revenue:



Group Total assets
We performed audit procedures in relation to components that accounted for the following percentages of Group Total Assets:



- Components where audit procedures were performed 2025
- Remaining out of scope components 2025
- Components where audit procedures were performed 2024
- Remaining out of scope components 2024

3. Going concern, viability and principal risks and uncertainties

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Parent Company or to cease their operations, and as they have concluded that the Group's and the Parent Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Going concern

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's available financial resources over this period were:

- Adverse impacts arising from fluctuations or negative trends in the economic environment including, but not limited to, interest rates and inflation, wider credit spreads, defaults and property price movements which affect regulatory capital solvency coverage ratios, liquidity ratios, the valuations of the Group's illiquid financial investments and valuation of insurance contract liabilities; and
- Severely adverse policyholder lapse or claims experience.

We also considered less predictable but realistic second order impacts, such as political or policy changes that could affect demand in the Group's markets.

We considered whether these risks could plausibly affect the liquidity and solvency in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of financial resources indicated by the Group's financial forecasts.

Our procedures also included

- Critically assessing assumptions used in management's three-year Annual Operating Plan ('AOP'), which forms the basis for management's going concern projections and determining whether the models are appropriate to enable management to make an assessment on the going concern of the Group.
- Critically assessing assumptions in base case and downside scenarios relevant to liquidity and solvency.
- Assessing whether downside scenarios applied mutually consistent and severe assumptions in aggregate, using our assessment of the possible range of each key assumption and our knowledge of inter-dependencies.
- Comparing past budgets to actual results to assess the directors' track record of budgeting accurately.
- Evaluating the achievability of the contingent actions the directors consider they would take to improve the position should the risks materialise.
- Assessing the entity's debt covenants and ability to meet maturities arising during the going concern period
- Critically assessing the projections for distributable reserves in the subsidiaries which drive the availability of dividend income to be received by the parent company
- We considered whether the going concern disclosure in note A1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks and dependencies.

Accordingly, based on those procedures, we found the directors' use of the going concern basis of accounting without any material uncertainty for the Group and Parent Company to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent Company will continue in operation.

Our conclusions

- We consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- We have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period;
- We have nothing material to add or draw attention to in relation to the directors' statement on page 206 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable; and
- The related statement under the Listing Rules set out on page 182 is materially consistent with the financial statements and our audit knowledge.

Disclosures of emerging and principal risks and longer-term viability

Our responsibility

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within the viability statement on pages 84–85 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal risks and uncertainties disclosures describing these risks and how emerging risks are identified and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the viability statement set out on pages 84–85 under the Listing Rules.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Parent Company's longer-term viability.

Our reporting

We have nothing material to add or draw attention to in relation to these disclosures.

We have concluded that these disclosures are materially consistent with the financial statements and our audit knowledge.

4. Key audit matters

What we mean

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including 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.

We include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

4.1 Valuation of insurance contract liabilities (group)

Financial Statement Elements

£113,423m

Estimates of present value of future cash flows
2024: £109,354m

£5,741m

Contractual Service Margin (CSM)
2024: £5,231m

Our assessment of risk vs 2024

We have not identified any significant changes to our assessment of the level of risk relating to valuation insurance contract liability as compared to 2024.

Our results

Acceptable

2024: Acceptable

Acceptable

2024: Acceptable

Description of the Key Audit Matter	Our response to the risk
Subjective valuation The valuation of insurance contract liabilities is an inherently subjective area, requiring management judgement in the setting of key assumptions. The discount rate, longevity and expense assumptions involve the greatest level of subjectivity. A small change in these assumptions can have a significant impact on the estimates of the present value of future cash flows. **Discount rate methodology including allowance for credit defaults and targeted asset mix** The Group's current discount rates for its annuity portfolios are derived by applying an illiquidity premium to the risk-free rate. This illiquidity premium is determined based on the yield of a reference asset portfolio which has been adjusted for risks that are not present in the related insurance liabilities, in particular the risk of credit default. The credit risk deduction methodology is judgmental and small changes in this can have a significant impact on the present value of future cash flows. The assumptions surrounding this deduction require significant judgement and there is a risk that actual default experience and anticipated trends are not appropriately reflected. This is particularly significant during the current uncertain economic conditions which impact the forward-looking view of credit risk. In addition, the reference portfolio is derived from a targeted asset mix, the selection of which is judgemental requiring consideration of current and future asset portfolios. In addition, the calculation of the illiquidity premium relies on significant volumes of data and processes that include complex and manual elements. There is a risk of error in the calculations as a result. **Expense assumptions** Judgement is required in setting the maintenance expense assumption which is based on management's long-term view of the expected future costs of administering the underlying policies. This is informed by expected inflation in costs, the allocation between cost centres and the determination of costs that are directly attributable to the maintenance of insurance contracts, rather than other activities such as the acquisition of new business. Additional judgement is required to be applied where the future costs of administering policies include the expected benefits from cost saving initiatives and ongoing transition, transformation and policy administration transfer programmes ("transformation programmes"). In the period until those programmes are complete, judgement is required as to the provisions required for the short term additional running costs and project costs required to complete the programmes. **Longevity assumptions** **Longevity assumptions have two main components:** longevity base assumptions and the rate of longevity improvements. The changing trends in longevity and emerging medical trends mean there is a high level of uncertainty in the assumptions. There is also a high degree of expert judgement in the calibration of the Cause-of-Death model which management uses to derive the mortality improvement assumptions. **Actuarial model overlays** There are numerous and significant manual overlay adjustments that are applied to the modelled actuarial valuations. This is particularly the case for the IFRS specific manuals and overlay adjustments made in the downstream CSM reporting processes. Many of these overlays are material in amount, complex and calculated through manual processes in an environment. **Estimation uncertainty** The effect of these matters is that, as part of our risk assessment, we determined that the valuation of insurance contract liabilities has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The financial statements disclose the sensitivities (Note F9.1) estimated by the Group.	We performed the tests below rather than seeking to rely on any of the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. We used our own actuarial specialists in order to assist us in performing procedures over methodology choice and assumptions in this area. Our procedures to address the risk included: **Control design and implementation:** testing of the design and implementation of key controls over the valuation process, including the setting of assumptions, for insurance contract liabilities. **Methodology choice:** Assessing the appropriateness of the methodology for selecting assumptions by applying our understanding of developments in the business and expectations derived from market experience, including consideration of the effects of credit risk and how medical trends impact on policyholder longevity. **Accounting analysis:** Assessing whether management's proposed methodology for determining the discount rate, and in particular the credit deductions and reference portfolios which underpin it, is consistent with the requirements of IFRS 17. **Test of detail:** Independently recalculating the illiquidity premium using management's inputs. **Historical comparisons:** Evaluating the longevity base assumptions used in the valuation of the liabilities by comparing to historic mortality experience. **Benchmarking assumptions:** Assessing longevity improvement assumptions against industry data on expected future mortality rate improvements and industry historical mortality improvement rates and assessing the appropriateness of the credit risk assumptions by comparing to industry practice and our expectations derived from market experience. **Test of detail:** Evaluating whether the expense assumptions reflect the expected future costs of administering the underlying policies by considering the historical accuracy of management's forecast expenses and analysing the allocations of the forecast costs to directly attributable maintenance expenses with reference to the historical allocations, future plans and the inclusion of benefits arising from cost saving initiatives and ongoing transformation programmes. **Test of detail:** Evaluating whether the short term provisions for expenses appropriately reflect the additional running costs and project costs associated with ongoing transformation programmes. **Test of detail:** Assessing the appropriateness of the methodologies used in calculating the actuarial model IFRS specific overlay adjustments. For certain overlays, selected based on risk criteria, testing the accuracy of the input data and either reperforming the calculation of the overlay adjustment or developing our own expectation of the value of the overlay. Considering, through our testing of other parts of the IFRS17 process, whether these indicate that additional overlay adjustments are required. **Assessing transparency:** Considering whether the disclosures in relation to the assumptions used in the calculation of the valuation of insurance contract liabilities are compliant with the relevant accounting requirements and appropriately represent the sensitivities of these assumptions to alternative scenarios and inputs.

Independent auditor's report continued

KPMG

Communications with the Standard Life plc Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach to the audit of insurance contract liabilities including the extent of our control reliance.
- Our conclusions on the appropriateness of the Group's methodology for setting assumptions.
- Our conclusions on the appropriateness of the discount rate methodology including allowance for credit defaults, expense assumptions, and longevity assumptions, including challenge of the assumptions using our sector experience and market knowledge.
- Our conclusions on the appropriateness of the manuals and overlay adjustments applied to the modelled actuarial valuations.
- The adequacy and appropriateness of the disclosures, including the sensitivity of insurance contract liabilities to key assumptions.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- The appropriateness of the methodology used in determining the discount rate including the credit default deduction.
- The cost savings assumed in expense assumptions and the provisions required for the transformation programmes.
- The approach and methods applied to determine the longevity assumptions.

Our results

We found the resulting estimate of the valuation of insurance contract liabilities to be acceptable (2024: acceptable).

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 125 for details on how the Audit Committee considered valuation of insurance contract liabilities as an area of significant attention, pages 251 to 257 for the accounting policy on valuation of insurance contract liabilities, and note F for the financial disclosures.

4.2 Valuation of certain illiquid financial investments (group)

Financial Statement Elements
£16,263m
Debt securities
2024: £15,146m

Our assessment of risk vs 2024
We have not identified any significant changes to our assessment of the level of risk relating to valuation of hard to value (Level 3) investments compared to 2024.

Our results
Acceptable
2024: Acceptable

Description of the Key Audit Matter	Our response to the risk
Subjective valuation 6.34% of the investment portfolio as at 31 December 2025 was classified as Level 3 assets. Of this we consider the valuation of modelled debt securities and equity release mortgages backing insurance contract liabilities in the shareholder (rather than with profits or unit-linked) fund to involve the greatest level of subjectivity. The subjectivity of the asset valuations remains heightened during the current uncertain economic conditions which impact the forward-looking view of credit risk. For these positions a reliable third-party price from a recent market transaction is not readily available and therefore the application of expert judgement from management in the valuations adopted is required. The key assumptions underlying the valuations are: • **Modelled debt securities:** credit ratings that are not provided by external credit rating agencies • **Equity release mortgages:** illiquidity premium. **Estimation uncertainty:** The effect of these matters is that, as part of our risk assessment, we determined that the valuation of certain illiquid financial investments has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.	We used our own actuarial, valuation and credit specialists in order to assist us in performing procedures over methodology and assumptions in this area. Our procedures to address the risk included: **Control design and implementation:** Testing of the design and implementation of key controls over the valuation process for modelled debt securities and equity release mortgages. **Control operation:** Testing of the operating effectiveness of key controls over the credit rating process for modelled debt securities. **Our valuation expertise:** • Using our own valuation specialists to assess the suitability of the valuation and credit rating methodologies used by the Group, and to independently recalculate a sample of the credit ratings derived from credit rating models; and • Using our own actuarial specialists to evaluate the appropriateness of the assumptions used in the valuation of equity release mortgages with reference to data on the Group's recent mortgage originations. **Methodology choice:** Assessing the appropriateness of the credit rating methodologies for modelled debt securities, and the illiquidity premium spread methodology for equity release mortgages, with reference to relevant accounting standards and the Group's own valuation guidelines as well as industry practice. **Assessing transparency:** Assessing whether the disclosures in relation to the valuation of illiquid financial investments are compliant with the relevant financial reporting requirements and that the sensitivities of the valuation to alternative assumptions are appropriately presented.

KPMG

Communications with the Standard Life plc Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach to the valuation of modelled debt securities and equity release mortgages, including details of our planned substantive procedures and the extent of our control reliance.
- Our conclusions on the appropriateness of the methodology adopted by the Group to the valuation of modelled debt securities and equity release mortgages.
- The adequacy of disclosures, particularly as they relate to the sensitivity of Level 3 investments to key assumptions.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- Determination of the valuation methodology where external pricing sources are not readily available or unreliable.
- The appropriateness of the internally-generated credit ratings and valuation of these modelled debt securities.
- The appropriateness of the illiquidity premium used in the valuation of equity release mortgages.

Our results

We found the resulting estimate of the valuation of certain illiquid financial investments to be acceptable (2024: acceptable).

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 125 for details on how the Audit Committee considered the valuation of certain illiquid financial investments as an area of significant attention, pages 226 to 228 for the accounting policy on valuation of certain illiquid financial investments, and note E for the financial disclosures.

4.3 Recoverability of investments in subsidiaries (parent company)

Financial Statement Elements
£9,199m
Investment in subsidiaries
2024: £9,247m

Our assessment of risk vs 2024
We have not identified any significant changes to our assessment of the level of risk relating to Recoverability of the parent company's investment in subsidiaries compared to 2024

Our results
Acceptable
2024: Acceptable

Description of the Key Audit Matter	Our response to the risk
Forecast-based assessment The carrying amount of the Parent Company's investments in subsidiaries is at risk of irrecoverability given the net assets of the Parent Company continue to exceed the consolidated net assets. Management performs an impairment test which for certain of the subsidiaries utilises dividend cash flows based on the emergence of surplus for in-force business on a Solvency II basis, together with new business cash flows on a Solvency II basis, to determine a value in use. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty in forecasting and discounting cash flows used in the valuations of these subsidiaries. The effect of these matters is that, as part of our risk assessment, we determined that the recoverable amount of the cost of investment in subsidiaries has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount.	We performed the tests below rather than seeking to rely on any of the Parent Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our procedures included: • **Control design and implementation:** Evaluate the design and implementation of the controls over the impairment in subsidiaries assessment process. • **Test of detail:** Comparing the carrying amount of each subsidiary with the relevant subsidiaries' financial statements/draft balance sheet to identify whether their net assets, being an approximation of their minimum recoverable amount, were in excess of their carrying amount. • For investments where the carrying amount exceeded the net asset value, our procedures included: • **Benchmarking assumptions:** Comparing the Group's assumptions to externally derived data in relation to key inputs such as Weighted Average Cost of Capital ("WACC") and terminal growth rates, with the support of our valuation specialists; • **Comparing valuations:** Assessing whether any adjustments were required to the value in use estimates to reflect the subsidiaries' equity value; • **Our sector experience:** Evaluating the assumptions used, in particular those relating to the dividend cash flows based on our knowledge of the Group and the markets that the subsidiaries operate in, including considering potential constraints on dividends being paid by the subsidiaries arising from capital, liquidity or distributable reserve requirements; • **Historical comparisons:** Assessing the reasonableness of the forecast dividend cash flows by considering the historical accuracy of the previous forecasts; • **Sensitivity analysis:** Assessing the sensitivity of the headroom on the Parent Company's investment in subsidiaries. This was performed by considering reasonable possible changes in key assumptions underlying the value in use, including the discount rate, terminal growth rate and forecast dividend cash flows; • **Assessing transparency:** Assessing whether the Parent Company's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the recoverable amount of the investment in subsidiaries.

Independent auditor's report continued

Communications with the Standard Life plc Audit Committee

Our discussions with and reporting to the Audit Committee included:

- Our approach to the audit of the recoverability of the Parent company's investment in subsidiaries.
- Our conclusions on the appropriateness of the valuation of the Parent company's investment in subsidiaries.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- The appropriateness of the methodology used in calculating the recoverable amount.
- The appropriateness of the internally-generated dividend cash flow forecasts.
- The appropriateness of the methodology used in determining the discount rate applied.

Our results

We found the Parent Company's investment in subsidiaries and the related impairment charges in the period to be acceptable (2024: acceptable).

Further information in the Annual Report and Accounts: See the Audit Committee Report on page 125 for details on how the Audit Committee considered the Parent Company's recoverability of investments in subsidiaries as an area of significant attention, page 320 for the accounting policy on the Parent Company's recoverability of investments in subsidiaries, and note 4 for the financial disclosures.

5. Our ability to detect irregularities, and our response

Fraud – identifying and responding to risks of material misstatement due to fraud

Fraud risk assessment	Identifying and responding to risks of material misstatement due to fraud To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included: • Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud. • Reading Board, audit committee, risk and remuneration committee minutes. • Considering remuneration incentive schemes and performance targets for management. • Using analytical procedures to identify any unusual or unexpected relationships. Using our own professionals with forensic knowledge to assist us in identifying fraud risks based on discussion of the circumstances of the Group; • Inspecting correspondence with regulators to identify instances or suspected instances of fraud; • Reviewing the audit misstatements from the prior period to identify fraud risk factors; and • Reading broker reports and other public information to identify third-party expectations and concerns.
Risk communications	We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group auditor to component auditors of relevant fraud risks identified at the Group level and requests that component audit teams report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.
Fraud risks	As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that Group and component management may be in a position to make inappropriate accounting entries and exercise bias in accounting estimates and judgements. We do not believe there is a fraud risk related to Group revenue because there is limited management judgement involved in the recognition of and measurement of material revenue streams. We identified a fraud risk related to insurance contract liabilities, illiquid financial investments and the Parent Company's investment in subsidiaries in response to possible pressures to meet financial targets.
Link to KAMs	Further detail in respect of insurance contract liabilities, illiquid financial investments and the Parent Company's investment in subsidiaries is set out in the key audit matter disclosures in section 4 of this report.
Procedures to address fraud risks	We also performed procedures including: • Identifying journal entries and other adjustments to test at the Group level and for selected components based on risk criteria and comparing the identified entries to supporting documentation. These included but were not limited to those posted by senior finance management, those posted to seldom used accounts and are linked to an estimate associated with a significant risk, those posted to unusual accounts, journals impacting cash balances that were identified as unusual or unexpected in our risk assessment procedures and journal entries and other adjustments containing unusual descriptions. • Evaluating the business purpose of significant unusual transactions. • Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Laws and regulations – identifying and responding to risks of material misstatement relating to compliance with laws and regulations

Laws and regulations risk assessment	We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.
Risk communications	We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group auditor to component auditors of relevant laws and regulations identified at the Group level, and a request that component auditors report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.
Direct laws context and link to audit	The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation, taxation legislation and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
Most significant indirect law/ regulation areas	Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such effect: • Specific aspects of regulatory capital and liquidity; • Financial crime and customer conduct regulations; • Consumer duty • Market abuse regulations; • Data protection laws; • Employment legislation; • Environmental protection legislation; • Health and safety legislation; and • Certain aspects of company legislation, recognising the financial and regulated nature of the group's activities and certain regulated subsidiaries. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.
Actual or suspected breaches discussed with AC	We discussed with the audit committee matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

Context

Context of the ability of the audit to detect fraud or breaches of law or regulation	Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent auditor's report continued

6. Our determination of materiality

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

£54m Materiality for the group financial statements as a whole

2024: £65m

What we mean

A quantitative reference for the purpose of planning and performing our audit.

Basis for determining materiality and judgements applied

We determined materiality for the Group financial statements as a whole to be £54m (2024: £65m), with reference to a benchmark of Group IFRS adjusted shareholders' equity (shareholders' equity adjusted for the contractual service margin (CSM) net of tax). Adding back the CSM net of tax to shareholders' equity removes the deferral of day one gains on annuity contracts in the CSM, and so measures the value of the policies written to date. This metric is more closely aligned to regulatory solvency, which also recognises the day one gains on annuity contracts. It is therefore relevant to users because surplus funds above capital requirements are necessary to fund investment and pay returns to debt and equity holders.

When using a benchmark of IFRS adjusted shareholders' equity to determine overall materiality, our approach for listed entities considers a guideline range 0.5%-2% of the measure. Our Group materiality is 1.74% (2024: 1.77%) of the benchmark and in setting the absolute amount of materiality we also considered the materiality relative to other relevant metrics, particularly adjusted operating profit.

We applied a higher materiality for certain balances relating to the unit-linked and with-profits business in the Consolidated Balance Sheet, Consolidated Income Statement and related notes, in accordance with FRC Practice Note 20. This is because changes in these balances are offset by changes in related balances such that the impact on the profit attributable to the shareholder is eliminated (in the case of unit-linked asset) or significantly reduced (in the case of with profit funds). The higher materiality amounts were as follows:

- For unit linked assets and corresponding unit linked liabilities we applied materiality of £1.88bn (2024: £1.4bn) which represents 0.89% (2024: 0.73%) of the total unit linked asset balance.
- For unsupported with profit fund assets and liabilities we applied materiality of £510m (2024: £540m) which represents 1.00% (2024:1.05%) of the total with profits asset balance.

For the purposes of our Group audit the materiality of the parent company is limited, such that it is lower than the materiality for the Group financial statements. Materiality for the Parent Company financial statements was set at £51m (2024: £62m). This is lower than the materiality we would otherwise have determined with reference to Parent Company net assets, of which it represents 0.74% (2024: 0.9%).

£35m Performance materiality

2024: £42m

What we mean

Our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Basis for determining performance materiality and judgements applied

We have considered performance materiality at a level of 65% of materiality for the Group financial statements as a whole to be appropriate.

We applied this percentage in our determination of performance materiality based on our expectation of an increased level of identified misstatements and driven by the level of change within the business and the potential for that to impact the control environment during the period.

The Parent Company performance materiality was set at £38.4m (2024: £46.3m), which equates to 75% of materiality for the Parent Company financial statements as a whole.

£2.6m Audit misstatement posting threshold

2024: £2.9m

What we mean

This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of misstatements below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller misstatements which are indicators of fraud.

This is also the amount above which all misstatements identified are communicated to the Group's Audit Committee.

Basis for determining the audit misstatement posting threshold and judgements applied

We set our audit misstatement posting threshold at 4.8% (2024: 4.5%) of our materiality for the Group financial statements. We also report to the Audit Committee any other identified misstatements that warrant reporting on qualitative grounds.

The overall materiality for the Group financial statements of £54m (2024: £65m) compares as follows to the main financial statement caption amounts:

Total Group Revenue 2025

£6,584m

Financial statement caption

2024: £6,166m

0.82%

Group Materiality as % of caption

2024: 1.05%

Total Group Assets 2025

£332,241m

Financial statement caption

2024: £307,857m

0.02%

Group Materiality as % of caption

2024: 0.02%

7. The scope of our audit

Group scope

What we mean
How the Group auditor determined the procedures to be performed across the Group.

We performed risk assessment procedures to determine which of the Group's components are likely to include risks of material misstatement to the Group financial statements and which procedures to perform at these components to address those risks.

In total, we identified seven components (2024: seven components), having considered our evaluation of the Group's operational and legal structure, the existence of common information systems and the existence of common risk profiles across components and our ability to perform audit procedures centrally.

Of those, we identified quantitatively significant components which contained the largest percentages of either total revenue or total assets of the Group, for which we performed audit procedures.

Additionally, having considered qualitative and quantitative factors, we selected additional components with accounts and/or disclosures contributing to the specific risks of material misstatement of the Group financial statements.

The below summarises where we performed audit procedures:

Component type	Number of components where we performed audit procedures		Range of materiality applied	
	2025	2024	2025	2024
Quantitatively significant components	2	2	£32.4m – £50.2m	£36m – £58m
Other components where we performed procedures	5	5	£8.1m – £45.9m	£10m – £55m
Total	7	7		

We involved component auditors in performing the audit work on six components (2024: six components). We set the component materialities having regard to the mix of size and risk profile of the Group across the components. We also performed the audit of the Parent Company.

Our audit procedures covered 90% (2024: 88%) of Group revenue.

We performed audit procedures in relation to components that accounted for 98% (2024: 97%) of total assets.

For the remaining components for which we performed no audit procedures, no component represented more than 4% (2024: 6%) of Group total revenue or Group total assets. We performed analysis at an aggregated Group level to re-examine our assessment that there is not a reasonable possibility of a material misstatement in these components.

The Group also operates a shared service centre that is relevant to our audit in the UK. This service centre performs accounting and reporting activities alongside related controls and processes a substantial portion of the Group's expense transactions. We identified this service centre as a component and performed audit procedures over it.

We identified a number of IT systems to be relevant to our audit, including those supporting financial reporting, policy administration and investment management. We used our IT auditors, including in the components, to assist us in assessing the design and operating effectiveness of the general IT controls of the relevant systems.

Following our testing, including additional testing performed to determine if deficiencies noted had resulted in exceptions, we relied on IT general controls over these systems in determining the work to be performed in the audit.

We tested operating effectiveness and placed reliance on manual and automated controls in some areas of our audit, including over outsourced service providers, the valuation of level 3 debt securities and certain balance sheet accounts. As the Group has continued to enhance its processes and manual controls associated with the implementation of IFRS 17 Insurance contracts reporting requirements, we did not plan to place reliance on manual controls in this area.

Group auditor oversight

What we mean
The extent of the Group auditor's involvement in work performed by component auditors.

In working with component auditors, we:

- Included the component auditors' engagement partners and managers in the Group planning discussions to facilitate inputs from component auditors in the identification of matters relevant to the Group audit.
- Issued Group audit instructions to component auditors on the scope and nature of their work.
- Held meetings with component auditors as the audit progressed to understand and evaluate their work, and organised weekly video conferences and in person meetings with the component auditors. At these meetings and video conferences, the results of the planning procedures and further audit procedures communicated to us were discussed in more detail and any further work required by us was then performed by the component auditors.
- We inspected the work performed by the component auditors for the purpose of the Group audit and evaluated the appropriateness of conclusions drawn from the audit evidence obtained and consistencies between communicated findings and work performed.
- We inspected component teams' key work papers in-person and using remote technology capabilities to evaluate the quality of execution of the audits of the components with a particular focus on insurance contract liabilities and illiquid financial investments.

8. Other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

All other information

Our responsibility
Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Our reporting
Based solely on that work we have not identified material misstatements or inconsistencies in the other information.

Strategic report and Directors' report

Our responsibility and reporting
Based solely on our work on the other information described above we report to you as follows:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

Our responsibility
We are required to form an opinion as to whether the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Our reporting
In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate governance disclosures

Our responsibility	Our reporting
We are required to perform procedures to identify whether there is a material inconsistency between the financial statements and our audit knowledge, and: • the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy; • the section of the annual report describing the work of the Audit Committee, including the significant issues that the Audit Committee considered in relation to the financial statements, and how these issues were addressed; and • the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.	Based on those procedures, we have concluded that each of these disclosures is materially consistent with the financial statements and our audit knowledge.
We are also required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.	We have nothing to report in this respect.

Other matters on which we are required to report by exception

Our responsibility	Our reporting
Under the Companies Act 2006, we are required to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited 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.	We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 182, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared under Disclosure Guidance and Transparency Rule 4.1.17R and 4.1.18R. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Stuart Crisp (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London E14 5GL

13 March 2026

Consolidated income statement
For the year ended 31 December 2025

	Notes	2025 £m	2024 £m
Insurance revenue	C1	**5,512**	5,139
Insurance service expenses	C5	**(4,743)**	(4,493)
Insurance service result before reinsurance contracts		**769**	646
Net expenses from reinsurance contracts		**(290)**	(245)
Insurance service result		**479**	401
Fees and commissions	C2	**1,072**	1,027
Net investment income	C3	**30,662**	18,852
Other operating income		**63**	89
Total income		**32,276**	20,369
Net finance expense from insurance contracts	C4	**(8,364)**	(3,656)
Net finance income/(expense) from reinsurance contracts	C4	**28**	(109)
Net insurance finance expense		**(8,336)**	(3,765)
Change in investment contract liabilities		**(23,388)**	(15,719)
Change in reinsurers' share of investment contract liabilities		**1,767**	681
Amortisation and impairment of intangible assets	G2	**(240)**	(273)
Administrative expenses	C5	**(1,541)**	(1,825)
Net expense attributable to unit holders		**(252)**	(285)
Profit/(loss) before finance costs and tax		**286**	(817)
Finance costs	C7	**(266)**	(290)
Profit/(loss) for the year before tax		**20**	(1,107)
Tax charge attributable to policyholders' returns	C8	**(452)**	(347)
Loss before the tax attributable to owners		**(432)**	(1,454)
Tax (charge)/credit	C8	**(414)**	29
Add: tax attributable to policyholders' returns	C8	**452**	347
Tax credit attributable to owners	C8	**38**	376
Loss for the year		**(394)**	(1,078)
Attributable to:			
Owners of the parent		**(443)**	(1,090)
Non-controlling interests	D5	**49**	12
		(394)	(1,078)
Earnings per ordinary share			
Basic (pence per share)	B3	**(47.1)p**	(111.8)p
Diluted (pence per share)	B3	**(47.1)p**	(111.8)p

Statement of consolidated comprehensive income
For the year ended 31 December 2025

	Notes	2025 £m	2024 £m
Loss for the year		**(394)**	(1,078)
Other comprehensive (expense)/income:			
Items that are or may be reclassified to profit or loss:			
Cash flow hedges:			
Fair value (losses)/gains arising during the year	D3	**(67)**	24
Reclassification adjustments for amounts recognised in profit or loss	D3	**45**	(15)
Exchange differences on translating foreign operations (net of deferred tax)		**3**	33
Items that will not be reclassified to profit or loss:			
Remeasurements of owner-occupied property	D3	**–**	(2)
Remeasurements of pension scheme asset/liability	G1	**49**	109
Tax charge relating to other comprehensive income items	C8	**(7)**	(36)
Total other comprehensive income for the year		**23**	113
Total comprehensive expense for the year		**(371)**	(965)
Attributable to:			
Owners of the parent		**(420)**	(977)
Non-controlling interests	D5	**49**	12
		(371)	(965)

Statement of consolidated financial position
As at 31 December 2025

	Notes	2025 £m	2024 £m
Assets			
Pension scheme asset	G1	**33**	35
Reimbursement right assets	G1	**175**	183
Intangible assets	G2	**1,554**	1,784
Property, plant and equipment	G3	**74**	91
Investment property	G4	**4,528**	4,370
Investment in associate accounted for using the equity method	H3	**11**	4
Financial assets	E1	**309,031**	279,539
Reinsurance contract assets	F3	**5,808**	5,187
Deferred tax assets	G8	**327**	146
Current tax assets	G8	**298**	523
Prepayments and accrued income		**367**	399
Other receivables	G5	**2,719**	3,043
Cash and cash equivalents	G6	**7,302**	9,453
Assets classified as held for sale	H2	**14**	3,100
Total assets		**332,241**	**307,857**
Equity			
Share capital	D1	**101**	100
Share premium		**20**	16
Shares held by employee benefit trust	D2	**(14)**	(18)
Foreign currency translation reserve		**127**	124
Other reserves	D3	**594**	616
Retained earnings		**(584)**	375
Equity attributable to owners of the parent		**244**	1,213
Tier 1 Notes	D4	**494**	494
Non-controlling interests	D5	**554**	539
Total equity		**1,292**	2,246
Liabilities			
Pension scheme liability	G1	**1,247**	1,312
Reimbursement right liabilities	G1	**10**	34
Insurance contract liabilities	F1	**120,326**	115,791
Reinsurance contract liabilities	F3	**180**	158
Financial liabilities	E1	**205,437**	181,789
Provisions	G7	**188**	206
Deferred tax liabilities	G8	**490**	198
Current tax liabilities	G8	**18**	21
Lease liabilities	G9	**59**	64
Accruals and deferred income	G10	**565**	583
Other payables	G11	**2,429**	2,280
Liabilities classified as held for sale	H2	**–**	3,175
Total liabilities		**330,949**	305,611
Total equity and liabilities		**332,241**	307,857

Approved by the Board on 13 March 2026.

Andy Briggs
Chief Executive Officer

Nicolaos Nicandrou
Chief Financial Officer

Company registration number 11606773.

Statement of consolidated changes in equity
For the year ended 31 December 2025

	Share capital (note D1) £m	Share premium (note D1) £m	Shares held by employee benefit trust (note D2) £m	Foreign currency translation reserve £m	Other reserves (note D3) £m	Retained earnings £m	Total £m	Tier 1 Notes (note D4) £m	Non-controlling interests (note D5) £m	Total equity £m
At 1 January 2025	**100**	**16**	**(18)**	**124**	**616**	**375**	**1,213**	**494**	**539**	**2,246**
(Loss)/profit for the year	**–**	**–**	**–**	**–**	**–**	**(443)**	**(443)**	**–**	**49**	**(394)**
Other comprehensive income/ (expense) for the year	**–**	**–**	**–**	**3**	**(22)**	**42**	**23**	**–**	**–**	**23**
Total comprehensive income/ (expense) for the year	**–**	**–**	**–**	**3**	**(22)**	**(401)**	**(420)**	**–**	**49**	**(371)**
Issue of ordinary share capital, net of associated commissions and expenses	**1**	**4**	**–**	**–**	**–**	**–**	**5**	**–**	**–**	**5**
Dividends paid on ordinary shares	**–**	**–**	**–**	**–**	**–**	**(548)**	**(548)**	**–**	**–**	**(548)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(12)**	**(12)**
Credit to equity for equity-settled share-based payments	**–**	**–**	**–**	**–**	**–**	**26**	**26**	**–**	**–**	**26**
Taxation on shares schemes	**–**	**–**	**–**	**–**	**–**	**6**	**6**	**–**	**–**	**6**
Reserve movement on exercise of share scheme awards	**–**	**–**	**13**	**–**	**–**	**(13)**	**–**	**–**	**–**	**–**
Shares acquired by the employee benefit trust	**–**	**–**	**(9)**	**–**	**–**	**–**	**(9)**	**–**	**–**	**(9)**
Decrease in non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(22)**	**(22)**
Coupon paid on Tier 1 Notes	**–**	**–**	**–**	**–**	**–**	**(29)**	**(29)**	**–**	**–**	**(29)**
At 31 December 2025	**101**	**20**	**(14)**	**127**	**594**	**(584)**	**244**	**494**	**554**	**1,292**

Statement of consolidated changes in equity
For the year ended 31 December 2024

	Share capital (note D1) £m	Share premium (note D1) £m	Shares held by employee benefit trust (note D2) £m	Foreign currency translation reserve £m	Other reserves (note D3) £m	Retained earnings £m	Total £m	Tier 1 Notes (note D4) £m	Non-controlling interests (note D5) £m	Total equity £m
At 1 January 2024	100	16	(15)	91	1,835	715	2,742	494	549	3,785
(Loss)/profit for the year	–	–	–	–	–	(1,090)	(1,090)	–	12	(1,078)
Other comprehensive income for the year	–	–	–	33	7	73	113	–	–	113
Total comprehensive income/ (expense) for the year	–	–	–	33	7	(1,017)	(977)	–	12	(965)
Dividends paid on ordinary shares	–	–	–	–	–	(533)	(533)	–	–	(533)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(12)	(12)
Credit to equity for equity-settled share-based payments	–	–	–	–	–	26	26	–	–	26
Reserve movement on exercise of share scheme awards	–	–	13	–	–	(13)	–	–	–	–
Shares acquired by the employee benefit trust	–	–	(16)	–	–	–	(16)	–	–	(16)
Decrease in non-controlling interests	–	–	–	–	–	–	–	–	(10)	(10)
Coupon paid on Tier 1 Notes	–	–	–	–	–	(29)	(29)	–	–	(29)
Transfer of merger relief reserve	–	–	–	–	(1,226)	1,226	–	–	–	–
At 31 December 2024	100	16	(18)	124	616	375	1,213	494	539	2,246

Statement of consolidated cash flows
For the year ended 31 December 2025

	Notes	2025 £m	2024 £m
Cash flows from operating activities			
Cash (utilised)/generated by operations	I2	**(920)**	3,549
Taxation paid		**(73)**	(177)
Net cash flows from operating activities		**(993)**	3,372
Cash flows from investing activities			
Capitalised development costs	G2	**(10)**	(29)
Net cash flows from investing activities		**(10)**	(29)
Cash flows from financing activities			
Proceeds from issuing ordinary shares, net of associated commission and expenses		**5**	–
Acquisition of non-controlling interests	D5	**(22)**	(10)
Ordinary share dividends paid	B4	**(548)**	(533)
Dividends paid to non-controlling interests	D5	**(12)**	(12)
Repayment of policyholder borrowings	E5.2	**(98)**	(96)
Repayment of shareholder borrowings	E5.2	**(398)**	(643)
Repayment of lease liabilities	G9	**(10)**	(11)
Payment by the Employee Benefit Trust to acquire shares	D2	**(9)**	–
Proceeds from new shareholder borrowings, net of associated expenses	E5.2	**–**	390
Proceeds from new policyholder borrowings, net of associated expenses	E5.2	**152**	85
Coupon paid on Tier 1 Notes		**(29)**	(29)
Interest paid on policyholder borrowings		**(12)**	(8)
Interest paid on shareholder borrowings		**(200)**	(210)
Net cash flows from financing activities		**(1,181)**	(1,077)
Net (decrease)/increase in cash and cash equivalents		**(2,184)**	2,266
Cash and cash equivalents at the beginning of the year		**9,486**	7,220
Cash and cash equivalents at the end of the year[1]		**7,302**	9,486

1 Includes cash and cash equivalents of £33 million classified as held for sale in the comparative period.

Notes to the consolidated financial statements

A. Significant accounting policies

A1. Basis of preparation

The consolidated financial statements for the year ended 31 December 2025 set out on pages 200 to 316 comprise the financial statements of Standard Life plc (formerly Phoenix Group Holdings plc) ('the Company') and its subsidiaries (together referred to as 'the Group') and were authorised by the Board of Directors for issue on 13 March 2026.

The consolidated financial statements have been prepared under the historical cost convention except for investment property, owner-occupied property, those financial assets and financial liabilities (including derivative instruments) that have been measured at fair value and for insurance and reinsurance contracts that are measured using estimates of future cash flows, as explained in the accounting policies below.

The consolidated financial statements are presented in sterling (£) rounded to the nearest million except where otherwise stated.

Assets and liabilities are offset and the net amount reported in the statement of consolidated financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Income and expenses are not offset in the consolidated income statement unless required or permitted by an International Financial Reporting Standard ('IFRS') Accounting Standard or interpretation, as specifically disclosed in the accounting policies of the Group.

Statement of compliance

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards ('IASs') and the legal requirements of the Companies Act 2006.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings, including collective investment schemes, where the Group exercises overall control. In accordance with the principles set out in IFRS 10 Consolidated Financial Statements, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including relevant activities, substantive and protective rights, voting rights and purpose and design of an investee. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Further details about the consolidation of subsidiaries, including collective investment schemes, are included in note H1.

Going concern

The consolidated financial statements have been prepared on a going concern basis. The Directors have, at the time of approving the consolidated financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the period covered by the assessment having assessed the principal risks, forecasts, projections and other relevant evidence for a period of at least, but not limited to, 12 months from the date of approval of these consolidated financial statements, using the information available up to the date of issue of this Annual Report and Accounts. Further details of the going concern assessment are included in the Directors' Report on page 178.

A2. Adoption of new accounting pronouncements in 2025

In preparing the consolidated financial statements, the Group has adopted the following amendment effective from 1 January 2025 which has been endorsed by the UK Endorsement Board ('UKEB'):

- Lack of Exchangeability (Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*).

The above amendment is not considered to have a material effect on these consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

A3. Accounting policies

The principal accounting policies have been consistently applied in these consolidated financial statements. Where an accounting policy can be directly attributed to a specific note to the consolidated financial statements, the policy is presented within that note, with a view to enabling greater understanding of the results and financial position of the Group. All other significant accounting policies are disclosed below.

A3.1 Foreign currency transactions

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 (the 'functional currency'). The consolidated financial statements are presented in sterling, which is the Group's presentation currency.

The results and financial position of all Group companies that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the period end;
- income, expenses and cash flows denominated in foreign currencies are translated at average exchange rates; and
- all resulting exchange differences are recognised through the statement of consolidated comprehensive income.

Foreign currency transactions are translated into the functional currency of the transacting Group entity using exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement. Translation differences on non-monetary items at fair value through profit or loss are reported as part of the fair value gain or loss.

A3.2 Other operating income

Other operating income includes income from all other operating activities which are incidental to the principal activities of the Group.

A4. Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Disclosures of judgements made by management in applying the Group's accounting policies include those that have the most significant effect on the amounts that are recognised in the consolidated financial statements. Disclosures of estimates and associated assumptions include those that have a significant risk of resulting in a material change to the carrying value of assets and liabilities within the next year. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgements as to the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The areas of the Group's business that typically require such estimates are the measurement of insurance and investment contract liabilities with discretionary participation features ('DPF'), determination of the fair value of certain financial assets and liabilities, and valuation of pension scheme assets and liabilities.

The application of critical accounting judgements that could have the most significant effect on the recognised amounts include classification of contracts to be accounted for as insurance or investment contracts and amortisation of those contracts, the determination of adjusted operating profit and determination of control with regard to underlying entities.

Details of all critical accounting estimates and judgements are included below and further consideration is also given to how climate risk affects the accounting judgements and estimates applied.

A4.1 Insurance contract and investment contract with DPF liabilities

The Group applies significant judgement and estimation when classifying and measuring insurance contracts, including determination of the inputs, assumptions and techniques it uses to determine the BEL, risk adjustment and CSM at each reporting period to measure insurance contract and reinsurance contact liabilities/assets. The main areas where significant judgement and estimation were required are:

Contract classification

Classification of contracts as insurance (or reinsurance) is based upon an assessment of the significance of insurance risk transferred to the Group. Insurance contracts are defined by IFRS 17 as those containing significant insurance risk if, and only if, an insured event could cause an insurer to make significant additional payments in any scenario, excluding scenarios that lack commercial substance, at the inception of the contract.

Classification of contracts as investment with DPF is based upon an assessment of whether the discretionary amount of benefits is expected to be a significant amount of the total benefits. Insurance contracts and investment contracts with such discretionary participation features are accounted for under IFRS 17, while investment contracts without discretionary participation features are accounted for as financial instruments under IFRS 9. Judgement is therefore required in order to establish whether any additional benefits in an insurance or investment contract meet the above requirements for being considered discretionary participation features.

Measurement of insurance contract liabilities

In applying IFRS 17 requirements for the measurement of insurance contract liabilities, the following inputs and methods were used that include significant estimates:

- the present value of future cash flows is estimated using deterministic scenarios, except where stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns and where the cash flows reflect a series of interrelated options that are implicit or explicit;
- the approach and assumptions used to derive discount rates, including any illiquidity premiums (see note F9.2.1);
- the approach and confidence level for estimating risk adjustments for non-financial risk (see note F9.2.2); and
- the assumptions about future cash flows relating to mortality, morbidity, policyholder behaviour, and expense inflation (see note F9.2.3).

Details of how insurance contract liabilities are accounted for are included within the accounting policies in note F1.

Notes to the consolidated financial statements continued

A. Significant accounting policies continued

A4. Critical accounting estimates and judgements continued

A4.1 Insurance contract and investment contract with DPF liabilities continued

Amortisation of the CSM

The Group applies judgements when determining the amount of CSM for a group of insurance contracts to be recognised in profit or loss as insurance revenue in each period to reflect the insurance contract services provided in that period. The amount is determined by considering for each group of contracts the quantity of benefits provided and the expected coverage period. Determining the coverage unit requires significant judgement, taking into consideration a number of areas, including:

- identification of a coverage unit that is deemed to be a suitable proxy for the service provided. This is particularly relevant for products that provide a combination of different types of insurance coverage, investment-related service and investment-return service; and
- the allowance for time value of money in the release of the coverage unit (i.e. whether or not the coverage units should be discounted).

For deferred annuities the weighting between the deferral phase and the payment phase coverage units is calculated so that the services provided in the deferral phase reflect the investment return and those in the payment phase reflect the annuity payment with the total services adjusted to provide a consistent level of service when transitioning between the deferral phase and the payment phase.

Following an assessment, the Group has determined the quantity of the benefits provided under each contract to be a suitable proxy for the service provided as follows:

Type of business/products	Coverage unit (quantity of benefits)
Term life assurance Endowment Non-participating whole-life Other protection products	Sum assured in force
Immediate annuity	Annuity payments
Deferred annuity	Fund size during deferred period and annuity payments for the payment period
Unit linked	Annual management charge and insurance charges
Conventional with-profits (‘CWP’) & Unitised with-profits (‘UWP’)	Maximum of the guaranteed benefit and asset share

In relation to the application of discount rate in determining the coverage units, the Group has elected to apply discounting as this gives a more even allocation of profit as services are provided over the life of a group of contracts. The discount rate is the locked-in rate for insurance contracts measured under the general model (‘GM’) and current rates for insurance contracts measured under the variable fee approach (‘VFA’).

A4.2 Fair value of financial assets and liabilities

A significant portion of the Group’s financial assets and liabilities are measured at fair value and accounted for as set out in the accounting policies in note E1. Financial instruments valued where valuation techniques are based on observable market data at the period end are categorised as Level 2 financial instruments. Financial instruments valued where valuation techniques are based on non-observable inputs are categorised as Level 3 financial instruments. Level 2 and Level 3 financial instruments therefore involve the use of estimates.

Further details of the estimates made are included in note E2. In relation to the Level 3 financial instruments, sensitivity analysis is performed in respect of the key assumptions used in the valuation of these financial instruments. The details of this sensitivity analysis are included in note E2.4.

A4.3 Pension scheme obligations

The valuation of pension scheme obligations is determined using actuarial valuations that depend upon a number of assumptions, including discount rate, inflation and longevity. External actuarial advice is taken with regard to setting the financial assumptions to be used in the valuation. As defined benefit pension schemes are long-term in nature, such assumptions can be subject to significant uncertainty.

Further details of these estimates and the sensitivity of the defined benefit obligation to key assumptions are provided in note G1.

A4.4 Adjusted operating profit

Adjusted operating profit is the Group’s non-GAAP measure of performance and provides stakeholders with a comparable measure of the underlying performance of the Group. The Group is required to make judgements as to the appropriate longer-term rates of investment return for the determination of adjusted operating profit based on yields at the start of the financial year, as detailed in note B2, and as to whether items are included within adjusted operating profit or excluded as an adjustment to adjusted operating profit in accordance with the accounting policy detailed in note B1. Items excluded from adjusted operating profit are referred to as ‘non-operating items’.

A4.5 Control and consolidation

The Group has invested in a number of collective investment schemes and other types of investment where judgement is applied in determining whether the Group controls the activities of these entities. These entities are typically structured in such a way that owning the majority of the voting rights is not the conclusive factor in the determination of control in line with the requirements of IFRS 10 *Consolidated Financial Statements*. The control assessment therefore involves a number of further considerations such as whether the Group has a unilateral power of veto in general meetings and whether the existence of other agreements restrict the Group from being able to influence the activities. Further details of these judgements are given in note H1.

A4.6 How climate risk affects our 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.

The majority of the Group’s financial assets are held at fair value and use quoted market prices or observable market inputs in their valuation. The use of quoted market prices and market inputs to determine fair value reflects current information and market sentiment regarding the effect of climate risk. For the valuation of level 3 financial instruments, there are no material unobservable inputs in relation to climate risk. Note E6 provides further risk management disclosures in relation to financial risks including sensitivities in relation to credit and market risk. In addition, further details on managing the related climate change risks are provided in the Task Force for Climate-related Financial Disclosures (‘TCFD’) on page 53 of the Annual Report and Accounts.

Insurance and investment contract liabilities with DPF use economic assumptions taking into account market conditions at the valuation date as well as non-economic assumptions such as future expenses, longevity and mortality, which are set based on past experience, market practice, regulations and expectations about future trends. Due to the level of annuities written by the Group, it is particularly exposed to longevity risk. While the impact of climate change on longevity assumptions has been considered, as at 31 December 2025 there are no adjustments made to the longevity assumptions to specifically allow for the impact of climate change on annuitant mortality. Further details as to how assumptions are set and of the sensitivity of the Group’s results to annuitant longevity and other key insurance risks are set out in note F9.

The assessment of impairment for goodwill and intangible assets is based on value in use calculations. Value in use represents the value of future cash flows and uses the Group’s three-year annual operating plan and the expectation of long-term economic growth beyond this period, and for the impairment testing of the acquired value of in-force is based on the fair value of the underlying contracts. The three-year annual operating plan reflects management’s current expectations on competitiveness and profitability and reflects the expected impacts of the process of moving towards a low carbon economy. Note G2 provides further details on goodwill and other intangible assets and on impairment testing performed.

A5. New accounting pronouncements not yet effective

The IASB has issued the following IFRS accounting standards or amended IFRS accounting standards and interpretations which apply from the dates shown. The Group has decided not to early adopt any of these standards, amendments or interpretations where this is permitted.

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7 (1 January 2026)

The IASB issued targeted amendments to IFRS 9 and IFRS 7 to respond to recent questions arising in practice. These amendments:

- clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (‘SPPI’) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and
- update the disclosures for equity instruments designated at fair value through other comprehensive income (‘FVOCI’).

The Group does not expect these amendments to have a material impact on its operations or consolidated financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 (1 January 2026)

As part of the IASB’s Annual Improvements process it has issued minor amendments to address potential areas of confusion within the following standards: IFRS 1 First-time Adoption of International Financial Reporting Standards – hedge accounting by a first-time adopter; IFRS 7 Financial Instruments: Disclosures – gain or loss on derecognition and clarifications within implementation guidance; IFRS 9 Financial Instruments – lessee derecognition of lease liabilities and transaction price; IFRS 10 Consolidated Financial Statements – determination of a ‘de facto agent’; and IAS 7 Statement of Cash Flows – cost method.

The Group does not expect these amendments to have a material impact on its operations or consolidated financial statements.

Notes to the consolidated financial statements continued

A. Significant accounting policies continued

A5. New accounting pronouncements not yet effective continued

IFRS 18 Presentation and Disclosure in Financial Statements (1 January 2027)

IFRS 18 Presentation and Disclosure in Financial Statements ('IFRS 18') will replace IAS 1 Presentation of Financial Statements and make consequential amendments to other standards. IFRS 18 introduces new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users, including classification of all income and expenses within the statement of financial performance into one of five new categories, new specified totals and sub-totals in the statement of financial performance and requirements for the identification and disclosure of Management-defined Performance Measures ('MPM') within the financial statements. It will not impact the recognition or measurement of items in the financial statements. Management has carried out an impact assessment during 2025 and is progressing with work to prepare templates for financial statements on an IFRS 18 basis. From the progress to date, the following potential impacts have been identified:

- Although the adoption of IFRS 18 will have no impact on the Group's net profit, the Group expects that grouping items of income and expenses in the consolidated income statement into the new categories will impact how IFRS-defined operating profit is calculated and reported. The Group expects to specify investing activities as a main business activity which will result in income and expenses from investing activities being presented within the operating category of the consolidated income statement and therefore included in the operating profit sub-total. In addition, there will be a reclassification to the financing category of certain interest expenses that are currently included in net investment income, from the operating category to the financing category.
- Furthermore, the line items in the primary financial statements might change to achieve the objective of a 'useful structured summary' as defined in IFRS 18, and the Group may choose to include additional sub-totals, where permitted, in order to provide more understandable information.
- The Group's Alternative Performance Measure ('APM') of adjusted operating profit is considered to meet the definition in IFRS 18 of an MPM. Whilst the Group currently provides detailed information about adjusted operating profit, including a reconciliation to the most directly comparable total in the consolidated income statement, the new defined sub-totals in the consolidated income statement and prescriptive disclosure requirements for MPMs contained in IFRS 18 are expected to change the format of the reconciliation currently provided. IFRS 18 does not mandate changes to the calculation of an APM that meets the IFRS 18 definition of an MPM.
- The calculation of additional earnings per share based on adjusted operating profit might change due to restrictions on the amounts that may be used as the numerator.
- The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the enhanced aggregation/disaggregation principles, particularly for items currently labelled as 'other'. For the first annual period of application of IFRS 18, a reconciliation is required for each line item in the consolidated income statement between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.
- From a cash flow statement perspective, the Group is required to use the operating profit sub-total as a starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18, including a reconciliation for each line item in the consolidated income statement between the restated amounts applying IFRS 18 and the amounts previously presented applying IAS 1.

During 2026 the Group will continue its preparations and implementation activities.

IFRS 19 Subsidiaries without Public Accountability (1 January 2027)

IFRS 19 allows for certain eligible subsidiaries of parent entities that report under IFRS Accounting Standards to apply reduced disclosure requirements. The Group does not expect this standard to have an impact on its operations or consolidated financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) (Effective date deferred)

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. These amendments are not expected to have any impact on the Group.

The following amendments to standards listed above have been endorsed for use in the UK by the UK Endorsement Board:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates);
- Annual Improvements to IFRS Accounting Standards — Volume 11;
- Amendments to IFRS 9 and IFRS 7 – Amendments to classification and measurement of financial instruments; and
- IFRS 18 Presentation and Disclosure in Financial Statements.

A6. Future voluntary change in accounting policy

The Group intends to make a voluntary change in accounting policy in its 2026 consolidated financial statements in relation to its issued insurance contracts with direct participation features accounted for using the Variable Fee Approach, once it has completed the work to determine the impacts on its reported results with sufficient precision. The change is the adoption of the Risk Mitigation Option ('RMO'). The Variable Fee Approach requires changes in fulfilment cashflows that adjust the entity's share of underlying items be recognised in CSM. However, as the Group holds derivative instruments held to mitigate financial risks associated with those changes a mismatch arises because the fair value gains and losses of these derivative instruments are reported in profit or loss.

This mismatch gives rise to volatility in the Group's financial results which does not reflect the nature of the risk mitigation activities undertaken by the Group in respect of these contracts. IFRS 17 introduced the RMO to allow entities to remove this mismatch.

The RMO will be applied for the Group's equity risk hedging strategy and, as required, prior periods from 1 January 2022 will be restated from the point the RMO conditions were met. The Group has determined that it meets all the RMO conditions in terms of economic offset and documentation to make this voluntary election. The impact of this change at 31 December 2025 is estimated as a £0.1 billion increase in retained earnings.

B. Earnings performance

B1. Segmental analysis

The Group defines and presents operating segments in accordance with IFRS 8 *Operating Segments* which requires such segments to be based on the information which is provided to the Board, and therefore segmental information in this note is presented on a different basis from profit or loss in the consolidated financial statements.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group. For management purposes the Group is organised into value centres and has five operating segments comprising Retirement Solutions, Pensions & Savings, With-Profits, SunLife & Protection, and Europe. Operating segments are aggregated where they share similar economic characteristics including the nature of products and services, types of customers and the nature of the regulatory environment. The SunLife & Protection operating segment has been aggregated with the Europe operating segment to form a single Europe & Other reportable segment.

The Retirement Solutions segment includes new and in-force individual annuity and Pension Risk Transfer ('PRT') contracts written in the UK within shareholder funds, with the exception of individual annuity contracts written as a result of Guaranteed Annuity Options on with-profit contracts which are excluded. Such contracts remain in the With-Profits segment, as they fall within the contract boundary of the original savings or pension contract. The Retirement Solutions segment also includes UK individual annuity business written within the Standard Life Heritage With-Profits Fund as the profits are primarily attributable to the shareholder through the Recourse Cash Flow mechanism established on demutualisation.

The Pensions & Savings segment includes new and in-force life insurance and investment unit-linked policies written in the UK in respect of pensions and savings products that the Group continues to actively market to new and existing policyholders. This includes products such as workplace pensions and Self-Invested Personal Pension ('SIPPs') distributed through the Group's strategic partnership with Aberdeen Group plc. In addition, it includes in-force insurance and investment unit-linked products from legacy businesses which no longer actively sell products to policyholders and which therefore run-off gradually over time. The Pensions & Savings segment also includes UK unitised business written in the Standard Life Heritage With-Profits funds, as profits are primarily attributable to the shareholder through the Recourse Cash Flow mechanism.

The With-Profits segment includes all policies written in the UK by the Group's with-profits funds, with the exception of Standard Life Heritage With-Profits Fund contracts reflected in other segments as noted above for Retirement Solutions and Pensions & Savings where profits are primarily attributable to the shareholder through the Recourse Cash Flow mechanism.

The Europe & Other segment includes business written in Ireland and Germany. This includes products that are actively being marketed to new policyholders and legacy in-force products that are no longer being sold to new customers. The segment also includes protection products and products sold under the SunLife brand.

The Corporate Centre segment, which is not a reportable segment, principally comprises central head office costs that are not directly attributable to the Group's insurance or investment contracts. Management services costs are allocated to the four reportable segments.

Inter-segment transactions are set on an arm's length basis in a manner similar to transactions with third parties. Segmental results include those transfers between business segments which are then eliminated on consolidation.

Segmental measure of performance: Adjusted operating profit

The Group uses a non-GAAP measure of performance, being adjusted operating profit, to evaluate segmental performance. Adjusted operating profit is considered to provide a comparable measure of the underlying performance of the business as it excludes the impact of short-term economic volatility, one-off items and certain other items.

The following sets out the adjusted operating profit methodology:

For unit-linked business accounted for under IFRS 9, adjusted operating profit includes the fees collected from customers less operating expenses including overheads.

For unit-linked and with-profits business accounted for under IFRS 17, adjusted operating profit includes the release of the risk adjustment, amortisation of CSM, and demographic experience variances in the period.

For shareholder annuity, other non-profit business and with-profits funds receiving shareholder support accounted for under IFRS 17, adjusted operating profit includes the release of the risk adjustment, amortisation of CSM, and demographic experience variances in the period. Adjusted operating profit also incorporates an expected return on the financial investments backing this business and any surplus assets, with allowance for the corresponding movement in liabilities.

Notes to the consolidated financial statements continued

B. Earnings performance continued

B1. Segmental analysis continued

Adjusted operating profit excludes the above items for non-profit business written in a with-profits fund where these amounts do not accrue directly to the shareholder.

Adjusted operating profit includes the effect of experience variances relating to the current period for non-economic items, such as mortality and expenses. It also incorporates the impacts of asset trading and portfolio rebalancing where not reflected in the discount rate used in calculating expected return.

Adjusted operating profit is reported net of policyholder finance charges and policyholder tax.

Adjusted operating profit excludes the impacts of the following items:

Economic variances

- the difference between actual and expected experience for economic items recognised in the consolidated income statement, impacts of economic assumptions on the valuation of liabilities measured under the General Model and the change in value of loss components on Variable Fee Approach business resulting from market movements on underlying items;
- economic volatility arising from the Group's hedging strategy which is calibrated to protect the Solvency II capital position and cash generation capability of the operating companies;
- the accounting mismatch resulting from the application of IFRS 17 between the measurement of non-profit business in a with-profits fund (noted above) and the change in fair value of this business included within the measurement of the with-profits contracts under the Variable Fee Approach;
- the accounting mismatch resulting from buy-in contracts between the Group's pension schemes and Phoenix Life Limited, the Group's main insurance subsidiary. The mismatch represents the difference between the unwind of the IAS 19 discount rate calculated with reference to a AA-rated corporate bond and the expected investment returns on the backing assets; and
- the effect of the mismatch between changes in estimates of future cash flows on General Model contracts measured at current discount rates and the corresponding adjustment to the CSM measured at the discount rate locked-in at inception.

Other

- amortisation and impairment of AVIF and brand intangible assets (net of policyholder tax);
- finance costs attributable to owners;
- gains or losses on the acquisition or disposal of subsidiaries (net of related costs);
- the financial impacts of mandatory regulatory change;
- the profit or loss attributable to non-controlling interests;
- integration, restructuring or other significant one-off projects impacting the income statement; and
- any other items which, in the Director's view, should be disclosed separately by virtue of their nature or incidence to enable a full understanding of the Group's financial performance. This is typically the case where the nature of the item is not reflective of the underlying performance of the operating companies.

The items excluded from adjusted operating profit are referred to as 'non-operating items'. Whilst the excluded items are important to an assessment of the consolidated financial performance of the Group, management considers that the presentation of adjusted operating profit provides a good indicator of the underlying performance of the Group's operating segments and the Group uses this, as part of a suite of measures, for decision-making and monitoring performance. The Group's adjusted operating profit should be read in conjunction with the IFRS profit or loss before tax.

B1.1 Segmental result

	Notes	2025 £m	2024 £m
Adjusted operating profit			
Retirement Solutions		**563**	474
Pensions & Savings		**389**	316
With-Profits		**24**	41
Europe & Other		**83**	96
Corporate Centre		**(114)**	(102)
Total segmental adjusted operating profit		**945**	825
Economic variances	B2.2	**(604)**	(1,297)
Amortisation and impairment of intangible assets		**(233)**	(270)
Other non-operating items		**(396)**	(520)
Finance costs on borrowing attributable to owners		**(193)**	(204)
Loss before the tax attributable to owners of the parent		**(481)**	(1,466)
Profit before tax attributable to non-controlling interests		**49**	12
Loss before the tax attributable to owners		**(432)**	(1,454)

Other non-operating items in respect of the year ended 31 December 2025 include:

- £80 million of costs associated with the delivery of the Group Target Operating Model for IT and Operations, including the provision for costs associated with the strategic decision to migrate customer administration of ReAssure policies to Wipro. Under IFRS 17, the expected costs in respect of this activity that are directly attributable to insurance contracts have been included within the measurement of insurance contract liabilities;
- £94 million of costs associated with finance transformation activities, including the migration to cloud-based systems and enhancements to actuarial modelling and reporting capabilities and the related control environment;
- £65 million of costs associated with strategic growth initiatives, including investment in digital and direct asset sourcing capabilities, establishment of the Group's integrated capital requirements model and transformation of the Group's operating model to support efficient growth;
- £24 million of costs associated with delivery of the Group's 3-year cost saving programme;
- £20 million of costs associated with in-housing the management of annuity backing assets;
- £12 million of costs relating to mobilisation and the transition between offices, including implementation and decommissioning activities;
- Residual corporate project costs and other one-off items totalling £101 million.

Other non-operating items in respect of the year ended 31 December 2024 include:

- £208 million loss reflecting the net loss from the derecognition of the IAS 19 defined benefit obligation and reimbursement rights and the recognition of an insurance contract and associated reinsurance contracts following the completion of the PGL Pension Scheme buy-out transaction. A gain of £108 million arose on the remeasurement of the BEL and risk adjustment using the discount rate implicit in the buy-out transfer amount at initial recognition and the Group's discount rate applied for the subsequent measurement of annuity insurance and reinsurance contracts immediately after initial recognition. The resulting net loss of £106 million also includes pension scheme wind up costs of £6 million incurred in the period to date. Note G1 provides more detail on the derecognition of the IAS 19 balances;
- £134 million of costs associated with the delivery of the Group Target Operating Model for IT and Operations, including the migration of policyholder administration onto the Tata Consultancy Services ('TCS') platform. Under IFRS 17, the expected costs in respect of this activity that are directly attributable to insurance contracts have been included within insurance contract liabilities;
- costs of £93 million associated with finance transformation activities, including the migration to cloud-based systems and enhancements to actuarial modelling and reporting capabilities and the related control environment;
- £80 million of costs associated with strategic growth initiatives, including development of the Group's Internal Model, investment in digital and direct asset sourcing capabilities, and transformation of the Group's operating model to support efficient growth;
- £43 million of costs associated with delivery of the Group's 3-year cost saving programme;
- £22 million of costs associated with ongoing integration programmes;
- Corporate project costs and net other one-off items totalling a cost of £42 million.

Further details of the investment return variances and economic assumption changes on long-term business, and the variance on owners' funds are included in note B2.

B1.2 Segmental revenue

	2025			2024		
Revenue from external customers:	Insurance revenue £m	Fees and Commissions £m	Total segmental revenue £m	Insurance revenue £m	Fees and Commissions £m	Total segmental revenue £m
Retirement Solutions	**4,373**	**–**	**4,373**	3,918	–	3,918
Pensions & Savings	**269**	**915**	**1,184**	274	886	1,160
With-Profits	**327**	**52**	**379**	378	51	429
Europe & Other	**543**	**105**	**648**	569	90	659
Total segmental revenue	**5,512**	**1,072**	**6,584**	5,139	1,027	6,166

Of the revenue from external customers presented in the table above, £6,309 million (2024: £5,895 million) is attributable to customers in the United Kingdom ('UK') and £275 million (2024: £271 million) to the rest of the world. No revenue transaction with a single customer external to the Group amounts to greater than 10% of the Group's revenue.

The Group has total non-current assets (other than financial assets, deferred tax assets, pension schemes and rights arising under insurance contracts) of £4,390 million (2024: £4,325 million) located in the UK and £350 million (2024: £274 million) located in the rest of the world.

Notes to the consolidated financial statements continued

B. Earnings performance continued

B2. Investment return variances and economic assumption changes

The long-term nature of much of the Group's operations means that, for internal performance management, the effects of short-term economic volatility are treated as non-operating items. The Group focuses instead on an adjusted operating profit measure that incorporates an expected return on investments supporting its long-term business. The accounting policy adopted in the calculation of adjusted operating profit is detailed in note B1. The methodology for the determination of the expected investment return is explained below together with an analysis of investment return variances and economic assumption changes recognised outside of adjusted operating profit.

B2.1 Calculation of the long-term investment return

Adjusted operating profit for life assurance business is based on expected investment returns on financial investments backing shareholder, annuity, other non-profit business, with-profits funds receiving shareholder support and surplus assets, with allowance for the corresponding movements in liabilities.

The methodology to determine the expected investment returns on financial investments uses the 1-year risk-free rate for deriving the expected investment return assumption on assets backing the insurance contract liabilities to reduce unintended economic volatility as set out in note B1.

During the period the Group has refined the process used to segment the expected investment return on surplus assets, which is a component of adjusted operating profit. Previously, expected investment return was allocated on a top-down basis whereas for the current period the segmentation of expected investment return has been built up from a more granular fund-based segmentation of the underlying investment assets.

The Group has assessed that this refinement is a change in estimate and as such the Group has not restated comparatives. The result of this refinement in the current period results is an increase to the adjusted operating profit in the pensions and savings segment of £40 million offset by a corresponding decrease of £28 million in retirement solutions and of £12 million in Europe and Other. This refinement has not impacted total expected investment return.

The long-term risk-free rate used as the basis for deriving the long-term investment return is consistent with that set out in note F9.2.1 at the 1-year duration for assets backing the insurance contract liabilities and surplus cash assets, and at the 15-year duration for surplus non-cash assets.

A risk premium of 380 bps is added to the risk-free yield for equities (2024: 400 bps) and 160 bps for debt securities (2024: 170 bps).

The principal assumptions underlying the calculation of the long-term investment return for surplus assets are:

	2025 %	2024 %
Equities	**8.0**	7.4
Debt securities	**5.8**	5.1

B2.2 Life assurance business

The economic variances excluded from the long-term business operating profit are as follows:

	2025 £m	2024 £m
Economic variances	**(604)**	(1,297)

The net adverse economic variances of £604 million (2024: £1,297 million adverse) have primarily arisen as a result of rising global equity markets and a decrease in inflation expectations. Movements in equity markets and inflation are hedged to protect our Solvency II surplus from volatility, but our IFRS balance sheet is, in effect, 'over-hedged' as it does not recognise the additional Solvency II balance sheet items such as future profits on investment contracts measured under IFRS 9 and the Solvency Capital Requirements.

B3. Earnings per share

The Group calculates its basic earnings per share based on the present shares in issue using the earnings attributable to ordinary equity holders of the parent, divided by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share are calculated based on the potential future shares in issue assuming the conversion of all potentially dilutive ordinary shares. The weighted average number of ordinary shares in issue is adjusted to assume conversion of dilutive share awards granted to employees.

The basic and diluted earnings per share calculations are also presented based on the Group's adjusted operating earnings net of financing costs. Adjusted operating profit is a non-GAAP performance measure that is considered to provide a comparable measure of the underlying performance of the business as it excludes the impact of short-term economic volatility, one-off items and certain other items.

The result attributable to ordinary equity holders of the parent for the purposes of determining earnings per share has been calculated as set out below.

2025	Adjusted operating profit £m	Financing costs £m	Adjusted operating earnings net of financing costs £m	Other non-operating items £m	Total £m
Profit/(loss) before the tax attributable to owners	**945**	**(193)**	**752**	**(1,184)**	**(432)**
Tax (charge)/credit attributable to owners	**(227)**	**48**	**(179)**	**217**	**38**
Profit/(loss) for the year attributable to owners	**718**	**(145)**	**573**	**(967)**	**(394)**
Coupon paid on Tier 1 notes	**–**	**(29)**	**(29)**	**–**	**(29)**
Deduct: Share of result attributable to non-controlling interests	**–**	**–**	**–**	**(49)**	**(49)**
Profit/(loss) for the year attributable to ordinary equity holders of the parent	**718**	**(174)**	**544**	**(1,016)**	**(472)**

2024	Adjusted operating profit £m	Financing costs £m	Adjusted operating earnings net of financing costs £m	Other non-operating items £m	Total £m
Profit/(loss) before the tax attributable to owners	825	(204)	621	(2,075)	(1,454)
Tax (charge)/credit attributable to owners	(188)	51	(137)	513	376
Profit/(loss) for the year attributable to owners	637	(153)	484	(1,562)	(1,078)
Coupon paid on Tier 1 notes	–	(29)	(29)	–	(29)
Deduct: Share of result attributable to non-controlling interests	–	–	–	(12)	(12)
Profit/(loss) for the year attributable to ordinary equity holders of the parent	637	(182)	455	(1,574)	(1,119)

The weighted average number of ordinary shares outstanding during the period is calculated as follows:

	2025 Number million	2024 Number million
Issued ordinary shares at beginning of the year	**1,003**	1,002
Effect of ordinary shares issued	**1**	–
Effect of non-contingently issuable shares in respect of Group's long-term incentive plan	**–**	1
Own shares held by the employee benefit trust	**(3)**	(2)
Weighted average number of ordinary shares	**1,001**	1,001

The diluted weighted average number of ordinary shares outstanding during the period is 1,008 million (2024: 1,005 million). The Group's Long Term Incentive Plan, Deferred Bonus Share Scheme and ShareSave schemes increased the weighted average number of shares on a diluted basis by 6,681,087 shares for the year ended 31 December 2025 (2024: 4,318,665 shares). As losses have an anti-dilutive effect, none of the share-based awards had a dilutive effect in the calculation of basic earnings per share for either the year ended 31 December 2024 or 31 December 2025.

Earnings per share disclosures are as follows:

	2025 pence	2024 pence
Basic earnings per share	**(47.1)**	(111.8)
Diluted earnings per share	**(47.1)**	(111.8)
Basic adjusted operating earnings net of financing costs per share	**54.3**	45.4
Diluted adjusted operating earnings net of financing costs per share	**54.0**	45.3

B4. Dividends on ordinary shares

Final dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Group's owners. Interim dividends are deducted from equity when they are paid.

Dividends for the year that are approved after the reporting period are dealt with as an event after the reporting period. Declared dividends are those that are appropriately authorised and are no longer at the discretion of the entity.

	2025 £m	2024 £m
Dividends declared and paid in the year	**548**	533

Notes to the consolidated financial statements continued

B. Earnings performance continued

B4. Dividends on ordinary shares continued

On 16 March 2025, the Board recommended a final dividend of 27.35p per share in respect of the year ended 31 December 2024. The dividend was approved at the Group's Annual General Meeting, which was held on 13 May 2025. The dividend amounted to £274 million and was paid on 21 May 2025.

On 5 September 2025, the Board declared an interim dividend of 27.35p per share for the half year ended 30 June 2025. The dividend amounted to £274 million and was paid on 30 October 2025.

C. Other Income Statement notes

C1. Insurance revenue

The Group's insurance revenue reflects the provision of services arising from a group of insurance contracts at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. Insurance revenue from a group of insurance contracts is therefore the relevant portion for the period of the total consideration for the contracts, (i.e. the amount of premiums paid to the Group adjusted for financing effect (the time value of money) and excluding any investment components). The total consideration for a group of contracts covers amounts related to the provision of services and is comprised of:

- the release of the CSM;
- changes in the risk adjustment for non-financial risk relating to current services;
- claims and other insurance service expenses incurred in the period, generally measured at the amounts expected at the beginning of the period;
- insurance acquisition cash flows recovery which is determined by allocating the portion of premiums related to the recovery of those cash flows on the basis of the passage of time over the expected coverage of a group of contracts; and
- other amounts, including any other pre-recognition cash flow assets derecognised at the date of initial recognition.

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year.

The number of coverage units in a group is the quantity of service provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided under a contract and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

The Group consider the following when determining coverage units:

- the quantity of benefits provided by contracts in the group;
- the expected coverage period of contracts in the group;
- the likelihood of insured events occurring, only to the extent that they affect the expected coverage period of contracts in the group;
- for insurance contracts without direct participation features, the generation of an investment return for the policyholder, if applicable (investment-return service); and
- for insurance contracts with direct participation features, the management of underlying items on behalf of the policyholder (investment-related service).

The coverage units for groups of reinsurance contracts held are determined based on the quantity of coverage provided by the reinsurance contracts held in the group but not the coverage provided by the insurer to its policyholders through the underlying insurance contracts. However, where the reinsurance held is a 100% quota share arrangement, it is expected that the coverage units would be consistent with the underlying insurance contracts. Where there is a change to the fulfilment cash flows of the group of underlying policies that does not adjust the CSM, it also would not adjust the CSM of the group of reinsurance contracts.

2025	Retirement Solutions £m	Pensions & Savings £m	With-Profits £m	Europe & Other £m	Total £m
Amounts relating to changes in liabilities for remaining coverage:					
CSM recognised in period for services provided	**323**	**33**	**45**	**44**	**445**
Change in risk adjustment for non-financial risk	**82**	**9**	**6**	**20**	**117**
Expected claims and other insurance service expenses	**3,961**	**195**	**246**	**463**	**4,865**
Expected policyholder tax charges	**–**	**32**	**30**	**4**	**66**
Amounts relating to recovery of insurance acquisition cash flows	**7**	**–**	**–**	**12**	**19**
Insurance revenue	**4,373**	**269**	**327**	**543**	**5,512**
Comprising contracts measured using:					
Fair value approach at transition	**1,760**	**230**	**316**	**390**	**2,696**
Fully retrospective approach at transition and new contracts	**2,613**	**39**	**11**	**153**	**2,816**

2024	Retirement Solutions £m	Pensions & Savings £m	With-Profits £m	Europe & Other £m	Total £m
Amounts relating to changes in liabilities for remaining coverage:					
CSM recognised in period for services provided	278	36	74	56	444
Change in risk adjustment for non-financial risk	71	11	6	15	103
Expected claims and other insurance service expenses	3,568	194	262	487	4,511
Expected policyholder tax charges	–	33	36	–	69
Amounts relating to recovery of insurance acquisition cash flows	1	–	–	11	12
Insurance revenue	3,918	274	378	569	5,139
Comprising contracts measured using:					
Fair value approach at transition	1,846	271	358	427	2,902
Fully retrospective approach at transition and new contracts	2,072	3	20	142	2,237

C2. Fees and commissions

Fees related to the provision of investment management services and administration services are recognised as services are provided. Front end fees, which are charged at the inception of service contracts, are deferred as a liability and recognised over the life of the contract. No significant judgements are required in determining the timing or amount of fee income or the costs incurred to obtain or fulfil a contract.

Fee income from investment contracts without DPF does not include amounts related to policyholder tax. Policyholder tax is collected through adjustments to unit prices and is therefore reflected in change in investment contract liabilities. The table below disaggregates fees and commissions by segment.

2025	Pensions & Savings £m	With-Profits £m	Europe & Other £m	Total £m
Fee income from investment contracts without DPF	**906**	**52**	**83**	**1,041**
Initial fees deferred during the year and subsequent amortisation of deferred income	**–**	**–**	**(8)**	**(8)**
Revenue from investment contracts without DPF	**906**	**52**	**75**	**1,033**
Other revenue from contracts with customers	**9**	**–**	**30**	**39**
Fees and commissions	**915**	**52**	**105**	**1,072**

2024	Pensions & Savings £m	With-Profits £m	Europe & Other £m	Total £m
Fee income from investment contracts without DPF	877	51	63	991
Initial fees deferred during the year and subsequent amortisation of deferred income	–	–	(8)	(8)
Revenue from investment contracts without DPF	877	51	55	983
Other revenue from contracts with customers	9	–	35	44
Fees and commissions	886	51	90	1,027

Fee or commission income for the Retirement Solutions segment was £nil in both periods presented.

Remaining performance obligations

The practical expedient under IFRS 15 Revenue from Contracts with Customers has been applied and remaining performance obligations are not disclosed as the Group has the right to consideration from customers in amounts that correspond with the performance completed to date. Specifically management charges become due over time in proportion to the Group's provision of investment management services.

In the period, no amortisation or impairment losses from contracts with customers were recognised in the consolidated income statement.

Notes to the consolidated financial statements continued

C. Other Income Statement notes continued

C3. Net investment income

Net investment income comprises interest, dividends, rents receivable, net interest income/(expense) on the Group defined benefit pension scheme asset/(liability), fair value gains and losses on financial assets (except for reinsurers' share of investment contract liabilities without DPF, see note E1), financial liabilities and investment property at fair value and impairment losses on loans and receivables.

Interest income is recognised in the consolidated income statement as it accrues using the effective interest method.

Dividend income is recognised in the consolidated income statement on the date the right to receive payment is established, which in the case of listed securities is the ex-dividend date.

Rental income from investment property is recognised in the consolidated income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Fair value gains and losses on financial assets and financial liabilities designated at fair value through profit or loss are recognised in the consolidated income statement. Fair value gains and losses includes both realised and unrealised gains and losses.

	2025 £m	2024 £m
Investment income		
Interest income on financial assets at amortised cost	**3**	31
Interest income on financial assets at FVTPL	**4,338**	4,363
Dividend income	**7,260**	6,403
Rental income	**267**	329
Net interest expense on Group defined benefit pension scheme liability/asset	**(60)**	(56)
	11,808	11,070
Fair value gains/(losses)		
Financial assets and financial liabilities at FVTPL	**18,843**	7,882
Investment property	**11**	(100)
	18,854	7,782
Net investment income	**30,662**	18,852

C4. Net finance expense from insurance contracts

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items. The Group presents insurance finance income or expenses in profit or loss.

	Retirement Solutions £m	Pensions & Savings £m	With-Profits £m	Europe & Other £m	Total £m
Insurance contracts issued					
Changes in fair value of underlying items of direct participating contracts	**–**	**(1,812)**	**(1,402)**	**(552)**	**(3,766)**
Group's share of changes in fair value of underlying items or fulfilment cash flows that do not adjust the CSM	**–**	**6**	**–**	**–**	**6**
Unwind of discount on fulfilment cash flows	**(2,347)**	**(964)**	**(1,151)**	**(752)**	**(5,214)**
Interest accreted on the CSM	**(113)**	**–**	**(9)**	**(3)**	**(125)**
Effect of changes in interest rates and other financial assumptions	**602**	**(3)**	**33**	**103**	**735**
Insurance finance expense	**(1,858)**	**(2,773)**	**(2,529)**	**(1,204)**	**(8,364)**
Reinsurance contracts held					
Unwind of discount on fulfilment cash flows	**111**	**–**	**42**	**16**	**169**
Interest accreted on the CSM	**52**	**–**	**3**	**1**	**56**
Effect of changes in interest rates and other financial assumptions	**(159)**	**2**	**(25)**	**(15)**	**(197)**
Reinsurance finance income	**4**	**2**	**20**	**2**	**28**
Net insurance finance expense	**(1,854)**	**(2,771)**	**(2,509)**	**(1,202)**	**(8,336)**

2024	Retirement Solutions £m	Pensions & Savings £m	With-Profits £m	Europe & Other £m	Total £m
Insurance contracts issued					
Changes in fair value of underlying items of direct participating contracts	–	(773)	(265)	(682)	(1,720)
Group's share of changes in fair value of underlying items or fulfilment cash flows that do not adjust the CSM	–	14	–	–	14
Unwind of discount on fulfilment cash flows	(2,359)	(964)	(1,342)	(890)	(5,555)
Interest accreted on the CSM	(102)	–	(10)	(5)	(117)
Effect of changes in interest rates and other financial assumptions	2,997	1	495	229	3,722
Insurance finance income/(expense)	536	(1,722)	(1,122)	(1,348)	(3,656)
Reinsurance contracts held					
Unwind of discount on fulfilment cash flows	296	–	50	19	365
Interest accreted on the CSM	45	–	3	1	49
Effect of changes in interest rates and other financial assumptions	(336)	–	(71)	(116)	(523)
Reinsurance finance income/(expense)	5	–	(18)	(96)	(109)
Net insurance finance income/(expense)	541	(1,722)	(1,140)	(1,444)	(3,765)

There is a close relationship between the net investment income in note C3, as it relates to assets backing contracts within the scope of IFRS 17, and net insurance finance (expense)/income. Net investment income includes the results for all investment assets including those backing investment contracts and surplus assets.

For Retirement Solutions the principal product is annuities. The insurance finance (expense)/income primarily reflects the unwind of the discount rate on the liabilities. This is largely offset by the interest income earned, included within net investment income, on the assets backing the annuity contracts which primarily consist of debt securities and equity release mortgages. Changes in the discount rates used to discount the annuity cash flows in the measurement of the insurance contract liabilities are largely offset by changes in the fair value of the backing assets, included in net investment income, in respect of the best estimate liability ('BEL') and risk adjustment.

Mismatches between net investment income and insurance finance expense arises for the following reasons:

- the annuity business within the Retirement Solutions segment uses the General Model for measurement. As a result, the contractual service margin ('CSM') is measured using discount rates locked in at inception, whereas the assets backing the CSM are based on current economic assumptions;
- the discount rate for annuity business uses a reference portfolio constructed in line with the Group's investment strategy as set out in Note F9.2.1, and therefore insurance finance expenses are impacted by changes to the asset mix within this reference portfolio. Net investment income is determined with reference to the actual assets held by the Group during the reporting period;
- changes in non-economic assumptions for General Model business impacts BEL and risk adjustment using current discount rates and CSM using locked in discount rates. This gives rise to a mismatch for which there is no corresponding item within net investment income;

For Pensions & Savings the principal products are unit-linked and hybrid contracts, which contain an element of unit-linked and unitised with-profits within a single contract. These contracts are measured primarily using the variable fee approach ('VFA') as the amounts payable to policyholders reflect a substantial share of the fair value returns on the backing assets. As a result, the change in fair value of underlying items within insurance finance (expense)/income will be closely matched by changes in the value of backing assets which are also measured at fair value.

The unwind of discount rate on cash flows within insurance finance (expenses)/income is offset by the investment income recognised in respect of backing assets. The discount rate used for BEL and risk adjustment is determined on a bottom-up basis, as set out in note F9.2.1, based on the liquidity characteristics of the liabilities rather than with reference to the backing assets and therefore a mismatch occurs.

Notes to the consolidated financial statements continued

C. Other Income Statement notes continued

C4. Net finance expense from insurance contracts continued

For With-Profits business there are differing impacts dependent on the nature of the liabilities within the fund. For with-profits business without guarantees, the relationship between net investment income and insurance finance (expense)/income will be consistent with that for the business within Pensions & Savings. In respect of guarantees, the value of these is typically influenced by changes in interest rates. The Group hedges its interest rate risk in respect of these guarantees with derivatives such that the effect of changes in interest rates on guarantees within insurance finance (expense)/income are largely offset by changes in the fair value of the derivatives used for hedging in net investment income.

For non-profit business in a with-profits fund where profits from these contracts accrue to the with-profits policyholders or to the with-profits fund estate, the non-profit contracts and their backing assets are considered to be an underlying item of the with-profits contracts and therefore changes in their fair value are included within insurance finance (expense)/income.

The non-profit contracts will be measured based on their substance. For non-profit annuities which fall within the scope of IFRS 17 they are measured using the IFRS 17 General Model and the treatment of the non-profit contract is consistent with the non-profit annuities within the Retirement Solutions segment. The effect of these non-profit annuities on the income statement, does not match the change in fair value measurement used to measure their effect on the with-profits policyholders and therefore a mismatch arises. For unit-linked business which falls within the scope of IFRS 9 the liabilities are measured in line with the Group's accounting policy for investment contracts with movements being taken through 'change in investment contract liabilities'. Movements in the related assets which are reflected in net investment income largely match the movements in the liabilities. The assets backing the non-profit business in the with-profits fund are typically measured at fair value with investment income and changes in fair value being included within net investment income.

The Europe & Other segment contains business consistent with that in the segments noted above and will mirror the relationships between net investment income and insurance finance (expense)/income as noted above for the relevant type of business. In addition, this segment contains protection business which uses a bottom-up discount rate based on the liability characteristics rather than being based on the backing assets, which leads to mismatches between net investment income and insurance finance (expenses)/income.

C5. Expenses

Insurance service expenses

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items:

- adjustment to liabilities for incurred claims and benefits, excluding investment components reduced by loss component allocations;
- other incurred directly attributable expenses, including amounts of any other pre-recognition cash flows assets (other than insurance acquisition cash flows) derecognised at the date of initial recognition;
- insurance acquisition cash flows amortisation;
- insurance acquisition cash flows assets impairment; and
- reversal of impairment of assets for insurance acquisition cash flows.

Net income or expense from reinsurance contracts held

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as 'net expenses from reinsurance contracts' in the insurance service result.

Net expenses from reinsurance contracts comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

The Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. The allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relates to services for which the Group expects to pay consideration.

Administrative expenses

Administrative expenses are recognised in the consolidated income statement as incurred.

Total expenses are analysed by expenses type as follows:

	2025 £m	2024 £m
Claims and benefits net of reinsurance contracts[1]	**1,304**	1,458
Reversal of losses on onerous insurance contracts	**(63)**	(30)
Cost of retroactive cover on reinsurance contracts held	**2**	5
Employee costs	**721**	750
Outsourcer expenses	**436**	368
Professional fees	**209**	285
Temporary staff costs	**96**	143
Audit fees	**29**	26
Commission expenses	**158**	161
Office and IT costs	**276**	280
Investment management expenses and transaction costs	**378**	388
Direct costs of collective investment schemes	**25**	25
Depreciation	**17**	21
Pension administrative expenses	**11**	17
Advertising and sponsorship	**49**	58
Loss on completion of buy-out of PGL Pension Scheme liabilities (see note B1.1)	**–**	208
Regulatory fees	**10**	18
Other	**93**	65
	3,751	4,246
Acquisition costs deferred during the year	**(28)**	(29)
Amortisation of deferred acquisition costs	**12**	9
Amounts attributed to insurance acquisition cash flows incurred during the year	**(180)**	(179)
Amortisation of insurance acquisition cash flows	**19**	12
Total expenses	**3,574**	4,059
Reported within:		
Insurance service expenses	**4,743**	4,493
Net expenses from reinsurance contracts[2]	**(2,710)**	(2,259)
Administrative expenses	**1,541**	1,825
Total expenses	**3,574**	4,059

1 Claims and benefits are presented net of reinsurance recovery but stated gross in the consolidated income statement.
2 Reported as part of the 'Net expenses from reinsurance contracts' balance in the consolidated income statement.

Employee costs comprise:	2025 £m	2024 £m
Wages and salaries	**643**	677
Social security contributions	**78**	73
	721	750

	2025 Number	2024 Number
Average number of persons employed	**6,449**	7,505

C6. Auditor's remuneration

During the year the Group obtained the following services from its auditor at costs as detailed in the table below.

	2025 £m	2024 £m
Audit of the consolidated financial statements	**8.7**	7.5
Audit of the Company's subsidiaries	**16.4**	14.9
Total fee for audit services	**25.1**	22.4
Audit-related assurance services	**3.3**	3.0
Other assurance services	**0.6**	0.2
Total fee for assurance services	**3.9**	3.2
Total auditor's remuneration	**29.0**	25.6

No services were provided by the Company's auditors to the Group's pension schemes in either 2025 or 2024.

Notes to the consolidated financial statements continued

C. Other Income Statement notes continued

C6. Auditor's remuneration continued

Audit scope changes are finalised following the completion of the audit and recognised when agreed. The 2025 audit fee includes £2.3 million (2024: £nil) relating to the previous year's audit.

Audit-related assurance services include fees payable for services where the reporting is required by law or regulation to be provided by an auditor, such as reporting on regulatory returns. It also includes fees payable in respect of reviews of interim financial information and services where the work is integrated with the audit itself.

Other assurance services include fees payable in respect of comfort letters, reporting on ESG and sustainability and internal control assurance services.

Further information on auditor's remuneration and the assessment of the independence of the external auditor is set out in the Audit Committee report on pages 120 to 126.

C7. Finance costs

Interest payable is recognised in the consolidated income statement as it accrues and is calculated using the effective interest method.

	2025 £m	2024 £m
Interest expense		
On financial liabilities at amortised cost	**264**	288
On leases	**2**	2
	266	290
Attributable to:		
– policyholders	**52**	68
– owners	**214**	222
	266	290

C8. Tax charge

Income tax comprises current and deferred tax. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised in the statement of consolidated comprehensive income or the statement of consolidated changes in equity, in which case it is recognised in these statements.

Current tax is the expected tax payable on the taxable income for the year, using tax rates and laws enacted or substantively enacted at the date of the statement of consolidated financial position together with adjustments to tax payable in respect of previous years.

The tax charge is analysed between tax that is payable in respect of policyholders' returns and tax that is payable on owners' returns.

C8.1 Current year tax charge

	2025 £m	2024 £m
Current tax:		
UK corporation tax	**110**	42
Overseas tax	**88**	92
	198	134
Adjustment in respect of prior years	**103**	(6)
Total current tax charge	**301**	128
Deferred tax:		
Origination and reversal of temporary differences	**168**	(154)
Change in the rate of UK corporation tax	**–**	1
Adjustment in respect of prior years	**(55)**	(4)
Total deferred tax charge/(credit)	**113**	(157)
Total tax charge/(credit)	**414**	(29)
Attributable to:		
– policyholders	**452**	347
– owners	**(38)**	(376)
Total tax charge/(credit)	**414**	(29)

The Group, as a proxy for policyholders in the UK, is required to pay taxes on investment income and gains each year. Accordingly, the tax credit or expense attributable to UK life assurance policyholder earnings is included in income tax expense. The tax charge attributable to policyholder earnings was £452 million (2024: £347 million charge).

The net of the above prior year tax adjustments of £48 million primarily arises due to a Court of Appeal ruling in 2025. The Group in conjunction with a number of other companies challenged HMRC's position on the corporation tax treatment of overseas portfolio dividends from companies resident in the EU ('EU dividends') using a Group Litigation Order ('GLO'). The issue relates to whether the UK tax rules, which taxed EU dividends received prior to 1 July 2009, was contrary to EU law given that dividends received from UK companies were exempt from tax. In 2009 UK tax law was changed with both overseas and UK dividends being treated as exempt from corporation tax. The Court of Appeal ruled in favour of HMRC in 2025 based on a procedural point concerning the validity of claims made by taxpayers for double tax relief. Accordingly the tax receivable and the associated amount payable to policyholders were derecognised in the period.

C8.2 Tax (credited)/charged to other comprehensive income

	2025 £m	2024 £m
Current tax (credit)/charge	**(5)**	4
Deferred tax credit on exchange differences on translation of foreign operations	**(8)**	–
Deferred tax charge on defined benefit schemes	**12**	32
Total tax (credited)/charged to other comprehensive income	**(1)**	36

C8.3 Tax credited to equity

	2025 £m	2024 £m
Deferred tax credit on share schemes	**(6)**	–
Total tax credit	**(6)**	–

C8.4 Reconciliation of tax charge

	2025 £m	2024 £m
Profit/(loss) for the year before tax	**20**	(1,107)
Policyholder tax charge	**(452)**	(347)
Loss before the tax attributable to owners	**(432)**	(1,454)
Tax credit at standard UK rate of 25% (2024:25%)[1]	**(108)**	(364)
Disallowable expenses	**5**	4
Prior year tax charge/(credit) for shareholders[2]	**22**	(67)
Movement on acquired in-force amortisation at rates other than 25% (2024: 25%)	**9**	10
Profits taxed at rates other than 25% (2024: 25%)[3]	**53**	51
Recognition of previously unrecognised deferred tax assets[4]	**(19)**	(14)
Other	**–**	4
Owners' tax credit	**(38)**	(376)
Policyholder tax charge	**452**	347
Total tax charge/(credit) for the year	**414**	(29)

1 The Standard Life operating segments are predominantly in the UK. The reconciliation of tax charge has therefore, been completed by reference to the standard rate of UK tax.
2 The prior year tax charge/(credit) relates principally to true-ups between group reporting and statutory reporting and reassessment of tax provisions.
3 Profits taxed at rates other than 25% relates to overseas profits, consolidated fund investments and UK life company profits subject to marginal shareholder tax rates.
4 Relates principally to reassessment of deferred tax assets recognition relating to losses.

D. Equity

D1. Share Capital

The Group has issued ordinary shares which are classified as equity. Incremental external costs that are directly attributable to the issue of these shares are recognised in equity, net of tax.

	2025 £m	2024 £m
Issued and fully paid:		
1,006.3 million ordinary shares of £0.10 each (2024: 1,003.1 million)	**101**	100

The holders of ordinary shares are entitled to one vote per share on matters to be voted on by owners and to receive such dividends, if any, as may be declared by the Board of Directors in its discretion out of legally available profits.

Movements in issued share capital during the year:

	2025 Number	2025 £	2024 Number	2024 £
Shares in issue at 1 January	**1,003,111,838**	**100,311,183**	1,001,538,419	100,153,841
Ordinary shares issued in the year	**3,140,405**	**314,041**	1,573,419	157,342
Shares in issue at 31 December	**1,006,252,243**	**100,625,224**	1,003,111,838	100,311,183

Notes to the consolidated financial statements continued

D. Equity continued

D1. Share Capital continued

During the year, the Company issued 3,140,405 shares (2024: 1,573,419) with a total share premium of £4 million (2024: £nil) in order to satisfy obligations to employees under the Group's share schemes (see note I1). This included 2,200,000 shares (2024: 1,500,000) that were issued to the Group's Employee Benefit Trust at nominal value.

D2. Shares held by the employee benefit trust

Where the Phoenix Group Employee Benefit Trust ('EBT') acquires shares in the Company or obtains rights to purchase its shares, the consideration paid (including any attributable transaction costs, net of tax) is shown as a deduction from owners' equity. Gains and losses on sales of shares held by the EBT are charged or credited to the own shares account in equity.

The EBT holds shares to satisfy awards granted to employees under the Group's share-based payment schemes.

	2025 £m	2024 £m
At 1 January	**18**	15
Shares acquired or subscribed for by the EBT	**9**	16
Shares awarded to employees by the EBT	**(13)**	(13)
At 31 December	**14**	18

During the year 3,746,751 (2024: 2,267,832) shares were awarded to employees by the EBT, 1,367,221 (2024: 2,994,854) shares were purchased on market and a further 2,200,000 (2024: 1,500,000) shares were issued to the EBT by the Company. The number of shares held by the EBT at 31 December 2025 was 4,674,432 (2024: 4,853,962).

The Company provided the EBT with an interest-free non-recourse facility arrangement to enable it to purchase the shares.

D3. Other Reserves

The other reserves comprise the cash flow hedging reserve, merger relief reserve and the owner-occupied property revaluation reserve.

Cash flow hedging reserve

Where a cash flow hedging relationship exists, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated income statement and is reported in net investment income.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time is recycled to profit or loss over the period the hedged item impacts profit or loss or immediately where the hedged future cash flows are no longer expected to occur.

Further details of the Group's hedge accounting policy are included in note E1.

Merger relief reserve

A merger relief reserve is created when the Company issues shares to secure at least a 90% equity holding in an acquired company and applies the merger relief in section 612 of the Companies Act 2006. The difference between the value of the shares issued as consideration and the nominal value of the shares issued is presented in a merger relief reserve as opposed to in share premium. It is not a distributable reserve, as it represents an unrealised profit that is not part of the Company's capital, but may become distributable, for example, if the Company's investment in the acquired entity is written down for impairment.

The merger relief reserve arose upon the issuance of equity shares in 2020 as part consideration for the acquisition of the entire share capital of ReAssure Group Limited (formerly ReAssure Group plc). The Group applied the relief in section 612 of the Companies Act 2006 to present the difference between the value of the shares issued as consideration and the nominal value of the shares issued of £1,819 million in a merger relief reserve as opposed to in share premium.

Owner-occupied property revaluation reserve

This reserve comprises the revaluation surplus arising on revaluation of owner-occupied property. When a revaluation loss arises on a previously revalued asset it should be deducted first against the previous revaluation gain. Any excess impairment will then be recorded as an impairment expense in the consolidated income statement.

	2025			2024			
	Merger relief reserve £m	Cash flow hedging reserve £m	Total other reserves £m	Merger relief reserve £m	Owner-occupied property revaluation reserve £m	Cash flow hedging reserve £m	Total other reserves £m
At 1 January	**593**	**23**	**616**	1,819	2	14	1,835
Other comprehensive (expense)/income for the year	**–**	**(22)**	**(22)**	–	(2)	9	7
Transfer to retained earnings	**–**	**–**	**–**	(1,226)	–	–	(1,226)
At 31 December	**593**	**1**	**594**	593	–	23	616

During 2024, £1,226 million of the merger relief reserve was transferred to retained earnings following the impairment of the Company's investment in the ReAssure group of companies as a result of the distribution of dividends to the Company.

The Group has in place a number of cross currency swaps which have been designated as hedging instruments in order to effect cash flow hedges of the Group's Euro and US Dollar denominated borrowings.

On 4 February 2025, the Company redeemed the remaining US $250 million of the US $750 million Perpetual Contingent Convertible Tier 1 notes leading to an unwinding of the US $250 million related swap arrangement.

On 12 June 2024, the Company issued US $500 million Perpetual Contingent Convertible Tier 1 notes and the cross currency swap that was entered into at this time was designated as a hedging instrument. On 18 June 2024, US $500 million of the US $750 million Perpetual Contingent Convertible Tier 1 notes were repurchased via a tender offer, leading to an unwinding of US $500 million of the related swap arrangement, which was then treated as a partial discontinuance.

Hedge accounting has been adopted effective from the date of designation of the hedging relationships. The objective of the hedging relationships is to hedge the risk of variability in functional currency equivalent cash flows with the foreign currency denominated borrowings due to changes in forward rates. The hedge ratio (i.e. the relationship between the quantity of the hedging instrument and the quantity of the hedged item in terms of their relative weighting) is such that there is an exact match in the relative weightings of the hedged items and hedging instruments within each of the hedging relationships.

D4. Tier 1 notes

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

- there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
- the instrument is a non-derivative that contains no contractual obligation to deliver a variable number of shares or is a derivative that will be settled only by the Group exchanging a fixed amount of cash or other assets for a fixed number of the Group's own equity instruments.

The Fixed Rate Reset Perpetual Restricted Tier 1 Contingent Convertible Notes ('Tier 1 Notes') meet the definition of equity and accordingly are shown as a separate category within equity at the proceeds of issue. The coupons on the instruments are recognised as distributions on the date of payment and are charged directly to the statement of consolidated changes in equity.

	2025 £m	2024 £m
Tier 1 Notes	**494**	494

The Tier 1 Notes, which were issued on 26 April 2018, bear interest on their principal amount at a fixed rate of 5.75% per annum up to the 'First Call Date' of 26 April 2028. Thereafter the fixed rate of interest will be reset on the First Call Date and on each fifth anniversary of this date by reference to a 5-year gilt yield plus a margin of 4.169%. Interest is payable on the Tier 1 Notes semi-annually in arrears on 26 October and 26 April. The coupon paid in the year was £29 million (2024: £29 million).

The Tier 1 Notes have no fixed maturity date and interest is payable only at the sole and absolute discretion of the Company; accordingly the Tier 1 Notes meet the definition of equity for financial reporting purposes and are disclosed as such in the consolidated financial statements. If an interest payment is not made, it is cancelled and it shall not accumulate or be payable at any time thereafter.

The Tier 1 Notes may be redeemed at par on the First Call Date or on any interest payment date thereafter at the option of the Company and also in other limited circumstances. In respect of any redemption or purchase of the Tier 1 Notes, such redemption or purchase is subject to the receipt of permission to do so from the PRA.

On 27 October 2020, the terms of the Tier 1 Notes were amended and the consequence of a trigger event, linked to the Solvency II capital position, was changed. Previously, the Tier 1 Notes were subject to a permanent write-down in value to zero. The amended terms require that the Tier 1 Notes would automatically be subject to conversion to ordinary shares of the Company at the conversion price of £1,000 per share, subject to adjustment in accordance with the terms and conditions of the notes and all accrued and unpaid interest would be cancelled. Following any such conversion there would be no reinstatement of any part of the principal amount of, or interest on, the Tier 1 Notes at any time.

Notes to the consolidated financial statements continued

D. Equity continued

D5. Non-controlling interests

Non-controlling interests are stated at the share of net assets attributed to the non-controlling interest holder at the time of acquisition, adjusted for the relevant share of subsequent changes in equity.

	2025 £m	2024 £m
At 1 January	**539**	549
Profit for the year	**49**	12
Dividends paid	**(12)**	(12)
Decrease in non-controlling interests	**(22)**	(10)
At 31 December	**554**	539

The non-controlling interests of £554 million (2024: £539 million) reflects third party ownership of Patria Private Equity Trust plc ('PPET') determined at the proportionate value of the third party interest in the underlying assets and liabilities. PPET is a UK Investment Trust listed and traded on the London Stock Exchange. As at 31 December 2025, the Group held 55.4% (2024: 54.3%) of the issued share capital of PPET.

The Group's interest in PPET is held in the with-profits and unit-linked funds of the Group's life companies. Therefore, policyholders bear the majority of the investment risk associated with PPET.

Summary financial information showing the interest that non-controlling interests have in the Group's activities and cash flows is shown below:

PPET	2025 £m	2024 £m
Statement of financial position:		
Financial assets	**611**	529
Other assets	**20**	56
Total assets	**631**	585
Total liabilities	**77**	46
Income statement:		
Net income	**62**	23
Profit after tax	**49**	12
Comprehensive income	**49**	12
Cash flows:		
Net increase in cash and cash equivalents	**7**	1

E. Financial assets & liabilities

E1. Fair values

Financial assets

Financial assets are to be classified into one of the following measurement categories: Fair value through profit or loss ('FVTPL'), fair value through other comprehensive income ('FVOCI') and amortised cost. Classification is made based on the objectives of the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments.

Financial assets are measured at amortised cost where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These financial assets are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the financial asset. All transaction costs directly attributable to the acquisition are also included in the cost of the financial asset. Subsequent to initial recognition, these financial assets are carried at amortised cost, using the effective interest method.

Equities, debt securities, collective investment schemes, derivatives and certain loans and deposits are measured at FVTPL as they are managed and evaluated on a fair value basis.

Purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase or sell the asset.

Where derivative financial instruments are held to hedge the Group's Euro and US Dollar borrowings, and are designated as cash flow hedges, the effective portion of any gain or loss that arises on remeasurement to fair value is initially recognised in other comprehensive income and is recycled to profit or loss as the hedged item impacts the profit or loss. For such instruments, the timing of the recognition of any gain or loss that arises on remeasurement to fair value in profit or loss depends on the nature of the hedge relationship.

The Group has treaties in place with third party insurance companies to provide reinsurance in respect of liabilities that are linked to the performance of funds maintained by those companies. The contracts in question do not transfer significant insurance risk and therefore are classified as financial instruments and are valued at fair value through profit and loss. These contracts are disclosed under Reinsurers' share of investment contact liabilities.

Impairment of financial assets

The Group assesses the expected credit losses associated with its loans and deposits, receivables, cash and cash equivalents and other financial assets carried at amortised cost. The measurement of credit impairment is based on an Expected Credit Loss ('ECL') model and depends upon whether there has been a significant increase in credit risk.

For those credit exposures for which credit risk has not increased significantly since initial recognition, the Group measures loss allowances at an amount equal to the total expected credit losses resulting from default events that are possible within 12 months after the reporting date ('12-month ECL'). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, the Group measures and recognises an allowance at an amount equal to the expected credit losses over the remaining life of the exposure, irrespective of the timing of the default ('Lifetime ECL'). If the financial asset becomes 'credit-impaired' (following significant financial difficulty of issuer/borrower, or a default/breach of a covenant), the Group will recognise a Lifetime ECL. ECLs are derived from unbiased and probability-weighted estimates of expected loss.

The loss allowance reduces the carrying value of the financial asset and is reassessed at each reporting date. ECLs and subsequent remeasurements of the ECL, are recognised in the consolidated income statement.

Fair value estimation

The fair values of financial instruments traded in active markets such as publicly traded securities and derivatives are based on quoted market prices at the period end. The quoted market price used for financial assets is the applicable bid price on the period end date. The fair value of investments that are not traded in an active market is determined using valuation techniques such as broker quotes, pricing models or discounted cash flow techniques. Where pricing models are used, inputs are based on market related data at the period end. Where discounted cash flow techniques are used, estimated future cash flows are based on contractual cash flows using current market conditions and market calibrated discount rates and interest rate assumptions for similar instruments.

For units in unit trusts and shares in open-ended investment companies, fair value is determined by reference to published bid values. The fair value of receivables and floating rate and overnight deposits with credit institutions is their carrying value. The fair value of fixed interest-bearing deposits is estimated using discounted cash flow techniques.

Associates

Investments in associates that are held for investment purposes are accounted for under IFRS 9 *Financial Instruments* as permitted by IAS 28 *Investments in Associates and Joint Ventures*. These are measured at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the assets, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and has either transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

On initial recognition, financial liabilities are recognised when due and measured at the fair value of the consideration received less directly attributable transaction costs (with the exception of liabilities at FVTPL for which all transaction costs are expensed).

Subsequent to initial recognition, financial liabilities (except for liabilities under investment contracts without DPF and other liabilities designated at FVTPL) are measured at amortised cost using the effective interest method.

Financial liabilities are designated upon initial recognition at FVTPL where doing so results in more meaningful information because either:

- it eliminates or significantly reduces accounting mismatches that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial assets, financial liabilities or both is managed and its performance is evaluated and managed on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the investments is provided internally on that basis to the Group's key management personnel.

Notes to the consolidated financial statements continued

E. Financial assets & liabilities continued

E1. Fair values continued

Investment contracts without DPF

Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant are classified as investment contracts and accounted for as financial liabilities.

Receipts and payments on investment contracts without DPF are accounted for using deposit accounting, under which the amounts collected and paid out are recognised in the statement of consolidated financial position as an adjustment to the liability to the policyholder.

Investment contracts without DPF are measured at fair value which is determined using a valuation technique to provide a reliable estimate of the amount for which the liability could be transferred in an orderly transaction between market participants at the measurement date, subject to a minimum equal to the surrender value. The valuation of liabilities on unit-linked contracts are held at the fair value of the related assets and liabilities. The liability is the sum of the unit-linked liabilities plus an additional amount to cover the present value of the excess of future policy costs over future charges.

Movements in the fair value of investment contracts without DPF and reinsurers' share of investment contract liabilities are included in Change in investment contract liabilities in the consolidated income statement.

Investment contract policyholders are charged for policy administration services, investment management services, surrenders and other contract fees. These fees are recognised as revenue over the period in which the related services are performed. If the fees are for services provided in future periods, they are deferred and recognised over those periods. 'Front end' fees are charged on some non-participating investment contracts. Where the non-participating investment contract is measured at fair value, such fees which relate to the provision of future investment management services are deferred and recognised as the services are provided.

Net asset value attributable to unitholders

The net asset value attributable to unitholders represents the non-controlling interest in collective investment schemes which are consolidated by the Group. This interest is classified at FVTPL and measured at fair value, which is equal to the bid value of the number of units of the collective investment scheme not owned by the Group.

Obligations for repayment of collateral received

It is the Group's practice to obtain collateral in stock lending and derivative transactions, usually in the form of cash or marketable securities. Where cash collateral received is available to the Group for investment purposes, it is recognised as a 'financial asset' and the collateral repayable is recognised as 'obligations for repayment of collateral received'. The 'obligations for repayment of collateral received' are measured at amortised cost, which in the case of cash is equivalent to the fair value of the consideration received. Further details of the Group's collateral arrangements are included in note E4.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. Related income and expenses are not offset in the consolidated income statement unless required or permitted by an IFRS Accounting Standard or interpretation, as specifically disclosed in an accounting policy.

Hedge accounting

The Group designates certain derivatives as hedging instruments in order to effect cash flow hedges. At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Where a cash flow hedging relationship exists, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in net investment income.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued if: the Group's hedging objective has changed (can result in a partial discontinuance); the hedged item or hedging instrument no longer exists or is sold; there is no longer an economic relationship between the hedged item and the hedging instrument; or the effect of credit risk starts to dominate the value changes that result from the economic relationship. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time is recycled to profit or loss over the period the hedged item impacts profit or loss or immediately where the hedged future cash flows are no longer expected to occur.

E1.1 Fair value analysis

The table below sets out a comparison of the carrying amounts and fair values of financial instruments:

	2025		2024	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Financial assets				
Financial assets mandatorily held at fair value through profit or loss ('FVTPL'):				
Loans and deposits	**234**	**234**	249	249
Derivatives	**4,243**	**4,243**	2,600	2,600
Equities[1]	**110,759**	**110,759**	96,365	96,365
Debt securities	**99,681**	**99,681**	89,301	89,301
Collective investment schemes[1]	**83,446**	**83,446**	83,700	83,700
Reinsurers' share of investment contract liabilities[1]	**10,657**	**10,657**	9,297	9,297
Financial assets measured at amortised cost:				
Loans and deposits	**11**	**11**	12	12
Total financial assets	**309,031**	**309,031**	281,524	281,524
Less amounts classified as financial assets held for sale (see note H2)[2]	**–**	**–**	(1,985)	(1,985)
Total financial assets less financial assets classified as held for sale	**309,031**	**309,031**	279,539	279,539
Amounts due for settlement after 12 months	**91,167**		81,145	

	2025		2024	
	Carrying value £m	Fair value £m	Carrying value £m	Fair value £m
Financial liabilities				
Financial liabilities mandatorily held at FVTPL:				
Derivatives	**7,761**	**7,761**	4,085	4,085
Financial liabilities designated at FVTPL upon initial recognition:				
Borrowings	**22**	**22**	31	31
Net asset value attributable to unitholders[1]	**2,334**	**2,334**	2,486	2,486
Investment contract liabilities[1]	**191,269**	**191,269**	173,922	173,922
Financial liabilities measured at amortised cost:				
Borrowings	**3,212**	**3,309**	3,591	3,599
Obligations for repayment of collateral received	**839**	**839**	849	849
Total financial liabilities	**205,437**	**205,534**	184,964	184,972
Less amounts classified as financial liabilities held for sale (see note H2)[3]	**–**	**–**	(3,175)	(3,175)
Total financial liabilities less financial liabilities held for sale	**205,437**	**205,534**	181,789	181,797
Amounts due for settlement after 12 months	**10,363**		6,778	

1 These assets and liabilities have no specified settlement date.
2 Amounts classified as financial assets held for sale in the comparative period include equities of £14 million, debt securities of £979 million, collective investment schemes of £960 million and reinsurers' share of investment contract liabilities of £32 million.
3 Amounts classified as financial liabilities held for sale in the comparative period include investment contract liabilities of £3,175 million.

E1.2 Impairment of financial assets held at amortised cost

The Group applies a forward-looking expected credit loss ('ECL') approach to the financial assets carried at amortised cost. A significant portion of the Group's financial assets are carried at FVTPL and are therefore not subject to ECL assessment. The financial assets classified as amortised cost and subject to ECL mainly relate to certain loan assets, other receivables and certain cash and cash equivalents balances.

For the in-scope financial assets at the reporting date either the lifetime expected credit loss or a 12-month expected credit loss is provided for, depending on the Group's assessment of whether the credit risk associated with the specific asset has increased significantly since initial recognition. The Group's current credit risk grading framework comprises the following categories:

Notes to the consolidated financial statements continued

E. Financial assets & liabilities continued

E1. Fair values continued

E1.2 Impairment of financial assets held at amortised cost continued

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts	12-month ECL
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit impaired
In default	There is evidence indicating the asset is credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The financial assets held at amortised cost are assessed as at 31 December 2025 and 31 December 2024 as 'performing' and this assessment is summarised below.

Loans and deposits – the Group has assessed the estimated credit losses of these loans and deposits as low due to the external credit ratings of the counterparties resulting in low credit risk and there being no past-due amounts.

Other receivables – these balances relate to investment broker balances, cash collateral pledged and other regular receivables due to the Group in the normal course of business. Expected credit losses are assessed as being immaterial given the typically short-term nature of these balances.

Cash and cash equivalents – the Group's cash and cash equivalents are held with banks and financial institutions, which have investment grade credit ratings of 'BBB' or above. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties and, there being no history of default. The impact to the net carrying amount stated in the table above is therefore not considered to be material.

Based on the above assessment, an immaterial credit loss balance has been determined in both periods presented due to these financial assets being predominantly short-term and having low credit risk.

E2. Fair value hierarchy

E2.1 Determination of fair value and fair value hierarchy of financial instruments

Level 1 financial instruments

The fair value of financial instruments traded in active markets (such as exchange traded securities and derivatives) is based on quoted market prices at the period end provided by recognised pricing services. Market depth and bid-ask spreads are used to corroborate whether an active market exists for an instrument. Greater depth and narrower bid-ask spread indicate higher liquidity in the instrument and are classed as Level 1 inputs. For collective investment schemes and reinsurers' share of investment contract liabilities, fair value is by reference to published bid prices.

Level 2 financial instruments

Financial instruments traded in active markets with less depth, or wider bid-ask spreads, which do not meet the classification as Level 1 inputs, are classified as Level 2. The fair values of financial instruments not traded in active markets are determined using broker quotes or valuation techniques with observable market inputs. Financial instruments valued using broker quotes are classified as Level 2, only where there is a sufficient range of available quotes. The fair value of over-the-counter derivatives is estimated using pricing models or discounted cash flow techniques. Collective investment schemes where the underlying assets are not priced using active market prices are determined to be Level 2 instruments and will include collective investment schemes which have a material underlying holdings within real estate/property. Where pricing models are used, inputs are based on market related data at the period end. Where discounted cash flows are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market related rate for a similar instrument. The fair value of investment contract liabilities reflects the fair value of the underlying assets and liabilities in the funds plus an additional amount to cover the present value of the excess of future policy costs over future charges. The liabilities are consequently determined to be Level 2 instruments.

Level 3 financial instruments

The Group's financial instruments determined by valuation techniques using non-observable market inputs are based on a combination of independent third-party evidence and internally developed models. In relation to investments in hedge funds and private equity investments, non-observable third party evidence in the form of net asset valuation statements is used as the basis for the valuation. Adjustments may be made to the net asset valuation where other evidence, for example recent sales of the underlying investments in the fund, indicates this is required. Securities that are valued using broker quotes which could not be corroborated across a sufficient range of quotes are considered as Level 3. For a small number of investment vehicles and debt securities, standard valuation models are used, as due to their nature and complexity they have no external market. Inputs into such models are based on observable market data where possible. The fair value of loans, derivatives and some borrowings with no external market is determined by internally developed discounted cash flow models using appropriate assumptions corroborated with external market data where possible.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) during each reporting period.

Fair value hierarchy information for non-financial assets measured at fair value is included in note G3 for owner-occupied property and in note G4 for investment property.

E2.2 Fair value hierarchy of financial instruments

The tables below separately identify financial instruments carried at fair value from those measured on another basis but for which fair value is disclosed.

2025	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets measured at fair value				
Financial assets at FVTPL (mandatory)				
Loans and deposits	**–**	**234**	**–**	**234**
Derivatives	**44**	**4,198**	**1**	**4,243**
Equities	**107,629**	**258**	**2,872**	**110,759**
Debt securities	**51,429**	**31,989**	**16,263**	**99,681**
Collective investment schemes	**79,223**	**3,763**	**460**	**83,446**
Reinsurers' share of investment contract liabilities	**10,657**	**–**	**–**	**10,657**
Total financial assets measured at fair value	**248,982**	**40,442**	**19,596**	**309,020**
Financial assets measured at amortised cost for which fair values are disclosed				
Loans and deposits	**–**	**11**	**–**	**11**
	248,982	**40,453**	**19,596**	**309,031**

2025	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial liabilities measured at fair value				
Financial liabilities at FVTPL (mandatory)				
Derivatives	**96**	**7,663**	**2**	**7,761**
Financial liabilities designated at FVTPL upon initial recognition:				
Borrowings	**–**	**–**	**22**	**22**
Net asset value attributable to unitholders	**2,334**	**–**	**–**	**2,334**
Investment contract liabilities	**–**	**191,269**	**–**	**191,269**
Total financial liabilities measured at fair value	**2,430**	**198,932**	**24**	**201,386**
Financial liabilities measured at amortised cost for which fair values are disclosed				
Borrowings	**–**	**3,309**	**–**	**3,309**
Obligations for repayment of collateral received	**–**	**839**	**–**	**839**
Total financial liabilities measured at amortised cost for which fair values are disclosed	**–**	**4,148**	**–**	**4,148**
	2,430	**203,080**	**24**	**205,534**

Notes to the consolidated financial statements continued

E. Financial assets & liabilities continued

E2. Fair value hierarchy continued

E2.2 Fair value hierarchy of financial instruments continued

2024	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets measured at fair value				
Financial assets at FVTPL (mandatory)				
Loans and deposits	–	249	–	249
Derivatives	114	2,321	165	2,600
Equities	93,708	81	2,576	96,365
Debt securities	49,624	24,531	15,146	89,301
Collective investment schemes	79,921	3,292	487	83,700
Reinsurers' share of investment contract liabilities	9,297	–	–	9,297
Total financial assets measured at fair value	232,664	30,474	18,374	281,512
Less amounts classified as held for sale[1]	(1,283)	(147)	(555)	(1,985)
Total financial assets measured at fair value, excluding amounts classified as held for sale	231,381	30,327	17,819	279,527
Financial assets measured at amortised cost for which fair values are disclosed				
Loans and deposits	–	12	–	12
	231,381	30,339	17,819	279,539

2024	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial liabilities measured at fair value				
Financial liabilities at FVTPL (mandatory)				
Derivatives	70	3,882	133	4,085
Financial liabilities designated at FVTPL upon initial recognition:				
Borrowings	–	–	31	31
Net asset value attributable to unitholders	2,486	–	–	2,486
Investment contract liabilities	–	173,922	–	173,922
Total financial liabilities measured at fair value	2,556	177,804	164	180,524
Less amounts classified as held for sale[2]	–	(3,175)	–	(3,175)
Total financial liabilities measured at fair value, excluding amounts classified as held for sale	2,556	174,629	164	177,349
Financial liabilities measured at amortised cost for which fair values are disclosed				
Borrowings	–	3,599	–	3,599
Obligations for repayment of collateral received	–	849	–	849
Total financial liabilities measured at amortised cost for which fair values are disclosed	–	4,448	–	4,448
	2,556	179,077	164	181,797

1 Amounts classified as held for sale includes £14 million of equities (Level 1), £32 million of reinsurers' share of investment contract liabilities (Level 1), £960 million of collective investment schemes (£956 million Level 1 and £4 million Level 2) and £979 million of debt securities (£281 million Level 1; £143 million Level 2; and £555 million Level 3).
2 Amounts classified as held for sale includes £3,175 million of investment contract liabilities.

E2.3 Significant inputs and input values for Level 3 financial instruments

Description	Valuation technique	Significant inputs	Key unobservable input value 2025	Key unobservable input value 2024
Equities	Net asset value	Net asset statement	**£2,872m**	£2,576m
Debt securities (see E2.3.1 for further details)				
Loans guaranteed by export credit agencies & supranationals	DCF model[1]	Credit spread	**123bps (weighted average)**	100bps[2] (weighted average)
Private corporate credit	DCF model[1]	Credit spread	**156bps (weighted average)**	165bps[2] (weighted average)
Infrastructure loans	DCF model[1]	Credit spread	**162bps (weighted average)**	174bps[2] (weighted average)
Loans to housing associations	DCF model[1]	Credit spread	**152bps (weighted average)**	161bps[2] (weighted average)
Local authority loans	DCF model[1]	Credit spread	**145bps (weighted average)**	142bps[2] (weighted average)
Equity Release Mortgage loans ('ERM')	DCF model and Black-Scholes model[3]	Spread	**184bps over SONIA**	195bps over SONIA
		House price inflation	**+75bps adjustment to a flat RPI curve based on a 20-year term**	+75bps adjustment to RPI
		House prices	**£396,168 (average)**	£385,838 (average)
		Mortality	**Average life expectancy of a male and female currently aged 75 is 14.7 years and 17.0 years respectively**	Average life expectancy of a male and female currently aged 75 is 14.2 years and 15.8 years respectively
		Voluntary redemption rate	**190bps to 400bps**	190bps to 400bps
Commercial real estate loans	DCF model[1]	Credit spread	**229bps (weighted average)**	230bps (weighted average)
Income strips[4]	Income capitalisation	Credit spread	**–**	674bps
Collective investment schemes	Net asset value	Net asset statement	**£460m**	£487m
Borrowings				
Property reversions loans (see note E5)	Internally developed model	Mortality rate	**130% IFL92C15 (Female)[5]**	130% IFL92C15 (Female)[5]
			130% IML92C15 (Male)[5]	130% IML92C15 (Male)[5]
		House price inflation	**3-year RPI rate plus 75bps**	3-year RPI rate plus 75bps
		Discount rate	**3-year swap rate plus 170bps + 1.7% margin**	3-year swap rate plus 170bps
		Deferred possession rate	**370bps**	370bps
Derivative assets and liabilities				
Forward private placements, infrastructure and local authority loans[6]	DCF model[1]	Credit spread	**169bps (weighted average)**	98bps (weighted average)
Longevity swaps[7]	DCF model[1]	Swap curve	**swap curve**	swap curve

1 Discounted cash flow ('DCF') model: Except where otherwise stated, the discount rate used is based on a risk-free curve and a credit spread. The risk-free rate is taken from an appropriate gilt of comparable duration. The spread is derived from a basket of comparable securities.
2 The key observable input value has been restated to include additional debt securities within the weighted average calculation.
3 ERM loans: The loans are valued using a DCF model and a Black-Scholes model for valuation of the No-Negative Equity Guarantee ('NNEG'). The NNEG caps the loan repayment in the event of death or entry into long-term care to be no greater than the sales proceeds from the property. The future cash flows are estimated based on assumed levels of mortality derived from published mortality tables, entry into long-term care rates and voluntary redemption rates. Cash flows include an allowance for the expected cost of providing a NNEG assessed under a real world approach using a closed form model including an assumed level of property value volatility. For the NNEG assessment, property values are indexed from the latest property valuation point and then assumed to grow in line with an RPI based assumption. Cash flows are discounted using a risk-free curve plus a spread, where the spread is based on recent originations, with margins to allow for the different risk profiles of ERM loans.
4 Income strips are transactions where an owner-occupier of a property has sold a freehold or long leasehold interest to the Group, and has signed a long lease (typically 30-45 years) or a ground lease (typically 45-175 years) and retains the right to repurchase the property at the end of the lease for a nominal sum (usually £1). The income strips are valued using an income capitalisation approach, where the annual rental income is capitalised using an appropriate yield. The yield is determined by considering recent transactions involving similar income strips. These assets were transferred to Aberdeen Group during the year as part of the Part VII (see note H2).
5 IFL92C15 and IML92C15 relate to immediate annuitant female and male lives and refer to the 92 series mortality tables produced by the Continuous Mortality Investigation ('CMI').
6 Derivative liabilities include forward investments of £1 million (2024: £33 million) which include a commitment to acquire or provide funding for fixed rate debt instruments at specified future dates.
7 Included within derivative assets and liabilities are longevity swap contracts with corporate pension schemes with a fair value of £nil (2024: £165 million) and £nil (2024: £63 million) respectively.

Notes to the consolidated financial statements continued

E. Financial assets & liabilities continued

E2. Fair value hierarchy continued

E2.3.1 Debt securities

Analysis of Level 3 debt securities	2025 £m	2024 £m
Unquoted corporate bonds:		
Loans guaranteed by export credit agencies & supranationals	**486**	461
Private corporate credit	**3,641**	3,046
Infrastructure loans–project finance	**1,028**	1,011
Infrastructure loans–corporate	**2,179**	1,613
Loans to housing associations	**1,202**	1,172
Local authority loans	**1,137**	823
ERM	**4,957**	4,795
Commercial real estate loans	**1,317**	1,170
Income strips	**–**	555
Bridging loans to private equity funds	**304**	498
Other	**12**	2
Total Level 3 debt securities	**16,263**	15,146
Less amounts classified as held for sale	**–**	(555)
Total Level 3 debt securities excluding amounts classified as held for sale	**16,263**	14,591

E2.4 Sensitivities of Level 3 instruments

	Key unobservable input	Reasonable alternative	2025 Impact from increase £m	2025 Impact from decrease £m	2024 Impact from increase £m	2024 Impact from decrease £m
Equities	Net asset value statements	+/- 10%	**287**	**(287)**	258	(258)
Debt securities						
Loans guaranteed by export credit agencies & supranationals	Credit spread	+/- 65bps	**(15)**	**16**	(11)	11
Private corporate credit	Credit spread	+/- 65bps	**(183)**	**199**	(169)	181
Infrastructure loans	Credit spread	+/- 65bps	**(146)**	**156**	(121)	129
Loans to housing associations	Credit spread	+/- 65bps	**(93)**	**101**	(97)	106
Local authority loans	Credit spread	+/- 65bps	**(88)**	**92**	(62)	66
ERM	Credit spread	+/- 100bps	**(442)**	**520**	(416)	457
	House price inflation	+/- 1%	**64**	**(89)**	57	(80)
	House prices	+/- 10%	**47**	**(73)**	37	(55)
	Mortality	+/- 5%	**20**	**(21)**	18	(20)
	Voluntary redemption rate	+/- 15%	**57**	**(60)**	36	(38)
Commercial real estate loans	Credit spread	+/- 65bps	**(62)**	**68**	(52)	57
Income strips	Credit spread	+/- 65bps	**–**	**–**	(64)	68
Collective investment schemes	Net asset value statements	+/- 10%	**46**	**(46)**	49	(49)
Derivative assets and liabilities						
Forward private placements, infrastructure and local authority loans	Credit spread	+/- 65bps	**(6)**	**6**	(8)	9
Longevity swap contracts	Swap curve	+/- 100bps	**–**	**–**	(14)	17

For the property reversions loans and bridging loans to private equity funds, there are no reasonably possible movements in unobservable input values which would result in a significant movement in the fair value of the financial instruments.

E2.5 Transfers of financial instruments between Level 1 and Level 2

2025	From Level 1 to Level 2 £m	From Level 2 to Level 1 £m
Financial assets measured at fair value		
Financial assets mandatorily held at FVTPL		
Equities	**26**	**15**
Debt securities	**251**	**386**
Collective investment schemes	**3**	**4**

2024	From Level 1 to Level 2 £m	From Level 2 to Level 1 £m
Financial assets measured at fair value		
Financial assets mandatorily held at FVTPL		
Derivatives	21	–
Equities	21	2
Debt securities	1,319	244
Collective investment schemes	56	5

Consistent with the prior year, all the Group's Level 1 and Level 2 assets have been valued using standard market pricing sources.

E2.6 Movement in Level 3 financial instruments measured at fair value

2025	At 1 January 2025 £m	Net (losses)/ gains in income statement £m	Purchases £m	Sales £m	Transfers from Level 1 and Level 2 £m	Transfers to Level 1 and Level 2 £m	At 31 December 2025 £m	Unrealised gains on assets held at end of period £m
Financial assets measured at fair value								
Financial assets mandatorily held at FVTPL:								
Derivatives	**165**	**(164)**	**–**	**–**	**–**	**–**	**1**	**1**
Equities	**2,576**	**81**	**453**	**(238)**	**–**	**–**	**2,872**	**75**
Debt securities	**15,146**	**429**	**6,562**	**(5,927)**	**53**	**–**	**16,263**	**148**
Collective investment schemes	**487**	**(12)**	**81**	**(94)**	**–**	**(2)**	**460**	**–**
Total financial assets measured at fair value	**18,374**	**334**	**7,096**	**(6,259)**	**53**	**(2)**	**19,596**	**224**

2025	At 1 January 2025 £m	Net (gains)/ losses in income statement £m	Purchases £m	Sales/ repayments £m	Transfers from Level 1 and Level 2 £m	Transfers to Level 1 and Level 2 £m	At 31 December 2025 £m	Unrealised (gains)/ losses on liabilities held at end of period £m
Financial liabilities measured at fair value								
Financial liabilities mandatorily held at FVTPL:								
Derivatives	**133**	**(92)**	**–**	**(39)**	**–**	**–**	**2**	**(35)**
Financial liabilities designated at FVTPL upon initial recognition:								
Borrowings	**31**	**4**	**–**	**(13)**	**–**	**–**	**22**	**4**
Total financial liabilities measured at fair value	**164**	**(88)**	**–**	**(52)**	**–**	**–**	**24**	**(31)**

Notes to the consolidated financial statements continued

E. Financial assets & liabilities continued

E2. Fair value hierarchy continued

E2.6 Movement in Level 3 financial instruments measured at fair value continued

2024	At 1 January 2024 £m	Net (losses)/ gains in income statement £m	Purchases £m	Sales £m	Transfers from Level 1 and Level 2[2] £m	Transfers to Level 1 and Level 2 £m	At 31 December 2024[1] £m	Unrealised (losses)/ gains on assets held at end of period £m
Financial assets measured at fair value								
Financial assets mandatorily held at FVTPL:								
Derivatives	232	(67)	–	–	–	–	165	(67)
Equities	2,495	50	446	(415)	–	–	2,576	82
Debt securities	13,818	(335)	7,424	(6,027)	282	(16)	15,146	(259)
Collective investment schemes	401	6	140	(60)	2	(2)	487	5
Total financial assets measured at fair value	16,946	(346)	8,010	(6,502)	284	(18)	18,374	(239)

2024	At 1 January 2024 £m	Net (gains)/ losses in income statement £m	Purchases £m	Sales/ repayments £m	Transfers from Level 1 and Level 2 £m	Transfers to Level 1 and Level 2 £m	At 31 December 2024 £m	Unrealised (gains)/ losses on liabilities held at end of period £m
Financial liabilities measured at fair value								
Financial liabilities mandatorily held at FVTPL:								
Derivatives	206	(56)	–	(17)	–	–	133	(67)
Financial liabilities designated at FVTPL upon initial recognition:								
Borrowings	45	2	–	(16)	–	–	31	2
Total financial liabilities measured at fair value	251	(54)	–	(33)	–	–	164	(65)

1 Total financial assets of £18,374 million includes £555 million of assets classified as held for sale.
2 During 2024, £282 million of debt securities were transferred from Level 2 to Level 3 to harmonise the approach for determining the fair value hierarchy across the Group following the acquisition of Phoenix Life CA Holdings Limited (formerly known as SLF of Canada UK Limited) in 2023.

Gains and losses on Level 3 financial instruments are included in net investment income in the consolidated income statement. There were no gains or losses recognised in other comprehensive income in either the current or comparative period.

E3. Derivatives

The Group purchases derivative financial instruments principally in connection with the management of its insurance contract and investment contract liabilities based on the principles of reduction of risk and efficient portfolio management. The Group does not typically hold derivatives for the purpose of selling and repurchasing in the near term or with the objective of generating a profit from short-term fluctuations in price or margin. The Group also holds derivatives which are designated as hedging instruments in order to hedge the Group's Euro and US Dollar borrowings. These hedging relationships qualify for hedge accounting under IFRS 9 and are designated as cash flow hedges.

Derivative financial instruments are recognised initially at fair value and are subsequently remeasured to fair value. The gain or loss on remeasurement to fair value is recognised in the consolidated income statement where the derivatives are held for trading. Where derivative financial instruments are held to hedge the Group's Euro and US Dollar borrowings, the effective portion of any gain or loss that arises on remeasurement to fair value is initially recognised in other comprehensive income and is recycled to profit or loss as the hedged item impacts the profit or loss. See notes E1 and D3 for further details of the Group's hedging accounting policy.

E3.1 Summary

The fair values of derivative financial instruments are as follows:

	Assets 2025 £m	Liabilities 2025 £m	Assets 2024 £m	Liabilities 2024 £m
Forward currency	**271**	**49**	130	296
Interest rate swaps	**2,258**	**4,297**	1,526	2,605
Total return bond swaps	**452**	**457**	41	43
Swaptions	**25**	**85**	147	44
Inflation swaps	**747**	**1,822**	283	339
Equity options	**38**	**43**	36	187
Stock index and currency futures	**31**	**92**	79	32
Fixed income futures	**13**	**5**	23	71
Longevity swap contracts	**–**	**–**	165	63
Cross currency swaps	**391**	**894**	156	366
Other	**17**	**17**	14	39
	4,243	**7,761**	2,600	4,085

E4. Collateral arrangements

The Group receives and pledges collateral in the form of cash or non-cash assets in respect of stock lending transactions, derivative contracts and reinsurance arrangements in order to reduce the credit risk of these transactions. The amount and type of collateral required where the Group receives collateral depends on an assessment of the credit risk of the counterparty, but is usually in the form of cash and marketable securities.

Collateral received in the form of cash, where the Group has contractual rights to receive the cash flows generated and is available to the Group for investment purposes, is recognised as a financial asset in the statement of consolidated financial position with a corresponding financial liability for its repayment. Non-cash collateral received is not recognised in the statement of consolidated financial position, unless the counterparty defaults on its obligations under the relevant agreement.

Non-cash collateral pledged where the Group retains the contractual rights to receive the cash flows generated is not derecognised from the statement of consolidated financial position, unless the Group defaults on its obligations under the relevant agreement. Cash collateral pledged, where the counterparty has contractual rights to receive the cash flows generated, is derecognised from the statement of consolidated financial position and a corresponding receivable is recognised for its return.

The Group is also party to reverse repurchase agreements under which securities are purchased from third parties with an obligation to resell the securities. The securities are not recognised as financial assets on the statement of consolidated financial position, unless the counterparty defaults on its obligations under the relevant agreement. The right to receive the return of any cash paid as purchase consideration plus interest is recognised as a financial asset on the statement of financial position.

E4.1 Financial instrument collateral arrangements

The Group has no financial assets and financial liabilities that have been offset in the statement of consolidated financial position as at 31 December 2025 (2024: none).

The table below contains disclosures related to financial assets and financial liabilities recognised in the statement of consolidated financial position that are subject to enforceable master netting arrangements or similar agreements. Such agreements do not meet the criteria for offsetting in the statement of consolidated financial position as the Group has no current legally enforceable right to offset recognised financial instruments. Furthermore, certain related assets received as collateral under the netting arrangements will not be recognised in the statement of consolidated financial position as the Group does not have permission to sell or re-pledge, except in the case of default. Details of the Group's collateral arrangements in respect of these recognised assets and liabilities are provided below.

	2025				2024			
		Related amounts not offset				Related amounts not offset		
	Amount of recognised financial assets £m	Financial instruments and cash collateral received £m	Derivative liabilities £m	Net amount £m	Amount of recognised financial assets £m	Financial instruments and cash collateral received £m	Derivative liabilities £m	Net amount £m
Financial assets								
OTC derivatives	**4,194**	**655**	**3,381**	**158**	2,487	759	1,537	191
Exchange traded derivatives	**49**	**1**	**7**	**41**	113	68	17	28
Stock lending	**1,101**	**1,101**	**–**	**–**	1,156	1,156	–	–
Reverse repurchase arrangement	**603**	**603**	**–**	**–**	151	151	–	–
Total	**5,947**	**2,360**	**3,388**	**199**	3,907	2,134	1,554	219

Notes to the consolidated financial statements continued

E. Financial assets & liabilities continued

E4. Collateral arrangements continued

E4.1 Financial instrument collateral arrangements continued

	2025				2024			
		Related amounts not offset				Related amounts not offset		
	Amount of recognised financial liabilities £m	Financial instruments and cash collateral pledged £m	Derivative assets £m	Net amount £m	Amount of recognised financial liabilities £m	Financial instruments and cash collateral pledged £m	Derivative assets £m	Net amount £m
Financial liabilities								
OTC derivatives	**7,664**	**4,170**	**3,381**	**113**	3,983	2,305	1,537	141
Exchange traded derivatives	**97**	**54**	**7**	**36**	102	7	17	78
Total	**7,761**	**4,224**	**3,388**	**149**	4,085	2,312	1,554	219

E4.2 Derivative collateral arrangements

Assets accepted

It is the Group's practice to obtain collateral to mitigate the counterparty risk related to over-the-counter ('OTC') derivatives usually in the form of cash or marketable financial instruments.

The fair value of financial assets accepted as collateral for OTC derivatives but not recognised in the statement of consolidated financial position amounts to £44 million (2024: £377 million).

The amounts recognised as financial assets and liabilities from cash collateral received at 31 December are set out below.

	OTC derivatives	
	2025 £m	2024 £m
Financial assets	**794**	790
Financial liabilities	**(794)**	(790)

The maximum exposure to credit risk in respect of OTC derivative assets is £4,194 million (2024: £2,487 million) of which credit risk of £4,036 million (2024: £2,296 million) is mitigated by use of collateral arrangements (which are settled net after taking account of any OTC derivative liabilities owed to the counterparty).

Credit risk on exchange traded derivative assets of £49 million (2024: £113 million) is mitigated through regular margining and the protection offered by the exchange.

Assets pledged

The Group pledges collateral in respect of its OTC derivative liabilities. The value of assets pledged at 31 December 2025 in respect of OTC derivative liabilities of £7,664 million (2024: £3,983 million) amounted to £1,344 million (2024: £1,527 million) for cash collateral pledged and £3,017 million (2024: £1,190 million) for non-cash collateral pledged.

E4.3 Stock lending collateral arrangements

The Group lends listed financial assets held in its investment portfolio to other institutions.

The Group conducts stock lending only with well-established, reputable institutions in accordance with established market conventions. The financial assets do not qualify for derecognition as the Group retains all the risks and rewards of the transferred assets except for the voting rights.

It is the Group's practice to obtain collateral in stock lending transactions, usually in the form of cash or marketable financial instruments.

The fair value of financial assets accepted as such collateral but not recognised in the statement of consolidated financial position amounts to £1,195 million (2024: £1,284 million).

The maximum exposure to credit risk in respect of stock lending transactions is £1,101 million (2024: £1,156 million) of which credit risk of £1,101 million (2024: £1,156 million) is mitigated through the use of collateral arrangements.

E4.4 Other collateral arrangements

At 31 December 2025, the Group had entered into reverse repurchase transactions under which it purchased securities and had taken on the obligation to resell the securities. The fair value of the financial assets accepted as collateral in respect of these transactions, but not recognised in the statement of consolidated financial position, is £603 million (2024: £151 million).

The maximum exposure to credit risk in respect of reverse repurchase transactions is £603 million (2024: £ 151 million) of which credit risk of £603 million (2024: £ 151 million) is mitigated through the use of collateral arrangements.

Details of collateral received to mitigate the counterparty risk arising from the Group's reinsurance transactions is given in note F8.

Collateral has also been pledged and charges have been granted in respect of certain Group borrowings. The details of these arrangements are set out in note E5.

E5. Borrowings

The Group classifies the majority of its interest-bearing borrowings as financial liabilities carried at amortised cost and these are recognised initially at fair value less any directly attributable transaction costs. The difference between initial cost and the redemption value is amortised through the consolidated income statement over the period of the borrowing using the effective interest method.

Certain borrowings are designated upon initial recognition at fair value through profit or loss and measured at fair value where doing so provides more meaningful information due to the reasons stated in the financial liabilities accounting policy (see note E1). Transaction costs relating to borrowings designated upon initial recognition at fair value through profit or loss are expensed as incurred.

Borrowings are classified as either policyholder or shareholder borrowings. Policyholder borrowings are those borrowings where there is either no or limited shareholder exposure, for example, borrowings attributable to the Group's with-profits operations.

E5.1 Analysis of borrowings

	Carrying value		Fair value	
	2025 £m	2024 £m	2025 £m	2024 £m
£400 million multi-currency revolving credit facility	**162**	90	**162**	90
Property reversions loan	**22**	31	**22**	31
Total policyholder borrowings	**184**	121	**184**	121
£428 million Tier 2 notes	**–**	197	**–**	199
US $500 million Tier 2 notes	**371**	399	**376**	399
€500 million Tier 2 notes	**435**	411	**456**	423
US $750 million Perpetual Contingent Convertible Tier 1 notes	**–**	199	**–**	200
£500 million 5.625% Tier 2 notes	**492**	490	**506**	485
US $500 million Fixed Rate Reset Callable Tier 2 notes	**259**	279	**260**	275
£500 million 5.867% Tier 2 notes	**523**	529	**516**	500
£250 million Tier 3 notes	**251**	252	**250**	246
£350 million Fixed Rate Reset Callable Tier 2 notes	**348**	347	**385**	367
US $500 million Perpetual Contingent Convertible Tier 1 notes	**371**	398	**398**	415
Total shareholder subordinated borrowings	**3,050**	3,501	**3,147**	3,509
Total borrowings	**3,234**	3,622	**3,331**	3,630
Amount due for settlement after 12 months	**2,821**	3,335		

The Group has in place a £1.5 billion unsecured revolving credit facility (the 'revolving facility'). During the year the maturity date was extended from November 2029 to November 2030. This facility remains undrawn as at 31 December 2025.

Policyholder borrowings

Patria Private Equity Trust plc ('PPET') has in place a syndicated multi-currency revolving credit facility, of which £162 million (2024: £90 million) had been drawn down as at 31 December 2025. During the year, the facility term maturity was extended from December 2025 to February 2028 and the facility limit increased to £400 million from £300 million. Interest accrues at a margin of 2.6% over the reference rate of the currency drawn.

The Property Reversions loan from Santander UK plc ('Santander') is recognised in the consolidated financial statements at fair value. It relates to the sale of NPI Extra-Income Plan policies that Santander finances to the value of the associated property reversions. As part of the arrangement Santander receives an amount calculated by reference to the movement in the Halifax House Price Index and the Group is required to indemnify Santander against profits or losses arising from mortality or surrender experience which differs from the basis used to calculate the reversion amount. During 2025, repayments totalling £13 million were made (2024: £16 million). Note G4 contains details of the assets that support this loan. As part of the facility, security has been granted to the lenders. This security may be utilised under certain conditions of the agreement, namely the event of default by the borrower. In the event of default arising, the lenders would be entitled to offset subject to security against past due obligations, being loans drawn under the facility.

Notes to the consolidated financial statements continued

E. Financial assets & liabilities continued

E5. Borrowings continued

E5.1 Analysis of borrowings continued

Shareholder subordinated borrowings

The principal features of the Group's subordinated borrowings are detailed in the table below.

2025	Nominal amount	Coupon	Maturity
US $500 million Tier 2 notes[1]	US $500m	5.375%	6 July 2027
€500 million Tier 2 notes[1]	€500m	4.375%	24 January 2029
£500 million 5.625% Tier 2 notes	£500m	5.625%	28 April 2031 (with optional redemption from 28 January 2031)
US $500 million Fixed Rate Reset Callable Tier 2 notes	US $350m[2]	4.750% up to reset date of 4 September 2026	4 September 2031 (with optional redemption between 4 June and 4 September 2026)
£500 million 5.867% Tier 2 notes[3]	£500m	5.867%	13 June 2029
£250 million Tier 3 notes[3]	£250m	4.016%	13 June 2026
£350 million Fixed Rate Reset Callable Tier 2 notes	£350m	7.750% up to reset date of 6 December 2033[4]	6 December 2053 (with optional redemption between 6 June and 6 December 2033)
US $500 million Perpetual Contingent Convertible Tier 1 notes	US $500m	8.500% up to first reset date of 12 June 2030[5]	Perpetual (with optional redemption between 12 December 2029 and 12 June 2030)

1 The Company was substituted as issuer on 12 December 2018.
2 On 7 December 2023 the Company redeemed US $150 million of the original US $500 million principal amount.
3 The Company was substituted as issuer on 22 July 2020 on acquisition of ReAssure Group Limited (formerly ReAssure Group plc) and the notes were recognised at fair value.
4 Interest is deferrable at the discretion of the Company.
5 Interest is cancellable at the absolute discretion of the Company.

On 4 February 2025, the Company redeemed the remaining US $250 million of the original US $750 million Perpetual Contingent Convertible Tier 1 notes at their principal amount together with interest accrued.

On 18 December 2025, the Company redeemed the remaining £197 million of the original £428 million principal amount of the Tier 2 notes at their principal amount together with interest accrued.

E5.2 Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes (with the exception of lease liabilities, which have been included in note G9). Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	2025				2024			
	Total borrowings £m	Interest payable[1] £m	Derivative assets[2] £m	Total £m	Total borrowings £m	Interest payable[1] £m	Derivative assets[2] £m	Total £m
At 1 January	**3,622**	**60**	**(106)**	**3,576**	3,892	63	(118)	3,837
Cash movements								
New borrowings, net of costs	**152**	**–**	**–**	**152**	475	–	–	475
Repayments	**(496)**	**(212)**	**–**	**(708)**	(739)	(218)	–	(957)
Non-cash movements								
Changes in fair value	**4**	**–**	**88**	**92**	2	–	12	14
Movement in foreign exchange	**(43)**	**–**	**–**	**(43)**	(1)	–	–	(1)
Other movements[3]	**(5)**	**210**	**–**	**205**	(7)	215	–	208
At 31 December	**3,234**	**58**	**(18)**	**3,274**	3,622	60	(106)	3,576

1 Other movement represents the non-cash movement in the interest liability on borrowings.
2 Cross currency swaps to hedge against adverse currency movements in respect of Group's Euro and US Dollar denominated borrowings. These instruments are reported within the derivative balances detailed within note E3.1.
3 Principally comprises amortisation under the effective interest method applied to borrowings held at amortised cost. No interest was capitalised in the year.

E6. Risk management – financial and other risks

This note forms one part of the risk management disclosures in the consolidated financial statements. An overview of the Group's approach to risk management is outlined in note I3 and the Group's management of insurance risk is detailed in note F9.

E6.1 Financial risk and the Asset Liability Management ('ALM') framework

The use of financial instruments naturally exposes the Group to the risks associated with them, chiefly market risk, credit risk and financial soundness risk.

Responsibility for agreeing the financial risk profile rests with the Board of the Life Companies, as advised by investment managers, internal committees and the actuarial function. In setting the risk profile, the Board of each Life Company will receive advice from the Chief Investment Officer, the relevant With-profits Actuary and the relevant actuarial function holder/Chief Actuary as to the potential implications of that risk profile with regard to the probability of both realistic insolvency and of failing to meet the regulatory Minimum Capital Requirement. The Chief Actuary will also advise the extent to which the investment risk taken is consistent with the Group's commitment to help people secure a life of possibilities, including meeting the FCA's expectations under Consumer Duty.

Derivatives are used in many of the Group's funds, within policy guidelines agreed by the Board of each Life Company and overseen by investment committees of the Boards of each Life Company supported by management oversight committees. Derivatives are primarily used for risk hedging purposes or for efficient portfolio management, including the activities of the Group's Treasury function.

More detail on the Group's exposure to financial risk is provided in note E6.2 below.

The Group is also exposed to insurance risk arising from its Life, Pensions and Savings business. Life insurance risk in the Group arises through its exposure to longevity, persistency, mortality and to other variances between assumed and actual experience. These variances can be in factors such as administrative expenses and new business pricing. More detail on the Group's exposure to insurance risk is provided in note F9.

The Group's overall exposure to market and credit risk is monitored by appropriate committees, which agree policies for managing each type of risk on an ongoing basis, in line with the investment strategy developed to achieve investment returns in excess of amounts due in respect of insurance contracts. The effectiveness of the Group's ALM framework relies on the matching of assets and liabilities arising from insurance and investment contracts, taking into account the types of benefits payable to policyholders under each type of contract. Separate portfolios of assets are maintained for with-profits funds (which include all of the Group's participating business), non-linked non-profits funds and unit-linked funds.

E6.2 Financial risk analysis

Transactions in financial instruments result in the Group assuming financial risks. These include credit risk, market risk and financial soundness risk. Each of these are described below, together with a summary of how the Group manages the risk, along with sensitivity analysis where appropriate. The sensitivity analysis does not include second order impacts of market movements, for example, where a market movement may give rise to potential indicators of impairment for the Group's intangible asset balances.

Climate risk

The Group is exposed to financial risks (in particular market and credit risk) arising from the transition to a low carbon economy, and the physical impacts resulting from climate change which could result in long-term market, credit, insurance, reputation, proposition and operational implications.

Identification of climate related risks has been embedded into the Group's Risk Management Framework. Significant progress has been made in recent years in developing risk metrics and establishing appropriate governance and risk management processes. The Group has adopted a proactive approach towards combatting climate change, with key net zero targets. Further details on these targets and on managing the related climate change risks are provided in the Task Force for Climate-related Financial Disclosures ('TCFD') within the Strategic Report.

E6.2.1 Credit risk

Credit risk is defined as the risk of reductions in earnings and/or value, through financial or reputational loss, as a result of the default of a counterparty or an associate of such a counterparty to a financial transaction (i.e. failure to honour their financial obligations, or failing to perform them in a timely manner), whether on or off balance sheet.

There are two principal sources of credit risk for the Group:

- credit risk which results from direct investment activities, including investments in debt securities, derivatives counterparties, collective investment schemes, hedge funds and the placing of cash deposits; and
- credit risk which results indirectly from activities undertaken in the normal course of business. Such activities include premium payments, outsourcing contracts, reinsurance agreements, exposure from material suppliers and the lending of securities.

Notes to the consolidated financial statements continued

E. Financial assets & liabilities continued

E6. Risk management – financial and other risks continued

E6.2 Financial risk analysis continued

E6.2.1 Credit risk continued

The amount disclosed in the statement of consolidated financial position in respect of all financial assets, together with rights secured under off balance sheet collateral arrangements, but excluding the minority interest in consolidated collective investment schemes and those assets that back unit-linked policyholder liabilities, represents the Group's maximum exposure to credit risk. The credit risk borne by the shareholder on with-profits policies is dependent on the extent to which the underlying insurance fund is relying on shareholder support.

The impact of non-government debt securities and, inter alia, the change in market credit spreads during the year is fully reflected in the values shown in these consolidated financial statements. Credit spreads are the excess of corporate bond yields over gilt yields to reflect the higher level of risk. Similarly, the value of derivatives that the Group holds takes into account fully the changes in swap rates.

There is an exposure to spread changes affecting the prices of corporate bonds and derivatives. This exposure applies to supported with-profits funds (where risks and rewards fall wholly to shareholders), non-profit funds and shareholders' funds.

The Group holds £20,250 million (2024: £17,554 million) assets used to back annuity liabilities in non-profit funds which are subject to credit default provision. These assets include corporate bonds, commercial real estate and infrastructure loans. Annuity liabilities include an aggregate credit default provision of £581 million (2024: £330 million) to fund against the risk of default.

The credit spread sensitivity represents a 100bps widening of credit spreads, with no change in the risk-free interest rate curve. Under this sensitivity it is also assumed that both expected and unexpected defaults remain unchanged. The illiquidity premium used in the valuation of primarily annuity liabilities, and associated reinsurance contracts, is adjusted to reflect the impact of the change in credit spreads arising on assets containing credit risk held within the reference portfolio.

A 100bps widening of credit spreads, with all other variables held constant and no change in assumed expected defaults, would result in an increase in the profit after tax in respect of a full financial year of £27 million (2024: £14 million), an increase in equity of £141 million (2024: £141 million), and an increase in CSM of £7 million (2024: a decrease of £3 million).

A 100bps narrowing of credit spreads, with all other variables held constant and no change in assumed expected defaults, would result in a decrease in the profit after tax in respect of a full financial year of £7 million (2024: an increase of £42 million), a decrease in equity of £144 million (2024: £113 million), and a decrease in CSM of £8 million (2024: an increase of £3 million).

Credit risk is managed by the monitoring of aggregate Group exposures to individual counterparties and by appropriate credit risk diversification (including by industry, credit rating, asset class and country). The Group manages the level of credit risk it accepts through an established Group Credit Limit and Counterparty Framework that includes the use of credit risk tolerances and limits. Additional controls for illiquid asset concentration risk are set out via specific risk limits within the framework. Credit risk on derivatives and securities lending is mitigated through the use of collateral with appropriate haircuts.

Credit quality of assets

An indication of the Group's exposure to credit risk is the quality of the investments and counterparties with which it transacts. The following table provides information regarding the aggregate credit exposure split by credit rating.

2025	AAA £m	AA £m	A £m	BBB £m	BB and below £m	Non-rated £m	Unit-linked £m	Total £m
Loans and deposits	–	1	10	–	–	234	–	245
Derivatives	–	2,174	1,776	–	–	271	22	4,243
Debt securities[1,2]	6,213	34,670	23,282	16,487	1,996	10,505	6,528	99,681
Reinsurance contract assets	–	3,803	2,005	–	–	–	–	5,808
Reinsurers' share of investment contract liabilities	–	–	–	–	–	–	10,657	10,657
Cash and cash equivalents	22	636	4,253	6	–	34	2,351	7,302
	6,235	41,284	31,326	16,493	1,996	11,044	19,558	127,936

1 For financial assets that do not do not have credit ratings assigned by external ratings agencies, the Group assigns internal ratings for use in management and monitoring of credit risk. £58 million of AAA, £683 million of AA, £1,897million of A, £2,853 million of BBB and £152 million of BB and below debt securities are internally rated. If a financial asset is neither rated by an external agency nor internally rated, it is classified as 'non-rated'.
2 Non-rated debt securities includes equity release mortgages with a value of £4,957 million (further details are set out in note E2.3) and non-rated bonds.

2024	AAA £m	AA £m	A £m	BBB £m	BB and below £m	Non-rated £m	Unit-linked £m	Total £m	Less amounts classified as held for sale £m	Total £m
Loans and deposits	–	2	–	–	–	259	–	261	–	261
Derivatives	–	1,536	662	43	–	335	24	2,600	–	2,600
Debt securities[1,2]	7,329	32,892	17,752	14,967	2,518	7,071	6,772	89,301	(979)	88,322
Reinsurance contract assets	–	3,131	2,056	–	–	–	–	5,187	–	5,187
Reinsurers' share of investment contract liabilities	–	–	–	–	–	–	9,297	9,297	(32)	9,265
Cash and cash equivalents	1	1,453	5,820	82	–	–	2,130	9,486	(33)	9,453
	7,330	39,014	26,290	15,092	2,518	7,665	18,223	116,132	(1,044)	115,088

1 For financial assets that do not do not have credit ratings assigned by external ratings agencies, the Group assigns internal ratings for use in management and monitoring of credit risk. £55 million of AAA, £865 million of AA, £1,837 million of A, £2,266 million of BBB and £240 million of BB and below debt securities are internally rated. If a financial asset is neither rated by an external agency nor internally rated, it is classified as 'non-rated'.
2 Non-rated debt securities includes equity release mortgages with a value of £4,795 million (further details are set out in note E2.3) and non-rated bonds.

Credit ratings have not been disclosed in the above tables for the assets of the unit-linked funds since the shareholder is not directly exposed to credit risks from these assets. Included in unit-linked funds are assets which are held as reinsured external fund links. Under certain circumstances, the shareholder may be exposed to losses relating to the default of the reinsured external fund link.

Credit ratings have not been disclosed in the above tables for holdings in unconsolidated collective investment schemes and investments in associates. The credit quality of the underlying debt securities within these vehicles is managed by the safeguards built into the investment mandates for these vehicles.

The Group maintains accurate and consistent credit ratings across its asset portfolio. This enables management to focus on the applicable risks and to compare credit exposures across all lines of business, geographical regions and products. The rating system is supported by a variety of financial analytics combined with market information to provide the main inputs for the measurement of counterparty risk. All credit ratings are tailored to the various categories of assets and are assessed and updated regularly.

The Group operates an Asset Management Risk Committee, a Rating Committee and a Portfolio Credit Committee to monitor and control oversight of internal credit ratings for externally rated and internally rated assets. A variety of methods are used to validate the appropriateness of credit assessments from external institutions and fund managers. Internally rated assets are those that do not have a public rating from an external credit rating agency ('CRA') or from external asset managers (where the methodology and framework is assessed as being CRA comparable). Instead, internal credit ratings are used by the Group which are provided by fund managers, or for certain assets (in particular, illiquid assets, including internal securitised loan notes securitising holdings in equity release mortgages) are determined by the Life Companies. The Committees review the policies, processes and practices to ensure the appropriateness of the internal ratings, and to ensure they are in line with regulatory requirements.

Throughout 2025, the Group has continued to undertake actions to maintain the overall credit quality of its asset portfolio and mitigate the impact of future downgrades on risk capital. Additionally, the key change to credit risk exposure in the shareholder portfolio continues to be the increased investment in illiquid credit assets, including Commercial Real Estate Loans ('CREL'), Local Authority Loans, Corporate and Infrastructure Loans. This is as a result of Pension Risk Transfer ('PRT') transactions with the aim of achieving greater diversification and investment returns, consistent with the Strategic Asset Allocation and Risk Appetite approved by the Board. A rise in gilt yields in the shareholder portfolio has increased the Gilt exposure, contributing positively to portfolio performance. A further indicator of the quality of the Group's financial assets is the extent to which they are neither past due nor impaired. All of the amounts in the table above for the current and prior year are neither past due nor impaired.

Additional life company asset disclosures are included on page 330 and include information on the Group's market exposure analysed by credit rating, sector and country of exposure for the shareholder debt portfolio.

Impact of credit risk on value of financial liabilities designated at FVTPL

The fair value of investment contracts and net asset value attributable to unitholders liabilities are determined based upon the performance of the assets backing those liabilities. This has the effect that the fair value of the liability primarily reflects asset-specific performance risk rather than credit risk. As a result, the impact of credit risk on the fair value of financial liabilities designated at FVTPL is not considered to be significant.

Notes to the consolidated financial statements continued

E. Financial assets & liabilities continued

E6. Risk management – financial and other risks continued

E6.2 Financial risk analysis continued

E6.2.1 Credit risk continued

Concentration of credit risk

Concentration of credit risk might exist where the Group or its insurance subsidiaries has significant exposure to an individual counterparty or a group of counterparties with similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. The Group has most of its counterparty risk within its life business and this risk is monitored by the Group Credit Limit and Counterparty Framework which is governed by the Group Credit Risk Policy. Concentration of credit risk is further provided for in investment management agreements, overlaid by regulatory requirements and the monitoring of aggregate counterparty exposures across the Group against additional Group counterparty limits. Counterparty risk in respect of over-the-counter derivative counterparties is monitored using a Potential Future Exposure ('PFE') value metric.

The Group is also exposed to concentration risk with outsource partners. The Group operates a policy to manage outsourcer service counterparty exposures and the impact from default is reviewed regularly by executive committees and measured through stress and scenario testing.

Reinsurance

The Group is exposed to credit risk as a result of insurance risk transfer contracts with reinsurers. The Group's policy is to place reinsurance only with highly rated counterparties. The Group restricts concentration with individual external reinsurers by specifying limits on ceding and minimum conditions for acceptance and retention of reinsurers. The Group has made progress in increasing the number of reinsurers it transacts with, however, an element of concentration remains due to the nature of the reinsurance market and the restricted range of reinsurers available. The Group manages its exposure to reinsurance credit risk through the operation of a credit policy, collateralisation, and regular monitoring of exposures at the Reinsurance Management Committee and other credit focused committees.

Collateral

The credit risk of the Group is mitigated, in certain circumstances, by entering into collateral agreements. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are implemented regarding the acceptability of types of collateral and the valuation parameters. Collateral is mainly obtained in respect of reinsurance, OTC derivatives and securities lending activity. Management monitors the market value of the collateral received, requests additional collateral when needed, and performs an impairment valuation when impairment indicators exist. See note E4 for further information on collateral arrangements.

E6.2.2 Market risk

Market risk is the risk of loss or of adverse change in the Group's financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. The risk typically arises from exposure to equity, property and fixed income asset classes and the impact of changes in interest rates, inflation rates and currency exchange rates.

The Group is mainly exposed to market risk as a result of:

- the mismatch between liability profiles and the related asset investment portfolios;
- the investment of assets held to meet regulatory capital and solvency requirements;
- the investment of surplus assets including shareholder reserves yet to be distributed and surplus assets within the with-profits funds; and
- the income flow of management charges derived from the value of invested assets of the business.

The Group manages the levels of market risk that it accepts through the operation of a market risk policy using a number of controls and techniques including:

- defined lists of permitted securities and/or application of investment constraints and portfolio limits;
- clearly defined investment benchmarks for policyholder and shareholder funds;
- stochastic and deterministic asset/liability modelling;
- active use of derivatives to improve the matching characteristics of assets and liabilities and to reduce the risk exposure of a portfolio; and
- setting risk limits for main market risks and managing exposures against these appetites.

All operations comply with regulatory requirements relating to the taking of market risk.

Assets in the shareholder funds are managed against benchmarks that ensure they are diversified across a range of asset classes, instruments and geographies that are appropriate to the liabilities of the funds or are held to match the cash flows anticipated to arise in the business. A combination of limits by name of issuer, sector, geographical region and credit rating are used where relevant to reduce concentration risk among the assets held.

The assets of the with-profits business are principally managed to support the liabilities of the with-profits business and are appropriately diversified by both asset class and geography, considering:

- the economic liability and how this varies with market conditions;
- the need to invest assets supporting with-profits business in a manner consistent with the with-profits policyholders' reasonable expectations and Principles and Practices of Financial Management ('PPFM'); and
- the need to ensure that regulatory and capital requirements are met.

In practice, an element of market risk arises as a consequence of the need to balance these considerations, for example, in certain instances with-profits policyholders may expect that equity market risk will be taken on their behalf, and derivative instruments may be used to manage these risks.

Markets retain the potential to be volatile particularly given geopolitical instability, with escalation of regional conflicts and increasing protectionist policies able to result in increased inflationary pressures due to global policy changes and supply change disruption. More detail is covered within the Principal Risks section within the Strategic Report.

Interest rate and inflation risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate relative to the respective liability due to the impact of changes in market interest rates on the value of interest-bearing assets and on the value of future guarantees provided under certain contracts of insurance. The paragraphs in this section also apply to inflation risk, but references to fixed rate assets and liabilities would be replaced with index-linked assets and liabilities.

The Group is required to manage its interest rate exposures in line with qualitative risk appetite statements, quantitative risk metrics and any additional hedging benchmarks. Interest rate risk is managed by matching assets and liabilities where practicable and by entering into derivative arrangements for hedging purposes where appropriate. This is particularly the case for the non-participating funds and supported participating funds. The market risks arising from participating business are born primarily by the with-profits policyholders. Market risk exposures, including the exposure to interest rate risk, are set with the aims of (i) ensuring that the with-profits funds are strong enough to honour guarantees and to smooth investment returns, and (ii) to optimise the risks and returns for with-profits policyholders, taking into account previous undertakings made to policyholders as well as legal and regulatory requirements. In practice, the life companies of the Group maintain an appropriate mix of fixed and variable rate instruments according to the underlying insurance or investment contracts and will review this at regular intervals to ensure that overall exposure is kept within the risk profile agreed for each particular fund. This also requires the maturity profile of these assets to be managed in line with the liabilities to policyholders.

The sensitivity analysis for interest rate and inflation risk indicates how changes in the fair value or future cash flows of a financial instrument arising from changes in market interest and inflation rates at the reporting date result in a change in profit after tax, equity and CSM. It takes into account the effect of such changes in market interest and inflation rates on all assets and liabilities that contribute to the Group's reported profit after tax and in equity.

With-profits business and non-participating business within the with-profits funds are exposed to interest rate risk as guaranteed liabilities are valued relative to market interest rates and investments include fixed interest securities and derivatives. For unsupported with-profits business the profit or loss arising from mismatches between such assets and liabilities is largely offset by increased or reduced discretionary policyholder benefits dependent on the existence of policyholder guarantees. The contribution of unsupported participating business to the Group result is largely limited to the shareholders' share of bonuses, which under IFRS 17 are recognised over the life of the contracts. The contribution of the supported participating business to the Group result is determined in line with IFRS 17, which exposes the shareholder to changes in the value of the liabilities backed by shareholder assets and the value of capital advanced to the with-profits funds.

In the non-participating funds, policy liabilities' sensitivity to interest rates are matched primarily with debt securities and hedging if necessary to match duration on a regulatory basis for the Group's Solvency II position, with the result that sensitivity to changes in interest rates is very low. The Group's exposure to interest rates on an IFRS basis principally arises from the Group's hedging strategy to protect the regulatory capital position, which results in an adverse impact on profit following an increase in interest rates.

The Group is exposed to inflation risk through certain contracts, such as annuities, which may provide for future benefits to be paid taking account of changes in the level of experienced and implied inflation, and also through the Group's cost base. The Group seeks to manage inflation risk within the ALM framework through the holding of derivatives, such as inflation swaps, or physical positions in relevant assets, such as index-linked gilts, where appropriate.

The interest rate sensitivity reflects a 100bps change in risk-free yields at each time step on the risk-free curve applied to assets and liabilities as at the balance sheet date. The illiquidity premium used in the measurement of insurance contracts, and associated reinsurance contracts, as an addition to the risk-free curve does not change as a result of this sensitivity.

Notes to the consolidated financial statements continued

E. Financial assets & liabilities continued

E6. Risk management – financial and other risks continued

E6.2 Financial risk analysis continued

E6.2.2 Market risk continued

		2025			2024		
	Change in interest rate	Impact on profit after tax £m	Impact on equity £m	Impact on CSM £m	Impact on profit after tax £m	Impact on equity £m	Impact on CSM £m
Insurance contract and reinsurance contract balances	**+100bps**	**3,877**	**3,877**	**5**	3,717	3,717	3
Investment contract without DPF balances	**+100bps**	**1,974**	**1,974**	**–**	2,097	2,097	–
Financial assets subject to interest rate risk backing insurance and reinsurance contract balances	**+100bps**	**(4,167)**	**(4,167)**	**–**	(3,991)	(3,991)	–
Financial assets subject to interest rate risk backing investment contract without DPF balances	**+100bps**	**(1,974)**	**(1,974)**	**–**	(2,095)	(2,095)	–
Other financial assets subject to interest rate risk	**+100bps**	**(182)**	**(182)**	**–**	(168)	(168)	–
Pension scheme liability	**+100bps**	**–**	**114**	**–**	–	127	–
Total (decrease)/increase		**(472)**	**(358)**	**5**	(440)	(313)	3
Insurance contract and reinsurance contract balances	**-100bps**	**(4,355)**	**(4,355)**	**2**	(4,493)	(4,493)	(12)
Investment contract without DPF balances	**-100bps**	**(2,191)**	**(2,191)**	**–**	(2,431)	(2,431)	–
Financial assets subject to interest rate risk backing insurance and reinsurance contract balances	**-100bps**	**4,716**	**4,716**	**–**	4,885	4,885	–
Financial assets subject to interest rate risk backing investment contract without DPF balances	**-100bps**	**2,191**	**2,191**	**–**	2,428	2,428	–
Other financial assets subject to interest rate risk	**-100bps**	**182**	**182**	**–**	169	169	–
Pension scheme liability	**-100bps**	**–**	**(137)**	**–**	–	(155)	–
Total increase/(decrease)		**543**	**406**	**2**	558	403	(12)

The inflation sensitivity reflects a 100bps change in future inflation rates at each time step on the inflation curve, with no change in the risk-free interest rate curve. The illiquidity premium used in the measurement of insurance contracts, and associated reinsurance contracts, as an addition to the risk-free interest rate curve is adjusted to reflect the impact on values of inflation-linked instruments included within the reference portfolio used to determine the illiquidity premium.

		2025			2024		
	Change in inflation	Impact on profit after tax £m	Impact on equity £m	Impact on CSM £m	Impact on profit after tax £m	Impact on equity £m	Impact on CSM £m
Insurance contract and reinsurance contract balances	**+100bps**	**(1,358)**	**(1,358)**	**(15)**	(1,184)	(1,184)	(30)
Investment contract without DPF balances	**+100bps**	**(18)**	**(18)**	**–**	(16)	(16)	–
Financial assets subject to inflation risk backing insurance and reinsurance contract balances	**+100bps**	**1,775**	**1,775**	**–**	1,673	1,673	–
Financial assets subject to inflation risk backing investment contract without DPF balances	**+100bps**	**18**	**18**	**–**	16	16	–
Pension scheme liability	**+100bps**	**–**	**(99)**	**–**	–	(114)	–
Total increase/(decrease)		**417**	**318**	**(15)**	489	375	(30)
Insurance contract and reinsurance contract balances	**-100bps**	**1,199**	**1,199**	**16**	1,137	1,137	22
Investment contract without DPF balances	**-100bps**	**15**	**15**	**–**	14	14	–
Financial assets subject to inflation risk backing insurance and reinsurance contract balances	**-100bps**	**(1,491)**	**(1,491)**	**–**	(1,393)	(1,393)	–
Financial assets subject to inflation risk backing investment contract without DPF balances	**-100bps**	**(15)**	**(15)**	**–**	(14)	(14)	–
Pension scheme liability	**-100bps**	**–**	**93**	**–**	–	109	–
Total (decrease)/increase		**(292)**	**(199)**	**16**	(256)	(147)	22

Equity and property risk

The Group is exposed to the risk of reductions in the valuation of equities (or changes in the volatility) or property investments which could result in reductions in asset values and losses for policyholders or shareholders. In this context, equity assets should be taken to include shares, equity derivatives, equity collectives and unlisted equities. Property assets include direct property investment, shares in property companies, property collectives and structured property assets.

The portfolio of marketable equity securities and property investments which is carried in the statement of consolidated financial position at fair value has exposure to price risk. The Group's objective in holding these assets is to earn higher long-term returns by investing in a diverse portfolio of equities and properties. Portfolio characteristics are analysed regularly, and price risks are actively managed in line with investment mandates. The Group's holdings are diversified across industries and concentrations in any one company or industry are limited.

Equity and property price risk is primarily borne in respect of assets held in with-profits funds, unit-linked funds or equity release mortgages in the non-profit funds. For unit-linked funds this risk is borne by policyholders and asset movements directly impact unit prices and hence policy values. For with-profits funds policyholders' future bonuses will be impacted by the investment returns achieved and hence the price risk, whilst the Group also has exposure to the value of guarantees provided to with-profits policyholders. In addition, some equity investments are held in respect of shareholders' funds. For the non-profit fund property price risk from equity release mortgages is borne by the Group with the aim of achieving greater diversification and investment returns, consistent with the Strategic Asset Allocation approved by the Board. The Group as a whole is exposed to price risk fluctuations impacting the income flow of management charges from the invested assets of all funds; this is primarily managed through the use of derivatives.

Equity and property price risk is managed through the agreement and monitoring of financial risk profiles that are appropriate for each of the Group's life funds in respect of maintaining adequate regulatory capital and Consumer Duty. This is largely achieved through asset class diversification and within the Group's ALM framework through the holding of derivatives or physical positions in relevant assets where appropriate.

The shareholders' exposure to equity risk principally arises from the Group's hedging strategy to protect the regulatory capital position, which results in an adverse impact on profit on an increase in equity prices.

The sensitivity analysis for equity and property price risk illustrates how a change in the fair value of equities and properties affects the Group result. It takes into account the effect of such changes in equity and property prices on all assets and liabilities that contribute to the Group's reported profit after tax and in equity.

The equity sensitivity represents a 10% change in equity prices at the balance sheet date. This is applied to investment assets/liabilities and to policyholder liabilities directly measured with reference to the value of backing equities, such as investment contract liabilities, unit-linked insurance contracts and with-profits contracts, and associated reinsurance contracts. The illiquidity premiums used in the measurement of insurance contracts do not change as a result of this sensitivity.

		2025			2024		
	Change in equity prices	Impact on profit after tax £m	Impact on equity £m	Impact on CSM £m	Impact on profit after tax £m	Impact on equity £m	Impact on CSM £m
Insurance contract and reinsurance contract balances	**+10%**	**(2,552)**	**(2,552)**	**47**	(2,239)	(2,239)	44
Investment contract without DPF balances	**+10%**	**(9,993)**	**(9,993)**	**–**	(8,197)	(8,197)	–
Financial assets subject to equity price risk backing insurance and reinsurance contract balances	**+10%**	**2,623**	**2,623**	**–**	2,293	2,293	–
Financial assets subject to equity price risk backing Investment contract without DPF balances	**+10%**	**9,881**	**9,881**	**–**	8,107	8,107	–
Other financial assets subject to equity price risk	**+10%**	**(218)**	**(218)**	**–**	(209)	(209)	–
Total (decrease)/increase		**(259)**	**(259)**	**47**	(245)	(245)	44
Insurance contract and reinsurance contract balances	**-10%**	**2,571**	**2,571**	**(33)**	2,274	2,274	(50)
Investment contract without DPF balances	**-10%**	**10,071**	**10,071**	**–**	8,301	8,301	–
Financial assets subject to equity price risk backing insurance and reinsurance contract balances	**-10%**	**(2,653)**	**(2,653)**	**–**	(2,328)	(2,328)	–
Financial assets subject to equity price risk backing Investment contract without DPF balances	**-10%**	**(9,955)**	**(9,955)**	**–**	(8,208)	(8,208)	–
Other financial assets subject to equity price risk	**-10%**	**220**	**220**	**–**	211	211	–
Total increase/(decrease)		**254**	**254**	**(33)**	250	250	(50)

The property sensitivity represents a 10% change in property prices at the balance sheet date. This is applied to investment assets/liabilities and to policyholder liabilities directly measured with reference to the value of backing property assets, such as investment contract liabilities, unit-linked insurance contracts and with-profits contracts, and associated reinsurance contracts. The illiquidity premium used in the valuation of primarily annuity liabilities, and associated reinsurance contracts, is adjusted to reflect the impact of property values on the change in spreads arising on equity release mortgage assets held within the reference portfolio.

Notes to the consolidated financial statements continued

E. Financial assets & liabilities continued

E6. Risk management – financial and other risks continued

E6.2 Financial risk analysis continued

E6.2.2 Market risk continued

		2025			2024		
	Change in property prices	Impact on profit after tax £m	Impact on equity £m	Impact on CSM £m	Impact on profit after tax £m	Impact on equity £m	Impact on CSM £m
Insurance contract and reinsurance contract balances	**+10%**	**(143)**	**(143)**	**1**	(121)	(121)	3
Investment contract without DPF balances	**+10%**	**(297)**	**(297)**	**–**	(291)	(291)	–
Financial assets subject to property price risk backing insurance and reinsurance contract balances	**+10%**	**209**	**209**	**–**	181	181	–
Financial assets subject to property price risk backing Investment contract without DPF balances	**+10%**	**297**	**297**	**–**	291	291	–
Total increase		**66**	**66**	**1**	60	60	3
Insurance contract and reinsurance contract balances	**-10%**	**136**	**136**	**(1)**	114	114	(4)
Investment contract without DPF balances	**-10%**	**300**	**300**	**–**	296	296	–
Financial assets subject to property price risk backing insurance and reinsurance contract balances	**-10%**	**(229)**	**(229)**	**–**	(190)	(190)	–
Financial assets subject to property price risk backing Investment contract without DPF balances	**-10%**	**(300)**	**(300)**	**–**	(296)	(296)	–
Total decrease		**(93)**	**(93)**	**(1)**	(76)	(76)	(4)

The sensitivity to changes in equity prices is primarily driven by the Group's equity hedging arrangements over the value of future management charges that are linked to asset values.

Currency risk

Currency risk is the risk that changes in the value of currencies could lead to reductions in asset values which may result in losses for policyholders and shareholders. With the exception of Standard Life International business sold in Germany and the Republic of Ireland and some historic business written in the Republic of Ireland, the Group's principal transactions are carried out in sterling. The assets for these books of business are generally held in the same currency denomination as their liabilities, therefore, any foreign currency mismatch is largely mitigated. Consequently, the foreign currency risk relating to this business mainly arises when the assets and liabilities are translated into sterling.

The Group's financial assets are primarily denominated in the same currencies as its insurance and investment liabilities. Thus, the main foreign exchange risk arises from recognised assets and liabilities denominated in currencies other than those in which insurance and investment liabilities are expected to be settled and, indirectly, from the non-UK earnings of UK companies.

Both the with-profits and non-profit funds have some exposure to overseas assets which is not driven by liability considerations. The purpose of this exposure is to reduce overall risk whilst maximising returns by diversification. This exposure is limited and managed through investment mandates which are subject to the oversight of the investment committees of the Boards of each insurance subsidiary, and in the case of the with-profits funds consistent with policyholders' reasonable expectations and PPFM. Fluctuations in exchange rates from certain holdings in overseas assets are hedged against currency risks.

The Group has in place a number of cross currency swaps which were designated as hedging instruments in order to effect cash flow hedges of the Group's Euro and US Dollar denominated borrowings.

E6.2.3 Financial soundness risk

Financial soundness risk is a broad risk category encompassing capital management risk, tax risk and liquidity and funding risk.

Capital management risk

Capital management risk is defined as the risk of reductions in earnings and/or value, through financial or reputational loss, due to a failure to maintain sufficient capital to provide appropriate security for policyholders and meet all regulatory capital requirements whilst not retaining unnecessary capital. The Group has exposure to capital management risk through the regulatory capital requirements mandated by the PRA. The Group's approach to managing capital management risk is described in detail in note I3.

Tax risk

Tax risk is defined as the risk of reductions in earnings and/or value, through financial or reputational loss, due to an unforeseen tax cost, or by the inappropriate reporting and disclosure of information in relation to taxation. Tax risk can be caused by:

- the Group, or one of its subsidiaries, making a material error in its tax reporting;
- incorrect calculation of tax provisions;
- failure to implement the optimum financial arrangements to underpin a commercial transaction; and
- incorrect operation of policyholder tax requirements.

Tax risk is managed by maintaining an appropriately-staffed tax team who have the qualifications and experience to make judgements on tax issues, augmented by advice from external specialists where required. In addition, the Group has a formal tax risk policy, which sets out its risk appetite in relation to specific aspects of tax risk, and which details the controls the Group has in place to manage those risks.

Liquidity and funding risk

Liquidity risk is defined as failure to maintain adequate levels of financial resources to meet obligations as they fall due. Funding risk relates to the potential inability to raise additional capital or liquidity when required in order to maintain the resilience of the balance sheet. The Group has exposure to liquidity risk as a result of servicing its external debt and equity investors, and from the operating requirements of its subsidiaries. The Group's subsidiaries have exposure to liquidity risk as a result of normal business activities, specifically the risk arising from an inability to meet short-term cash flow requirements and to meet obligations to policy liabilities. The Board of Standard Life plc has defined a number of governance objectives and principles and the liquidity risk frameworks of each subsidiary are designed to ensure that:

- liquidity risk is managed in a manner consistent with the subsidiary company Boards' strategic objectives, risk appetite and PPFM;
- cash flows are appropriately managed and the reputation of the Group is safeguarded; and
- appropriate information on liquidity risk is available to those making decisions.

The Group's liquidity risk management strategy is based on a risk appetite of less than a 1 in 200 chance of having insufficient liquid or tangible assets to meet financial obligations as they fall due and is supported by:

- holding appropriate assets to meet liquidity buffers;
- holding high quality liquid assets to support day to day operations;
- an effective stress testing framework to ensure survival horizons are met under different severe, but plausible scenarios;
- effective liquidity portfolio management including Early Warning Indicators; and
- liquidity risk contingency planning.

The Group's funding strategy aims to maintain the appropriate level of debt and equity in order to support the Group's organic and inorganic growth ambitions, while maintaining sufficient headroom for hybrid capital under regulatory rules.

Liquidity forecasts showing headroom against liquidity buffers are prepared regularly to predict required liquidity levels over both the short and medium-term allowing management to respond appropriately to changes in circumstances. In the event of a liquidity shortfall, either current or projected, this would be managed in line with the Group's Contingency Liquidity Plan where the latest available contingency management actions would be considered.

In extreme circumstances, the Group could be exposed to liquidity risk in its unit-linked funds. This could occur where a high volume of surrenders coincides with a tightening of liquidity in a unit-linked fund to the point where assets of that fund have to be sold to meet those withdrawals. Where the fund affected consists of less liquid assets such as property, it can take several months to complete a sale and this would impede the proper operation of the fund. In these situations, the Group considers its risk to be low since there are steps that can be taken first within the funds themselves both to ensure the fair treatment of all investors in those funds and to protect the Group's own risk exposure.

The vast majority of the Group's derivative contracts are traded OTC and have a two-day collateral settlement period. The Group's derivative contracts are monitored daily, via an end-of-day valuation process, to assess the need for additional funds to cover margin or collateral calls.

Some of the Group's commercial property investments, cash and cash equivalents are held through collective investment schemes. The collective investment schemes have the power to restrict and/or suspend withdrawals, which would, in turn, affect liquidity.

The following table provides a maturity analysis showing the remaining contractual maturities of the Group's undiscounted financial liabilities and associated interest.

2025	1 year or less or on demand £m	1–5 years £m	6–10 years £m	Greater than 10 years £m	No fixed term £m	Total £m
Investment contracts	**191,269**	**–**	**–**	**–**	**–**	**191,269**
Borrowings[1]	**583**	**2,172**	**1,212**	**–**	**22**	**3,989**
Derivatives[1]	**219**	**301**	**983**	**23,205**	**–**	**24,708**
Net asset value attributable to unitholders	**2,334**	**–**	**–**	**–**	**–**	**2,334**
Obligations for repayment of collateral received	**839**	**–**	**–**	**–**	**–**	**839**
Lease liabilities[1]	**12**	**37**	**18**	**1**	**–**	**68**
Accruals and deferred income	**526**	**26**	**13**	**–**	**–**	**565**
Other payables	**2,398**	**26**	**5**			**2,429**

Notes to the consolidated financial statements continued

E. Financial assets & liabilities continued

E6. Risk management – financial and other risks continued

E6.2 Financial risk analysis continued

E6.2.3 Financial soundness risk continued

2024	1 year or less or on demand £m	1–5 years £m	6–10 years £m	Greater than 10 years £m	No fixed term £m	Total £m	Less amounts classified as held for sale (see note H2) £m	Total £m
Investment contracts	173,922	–	–	–	–	173,922	(3,175)	170,747
Borrowings[1]	483	2,767	1,303	–	31	4,584	–	4,584
Derivatives[1]	641	245	745	8,372	–	10,003	–	10,003
Net asset value attributable to unitholders	2,486	–	–	–	–	2,486	–	2,486
Obligations for repayment of collateral received	849	–	–	–	–	849	–	849
Lease liabilities[1]	13	30	17	17	–	77	–	77
Accruals and deferred income	545	25	13	–	–	583	–	583
Other payables	2,280	–	–	–	–	2,280	–	2,280

1 These financial liabilities are disclosed at their undiscounted value and therefore differ from amounts included in the statement of consolidated financial position which discloses the discounted value.

Investment contract policyholders have the option to terminate or transfer their contracts at any time and to receive the surrender or transfer value of their policies. Although these liabilities are payable on demand, and are therefore included in the contractual maturity analysis as due within one year, the Group does not expect all these amounts to be paid out within one year of the reporting date.

The following tables present the estimated amount and timing of the remaining contractual discounted cash flows arising from insurance contract liabilities.

2025	Up to 1 year £m	1–2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	>5 years £m	Total £m
Insurance contract liabilities	**7,640**	**5,255**	**5,429**	**5,537**	**5,391**	**84,171**	**113,423**

2024	Up to 1 year £m	1–2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	>5 years £m	Total £m
Insurance contract liabilities	8,054	5,183	4,585	4,916	5,282	81,334	109,354

The following table sets out the amounts that are payable on demand and the carrying value of the related portfolios of insurance contracts (shown net of reinsurance).

	2025		2024	
	Amounts payable on demand £m	Carrying value of portfolio £m	Amounts payable on demand £m	Carrying value of portfolio £m
With-profits	**(42,990)**	**(49,852)**	(42,695)	(49,233)
Annuities	**(7,781)**	**(36,560)**	(6,564)	(36,513)
Unit-linked	**(18,975)**	**(18,673)**	(17,773)	(17,016)
Protection	**(375)**	**(910)**	(384)	(975)
Short-term payables and receivables (including deposits from reinsurers)	**(4,462)**	**(4,462)**	(3,248)	(3,248)
	(74,583)	**(110,457)**	(70,664)	(106,985)

A significant proportion of the Group's financial assets are held in gilts, cash, supranationals and investment grade securities which the Group considers sufficient to meet the liabilities as they fall due. The vast majority of these investments are readily realisable immediately since most of them are quoted in an active market.

The Group has a set of established policies and processes to manage its exposure to liquidity risk, including impacts arising from the economic environment, business developments and funding changes. Where liquidity risk is heightened, such as during periods of significant market volatility, triggers are in place to enhance the frequency of liquidity monitoring and to implement available contingency actions to ensure sufficient liquidity is maintained.

E6.2.4 Strategic risk

Strategic risks threaten the achievement of the Group strategy through poor strategic decision-making, implementation or response to changing circumstances. The Group recognises that core strategic activity brings with it exposure to strategic risk. However, the Group seeks to proactively review, manage and control these exposures.

The Group's strategy and business plan are exposed to external events that could prevent or impact the achievement of the strategy; events relating to how the strategy and business plan are executed; and events that arise as a consequence of following the specific strategy chosen. The identification and assessment of strategic risks is an integrated part of the Risk Management Framework.

Strategic risk should be considered in parallel with the Risk Universe as each of the risks within the Risk Universe can impact the Group's strategy.

A Strategic Risk Policy is maintained and reported against regularly, with a particular focus on risk management, stakeholder management, corporate activity and overall reporting against the Group's strategic ambitions.

E6.2.5 Operational risk

Operational risk is the risk of reductions in earnings and/or value, through financial or reputational loss, from inadequate or failed internal processes and systems, or from people-related or external events. Operational risk arises due to failures in one or more of the following aspects of our business:

- indirect exposures through outsourcing service providers and suppliers;
- direct exposures through internal practices, actions or omissions;
- external threats from individuals or groups focused on malicious or criminal activities, or on external events occurring which are not within the Group's control; and
- negligence, malpractice or failure of employees to follow good practice in delivering operational processes and practices.

It is accepted that it is neither possible, appropriate nor cost effective to eliminate all operational risks from the business as operational risk is inherent in any operating environment particularly given the regulatory framework under which the Group operates. As such the Group will tolerate a degree of operational risk subject to appropriate and proportionate levels of control around the identification, management and reporting of such risks. A set of operational risk policies are maintained that set out the nature of the operational risk exposure and key controls in place to mitigate the risk.

E6.2.6 Customer risk

Customer risk is the risk of financial failure, reputational loss, loss of earnings and/or value through inappropriate or poor customer treatment (including poor advice). It can arise as a result of:

- Customer Outcomes: The risk that our decisions, actions or behaviors individually or collectively result in a failure to act to deliver good outcomes for our customers.

The Group has both a Conduct Risk appetite to focus on behaviours within the business, and a Customer Risk appetite to focus on achieving good customer outcomes in accordance with Consumer Duty regulatory requirements. The behaviours and standards all colleagues are expected to achieve are detailed in our Group Code of Conduct. For our customers, what represents a good outcome is articulated in our Customer Standards and supporting Business Unit processes. In addition, the Group Conduct Strategy, which overarches our Risk Universe and all risk policies is designed to help the Group meet its aim of helping people secure a lifetime of possibilities. It seeks to do this by putting customers at the heart of our strategy and decision making, achieving good customer outcomes and preventing foreseeable harm.

The Group also has a suite of supporting customer frameworks which set out how good customer outcomes are delivered. The customer risks for the Group are regularly reported to management oversight committees.

F. Insurance contracts, investment contracts with DPF and reinsurance

F1. Liabilities under insurance contracts

Classification

Contracts under which the Group accepts significant insurance risk are classified as insurance contracts. Contracts held by the Group under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts. Some contracts entered into by the Group have the legal form of insurance contracts but do not transfer significant insurance risk and expose the Group to financial risk. These contracts are classified as financial liabilities and are referred to as investment contracts.

All references in these accounting policies to insurance contracts and reinsurance contracts include contracts issued, initiated or acquired by the Group, unless otherwise stated.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features.

Some investment contracts issued by the Group contain discretionary participation features ('DPF'), whereby the investor has the right and is expected to receive, as a supplement to the amount not subject to the Group's discretion, potentially significant additional benefits based on the return of specified pools of investment assets. The Group accounts for these contracts under IFRS 17 consistent with insurance contracts.

Notes to the consolidated financial statements continued

F. Insurance contracts, investment contracts with DPF and reinsurance continued

F1. Liabilities under insurance contracts continued

The classification assessment is made at the date of inception or for business combinations or portfolio transfers, as at the date of acquisition. Once a contract is assessed as insurance, investment with DPF or reinsurance, the classification continues until the contract is derecognised or modified.

When considering classification, and applying the provisions of IFRS 17, the Group identifies a contract as the smallest unit of account. The Group also makes an evaluation of whether a series of contracts can be treated together in applying IFRS 17 based on reasonable and supportable information, or whether a single contract contains components that need to be separated and treated as if they were stand-alone contracts.

Accounting treatment

Separating components from insurance and reinsurance contracts

The Group assesses its insurance products to determine whether they contain components, which must be accounted for under accounting standards other than IFRS 17 (distinct non-insurance components).

Where an insurance contract has a distinct investment component and meets the separation criteria established under IFRS 17, the investment component is separated from the host contract and accounted for under IFRS 9. The assessment of whether a contract has a distinct investment component is carried out at inception of the contract, or the date of acquisition in the case of a business combination.

When assessing whether the investment component is distinct, the Group considers the following, which may indicate that the insurance and investment component are highly interrelated:

- the value of one component varies with the other component;
- existence of an option to switch between the different components;
- discounts that span both elements e.g. a reduced asset management charge based on total size of contract; and
- other interacting features e.g. insurance risk from premium waivers and return of premium covering both elements of the policy.

After separating any distinct components, the Group applies the requirements of IFRS 17 to all remaining components of the insurance contract or where distinct criteria are not met, the whole contract is accounted for within IFRS 17.

Level of aggregation

The Group is required to divide its business into groups for the purposes of recognition and measurement. The Group's business is firstly split into portfolios. Portfolios contain groups of contracts with similar risks, which are managed together. Portfolios are further divided based on expected profitability at inception into three categories: onerous contracts, contracts that are profitable at initial recognition and have no significant risk of becoming onerous, and the remaining profitable contracts. For reinsurance contracts the same three groups would be identified with 'onerous' being replaced with 'net gain' and 'profitable' being replaced with 'net cost'. Contracts which are issued more than one year apart are not permitted to be included within the same group. However as permitted by IFRS 17, the groups of contracts for which the Fair Value Approach ('FVA') has been adopted on transition include contracts issued more than one year apart.

The Group has defined portfolios of insurance and reinsurance contracts issued broadly based on the predominant risks inherent in the products/contracts, for example, longevity, persistency, mortality, and by considering whether groups of products are managed together. These portfolios are further split by legal entity, with-profits fund and contracts subject to different IFRS 17 measurement models are grouped separately. The portfolios are allocated to cohorts based on whether they are onerous at inception or based on their expected level of profitability using information available at inception.

For reinsurance contracts held, portfolios are based upon similar risks to those of the underlying contracts. The reinsurance contracts held are assessed for aggregation requirements on an individual contract basis.

The grouping of the insurance contracts is determined at initial recognition and is not subsequently reassessed. Therefore, a contract will remain within the assigned aggregation group until it is derecognised, either by expiry or modification.

Recognition

The Group recognises groups of insurance contracts that it issues from the earliest of the following:

- the beginning of the coverage period of the group of contracts;
- the date when the first payment from the policyholder in the group is due or actually received if there is no due date; or
- for a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous.

Investment contracts with DPF are initially recognised at the date when the Group becomes a party to the contract.

Insurance contracts acquired in a business combination within the scope of IFRS 3 Business Combinations or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

Reinsurance contracts held are recognised from the earliest of the following:

- the beginning of the coverage period of the group of reinsurance contracts held. However, the Group delays the recognition of a group of reinsurance contracts held that provide proportionate coverage (for example, through a quota share arrangement) until the date when any underlying insurance contract is initially recognised, if that date is later than the beginning of the coverage period of the group of reinsurance contracts held; and
- the date the Group recognises an onerous group of underlying insurance contracts if the Group entered into the related reinsurance contract held in the group of reinsurance contracts held at or before that date.

The Group adds new contracts to the group in the reporting period in which that contract meets one of the criteria set out above.

Contract boundaries

The Group includes in the measurement of a group of insurance contracts all the future cash flows within the boundary of each contract in the group. Cash flows are within the boundary of an insurance contract if they arise from the rights and obligations that exist during the period in which the policyholder is obligated to pay premiums or the Group has a substantive obligation to provide the policyholder with insurance contract services. A substantive obligation to provide insurance contract services ends when:

- the Group has the practical ability to reprice the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or
- both of the following criteria are satisfied:
  - the Group has the practical ability to reprice the contract or a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio; and
  - the pricing of premiums up to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

Where an expected premium or expected claim is not within the contract boundary, it is not recognised as a cash flow of the contract and is instead considered to relate to a future insurance contract and recognised when those contracts meet the recognition criteria.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on the Group's substantive rights and obligations and, therefore, may change over time.

The contract boundary for a reinsurance contract is dependent on the terms and conditions of the reinsurance contract and therefore may not necessarily be the same as for the underlying contracts. Where the reinsurance contract is open to new business on agreed terms for a period of time, the contract boundary may include estimates of reinsurance on insurance contracts that have not yet been issued or reported.

Measurement

The Group's insurance contracts issued without direct participation features are grouped together under annuity, protection and other non-linked insurance business. These groups of insurance contract are measured under the General Model ('GM').

Direct participating contracts issued by the Group are contracts with direct participation features where the Group holds the pool of underlying assets. Direct participating insurance contracts are grouped together and reported primarily as either unit-linked or with-profits business although some protection contracts are considered to have direct participation features. These groups of contracts are measured using the variable fee approach ('VFA'), unless they fail the eligibility test to be treated under this approach, in such circumstances they are measured under the GM.

Reinsurance contracts held are measured under the GM irrespective of the measurement model used for the underlying contracts. Certain with-profits funds within the Group hold non-profit insurance business such as annuities. This business will also be measured under the GM.

Initial measurement – Insurance contracts

On initial recognition, the Group measures a group of insurance contracts as the total of (a) the fulfilment cash flows and a risk adjustment for non-financial risk; and (b) the contractual service margin ('CSM'). The fulfilment cash flows of a group of insurance contracts do not reflect the Group's non-performance risk.

The fulfilment cash flows comprise:

- unbiased and probability-weighted estimates of future cash flows that are within the contract boundary plus an adjustment to reflect the time value of money and the financial risks related to future cash flows, to the extent that the financial risks are not included in the estimates of future cash flows ('BEL'); and
- a risk adjustment for non-financial risk.

The measurement of fulfilment cash flows includes insurance acquisition cash flows which are allocated as a portion of premium to profit or loss (through insurance revenue) over the period of the contract in a systematic and rational way based on the passage of time.

Notes to the consolidated financial statements continued

F. Insurance contracts, investment contracts with DPF and reinsurance continued

F1. Liabilities under insurance contracts continued

The risk adjustment for non-financial risk for a group of insurance contracts, determined separately from the other estimates, is the compensation required for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The Group applies a confidence level technique. The risk adjustment is allocated to groups of contracts based on an analysis of the risk profiles of the groups, reflecting the effects of the diversification benefits between Group entities to the extent that the Group includes it when determining the compensation required to bear that risk. The Group includes diversification between Group entities which use the Group Internal Model for management decision-making. Where a Standard Formula approach is used, no diversification with other entities within the Group is allowed for. The Group determines the risk adjustment using a one-year time horizon, consistent with the time horizon used for Solvency II, a key metric underlying how the Group is managed.

The CSM of a group of insurance contracts represents the unearned profit that the Group will recognise over the life of the contract as insurance and investment-related services are provided. For profitable groups of insurance contracts the CSM is established to ensure that no profit or loss is recognised at inception and consequently it offsets the net present value of the expected cash flows (including initial premium and insurance acquisition cash flows) and the risk adjustment. For a group of insurance contracts that are onerous, the CSM is set to nil and a loss is immediately recognised in profit or loss. A loss component of the liability for remaining coverage ('LRC') is established for the amount of loss recognised.

The initial recognition of the CSM is consistent for insurance contracts applying the GM and VFA measurement approaches, however there are key differences for subsequent measurement of the CSM under these measurement models.

For groups of contracts acquired in a transfer of contracts or a business combination, the consideration received for the contracts is included in the fulfilment cash flows as a proxy for the premiums received at the date of acquisition. In a business combination, the consideration received is the fair value of the contracts at that date.

With-profits estate

The Group has a number of with-profits funds where surpluses are shared between policyholders and shareholders. All such funds are closed to new business. These funds typically have an estate, being a surplus of assets over those needed to meet the liabilities of current policyholders. As these funds are closed to new business, the surplus is expected to be distributed to existing policyholders over time and the Group has determined it appropriate to allocate the expected future policyholder payments from the estate to specific groups of contracts within the measurement of the best estimate cash flows.

Subsequent measurement – Insurance contracts

The carrying amount of a group of insurance contracts at each reporting date is the sum of the LRC and the liability for incurred claims ('LIC'). The LRC comprises the BEL, risk adjustment and any remaining CSM at that date. The LIC includes the BEL and risk adjustment (the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported). There is no CSM associated with the LIC, and as a result, any changes in the LIC are taken directly to profit or loss.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

Changes relating to future insurance services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk	Recognised in insurance finance income or expenses and changes therein on estimated future cash flows

Where, during the coverage period, a group of insurance contracts becomes onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such groups of onerous contracts representing the losses recognised.

The balance on the CSM at the end of the period is available for release to profit or loss. The amount of CSM recognised in insurance revenue each period (the CSM amortisation) is determined by considering, for each group of contracts, coverage units that reflect the quantity of the benefits provided in each period and the expected coverage period.

Benefits provided included those arising from both insurance and investment related services. Investment related services are only included if the Group is deemed to be providing a significant investment service when providing an investment component, or policyholder's right to withdraw, that is expected to include an investment return generated by investment activity performed by the Group. This includes contracts where the value of the investment return that the policyholder benefits from is not directly related to the value of the underlying investments. Coverage units are discounted and are updated at each reporting date to reflect the current best estimate of service expected to be provided in future periods. Coverage units for reinsurance contracts held are typically consistent with the underlying gross contracts, adjusted for differences in the services provided.

The CSM of each group of contracts is calculated at each reporting date as follows:

Insurance contracts measured under GM

For insurance contracts measured under the GM approach, the CSM is adjusted by applying locked-in discount rates, while the BEL and risk adjustment are adjusted using current discount rates.

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- interest accreted on the carrying amount of the CSM during the year;
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component; or
  - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss;
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year (see the 'Insurance revenue' accounting policy in note C1 for further details).

Changes in fulfilment cash flows relating to future service that adjust the CSM comprise:

- experience adjustments arising from the difference between premiums received and the expected amounts estimated at the beginning of the period, that relate to future service, along with any associated acquisition costs;
- changes in estimates of the present value of future cash flows in the BEL and risk adjustment;
- differences between any investment component expected to become payable in the period and the actual investment component that becomes payable; and
- changes in the risk adjustment for non-financial risk that relate to future service.

The impact of discounting the risk adjustment for business measured under GM is disaggregated and recognised within Net finance income or expenses from insurance contracts within the consolidated income statement.

Insurance contracts measured under VFA model

Life business is considered to have direct participating features, and is required to be measured under the VFA model where:

- contractual terms evidence that policyholders participate in a pool of clearly identified underlying items, for example unit-linked or with-profits funds;
- the policyholders expect to receive a substantial share of the returns on underlying items (defined by the Group as greater than 50% and further qualitative factors are considered where share of returns is less than 50%); and
- a substantial proportion of changes in amounts payable to policyholders varies with returns on the underlying items (where substantial is defined consistently with the point above).

The Group's unit-linked and with-profits business that meets the VFA eligibility criteria are direct participating contracts under which the Group's obligation to the policyholder is the net of:

- the obligation to pay the policyholder an amount equal to the fair value of the underlying items; and
- a variable fee in exchange for future services provided by the contracts, being the amount of the Group's share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. The Group provides investment services under these contracts by giving a return based on underlying items, in addition to insurance coverage.

For unit-linked and with-profits contracts that are measured under the VFA, interest is not accreted on the CSM using a locked-in discount rate, instead it is determined with reference to the underlying items, reflecting that on these types of insurance contracts the Group fees for providing investment-related services are determined with reference to the value of the investments associated with the policyholder's policy. For example, annual management charges ('AMC') are determined by reference to the value of the policyholder's fund value and the shareholder's share of bonuses on a with-profits policy in a 90:10 fund is determined based on the performance of the with-profits fund.

The variable fee earned by the Group is consequently the Group's share of the fair value of underlying items less fulfilment cash flows that do not vary based on returns of the underlying items.

For unit-linked contracts, the underlying items are funds that the unit price of the investment chosen by the policyholder varies with.

For with-profits contracts, the underlying items are typically the net assets of the relevant with-profits fund, including the estate and the fair value of non-profit contracts within the fund. With-profits funds can vary in their nature and operation, therefore will be dependent on facts and circumstances.

When measuring a group of unit-linked and with-profits contracts using the VFA, the Group adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. The Group then adjusts any CSM for changes in the amount of the Group's share of the fair value of the underlying items, which relate to future services, as explained below.

Notes to the consolidated financial statements continued

F. Insurance contracts, investment contracts with DPF and reinsurance continued

F1. Liabilities under insurance contracts continued

The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year;
- the change in the amount of the Group's share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
  - the Group has applied the risk mitigation option to exclude from the CSM changes in the effect of financial risk on the amount of its share of the underlying items or fulfilment cash flows;
  - a decrease in the amount of the Group's share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or
  - an increase in the amount of the Group's share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses);
- the effect of any currency exchange differences on the CSM; and
- the amount recognised as insurance revenue because of the services provided in the year (see the 'Insurance revenue' accounting policy in note C1 for further details).

Changes in fulfilment cash flows that relate to future service include the changes relating to future services specified above for contracts without direct participation features (measured at current discount rates) and changes in the effect of the time value of money and financial risks that do not arise from underlying items.

The Group does not currently apply the risk mitigation option to any material extent, however, intends to make a voluntary change in accounting policy in this regard in its 2026 consolidated financial statements. Further information is provided in note A6.

Loss components

A loss component represents a notional record of the losses attributable to each group of onerous insurance contracts. The loss component is released based on a systematic allocation of the subsequent changes relating to future service in the fulfilment cash flows to (i) the loss component; and (ii) the liability for remaining coverage excluding the loss component. The loss component is also updated for subsequent changes in estimates of the fulfilment cash flows and the risk adjustment relating to future service. The systematic allocation of subsequent changes to the loss component results in the total amounts allocated to the loss component being equal to zero by the end of the coverage period of a group of insurance contracts. The Group uses coverage units as the method of systematic allocation.

Reinsurance contracts held – measurement

The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset/liability for remaining coverage and the asset/liability for incurred claims. The asset/liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

The measurement of reinsurance contracts held at initial recognition follows the same principles as those for insurance contracts issued, with the exception of the following:

- measurement of the cash flows includes an allowance on a probability-weighted basis for the effect of any non-performance by the reinsurers, including the effects of collateral.
- the risk adjustment for non-financial risk is determined so that it represents the amount of risk being transferred to the reinsurer, and
- the Group recognises both gains and losses at initial recognition in the statement of consolidated financial position as CSM and releases this to profit or loss as the reinsurer renders services, except for any portion of a loss that relates to events before initial recognition. Where the Group recognises a loss on initial recognition of an onerous group of underlying contracts, it establishes a loss-recovery component of the asset for remaining coverage depicting the recovery of losses recognised.
- reinsurance contracts held are not eligible to apply the VFA.

To determine the risk adjustment for reinsurance contracts held, the Group will apply the approach set out above for insurance contracts both gross and net of reinsurance and determine the amount of risk being transferred to the reinsurer as the difference between the two results.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts.

The Group adjusts the CSM of the group to which a reinsurance contract belongs and as a result recognises income when it recognises a loss on initial recognition of onerous underlying contracts, if the reinsurance contract is entered into before or at the same time as the onerous underlying contracts are recognised. The adjustment to the CSM is determined by multiplying:

- the amount of the loss that relates to the underlying contracts; and
- the percentage of claims on the underlying contracts that the Group expects to recover from the reinsurance contracts.

The subsequent measurement of reinsurance contracts held follows the same principles as those for insurance contracts issued, with the exception of the following:

- changes in the fulfilment cash flows are recognised in profit or loss if the related changes arising from the underlying ceded contracts have been recognised in profit or loss. Alternatively, changes in the fulfilment cash flows adjust the CSM; and
- changes in the fulfilment cash flows that result from changes in the risk of non-performance by the issuer of a reinsurance contract held do not adjust the CSM as they do not relate to future service. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

Modification and derecognition

The Group derecognises insurance and reinsurance contracts when:

- the rights and obligations relating to the contract are extinguished (i.e. discharged, cancelled or expired); or
- the contract is modified such that the modification results in a change in the measurement model, or the applicable standard for measuring a component of the contract. In such cases, the Group derecognises the initial contract and recognises the modified contract as a new contract.

Disclosure groups

The Group disaggregates information for the purposes of making the disclosures required by IFRS 17 into the following disclosure groups:

- Retirement Solutions;
- Pensions & Savings;
- With-profits; and
- Europe & Other.

The disclosure groups are aligned to the segments used for segmental reporting in note B1.

The table below shows a summary of the carrying amount of insurance contracts in the statement of consolidated financial position. A summary of the carrying amount of the related reinsurance contracts is included in note F3.1.

2025	Retirement Solutions £m	Pensions & Savings £m	With-Profits £m	Europe & Other £m	Total £m
Insurance contracts issued					
Estimates of present value of future cash flows	**40,203**	**22,398**	**25,732**	**25,090**	**113,423**
Risk adjustment	**828**	**78**	**76**	**180**	**1,162**
CSM	**4,452**	**306**	**657**	**326**	**5,741**
Insurance contract liabilities issued	**45,483**	**22,782**	**26,465**	**25,596**	**120,326**

2024	Retirement Solutions £m	Pensions & Savings £m	With-Profits £m	Europe & Other £m	Total £m
Insurance contracts issued					
Estimates of present value of future cash flows	37,934	22,160	26,152	23,108	109,354
Risk adjustment	826	78	89	213	1,206
CSM	4,000	269	633	329	5,231
Insurance contract liabilities issued	42,760	22,507	26,874	23,650	115,791

Notes to the consolidated financial statements continued

F. Insurance contracts, investment contracts with DPF and reinsurance continued

F2. Insurance contracts

F2.1 Movements in present value of future cash flows, risk adjustment and CSM of insurance contracts

The reconciliations below provide a roll-forward of the net asset or liability for insurance contracts issued by measurement component, showing estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

	2025				2024			
Retirement Solutions	Estimates of the present value of future cash flows £m	Risk adjustment £m	Contractual service margin £m	Total £m	Estimates of the present value of future cash flows £m	Risk adjustment £m	Contractual service margin £m	Total £m
Insurance contract liabilities as at 1 January	**37,934**	**826**	**4,000**	**42,760**	35,713	767	3,749	40,229
Insurance contract assets as at 1 January	**–**	**–**	**–**	**–**	–	–	–	–
Net insurance contract liabilities as at 1 January	**37,934**	**826**	**4,000**	**42,760**	35,713	767	3,749	40,229
Changes in income statement:								
CSM recognised for services provided	**–**	**–**	**(323)**	**(323)**	–	–	(278)	(278)
Risk adjustment for the risk expired	**–**	**(82)**	**–**	**(82)**	–	(71)	–	(71)
Experience adjustments	**(8)**	**–**	**–**	**(8)**	(3)	–	–	(3)
Total change relating to current service	**(8)**	**(82)**	**(323)**	**(413)**	(3)	(71)	(278)	(352)
Contracts initially recognised in the period	**(494)**	**86**	**408**	**–**	(488)	128	360	–
Changes in estimates that adjust the CSM	**(152)**	**(102)**	**254**	**–**	(93)	27	66	–
Changes in estimates that do not adjust the CSM	**(11)**	**2**	**–**	**(9)**	(12)	–	–	(12)
Total change relating to future service	**(657)**	**(14)**	**662**	**(9)**	(593)	155	426	(12)
Adjustments to liabilities for incurred claims (past service)	**5**	**(1)**	**–**	**4**	–	–	–	–
Insurance service result	**(660)**	**(97)**	**339**	**(418)**	(596)	84	148	(364)
Insurance finance expense/(income)	**1,646**	**99**	**113**	**1,858**	(614)	(25)	103	(536)
Total changes in income statement	**986**	**2**	**452**	**1,440**	(1,210)	59	251	(900)
Cash flows:								
Premiums received	**5,407**	**–**	**–**	**5,407**	5,853	–	–	5,853
Claims and other expenses paid	**(4,036)**	**–**	**–**	**(4,036)**	(3,657)	–	–	(3,657)
Insurance acquisition cash flows	**(82)**	**–**	**–**	**(82)**	(73)	–	–	(73)
Total cash flows	**1,289**	**–**	**–**	**1,289**	2,123	–	–	2,123
Other movements[1]	**(6)**	**–**	**–**	**(6)**	1,308	–	–	1,308
Net insurance contract liabilities as at 31 December	**40,203**	**828**	**4,452**	**45,483**	37,934	826	4,000	42,760
Insurance contract liabilities as at 31 December	**40,203**	**828**	**4,452**	**45,483**	37,934	826	4,000	42,760
Insurance contract assets as at 31 December	**–**	**–**	**–**	**–**	–	–	–	–
Net insurance contract liabilities as at 31 December	**40,203**	**828**	**4,452**	**45,483**	37,934	826	4,000	42,760

1 Estimates of the present value of future cash flows in 2024 includes £1,305 million of premium in respect of the PGL Pension Scheme buy-out.

	2025				2024			
Pensions & Savings	Estimates of the present value of future cash flows £m	Risk adjustment £m	Contractual service margin £m	Total £m	Estimates of the present value of future cash flows £m	Risk adjustment £m	Contractual service margin £m	Total £m
Insurance contract liabilities as at 1 January	**22,160**	**78**	**269**	**22,507**	23,164	84	201	23,449
Insurance contract assets as at 1 January	**–**	**–**	**–**	**–**	–	–	–	–
Net insurance contract liabilities as at 1 January	**22,160**	**78**	**269**	**22,507**	23,164	84	201	23,449
Changes in income statement:								
CSM recognised for services provided	**–**	**–**	**(33)**	**(33)**	–	–	(36)	(36)
Risk adjustment for the risk expired	**–**	**(9)**	**–**	**(9)**	–	(11)	–	(11)
Experience adjustments	**6**	**–**	**–**	**6**	63	–	–	63
Expected policyholder tax charges	**(32)**	**–**	**–**	**(32)**	(33)	–	–	(33)
Total change relating to current service	**(26)**	**(9)**	**(33)**	**(68)**	30	(11)	(36)	(17)
Changes in estimates that adjust the CSM	**(84)**	**14**	**70**	**–**	(106)	(4)	110	–
Changes in estimates that do not adjust the CSM	**(19)**	**(4)**	**–**	**(23)**	(14)	8	–	(6)
Total change relating to future service	**(103)**	**10**	**70**	**(23)**	(120)	4	110	(6)
Adjustments to liabilities for incurred claims (past service)	**(6)**	**–**	**–**	**(6)**	(22)	–	–	(22)
Insurance service result	**(135)**	**1**	**37**	**(97)**	(112)	(7)	74	(45)
Insurance finance expense/(income)	**2,774**	**(1)**	**–**	**2,773**	1,724	1	(3)	1,722
Total changes in income statement	**2,639**	**–**	**37**	**2,676**	1,612	(6)	71	1,677
Cash flows:								
Premiums received	**329**	**–**	**–**	**329**	377	–	–	377
Claims and other expenses paid	**(2,730)**	**–**	**–**	**(2,730)**	(2,999)	–	–	(2,999)
Total cash flows	**(2,401)**	**–**	**–**	**(2,401)**	(2,622)	–	–	(2,622)
Other movements	**–**	**–**	**–**	**–**	6	–	(3)	3
Net insurance contract liabilities as at 31 December	**22,398**	**78**	**306**	**22,782**	22,160	78	269	22,507
Insurance contract liabilities as at 31 December	**22,398**	**78**	**306**	**22,782**	22,160	78	269	22,507
Insurance contract assets as at 31 December	**–**	**–**	**–**	**–**	–	–	–	–
Net insurance contract liabilities as at 31 December	**22,398**	**78**	**306**	**22,782**	22,160	78	269	22,507

Notes to the consolidated financial statements continued

F. Insurance contracts, investment contracts with DPF and reinsurance continued

F2. Insurance contracts continued

F2.1 Movements in present value of future cash flows, risk adjustment and CSM of insurance contracts continued

	2025				2024			
With-Profits	Estimates of the present value of future cash flows £m	Risk adjustment £m	Contractual service margin £m	Total £m	Estimates of the present value of future cash flows £m	Risk adjustment £m	Contractual service margin £m	Total £m
Insurance contract liabilities as at 1 January	**26,152**	**89**	**633**	**26,874**	27,700	104	589	28,393
Insurance contract assets as at 1 January	**–**	**–**	**–**	**–**	–	–	–	–
Net insurance contract liabilities as at 1 January	**26,152**	**89**	**633**	**26,874**	27,700	104	589	28,393
Changes in income statement:								
CSM recognised for services provided	**–**	**–**	**(45)**	**(45)**	–	–	(74)	(74)
Risk adjustment for the risk expired	**–**	**(6)**	**–**	**(6)**	–	(6)	–	(6)
Experience adjustments	**14**	**–**	**–**	**14**	11	–	–	11
Expected policyholder tax charges	**(30)**	**–**	**–**	**(30)**	(36)	–	–	(36)
Total change relating to current service	**(16)**	**(6)**	**(45)**	**(67)**	(25)	(6)	(74)	(105)
Changes in estimates that adjust the CSM	**(14)**	**(46)**	**60**	**–**	(98)	(12)	110	–
Changes in estimates that do not adjust the CSM	**(54)**	**4**	**–**	**(50)**	(36)	3	–	(33)
Total change relating to future service	**(68)**	**(42)**	**60**	**(50)**	(134)	(9)	110	(33)
Adjustments to liabilities for incurred claims (past service)	**(88)**	**17**	**–**	**(71)**	(38)	–	–	(38)
Insurance service result	**(172)**	**(31)**	**15**	**(188)**	(197)	(15)	36	(176)
Insurance finance expense	**2,502**	**18**	**9**	**2,529**	1,113	–	9	1,122
Total changes in income statement	**2,330**	**(13)**	**24**	**2,341**	916	(15)	45	946
Cash flows:								
Premiums received	**61**	**–**	**–**	**61**	101	–	–	101
Claims and other expenses paid	**(2,811)**	**–**	**–**	**(2,811)**	(2,567)	–	–	(2,567)
Total cash flows	**(2,750)**	**–**	**–**	**(2,750)**	(2,466)	–	–	(2,466)
Other movements	**–**	**–**	**–**	**–**	2	–	(1)	1
Net insurance contract liabilities as at 31 December	**25,732**	**76**	**657**	**26,465**	26,152	89	633	26,874
Insurance contract liabilities as at 31 December	**25,732**	**76**	**657**	**26,465**	26,152	89	633	26,874
Insurance contract assets as at 31 December	**–**	**–**	**–**	**–**	–	–	–	–
Net insurance contract liabilities as at 31 December	**25,732**	**76**	**657**	**26,465**	26,152	89	633	26,874

	2025				2024			
Europe & Other	Estimates of the present value of future cash flows £m	Risk adjustment £m	Contractual service margin £m	Total £m	Estimates of the present value of future cash flows £m	Risk adjustment £m	Contractual service margin £m	Total £m
Insurance contract liabilities as at 1 January	**23,108**	**213**	**329**	**23,650**	23,195	217	244	23,656
Insurance contract assets as at 1 January	**–**	**–**	**–**	**–**	–	–	–	–
Net insurance contract liabilities as at 1 January	**23,108**	**213**	**329**	**23,650**	23,195	217	244	23,656
Changes in income statement:								
CSM recognised for services provided	**–**	**–**	**(44)**	**(44)**	–	–	(56)	(56)
Risk adjustment for the risk expired	**–**	**(20)**	**–**	**(20)**	–	(15)	–	(15)
Experience adjustments	**28**	**–**	**–**	**28**	–	–	–	–
Expected policyholder tax charges	**(4)**	**–**	**–**	**(4)**	–	–	–	–
Total change relating to current service	**24**	**(20)**	**(44)**	**(40)**	–	(15)	(56)	(71)
Contracts initially recognised in the period	**(26)**	**4**	**22**	**–**	(51)	6	45	–
Changes in estimates that adjust the CSM	**14**	**(23)**	**9**	**–**	(82)	2	80	–
Changes in estimates that do not adjust the CSM	**5**	**(9)**	**–**	**(4)**	3	15	–	18
Total change relating to future service	**(7)**	**(28)**	**31**	**(4)**	(130)	23	125	18
Adjustments to liabilities for incurred claims (past service)	**(26)**	**4**	**–**	**(22)**	(8)	–	–	(8)
Insurance service result	**(9)**	**(44)**	**(13)**	**(66)**	(138)	8	69	(61)
Insurance finance expense/(income)	**1,193**	**8**	**3**	**1,204**	1,336	(8)	20	1,348
Total changes in income statement	**1,184**	**(36)**	**(10)**	**1,138**	1,198	–	89	1,287
Cash flows:								
Premiums received	**2,025**	**–**	**–**	**2,025**	1,720	–	–	1,720
Claims and other expenses paid	**(1,900)**	**–**	**–**	**(1,900)**	(2,249)	–	–	(2,249)
Insurance acquisition cash flows	**(98)**	**–**	**–**	**(98)**	(106)	–	–	(106)
Total cash flows	**27**	**–**	**–**	**27**	(635)	–	–	(635)
Other movements[1]	**771**	**3**	**7**	**781**	(650)	(4)	(4)	(658)
Net insurance contract liabilities as at 31 December	**25,090**	**180**	**326**	**25,596**	23,108	213	329	23,650
Insurance contract liabilities as at 31 December	**25,090**	**180**	**326**	**25,596**	23,108	213	329	23,650
Insurance contract assets as at 31 December	**–**	**–**	**–**	**–**	–	–	–	–
Net insurance contract liabilities as at 31 December	**25,090**	**180**	**326**	**25,596**	23,108	213	329	23,650

1 Other movements in both periods presented principally relate to foreign currency.

Notes to the consolidated financial statements continued

F. Insurance contracts, investment contracts with DPF and reinsurance continued

F2. Insurance contracts continued

F2.2 Movements in liabilities for remaining coverage and liabilities for incurred claims for insurance contracts

The following reconciliations show how the net carrying amounts of insurance contracts issued changed over the year as a result of cash flows, amounts recognised in the consolidated income statement and other movements, analysed by remaining coverage and incurred claims.

	2025				2024			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
Retirement Solutions	Excluding loss component £m	Loss component £m	Liabilities for incurred claims £m	Total £m	Excluding loss component £m	Loss component £m	Liabilities for incurred claims £m	Total £m
Insurance contract liabilities as at 1 January	**42,423**	**39**	**298**	**42,760**	40,126	54	49	40,229
Insurance contract assets as at 1 January	**–**	**–**	**–**	**–**	–	–	–	–
Net insurance contract liabilities as at 1 January	**42,423**	**39**	**298**	**42,760**	40,126	54	49	40,229
Changes in income statement:								
Insurance revenue (note C1)	**(4,373)**	**–**	**–**	**(4,373)**	(3,918)	–	–	(3,918)
Insurance service expenses:								
Incurred claims and other expenses	**–**	**(4)**	**3,956**	**3,952**	–	(4)	3,569	3,565
Amortisation of insurance acquisition cash flows	**7**	**–**	**–**	**7**	1	–	–	1
Losses on onerous contracts and reversals of those losses	**–**	**(8)**	**–**	**(8)**	–	(12)	–	(12)
Changes to liabilities for incurred claims (past service)	**–**	**–**	**4**	**4**	–	–	–	–
Insurance service result	**(4,366)**	**(12)**	**3,960**	**(418)**	(3,917)	(16)	3,569	(364)
Insurance finance expense/(income)	**1,856**	**1**	**1**	**1,858**	(552)	1	15	(536)
Total changes in income statement	**(2,510)**	**(11)**	**3,961**	**1,440**	(4,469)	(15)	3,584	(900)
Investment components	**(384)**	**–**	**384**	**–**	(301)	–	301	–
Cash flows:								
Premiums received	**5,407**	**–**	**–**	**5,407**	5,853	–	–	5,853
Claims and other expenses paid	**–**	**–**	**(4,036)**	**(4,036)**	–	–	(3,657)	(3,657)
Insurance acquisition cash flows	**(82)**	**–**	**–**	**(82)**	(73)	–	–	(73)
Total cash flows	**5,325**	**–**	**(4,036)**	**1,289**	5,780	–	(3,657)	2,123
Other movements[1]	**–**	**–**	**(6)**	**(6)**	1,287	–	21	1,308
Net insurance contract liabilities as at 31 December	**44,854**	**28**	**601**	**45,483**	42,423	39	298	42,760
Insurance contract liabilities as at 31 December	**44,854**	**28**	**601**	**45,483**	42,423	39	298	42,760
Insurance contract assets as at 31 December	**–**	**–**	**–**	**–**	–	–	–	–
Net insurance contract liabilities as at 31 December	**44,854**	**28**	**601**	**45,483**	42,423	39	298	42,760

1 Estimates of the present value of future cash flows in 2024 includes £1,305 million of premium in respect of the PGL Pension Scheme buy-out.

	2025				2024			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
Pensions & Savings	Excluding loss component £m	Loss component £m	Liabilities for incurred claims £m	Total £m	Excluding loss component £m	Loss component £m	Liabilities for incurred claims £m	Total £m
Insurance contract liabilities as at 1 January	**22,029**	**94**	**384**	**22,507**	22,892	115	442	23,449
Insurance contract assets as at 1 January	**–**	**–**	**–**	**–**	–	–	–	–
Net insurance contract liabilities as at 1 January	**22,029**	**94**	**384**	**22,507**	22,892	115	442	23,449
Changes in income statement								
Insurance revenue (note C1)	**(269)**	**–**	**–**	**(269)**	(274)	–	–	(274)
Insurance service expenses:								
Incurred claims and other expenses	**–**	**(20)**	**221**	**201**	–	(14)	271	257
Losses on onerous contracts and reversals of those losses	**–**	**(23)**	**–**	**(23)**	–	(6)	–	(6)
Changes to liabilities for incurred claims (past service)	**–**	**–**	**(6)**	**(6)**	–	–	(22)	(22)
Insurance service result	**(269)**	**(43)**	**215**	**(97)**	(274)	(20)	249	(45)
Insurance finance expense	**2,763**	**–**	**10**	**2,773**	1,708	–	14	1,722
Total changes in income statement	**2,494**	**(43)**	**225**	**2,676**	1,434	(20)	263	1,677
Investment components	**(2,439)**	**–**	**2,439**	**–**	(2,679)	–	2,679	–
Cash flows:								
Premiums received	**329**	**–**	**–**	**329**	377	–	–	377
Claims and other expenses paid	**–**	**–**	**(2,730)**	**(2,730)**	–	–	(2,999)	(2,999)
Total cash flows	**329**	**–**	**(2,730)**	**(2,401)**	377	–	(2,999)	(2,622)
Other movements	**–**	**–**	**–**	**–**	5	(1)	(1)	3
Net insurance contract liabilities as at 31 December	**22,413**	**51**	**318**	**22,782**	22,029	94	384	22,507
Insurance contract liabilities as at 31 December	**22,413**	**51**	**318**	**22,782**	22,029	94	384	22,507
Insurance contract assets as at 31 December	**–**	**–**	**–**	**–**	–	–	–	–
Net insurance contract liabilities as at 31 December	**22,413**	**51**	**318**	**22,782**	22,029	94	384	22,507

Notes to the consolidated financial statements continued

F. Insurance contracts, investment contracts with DPF and reinsurance continued

F2. Insurance contracts continued

F2.2 Movements in liabilities for remaining coverage and liabilities for incurred claims for insurance contracts continued

	2025				2024			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
With-Profits	Excluding loss component £m	Loss component £m	Liabilities for incurred claims £m	Total £m	Excluding loss component £m	Loss component £m	Liabilities for incurred claims £m	Total £m
Insurance contract liabilities as at 1 January	**25,972**	**238**	**664**	**26,874**	27,520	312	561	28,393
Insurance contract assets as at 1 January	**–**	**–**	**–**	**–**	–	–	–	–
Net insurance contract liabilities as at 1 January	**25,972**	**238**	**664**	**26,874**	27,520	312	561	28,393
Changes in income statement								
Insurance revenue (note C1)	**(327)**	**–**	**–**	**(327)**	(378)	–	–	(378)
Insurance service expenses:								
Incurred claims and other expenses	**–**	**(39)**	**299**	**260**	–	(43)	316	273
Losses on onerous contracts and reversals of those losses	**–**	**(50)**	**–**	**(50)**	–	(33)	–	(33)
Changes to liabilities for incurred claims (past service)	**–**	**–**	**(71)**	**(71)**	–	–	(38)	(38)
Insurance service result	**(327)**	**(89)**	**228**	**(188)**	(378)	(76)	278	(176)
Insurance finance expense	**2,518**	**1**	**10**	**2,529**	1,098	1	23	1,122
Total changes in income statement	**2,191**	**(88)**	**238**	**2,341**	720	(75)	301	946
Investment components	**(2,264)**	**–**	**2,264**	**–**	(2,369)	–	2,369	–
Cash flows:								
Premiums received	**61**	**–**	**–**	**61**	101	–	–	101
Claims and other expenses paid	**–**	**–**	**(2,811)**	**(2,811)**	–	–	(2,567)	(2,567)
Insurance acquisition cash flows	**–**	**–**	**–**	**–**	–	–	–	–
Total cash flows	**61**	**–**	**(2,811)**	**(2,750)**	101	–	(2,567)	(2,466)
Other movements	**–**	**–**	**–**	**–**	–	1	–	1
Net insurance contract liabilities as at 31 December	**25,960**	**150**	**355**	**26,465**	25,972	238	664	26,874
Insurance contract liabilities as at 31 December	**25,960**	**150**	**355**	**26,465**	25,972	238	664	26,874
Insurance contract assets as at 31 December	**–**	**–**	**–**	**–**	–	–	–	–
Net insurance contract liabilities as at 31 December	**25,960**	**150**	**355**	**26,465**	25,972	238	664	26,874

	2025				2024			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
Europe & Other	Excluding loss component £m	Loss component £m	Liabilities for incurred claims £m	Total £m	Excluding loss component £m	Loss component £m	Liabilities for incurred claims £m	Total £m
Insurance contract liabilities as at 1 January	**23,306**	**140**	**204**	**23,650**	23,055	142	459	23,656
Insurance contract assets as at 1 January	**–**	**–**	**–**	**–**	–	–	–	–
Net insurance contract liabilities as at 1 January	**23,306**	**140**	**204**	**23,650**	23,055	142	459	23,656
Changes in income statement:								
Insurance revenue (note C1)	**(543)**	**–**	**–**	**(543)**	(569)	–	–	(569)
Insurance service expenses:								
Incurred claims and other expenses	**–**	**(17)**	**508**	**491**	–	(34)	521	487
Amortisation of insurance acquisition cash flows	**12**	**–**	**–**	**12**	11	–	–	11
Losses on onerous contracts and reversals of those losses	**–**	**(4)**	**–**	**(4)**	–	18	–	18
Changes to liabilities for incurred claims (past service)	**–**	**–**	**(22)**	**(22)**	–	–	(8)	(8)
Insurance service result	**(531)**	**(21)**	**486**	**(66)**	(558)	(16)	513	(61)
Insurance finance expense	**1,192**	**1**	**11**	**1,204**	1,326	18	4	1,348
Total changes in income statement	**661**	**(20)**	**497**	**1,138**	768	2	517	1,287
Investment components	**(1,455)**	**–**	**1,455**	**–**	(1,485)	–	1,485	–
Cash flows:								
Premiums received	**2,025**	**–**	**–**	**2,025**	1,720	–	–	1,720
Claims and other expenses paid	**–**	**–**	**(1,900)**	**(1,900)**	–	–	(2,249)	(2,249)
Insurance acquisition cash flows	**(98)**	**–**	**–**	**(98)**	(106)	–	–	(106)
Total cash flows	**1,927**	**–**	**(1,900)**	**27**	1,614	–	(2,249)	(635)
Other movements[1]	**780**	**1**	**–**	**781**	(646)	(4)	(8)	(658)
Net insurance contract liabilities as at 31 December	**25,219**	**121**	**256**	**25,596**	23,306	140	204	23,650
Insurance contract liabilities as at 31 December	**25,219**	**121**	**256**	**25,596**	23,306	140	204	23,650
Insurance contract assets as at 31 December	**–**	**–**	**–**	**–**	–	–	–	–
Net insurance contract liabilities as at 31 December	**25,219**	**121**	**256**	**25,596**	23,306	140	204	23,650

1 Other movements in both periods presented principally relate to foreign currency.

Notes to the consolidated financial statements continued

F. Insurance contracts, investment contracts with DPF and reinsurance continued

F3. Reinsurance contracts held

F3.1 Movements in present value of future cash flows, risk adjustment and CSM of reinsurance contracts held

The reconciliations below provide a roll-forward of the net asset or liability for reinsurance contracts held by measurement component, showing estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the CSM.

	2025				2024			
	Estimates of the present value of future cash flows £m	Risk adjustment £m	Contractual service margin £m	Total £m	Estimates of the present value of future cash flows £m	Risk adjustment £m	Contractual service margin £m	Total £m
Reinsurance contract liabilities as at 1 January	**(252)**	**34**	**60**	**(158)**	(244)	37	60	(147)
Reinsurance contract assets as at 1 January	**2,621**	**652**	**1,914**	**5,187**	2,410	596	1,870	4,876
Net reinsurance contract assets as at 1 January	**2,369**	**686**	**1,974**	**5,029**	2,166	633	1,930	4,729
Changes in income statement:								
CSM recognised for services received	**–**	**–**	**(171)**	**(171)**	–	–	(163)	(163)
Risk adjustment for the risk expired	**–**	**(67)**	**–**	**(67)**	–	(58)	–	(58)
Experience adjustments	**(29)**	**–**	**–**	**(29)**	(21)	–	–	(21)
Total change relating to current service	**(29)**	**(67)**	**(171)**	**(267)**	(21)	(58)	(163)	(242)
Contracts initially recognised in the period	**(369)**	**89**	**280**	**–**	(190)	116	74	–
Changes in estimates that adjust the CSM	**264**	**(56)**	**(208)**	**–**	(93)	17	76	–
Changes in estimates that do not adjust the CSM	**(14)**	**(9)**	**–**	**(23)**	(12)	9	–	(3)
Total change relating to future service	**(119)**	**24**	**72**	**(23)**	(295)	142	150	(3)
Net (expenses)/income from reinsurance contracts	**(148)**	**(43)**	**(99)**	**(290)**	(316)	84	(13)	(245)
Reinsurance finance (expense)/income	**(110)**	**81**	**57**	**28**	(130)	(28)	49	(109)
Total changes in income statement	**(258)**	**38**	**(42)**	**(262)**	(446)	56	36	(354)
Cash flows:								
Premiums paid	**3,156**	**–**	**–**	**3,156**	2,658	–	–	2,658
Claims recovered and other expenses paid	**(2,300)**	**–**	**–**	**(2,300)**	(2,000)	–	–	(2,000)
Total cash flows	**856**	**–**	**–**	**856**	658	–	–	658
Other movements[1]	**(1)**	**3**	**3**	**5**	(9)	(3)	8	(4)
Net reinsurance contract assets as at 31 December	**2,966**	**727**	**1,935**	**5,628**	2,369	686	1,974	5,029
Reinsurance contract liabilities as at 31 December	**(266)**	**32**	**54**	**(180)**	(252)	34	60	(158)
Reinsurance contract assets as at 31 December	**3,232**	**695**	**1,881**	**5,808**	2,621	652	1,914	5,187
Net reinsurance contract assets as at 31 December	**2,966**	**727**	**1,935**	**5,628**	2,369	686	1,974	5,029
Analysed by segment as follows:								
Retirement Solutions	**2,193**	**660**	**1,652**	**4,505**	1,307	575	1,694	3,576
Pensions & Savings	**4**	**–**	**10**	**14**	4	1	6	11
With-profits	**432**	**11**	**143**	**586**	736	34	141	911
Europe & Other	**337**	**56**	**130**	**523**	322	76	133	531
Net reinsurance contract assets as at 31 December	**2,966**	**727**	**1,935**	**5,628**	2,369	686	1,974	5,029

1 Other movements in both periods presented include those relating to foreign currency. Please see note F3.2 for details of further amounts reported within Other movements for 2025.

F3.2 Movements in assets for remaining coverage and assets for incurred claims for reinsurance contracts held

The following reconciliations show how the net carrying amounts of reinsurance contracts held changed over the year as a result of cash flows, amounts recognised in the consolidated income statement and other movements, analysed by remaining coverage and incurred claims.

	2025				2024			
	Assets for remaining coverage				Assets for remaining coverage			
	Excluding loss recovery component £m	Loss recovery component £m	Assets for incurred claims £m	Total £m	Excluding loss recovery component £m	Loss recovery component £m	Assets for incurred claims £m	Total £m
Reinsurance contract liabilities as at 1 January	**(163)**	**–**	**5**	**(158)**	(152)	–	5	(147)
Reinsurance contract assets as at 1 January	**7,076**	**40**	**(1,929)**	**5,187**	7,147	37	(2,308)	4,876
Net reinsurance contract assets as at 1 January	**6,913**	**40**	**(1,924)**	**5,029**	6,995	37	(2,303)	4,729
								–
Changes in income statement								
Reinsurance expenses	**(3,001)**	**–**	**–**	**(3,001)**	(2,504)	–	–	(2,504)
Claims recoverable and other expenses incurred	**–**	**–**	**2,734**	**2,734**	–	–	2,267	2,267
Changes in the CSM due to recognition and reversal of a loss-recovery component from onerous underlying contracts	**–**	**(22)**	**–**	**(22)**	–	(3)	–	(3)
Cost of retroactive cover on reinsurance contracts held	**–**	**(1)**	**–**	**(1)**	–	(5)	–	(5)
Net (expense)/income from reinsurance contracts held	**(3,001)**	**(23)**	**2,734**	**(290)**	(2,504)	(8)	2,267	(245)
Reinsurance finance income/(expense)	**35**	**–**	**(7)**	**28**	(94)	1	(16)	(109)
Total changes in income statement	**(2,966)**	**(23)**	**2,727**	**(262)**	(2,598)	(7)	2,251	(354)
Investment components	**(143)**	**–**	**143**	**–**	(126)	–	126	–
								–
Cash flows:								–
Premiums paid	**3,156**	**–**	**–**	**3,156**	2,658	–	–	2,658
Claims recovered and other expenses paid	**–**	**–**	**(2,300)**	**(2,300)**	–	–	(2,000)	(2,000)
Total cash flows	**3,156**	**–**	**(2,300)**	**856**	2,658	–	(2,000)	658
Other movements[1]	**(1,494)**	**(1)**	**1,500**	**5**	(16)	10	2	(4)
Net reinsurance contract assets as at 31 December	**5,466**	**16**	**146**	**5,628**	6,913	40	(1,924)	5,029
Reinsurance contract liabilities as at 31 December	**(185)**	**–**	**5**	**(180)**	(163)	–	5	(158)
Reinsurance contract assets as at 31 December	**5,651**	**16**	**141**	**5,808**	7,076	40	(1,929)	5,187
Net reinsurance contract assets as at 31 December	**5,466**	**16**	**146**	**5,628**	6,913	40	(1,924)	5,029
Analysed by segment as follows:								
Retirement Solutions	**4,393**	**5**	**107**	**4,505**	5,543	25	(1,992)	3,576
Pensions & Savings	**14**	**–**	**–**	**14**	7	–	4	11
With-Profits	**570**	**–**	**16**	**586**	879	–	32	911
Europe & Other	**489**	**11**	**23**	**523**	484	15	32	531
Net reinsurance contract assets as at 31 December	**5,466**	**16**	**146**	**5,628**	6,913	40	(1,924)	5,029

1 The Group has reinsurance arrangements where the premium is retained and held in financial assets which are not derecognised in the Group's statement of consolidated financial position. Both the reinsurance and deposit-back elements are treated as a single contract under IFRS 17. It has been identified that in 2024 certain amounts of the deposit-back obligation were treated as Assets for Incurred Claims ('AIC'), when appropriate treatment is to recognise within AIC only the portion of the deposit-backed arrangement that relates to incurred claims, with the remainder being classified as Assets for Remaining Coverage ('ARC'). This has resulted in a reclassification of £2,052 million between ARC and AIC included within 'Other movements'.
Also included within 'Other Movements' in ARC is £553 million that represents the non-cash settlement of the deposit-back obligation in relation to policyholder claims in the period which are covered by these reinsurance arrangements.
The Group has assessed that the reclassification adjustment is not a material prior period error as the impact is limited to a disclosure misclassification of reinsurance assets between AIC and ARC with no impact on reinsurance contract assets within the statement of consolidated financial position, net assets or profit and is not expected to impact on economic decisions of the users of the financial statements. Therefore, the Group has not restated comparatives.

Notes to the consolidated financial statements continued

F. Insurance contracts, investment contracts with DPF and reinsurance continued

F4. Analysis of CSM by approach in determining CSM either at transition or post transition for new contracts

The tables below show an analysis of CSM for insurance contracts issued and reinsurance contracts held, showing separately amounts determined using fair value approach at transition and the total of amounts determined using the fully retrospective approach and amounts for new contracts incepted since transition.

F4.1 Insurance contracts

	2025			2024		
	Fair value approach at transition £m	Fully retrospective approach at transition and new contracts £m	Total £m	Fair value approach at transition £m	Fully retrospective approach at transition and new contracts £m	Total £m
CSM as at 1 January	**2,152**	**3,079**	**5,231**	1,977	2,806	4,783
Changes that relate to current service:						
CSM recognised for services provided	**(198)**	**(247)**	**(445)**	(222)	(222)	(444)
Changes that relate to future service:						
Contracts initially recognised in the period	**–**	**430**	**430**	–	405	405
Changes in estimates that adjust the CSM	**168**	**225**	**393**	347	19	366
Insurance service result	**(30)**	**408**	**378**	125	202	327
Insurance finance income	**32**	**93**	**125**	51	78	129
Total changes in income statement	**2**	**501**	**503**	176	280	456
Other movements	**5**	**2**	**7**	(1)	(7)	(8)
CSM as at 31 December	**2,159**	**3,582**	**5,741**	2,152	3,079	5,231
Analysed by segment as follows:						
Retirement Solutions	**1,145**	**3,307**	**4,452**	1,199	2,801	4,000
Pensions & Savings	**214**	**92**	**306**	181	88	269
With-Profits	**577**	**80**	**657**	547	86	633
Europe & Other	**223**	**103**	**326**	225	104	329
CSM as at 31 December	**2,159**	**3,582**	**5,741**	2,152	3,079	5,231

F4.2 Reinsurance contracts held

	2025			2024		
	Fair value approach at transition £m	Fully retrospective approach at transition and new contracts £m	Total £m	Fair value approach at transition £m	Fully retrospective approach at transition and new contracts £m	Total £m
CSM as at 1 January	**763**	**1,211**	**1,974**	823	1,107	1,930
Changes that relate to current service:						
CSM recognised for services received	**(93)**	**(78)**	**(171)**	(87)	(76)	(163)
Changes that relate to future service:						
Contracts initially recognised in the period	**–**	**280**	**280**	–	74	74
Changes in estimates that adjust the CSM	**93**	**(301)**	**(208)**	5	71	76
Net expenses from reinsurance contracts	**–**	**(99)**	**(99)**	(82)	69	(13)
Reinsurance finance income	**13**	**44**	**57**	15	34	49
Total changes in income statement	**13**	**(55)**	**(42)**	(67)	103	36
Other movements	**4**	**(1)**	**3**	7	1	8
CSM as at 31 December	**780**	**1,155**	**1,935**	763	1,211	1,974
Analysed by segment as follows:						
Retirement Solutions	**507**	**1,145**	**1,652**	489	1,205	1,694
Pensions & Savings	**–**	**10**	**10**	–	6	6
With-Profits	**143**	**–**	**143**	141	–	141
Europe & Other	**130**	**–**	**130**	133	–	133
CSM as at 31 December	**780**	**1,155**	**1,935**	763	1,211	1,974

F5. Recognition of CSM in profit or loss

The following tables set out when the Group expects to recognise the carrying value of the CSM in the consolidated income statement for insurance contracts issued and reinsurance contracts held. For General Model business this is shown after allowing for future accretion of interest on the CSM at the locked in rate. The amounts presented represent the net impact in each period of expected release of the CSM recognised in revenue less the accretion of interest on the CSM on General Model business recognised in insurance finance expenses.

2025	Less than 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	5-10 years £m	More than 10 years £m	Total £m
Insurance contracts issued								
Retirement Solutions	**309**	**295**	**282**	**268**	**255**	**1,080**	**1,963**	**4,452**
Pensions & Savings	**26**	**24**	**23**	**21**	**19**	**79**	**114**	**306**
With-Profits	**56**	**52**	**48**	**42**	**39**	**153**	**267**	**657**
Europe & Other	**35**	**31**	**27**	**25**	**23**	**73**	**112**	**326**
Total CSM	**426**	**402**	**380**	**356**	**336**	**1,385**	**2,456**	**5,741**
Reinsurance contracts held								
Retirement Solutions	**(125)**	**(118)**	**(111)**	**(105)**	**(99)**	**(406)**	**(688)**	**(1,652)**
Pensions & Savings	**(4)**	**(1)**	**(2)**	**(1)**	**(1)**	**(1)**	**–**	**(10)**
With-Profits	**(14)**	**(13)**	**(12)**	**(11)**	**(10)**	**(36)**	**(47)**	**(143)**
Europe & Other	**(12)**	**(11)**	**(11)**	**(10)**	**(10)**	**(40)**	**(36)**	**(130)**
Total CSM	**(155)**	**(143)**	**(136)**	**(127)**	**(120)**	**(483)**	**(771)**	**(1,935)**

2024	Less than 1 year £m	1-2 years £m	2-3 years £m	3-4 years £m	4-5 years £m	5-10 years £m	More than 10 years £m	Total £m
Insurance contracts issued								
Retirement Solutions	263	250	239	228	218	933	1,869	4,000
Pensions & Savings	30	26	24	21	19	68	81	269
With-Profits	65	56	49	43	37	139	244	633
Europe & Other	35	30	28	24	23	75	114	329
Total CSM	393	362	340	316	297	1,215	2,308	5,231
Reinsurance contracts held								
Retirement Solutions	(120)	(113)	(107)	(101)	(96)	(401)	(756)	(1,694)
Pensions & Savings	(2)	(2)	–	–	–	(1)	(1)	(6)
With-Profits	(13)	(13)	(11)	(10)	(8)	(32)	(54)	(141)
Europe & Other	(10)	(10)	(10)	(10)	(10)	(43)	(40)	(133)
Total CSM	(145)	(138)	(128)	(121)	(114)	(477)	(851)	(1,974)

Notes to the consolidated financial statements continued

F. Insurance contracts, investment contracts with DPF and reinsurance continued

F6. Effect of contracts initially recognised in the year

The effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts in the year is disclosed in the tables below. Contracts issued comprise of pension risk transfer transactions completed in the year and protection business.

F6.1 Insurance contracts

	2025					2024				
	Retirement Solutions		Europe & Other			Retirement Solutions		Europe & Other		
Contracts Issued	Profitable £m	Onerous £m	Profitable £m	Onerous £m	Total £m	Profitable £m	Onerous £m	Profitable £m	Onerous £m	Total £m
Estimate of present value of future cash outflows:										
Insurance acquisition cash flows	**81**	**1**	**72**	**–**	**154**	73	–	79	–	152
Claims and other directly attributable expenses	**4,112**	**77**	**155**	**–**	**4,344**	6,320	–	156	22	6,498
Estimates of present value of future cash outflows	**4,193**	**78**	**227**	**–**	**4,498**	6,393	–	235	22	6,650
Estimates of present value of future cash inflows	**(4,687)**	**(78)**	**(253)**	**–**	**(5,018)**	(6,881)	–	(285)	(23)	(7,189)
Risk adjustment incurred	**86**	**–**	**4**	**–**	**90**	128	–	5	1	134
CSM	**408**	**–**	**22**	**–**	**430**	360	–	45	–	405
Losses on onerous contracts at initial recognition[1]	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–

1 Losses on onerous contracts at initial recognition were less than £0.5 million in both periods presented.

F6.2 Reinsurance contracts

Contracts purchased	2025 Without a loss recovery component £m	2024 Without a loss recovery component £m
Estimate of present value of future cash inflows	**4,870**	5,597
Estimates of present value of future cash outflows	**(5,239)**	(5,787)
Risk adjustment incurred	**89**	116
CSM	**280**	74
Income recognised on initial recognition	**–**	–

All contracts purchased relate to the Retirement Solutions segment.

F7. Underlying items

The following table sets out the composition and the fair value of underlying items of the Group's participating contracts which are measured using the variable fee approach.

	2025				2024			
	Pensions & Savings £m	With-profits £m	Europe & Other £m	Total £m	Pensions & Savings £m	With-profits £m	Europe & Other £m	Total £m
Collective investment schemes	**17,943**	**23,619**	**16,626**	**58,188**	17,753	21,736	14,598	54,087
Debt securities	**2,487**	**6,385**	**5,157**	**14,029**	2,554	6,569	4,881	14,004
Equities	**1,685**	**3,337**	**1,084**	**6,106**	1,753	3,987	1,135	6,875
Investment property	**196**	**800**	**13**	**1,009**	266	788	14	1,068
Derivative assets	**4**	**150**	**926**	**1,080**	1	159	893	1,053
Cash and cash equivalents	**90**	**118**	**403**	**611**	85	79	363	527
Loans and deposits	**–**	**2**	**195**	**197**	–	2	142	144
Other assets	**80**	**688**	**548**	**1,316**	75	806	621	1,502
Derivative liabilities	**(1)**	**(477)**	**(615)**	**(1,093)**	(3)	(494)	(152)	(649)
Obligation for repayment of collateral received	**–**	**(69)**	**(20)**	**(89)**	–	(90)	(181)	(271)
Deposits received from reinsurers	**432**	**(15)**	**–**	**417**	–	–	–	–
Insurance contract liabilities	**–**	**(2,461)**	**(6)**	**(2,467)**	–	(2,132)	(4)	(2,136)
Investment contract liabilities	**–**	**(9,189)**	**–**	**(9,189)**	–	(8,550)	–	(8,550)
Other liabilities	**(48)**	**(1,352)**	**(912)**	**(2,312)**	(38)	(1,171)	(855)	(2,064)
	22,868	**21,536**	**23,399**	**67,803**	22,446	21,689	21,455	65,590

F8. Collateral arrangements

It is the Group's practice to obtain collateral to mitigate the counterparty risk related to reinsurance transactions usually in the form of cash or marketable financial instruments.

Where the Group receives collateral in the form of marketable financial instruments and cash held by external custodians, it is not recognised in the statement of consolidated financial position. The cash collateral received is legally segregated from the Group and consequently the Group does not have the contractual right to receive the cash flows, and the balances are not available for investment purposes.

The fair value of financial assets accepted as collateral for reinsurance transactions but not recognised in the statement of consolidated financial position amounts to £6,586 million (2024: £5,558 million).

F9. Risk management – insurance risk

This note forms one part of the risk management disclosures in the consolidated financial statements. An overview of the Group's approach to risk management is outlined in note I3 and the Group's management of financial and other risks is detailed in note E6.

Insurance risk refers to the risk of reductions in earnings and/or value, through financial or reputational loss, due to experience variations in the timing, frequency and severity of insured/underwritten events and to fluctuations in the timing and amount of claim settlements. The Life businesses are exposed to the following elements of insurance risk:

Mortality	The risk of reductions in earnings, capital and/or value through a financial or reputational loss arising as a result of higher than expected number of death claims on assurance products, lower than expected improvements in mortality or adverse movement in mortality rates on Equity Release Mortgages.
Longevity	The risk of reductions in earnings, capital and/or value through a financial or reputational loss arising as a result of lower than expected number of deaths experienced on annuity products or greater than expected improvements in annuitant mortality.
Morbidity/Disability	The risk of reductions in earnings, capital and/or value through a financial or reputational loss arising as a result of higher than expected number of inceptions on critical illness or income protection policies and lower than expected recovery rates on income protection policies or adverse movements in morbidity rates on Equity Release Mortgages.
Expenses	The risk of reductions in earnings, capital and/or value through a financial or reputational loss arising as a result of unexpected timing or value of expenses incurred.
Persistency	The risk of reductions in earnings, capital and/or value through a financial or reputational loss arising as a result of adverse movements in surrender rates, guaranteed annuity option ('GAO') surrender rates, GAO take-up rates, policyholder retirement dates, the occurrence of a mass lapse event or adverse change in mortgage prepayment rates leading to losses.
Concentration of risk	The concentration of risk arising from insurance contracts might exist where the Group has significant exposure to specific demographic factors such as age, smoker status, geographical location. The Group's exposure to insurance risk is spread across a diversified portfolio of products and approximately 12 million policyholders. Concentration risk might also arise from insurance contracts that expose the Group to financial risk as a result of options and guarantees contained within the product. Details of the Group's approach to managing these features are contained in F9.3 Managing Product Risk. The Group sets individual risk limits as a key control within its Risk Appetite Framework. Risk limits are reviewed as part of approving the Group's Business Plan and permit concentrations of certain risks only where the strategy can be demonstrated as affordable within risk appetite.

Objectives and policies for mitigating insurance risk

Insurance risks are managed by monitoring risk exposure against pre-defined appetite limits. If a risk is moving out of appetite, the Group can choose to mitigate it via reinsurance in the case of longevity, mortality and morbidity risks, or by taking other risk reducing actions.

This is supported by additional methods to assess and monitor insurance risk exposures for both individual types of risks insured and overall risks. These methods include internal risk measurement models, experience analyses, external data comparisons, sensitivity analyses, scenario analyses and stress testing. Assumptions that are deemed to be financially significant are reviewed at least annually for pricing and reporting purposes.

The profitability of the run-off of the Company's legacy business depends, to a significant extent, on the values of claims paid in the future relative to the assets accumulated to the date of claim. Typically, over the lifetime of a contract, premiums and investment returns exceed claim costs in the early years and it is necessary to set aside these amounts to meet future obligations. The amount of such future obligations is assessed on actuarial principles by reference to assumptions about the development of financial and insurance risks.

It is therefore necessary for the Directors of each life company to make decisions, based on actuarial advice, which ensure an appropriate accumulation of assets relative to liabilities. These decisions include investment policy, bonus policy and, where discretion exists, the level of payments on early termination.

In the Retirement Solutions operating segment, longevity risk exposures continue to increase as a result of the Pension Risk Transfer deals it has successfully acquired, however the vast majority of these exposures are reinsured to third parties.

Notes to the consolidated financial statements continued

F. Insurance contracts, investment contracts with DPF and reinsurance continued

F9. Risk management – insurance risk continued

F9.1 Sensitivities

Insurance liabilities are sensitive to changes in risk variables, such as prevailing market interest rates, currency rates and equity prices, since these variations alter the value of the financial assets held to meet obligations arising from insurance contracts and changes in investment conditions also have an impact on the value of insurance liabilities themselves. Additionally, insurance liabilities are sensitive to the assumptions which have been applied in their calculation, such as mortality and lapse rates. Sometimes allowance must also be made for the effect on future assumptions of management or policyholder actions in certain economic scenarios. This could lead to changes in assumed asset mix or future bonus rates. The most significant non-economic sensitivities arise from mortality, longevity and lapse risk. The table below analyses how the CSM, profit after tax and equity would have increased or (decreased) if changes in underwriting risk variables that were reasonably possible at the reporting date had occurred. This analysis presents the sensitivities both before and after risk mitigation by reinsurance and assumes that all other variables remain constant.

		Impact on profit after tax		Impact on equity		Impact on CSM	
2025	Change in risk variable	Gross of reinsurance £m	Net of reinsurance £m	Gross of reinsurance £m	Net of reinsurance £m	Gross of reinsurance £m	Net of reinsurance £m
Assurance mortality	**+5%**	**(61)**	**(42)**	**(61)**	**(42)**	**(54)**	**(45)**
	-5%	**36**	**12**	**36**	**12**	**92**	**87**
Annuitant longevity	**+5%**	**339**	**140**	**318**	**138**	**(1,281)**	**(466)**
	-5%	**(334)**	**(144)**	**(314)**	**(142)**	**1,236**	**461**
Lapse rates	**+10%**	**(27)**	**(34)**	**(27)**	**(34)**	**(17)**	**(7)**
	-10%	**31**	**33**	**31**	**33**	**23**	**17**
Expenses	**+10%**	**(65)**	**(65)**	**(65)**	**(65)**	**(192)**	**(192)**
	-10%	**38**	**38**	**38**	**38**	**227**	**227**

		Impact on profit after tax		Impact on equity		Impact on CSM	
2024	Change in risk variable	Gross of reinsurance £m	Net of reinsurance £m	Gross of reinsurance £m	Net of reinsurance £m	Gross of reinsurance £m	Net of reinsurance £m
Assurance mortality	+5%	(53)	(25)	(53)	(25)	(55)	(54)
	-5%	28	6	28	6	92	82
Annuitant longevity	+5%	330	146	308	144	(1,236)	(452)
	-5%	(323)	(145)	(303)	(143)	1,183	433
Lapse rates	+10%	(39)	(47)	(39)	(47)	(8)	17
	-10%	33	48	33	48	26	(18)
Expenses	+10%	(63)	(63)	(63)	(63)	(251)	(251)
	-10%	43	43	43	43	277	277

F9.2 Assumptions

The assumptions used to determine the liabilities are updated at each reporting date to reflect recent experience, unless IFRS 17 requires otherwise. Material judgement is required in calculating these liabilities and, in particular, in the choice of assumptions about which there is uncertainty over future experience. The principal assumptions are as follows:

F9.2.1 Discount rates

All cash flows are discounted using risk-free yield curves adjusted to reflect the timing and, where necessary, liquidity characteristics of those cash flows. For the risk-free yield curve the Group uses those published by the PRA and EIOPA for regulatory reporting. Where necessary, yield curves are interpolated between the last available market data point and the ultimate forward rate.

The Group uses a top-down approach primarily for annuities and a bottom-up discount rate for all other business. Under the top-down approach, the discount rate is determined from the yield implicit in the fair value of an appropriate reference portfolio of assets that reflects the characteristics of the liabilities.

For annuity business, the Group determines a reference portfolio which is constructed in line with the Group's investment strategy. The reference portfolio construction is based on the actual assets held by the Group backing annuity business at the valuation date. Adjustment is made, where appropriate, to allow for the asset portfolio included in the pricing of policies where that has not been fully deployed at the reporting date and there are no identified barriers to achieving the pricing asset mix, and to reflect any strategic management actions actively underway to re-shape the annuity asset portfolio. In addition, excess assets are removed from the portfolio where the level of assets exceeds those necessary to meet the future cash flows. The yield derived from the reference portfolio is determined based on the fair value of assets in that class held by the Group at the valuation date.

Adjustments are also made for differences between the reference portfolio and the insurance contract liability cash flows, including an allowance for credit defaults. The credit default deduction comprises an allowance for both expected and unexpected defaults and takes into consideration long-term historical data on actual defaults and an allowance for variability around these defaults. The credit default deduction is determined based on the assets held at the valuation date.

The Group has developed a credit model for use in the Group Solvency UK Internal Model which was approved by the PRA in 2025. The approved model sets out a structural model for credit defaults and allows for: (i) a best estimate view to be derived from long-term historical actual default data; (ii) applies a stress to these long-term historical defaults to determine the variability of defaults; and, (iii) the output is used to determine the assumption for unexpected credit defaults. Over 2025 the Group reviewed credit risk assumptions which act as an input to the discount rate used to value IFRS 17 annuity liabilities. While the overall credit risk assumption model structure remained unchanged, credit risk assumptions applied to the top-down reference portfolio were strengthened.

Under the bottom-up approach, the discount rate is determined as the risk-free yield curve, adjusted for differences in liquidity characteristics by adding an illiquidity premium. For with-profits business a single illiquidity premium is determined for each fund based on the cash flow characteristics of the contracts within the fund and applied to all contracts within the fund.

The tables below set out the yield curves used to discount the cash flows of insurance contracts for major currencies.

	Risk-free rate (bps)				
2025	1 year	5 years	10 years	20 years	30 years
GBP	**354**	**367**	**404**	**454**	**459**
Euro	**208**	**248**	**286**	**321**	**320**

	Risk-free rate (bps)				
2024	1 year	5 years	10 years	20 years	30 years
GBP	446	404	407	430	423
Euro	224	214	227	226	200

	Illiquidity premium over risk-free rate	
	2025	2024
	bps	bps
Annuities GBP	**168**	169
Annuities Euro	**62**	67
With-profits GBP – liquid liabilities	**40**	20
With-profits Euro – liquid liabilities	**40**	20
With-profits GBP – illiquid liabilities	**119 – 168**	104 – 169

F9.2.2 Risk adjustment

The Group has used the confidence level technique to derive the risk adjustment for non-financial risk. The risk adjustment percentile is determined based on the Group's view of the compensation required in respect of non-financial risk. The diversification benefit included in the risk adjustment reflects diversification between contracts within the perimeter of the Group's Internal Model. There is no diversification allowed for between contracts measured under standard formula and the internal model. The confidence level percentile is calculated on a one-year basis. The risk adjustment calibration is set at least annually, off-cycle, based on the Group's current view of risk. The risk adjustment calculation is reassessed at each reporting date, i.e. the risk adjustment is not locked-in at initial recognition.

For with-profits business, the shareholder's portion of non-financial risks (including an allowance for burn-through costs to the shareholder) is allowed for in the derivation of the risk adjustment. For non-profit business held within a with-profits fund, the risk adjustment takes into account the compensation required by both the shareholder and the participating policyholders.

Confidence level techniques are used to derive the overall risk adjustment for non-financial risk and this is allocated down to each group of contracts in accordance with their risk profiles. The confidence level percentile input used to determine the risk adjustment is as follows:

	2025	2024
Insurance contracts (gross of reinsurance)	**80th**	80th

The one-year confidence level used to determine the risk adjustment has been converted to an approximate lifetime confidence level using an approach which involves dividing by the square root of the lifetime duration of the insurance business.

Lifetime confidence level	2025	2024
Insurance contracts (gross of reinsurance)	**61st**	61st

Notes to the consolidated financial statements continued

F. Insurance contracts, investment contracts with DPF and reinsurance continued

F9. Risk management – insurance risk continued

F9.2 Assumptions continued

F9.2.3 Other assumptions

Other assumptions such as policyholder behaviours (lapses and surrender rates), expense inflation and demographic assumptions (i.e. longevity, mortality) are a key component of determining the cash flows related to the insurance contract liabilities. The underwriting risk variables and assumptions are set based on past experience and/or relevant industry data, market practice, regulations and expectations about future trends. Economic assumptions used in the measurement of fulfilment cash flows are market consistent.

Expenses and expense inflation

Insurance contract liabilities include an allowance for the best estimate of future expenses associated with the administration of in-force policies. This requires the allocation of the Group's future expenses between those that relate to the administration of in-force policies, those attributable to the acquisition of new business and other costs, such as corporate costs. There is a level of judgement applied in the analysis that supports this allocation. Additionally, judgement is applied in the determination of the projected costs of the Group, in particular where those projections include the impact of transition and integration activity.

Expenses are assumed to increase at either the rate of increase in the Retail Price Index ('RPI'), or a rate derived from the UK inflation swaps curve, plus fixed margins in accordance with the various management service agreements ('MSAs') the Group has in place with outsource partners. For with-profits business the rate of RPI inflation is determined within each stochastic scenario. For other business it is based on the Bank of England inflation spot curve. For MSAs with contractual increases set by reference to national average earnings inflation, this is approximated as RPI inflation or RPI inflation plus 1%. In instances in which inflation risk is not mitigated, appropriate margins are applied to reflect central expectations of earnings inflation in excess of RPI.

Mortality and longevity rates

Mortality rates are based on company experience and published tables, adjusted appropriately to take account of changes in the underlying population mortality since the table was published, company experience and forecast changes in future mortality. Annuitant mortality rates are adjusted to make allowance for future improvements in pensioner longevity.

Lapse and surrender rates (persistency)

The assumed rates for surrender and voluntary premium discontinuance depend on the length of time a policy has been in force and the relevant company experience. Withdrawal rates used in the valuation are based on observed experience and adjusted when it is considered that future policyholder behaviour will be influenced by different considerations than in the past. In particular, it is assumed that withdrawal rates for unitised with-profits contracts will be higher on policy anniversaries on which Market Value Adjustments do not apply.

Discretionary participating bonus rate

The regular bonus rates assumed in each scenario are determined in accordance with each company's Principles and Practices of Financial Management ('PPFM'). Final bonuses are assumed at a level such that maturity payments will equal asset shares subject to smoothing rules set out in the PPFM and the value of guaranteed benefits.

Policyholder options and guarantees

Some of the Group's products give potentially valuable guarantees, or give options to change policy benefits which can be exercised at the policyholders' discretion. These products are described below.

Most with-profits contracts give a guaranteed minimum payment on a specified date or range of dates or on death if before that date or dates. For pensions contracts, the specified date is the policyholder's chosen retirement date or a range of dates around that date. For endowment contracts, it is the maturity date of the contract. For with-profits bonds it is often a specified anniversary of commencement, in some cases with further dates thereafter. Annual bonuses when added to with-profits contracts usually increase the guaranteed amount.

There are guaranteed surrender values on a small number of older contracts.

The fair value of the guaranteed annuity options, which is a component of the total insurance contract liability, are £739 million (2024: £529 million) in the with-profits funds and £88 million (2024: £73 million) in the non-profit funds.

In common with other life companies in the UK which have written pension transfer and opt-out business, the Group has set up provisions for the review and possible redress relating to personal pension policies. These provisions, which have been calculated from data derived from detailed file reviews of specific cases and using a certainty equivalent approach, which give a result very similar to a market consistent valuation, are included in liabilities arising under insurance contracts. The total amount provided in the with-profits funds and non-profit funds in respect of the review and possible redress relating to pension policies, including associated costs, are £133 million (2024: £155 million) and £4 million (2024: £2 million) respectively.

With-profits deferred annuities participate in profits only up to the date of retirement. At retirement, a guaranteed cash option allows the policyholder to commute the annuity benefit into cash on guaranteed terms.

Assumption changes

During the year a number of changes were made to assumptions to reflect changes in expected experience. The impact of material changes during the year was as follows:

	2025		2024	
	(Decrease)/ increase in CSM £m	Increase/ (decrease) in loss component £m	Increase/ (decrease) in CSM £m	(Decrease)/ increase in loss component £m
For insurance contracts:				
Change in longevity assumptions	**(234)**	**3**	100	(11)
Change in persistency assumptions	**7**	**11**	10	(5)
Change in mortality assumptions	**(9)**	**5**	–	3
Change in expenses assumptions	**368**	**(74)**	(74)	72
For reinsurance contracts:				
Change in longevity assumptions	**285**	**–**	(31)	–
Change in persistency assumptions	**5**	**–**	–	–
Change in mortality assumptions	**(1)**	**–**	–	–
Change in expenses assumptions	**(6)**	**–**	(45)	–

2025:

Changes in longevity assumptions have given rise to a £51 million net of reinsurance increase in CSM and £3 million increase in loss component which reflect updates to base and proportions married assumptions reflecting latest experience analyses.

Reflecting the latest experience from annual persistency updates has resulted in a £12 million net of reinsurance increase in CSM and £11 million increase in loss component.

Changes in mortality assumptions are largely driven by latest experience analyses have resulted in a £10 million decrease in CSM and £5 million increase in loss component.

Changes in expense assumptions have resulted in a £362 million net of reinsurance increase in CSM and £74 million decrease in loss component principally reflecting expected cost savings attributable to strategic change activity. This includes the decision to discontinue further migration of customer administration of ReAssure policies to the TCS BaNCS platform and their transfer to Wipro under the new strategic partnership; the anticipated in-housing of the management of the majority of the Group's shareholder assets; and the ongoing refinements in the modelling of investment expense assumptions.

2024:

The £69 million inclusive of reinsurance increase in CSM and £(11) million decrease in loss component from changes in longevity assumptions reflect updates to base and improvement assumptions reflecting latest experience analyses.

As well as annual persistency updates to reflect latest experience, assumption changes were made for late retirements and GAO take-up rates during the year.

The £3 million increase in loss component from changes in mortality assumptions is largely driven by modelling change and partly offset by a release in the mortality provision.

The £(119) million net of reinsurance decrease in CSM and £72 million increase in loss component from changes in expense assumptions are driven by an increase in reserves principally in respect of delivery of the Group Target Operating Model for IT and Operations included the migration of policyholder administration onto the TCS platform and Group expense provisions. This is partly offset by changes in modelled expenses in relation to the Group's cost saving programme together with investment expenses and release of an investment manual.

Notes to the consolidated financial statements continued

F. Insurance contracts, investment contracts with DPF and reinsurance continued

F9. Risk management – insurance risk continued

F9.3 Managing product risk

The following sections give an assessment of the risks associated with the Group's main life assurance products and the ways in which the Group manages those risks.

Product	Primary segment	Main insurance risks
With-profits:		
Unitised & Traditional – without guarantees	With-profits	Longevity & Lapse
Unitised & Traditional – with guarantees	With-profits	Lapse
Annuities	With-profits	Longevity
Non-profit:		
Deferred annuities – with guarantees	Retirement Solutions	Longevity
Deferred annuities – without guarantees	Retirement Solutions	Longevity
Immediate annuities	Retirement Solutions	Longevity
Protection	Europe & Other	Mortality, Morbidity & Lapse
Unit-linked – with guarantees	Pensions & Savings	Longevity & Lapse
Unit-linked – without guarantees	Pensions & Savings	Mortality, Morbidity & Lapse

The above products will also be exposed to market risk and further details are included in note E6.2.

£19,898 million (2024: £15,692 million) of liabilities are subject to longevity swap arrangements.

With-profits fund (unitised and traditional)

The Group operates a number of with-profits funds in which the with-profits policyholders benefit from a discretionary annual bonus (guaranteed once added in most cases) and a discretionary final bonus. Non-participating business is also written in some of the with-profits funds and some of the funds may include immediate annuities and deferred annuities with Guaranteed Annuity Rates ('GAR').

The investment strategy of each fund differs, but is broadly to invest in a mixture of fixed interest investments and equities and/or property and other asset classes in such proportions as is appropriate to the investment risk exposure of the fund and its capital resources.

The Group has significant discretion regarding investment policy, bonus policy and early termination values. The process for exercising discretion in the management of the with-profits funds is set out in the PPFM for each with-profits fund and is overseen by with-profits committees. Advice is also taken from the with-profits actuary of each with-profits fund. Compliance with the PPFM is reviewed annually and reported to the PRA, Financial Conduct Authority ('FCA') and policyholders.

The bonuses are designed to distribute to policyholders a fair share of the return on the assets in the with-profits funds together with other elements of the experience of the fund. The shareholders of the Group are entitled to receive one-ninth of the cost of bonuses declared for some funds and £nil for others. For the Heritage With-Profits Fund ('HWPF'), under the Scheme of Demutualisation, shareholders are entitled to receive certain defined cash flows arising on specified blocks of UK and Irish business.

Unitised and traditional with-profits policies are exposed to equivalent risks, the main difference being that unitised with-profits policies purchase notional units in a with-profits fund whereas traditional with-profits policies do not. Benefit payments for unitised policies are then dependent on unit prices at the time of a claim, although charges may be applied. A unitised with-profits fund price is typically guaranteed not to fall and increases in line with any discretionary bonus payments over the course of one year.

Deferred annuities

Deferred annuity policies are written to provide either a cash benefit at retirement, which the policyholder can use to buy an annuity on the terms then applicable, or an annuity payable from retirement. The policies contain an element of guarantee expressed in the form that the contract is written in, i.e. to provide cash or an annuity. Deferred annuity policies written to provide a cash benefit may also contain an option to convert the cash benefit to an annuity benefit on guaranteed terms; these are known as GAR policies. Deferred annuity policies written to provide an annuity benefit may also contain an option to convert the annuity benefit into cash benefits on guaranteed terms; these are known as Guaranteed Cash Option ('GCO') policies. In addition, certain unit prices in the HWPF are guaranteed not to decrease.

Long-term interest rates remain relatively low compared to historical levels and life expectancy has increased more rapidly than originally anticipated. The guaranteed terms on GAR policies are more favourable than the annuity rates currently available in the market. The guaranteed terms on GCO policies are currently not valuable. Deferred annuity policies which are written to provide annuity benefits are managed in a similar manner to immediate annuities and are exposed to the same risks.

The option provisions on GAR policies are particularly sensitive to downward movements in interest rates, increasing life expectancy and the proportion of customers exercising their option. Adverse movements in these factors could lead to a requirement to increase reserves which could adversely impact profit and potentially require additional capital. In order to address the interest rate risk (but not the risk of increasing life expectancy or changing customer behaviour with regard to exercise of the option), insurance subsidiaries within the Group have purchased derivatives that provide protection against an increase in liabilities and have thus reduced the sensitivity of profit to movements in interest rates (see note E6.2.2).

The Group seeks to manage this risk in accordance with both the terms of the issued policies and the interests of customers, and has obtained external advice supporting the manner in which it operates the long-term funds in this respect.

Immediate annuities

This type of annuity is purchased with a single premium at the outset, and is paid to the policyholder for the remainder of their lifetime. Payments may also continue for the benefit of a surviving spouse or partner after the annuitant's death. Annuities may be level, or escalate at a fixed rate, or may escalate in line with a price index and may be payable for a minimum period irrespective of whether the policyholder remains alive.

The main risks associated with this product are longevity and investment risks. Longevity risk arises where the annuities are paid for the lifetime of the policyholder, and is managed through the initial pricing of the annuity and through reinsurance (appropriately collateralised) or transfer of existing liabilities. Annuities may also be a partial 'natural hedge' against losses incurred in protection business in the event of increased mortality (and vice versa) although the extent to which this occurs will depend on the similarity of the demographic profile of each book of business. In addition, the Group has in place longevity swaps that provide downside protection over longevity risk.

The pricing assumption for mortality risk is based on both historic internal information and external mortality experience, including allowances for future mortality improvements. Pricing will also include a contingency margin for adverse deviations in assumptions.

Market and credit risk is influenced by the extent to which the cash flows under the contracts have been matched by suitable assets which is managed under the ALM framework. Asset/liability modelling is used to monitor this position on a regular basis.

Protection

These contracts are typically secured by the payment of a regular premium payable for a period of years providing benefits payable on certain events occurring within the period. The benefits may be a single lump sum or a series of payments and may be payable on death, serious illness or sickness.

The main risk associated with this product is the claims experience and this risk is managed through the initial pricing of the policy (based on actuarial principles), the use of reinsurance and a clear process for administering claims.

Market and credit risk is influenced by the extent to which the cash flows under the contracts have been matched by suitable assets which is managed under the ALM framework. Asset/liability modelling is used to monitor this position on a regular basis.

G. Other statement of consolidated financial position notes

G1. Pension schemes

Defined contribution pension schemes

Obligations for contributions to defined contribution pension schemes are recognised as an expense in the consolidated income statement as incurred.

Defined benefit pension schemes

The net surplus or deficit (the economic surplus or deficit) in respect of the defined benefit pension schemes is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior years; that benefit is discounted to determine its present value and the fair value of any scheme assets is deducted. The Group recognises a pension surplus on the basis that it is entitled to the surplus of each scheme in the event of a gradual settlement of the liabilities, due to its ability to order a winding up of the pension scheme trust.

The economic surplus or deficit is subsequently adjusted to eliminate on consolidation the carrying value of insurance policies issued by Group entities to the defined benefit pension schemes (the reported surplus or deficit). A corresponding adjustment is made to the carrying values of insurance contract liabilities and investment contract liabilities.

The Group determines the net interest expense or income on the pension scheme asset/liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the opening pension scheme asset/liability. The discount rate is the yield at the period end on AA credit rated bonds that have maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

The movement in the pension scheme asset/liability is analysed between the service cost, past service cost, curtailments and settlements (all recognised within administrative expenses in the consolidated income statement), the net interest cost on the pension scheme asset/liability, including any reimbursement assets (recognised within net investment income in the consolidated income statement), remeasurements of the pension scheme asset/liability (recognised in other comprehensive income) and employer contributions.

The longevity swaps and quota share reinsurance arrangements in respect of the pension scheme buy-ins are treated as reimbursement rights and are recognised at fair value.

This note describes the Group's four main defined benefit pension schemes for its employees, the Pearl Group Staff Pension Scheme ('Pearl Scheme'), the Abbey Life Staff Pension Scheme ('Abbey Life Scheme') the ReAssure Staff Pension Scheme ('ReAssure Scheme') and the Sun Life Assurance Company of Canada 1988 UK and Irish Employee Benefits Scheme ('Sun Life of Canada Scheme'), and explains how the pension scheme asset/liability is calculated.

Notes to the consolidated financial statements continued

G. Other statement of consolidated financial position notes continued

G1. Pension schemes continued

An analysis of the pension scheme (liability)/asset for each pension scheme is set out in the table below:

	2025 £m	2024 £m
Pearl Group Staff Pension Scheme (G1.2)		
Economic surplus	**48**	48
Adjustment for insurance policies eliminated on consolidation	**(1,294)**	(1,358)
Pension scheme liability, as reported	**(1,246)**	(1,310)
Add: value attributed to assets held by PLL within financial assets[1]	**1,261**	1,348
Net reimbursement right in respect of reinsurance, as reported (G1.2.2)	**163**	147
Adjusted net pension scheme asset	**178**	185
Abbey Life Staff Pension Scheme (G1.3)		
Pension scheme liability	**(1)**	(2)
ReAssure Staff Pension Scheme (G1.4)		
Pension scheme asset	**19**	20
Sun Life of Canada Scheme (G1.5)		
Pension scheme asset	**14**	15
Reimbursement right	**2**	2

1 The Pearl Scheme previously executed buy-in transactions with a Group life company and subsequently assets supporting the Group's actuarial liabilities were recognised on a line-by-line basis within financial assets in the statement of consolidated financial position. Further details are included in note G1.2 below.
An adjusted net pension scheme asset has been presented in both the current and prior years in relation to the Pearl Scheme. The assets held by PLL supporting the buy-ins are not ring-fenced and the value has been determined as the value of the insurance contract liability within the PLL financial statements less the value of the associated reinsurance asset. Movements in these financial assets are reflected in the consolidated income statement within net investment income, however as noted in the accounting policy, the movement in the net pension scheme liability (as shown in note G1.2) is primarily reflected in other comprehensive income.

G1.1 Defined benefit pension scheme risks and assumptions

Risks

The Group's defined benefit schemes typically expose the Group to a number of risks, the most significant of which are:

Asset volatility – the value of the schemes' assets will vary as market conditions change and as such is subject to considerable volatility. The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The majority of the assets are held within a liability driven investment strategy which is linked to the funding basis of the schemes (set with reference to government bond yields). As such, to the extent that movements in corporate bond yields are out of line with movements in government bond yields, volatility will arise.

Inflation risk – a significant proportion of the schemes' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are held within a liability driven investment strategy which allows for movements in inflation, meaning that changes in inflation should not materially affect the surplus.

Life expectancy – the majority of the schemes' obligations are to provide benefits for the life of the member therefore increases in life expectancy will result in an increase in the liabilities. For the Pearl and Sun Life of Canada schemes, this is largely offset by the buy-in policies that move in line with the liabilities. The Pearl Scheme buy-in policies are eliminated on consolidation (see note G1.2 for further details).

Other risk – A High Court legal ruling in June 2023 (Virgin Media Limited v NTL Pension Trustees II Limited) decided that certain rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. While the ruling only applied to the specific pension scheme in question, it now forms part of case law and can therefore be expected to apply across other pension schemes.

On 2 September 2025, the Government published draft amendments to the Pensions Scheme Bill which would give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. The draft legislation will need to be agreed by both Houses of Parliament before it passes into law. Management's confidence that the ruling will not impact the value of liabilities in the Group's defined benefit pension schemes has therefore increased compared to their view at 31 December 2024, and no change to the pension scheme liabilities is expected in this regard at 31 December 2025.

Principal assumptions

The principal financial assumptions used in the valuation of the Group's defined benefit pension schemes are set out in the table below:

	2025 %	2024 %
Rate of increase for pensions in payment (5% per annum or RPI if lower)[1]	**2.70**	3.00
Rate of increase for deferred pensions[2]	**2.35**	2.70
Discount rate	**5.50**	5.55
Inflation – RPI	**2.85**	3.20
Inflation – CPI[3]	**2.35**	2.70
Rate of increase in salaries[4]	**3.35**	3.70

1 Rate applicable to Sun Life of Canada Scheme is 2.70% (2024: 3.10%).
2 Rate applicable to Sun Life of Canada Scheme is 1.95% (2024: 2.20%).
3 Rate applicable to Sun Life of Canada Scheme is 2.05% (2024: 2.30%).
4 Applies to the ReAssure pension scheme only.

The discount rate and inflation rate assumptions have been determined by considering the shape of the appropriate yield curves and the duration of the liabilities. This method determines an equivalent single rate for each of the discount and inflation rates, which is derived from the profile of projected benefit payments.

The post-retirement mortality and future longevity improvement assumptions for the Group's pension schemes are as follows:

- Pearl Scheme: post-retirement mortality assumptions are in line with a scheme-specific table which was derived from the actual mortality experience in recent years based on the SAPS standard tables for males and for females based on year of use. In both 2025 and 2024, future longevity improvements from 1 January 2017 are based on amended CMI 2023 Core Projections and a long-term rate of improvement of 1.6% per annum for males and 1.2% per annum for females. Under these assumptions, the average life expectancy from retirement for a member currently aged 40 retiring at age 60 is 29.1 years and 30.4 years for male and female members respectively.
- Abbey Life Scheme: post-retirement mortality assumptions are in line with a scheme-specific table which was derived from the actual mortality experience in recent years, performed as part of the actuarial funding valuation as at 31 March 2024, using the SAPS S4 'Light' tables for males and for females based on year of use. In both 2025 and 2024, future longevity improvements from 1 January 2024 are based on amended CMI 2023 Core Projections and a long-term rate of improvement of 1.6% per annum for males and 1.2% per annum for females. Under these assumptions the average life expectancy from retirement for a member currently aged 45 retiring at age 65 is 24.6 years and 25.6 years for male and female members respectively.
- ReAssure scheme: post-retirement mortality assumptions are in line with SAPS Series 3 light base tables with a 102% multiplier for males and a 95% multiplier for females, with CMI 2019 projections in line with a 1.5% pa long-term trend up to and including 31 December 2020. In both 2025 and 2024, future longevity improvements from 1 January 2021 onwards are in line with amended CMI 2023 Core Projections with a long-term trend of 1.6% pa for males and 1.2% for females. Under these assumptions the average life expectancy from retirement for a member currently aged 45 retiring at age 60 is 29.9 years and 31.5 years for male and female members respectively.
- Sun Life of Canada Scheme: post-retirement mortality assumptions are in line with 2022 VITA Lite tables in both 2025 and 2024. Future longevity improvements are in line with the 2023 CMI model with no weight on 2020, 2021, 2022 and 2023 experience (2024: 2023 CMI model with no weight on 2020 and 2021 experience and 15% weighting on 2022 and 2023 experience), with a long-term trend of 1.6% p.a. for males (2024: 1.5%) and 1.2% p.a. for females (2024: 1.5%). Under these assumptions the average life expectancy from retirement for a member currently aged 45 retiring at age 65 is 23.9 years and 26.1 years for male and female members respectively (2024: 23.1 years and 26.1 years for male and female members respectively).

G1.2 Pearl Group Staff Pension Scheme

G1.2.1 Scheme details

The Pearl Scheme comprises a final salary section, a money purchase section and a hybrid section (a mix of final salary and money purchase). The Pearl Scheme is closed to new members and has no active members.

Defined benefit scheme

The Pearl Scheme is established under, and governed by, the trust deeds and rules and has been funded by payment of contributions to a separately administered trust fund. A Group company, Pearl Life Holdings Limited ('PeLHL'), is the principal employer of the Pearl Scheme and meets the administration expenses of the Scheme.

The Pearl Scheme is administered by a separate trustee company, P.A.T. (Pensions) Limited, which is separate from PeLHL. The trustee company is comprised of three representatives from the Group, three member nominated representatives and one independent trustee in accordance with the trustee company's articles of association. The trustee is required by law to act in the interest of all relevant beneficiaries and is responsible for the investment policy with regard to the assets.

A triennial funding valuation of the Pearl Scheme as at 30 June 2024 was completed in 2025 by a qualified actuary. This showed a surplus as at 30 June 2024 of £12 million, on the agreed technical provisions basis.

Notes to the consolidated financial statements continued

G. Other statement of consolidated financial position notes continued

G1. Pension schemes continued

G1.2 Pearl Group Staff Pension Scheme continued

G1.2.1 Scheme details continued

Pension Scheme Commitment Agreement and buy-in transactions

On 17 November 2020, the Pearl Scheme entered into a Commitment Agreement with Pearl Group Holdings No. 2 Limited ('PGH2') to complete a series of buy-ins with Phoenix Life Limited ('PLL') covering the Scheme's pensioner and deferred member liabilities, transferring the associated risks, including longevity improvement risk, to PLL. These transactions covering 100% of the in scope liabilities were completed between 2020 and 2022.

Upon completion of each buy-in transaction the Scheme transferred plan assets to PLL and these assets are recognised in the relevant line within financial assets in the consolidated statement of financial position. The economic effect of the buy-in transactions in the Scheme is to replace the plan assets transferred with a single line policy insurance which is subsequently eliminated on consolidation. The value of this insurance policy at 31 December 2025 was £1,294 million (2024: £1,358 million).

No contributions were paid to the Pearl Scheme in either the current or prior period. PeLHL meets the administrative and non-investment running expenses of the Scheme as set out in the schedule of contributions.

Reimbursement right asset in respect of reinsurance arrangements

As part of the third buy-in arrangement, PLL entered into a quota share reinsurance arrangement with external reinsurers to reinsure a total of approximately 91% of the liabilities. As PLL expects to use the claims received to pay for its obligations under the insurance contract between it and the Pearl Scheme (i.e. to settle the defined benefit obligation) the reinsurance arrangement is considered to be a non-qualifying insurance policy and is classified as a reimbursement right. The reinsurance arrangement is expected to match a proportion of the defined benefit obligation of the Pearl Scheme therefore the valuation of the reimbursement right is consistent with the valuation of the associated defined benefit obligation. The value of the reimbursement right asset amounted to £173 million (2024: £181 million).

PLL also entered into longevity swap arrangements with external reinsurers to reinsure a proportion of the risks transferred as part of the first, second and fourth buy-in transactions. The fair value of the reimbursement right liabilities amounted to £10 million (2024: £34 million).

G1.2.2 Summary of amounts recognised in the consolidated financial statements

The amounts recognised in the consolidated financial statements are as follows:

	2025				2024			
	Fair value of scheme assets £m	Defined benefit obligation £m	Pension Scheme Liability £m	Reimburse-ment rights[1] £m	Fair value of scheme assets £m	Defined benefit obligation £m	Pension Scheme Liability £m	Reimburse-ment rights[1] £m
At 1 January	**48**	**(1,358)**	**(1,310)**	**147**	50	(1,507)	(1,457)	168
Interest income/(expense)	**3**	**(72)**	**(69)**	**8**	2	(67)	(65)	7
Included in profit or loss	**3**	**(72)**	**(69)**	**8**	2	(67)	(65)	7
Remeasurements:								
Return on plan assets excluding amounts included in interest income	**3**	**–**	**3**	**–**	(4)	–	(4)	–
Loss from changes in demographic assumptions	**–**	**–**	**–**	**–**	–	(9)	(9)	–
Gain from changes in financial assumptions	**–**	**27**	**27**	**–**	–	142	142	–
Experience gain/ (loss)	**–**	**3**	**3**	**–**	–	(17)	(17)	–
Movement in valuation of reimbursement right asset/liabilities	**–**	**–**	**–**	**21**	–	–	–	(15)
Included in other comprehensive income	**3**	**30**	**33**	**21**	(4)	116	112	(15)
Income received from insurance policies	**100**	**–**	**100**	**–**	100	–	100	–
Benefit payments	**(106)**	**106**	**–**	**(13)**	(100)	100	–	(13)
At 31 December	**48**	**(1,294)**	**(1,246)**	**163**	48	(1,358)	(1,310)	147

1 Reimbursement right asset £173 million and reimbursement right liabilities £(10) million (2024: £181 million and £(34) million respectively).

G1.2.3 Scheme assets

The distribution of the scheme assets at the end of the year was as follows:

	2025		2024	
	Total £m	Of which not quoted in an active market £m	Total £m	Of which not quoted in an active market £m
Private equities	**3**	**3**	3	3
Hedge funds	**2**	**2**	2	2
Cash and other	**43**	**–**	43	–
Reported scheme assets	**48**	**5**	48	5
Add back:				
Insurance policies eliminated on consolidation	**1,294**	**1,294**	1,358	1,358
Economic value of scheme assets	**1,342**	**1,299**	1,406	1,363

G1.2.4 Defined benefit obligation

The calculation of the defined benefit obligation can be allocated to the scheme's members as follows:

- Deferred scheme members: 26% (2024: 29%); and
- Pensioners: 74% (2024: 71%).

The weighted average duration of the defined benefit obligation at 31 December 2025 is 10 years (2024: 10 years).

G1.3 Abbey Life Staff Pension Scheme

G1.3.1 Scheme details

The Abbey Life Scheme is a registered occupational pension scheme, set up under trust, and legally separate from its principal employer PeLHL. The scheme is administered by Abbey Life Trust Securities Limited (the trustee), a corporate trustee. There are four trustee directors, two of whom are nominated by the Abbey Life Scheme members and two of whom are appointed by PeLHL. The trustee is responsible for administering the scheme in accordance with the trust deed and rules and pensions laws and regulations. The Abbey Life Scheme is closed to new entrants and has no active members.

The valuation has been based on an assessment of the liabilities of the Abbey Life Scheme as at 31 December 2025 undertaken by independent qualified actuaries. The present values of the defined benefit obligation and the related interest costs have been measured using the projected unit credit method.

Funding

The last funding valuation of the Abbey Life Scheme was carried out by a qualified actuary as at 31 March 2024 and showed a deficit of £13 million. Following completion of the funding valuation a recovery plan was agreed between the Group and the trustee of the Abbey Life Scheme for PeLHL to pay monthly contributions of £400,000 into the Scheme until 30 June 2026 to eliminate the funding shortfall.

A new schedule of contributions was agreed effective from May 2025, for PeLHL to pay monthly contributions in respect of administration expenses of £121,607 payable up to 31 March 2026, then increasing annually in line with the Retail Prices Index assumption to 31 May 2030.

The final payment of £4 million into the New 2016 Charged Account agreed as part of the 2016 funding agreement has been deferred until 2027.

The charged account is an Escrow account which was created to provide the trustees with additional security in light of the funding deficit. The amount held in the charged account does not form part of the Abbey Life Scheme assets.

Under the terms of the New 2016 Funding Agreement the funding position of the Abbey Life Scheme will be assessed as at 31 March 2027. A payment will be made from the New 2016 Charged Account to the Scheme if the results of the assessment reveal a shortfall calculated in accordance with the terms of the New 2016 Funding Agreement. The amount of the payment will be the lower of the amount of the shortfall and the amount held in the New 2016 Charged Account.

Notes to the consolidated financial statements continued

G. Other statement of consolidated financial position notes continued

G1. Pension schemes continued

G1.3 Abbey Life Staff Pension Scheme continued

G1.3.2 Summary of amounts recognised in the consolidated financial statements

The amounts recognised in the consolidated financial statements are as follows:

	2025			2024			
	Fair value of scheme assets £m	Defined benefit obligation £m	Pension scheme liability £m	Fair value of scheme assets £m	Defined benefit obligation £m	Minimum funding requirement obligation £m	Pension scheme liability £m
At 1 January	**192**	**(194)**	**(2)**	211	(218)	(2)	(9)
Interest income/(expense)	**10**	**(11)**	**(1)**	9	(9)	–	–
Administration expenses	**(3)**	**–**	**(3)**	(2)	–	–	(2)
Included in profit or loss	**7**	**(11)**	**(4)**	7	(9)	–	(2)
Remeasurements:							
Return on plan assets excluding amounts included in interest income	**(4)**	**–**	**(4)**	(19)	–	–	(19)
Gain from changes in financial assumptions	**–**	**4**	**4**	–	20	–	20
Experience loss	**–**	**(1)**	**(1)**	–	–	–	–
Change in minimum funding requirement obligation	**–**	**–**	**–**	–	–	2	2
Included in other comprehensive income	**(4)**	**3**	**(1)**	(19)	20	2	3
Employer's contributions	**6**	**–**	**6**	6	–	–	6
Benefit payments	**(12)**	**12**	**–**	(13)	13	–	–
At 31 December	**189**	**(190)**	**(1)**	192	(194)	–	(2)

G1.3.3 Scheme assets

The distribution of the scheme assets at the end of the year was as follows:

	2025		2024	
	Total £m	Of which not quoted in an active market £m	Total £m	Of which not quoted in an active market £m
Diversified income fund	**–**	**–**	54	–
Fixed interest government bonds	**129**	**–**	131	–
Corporate bonds	**73**	**–**	86	–
Derivatives	**(15)**	**(15)**	(86)	(86)
Cash and cash equivalents	**2**	**–**	7	–
Scheme assets	**189**	**(15)**	192	(86)

G1.3.4 Defined benefit obligation

The calculation of the defined benefit obligation can be allocated to the scheme's members as follows:

- Deferred scheme members: 35% (2024: 35%); and
- Pensioners: 65% (2024: 65%).

The weighted average duration of the defined benefit obligation at 31 December 2025 is 11 years (2024: 11 years).

G1.4 ReAssure Life Staff Pension Scheme

G1.4.1 Scheme details

The ReAssure Scheme is a registered occupational pension scheme, set up under trust, and legally separate from the employer ReAssure Midco Limited ('RML'). The scheme is administered by ReAssure Pension Trustees Limited, a corporate trustee. There are six trustee directors, two of whom are nominated by the ReAssure Scheme members and four of whom are appointed by RML. The trustee is responsible for administering the scheme in accordance with the trust deed and rules and pensions laws and regulations. The ReAssure Scheme is closed to new entrants and to future accrual for active members.

The valuation has been based on an assessment of the liabilities of the ReAssure Scheme as at 31 December 2025 undertaken by independent qualified actuaries. The present values of the defined benefit obligation and the related interest costs have been measured using the projected unit credit method.

Funding

The last funding valuation of the ReAssure Scheme was carried out by a qualified actuary as at 31 December 2023 and showed a deficit of £32 million. Following completion of the 2023 valuation a recovery plan was agreed in February 2025 between the trustee and RML in order to make good the deficit. The requirement to pay the final annual contribution in April 2025 agreed as part of the 2020 recovery plan was removed and it is anticipated that £26 million will be paid from the Custody Account on or shortly after 1 July 2026 to remove any remaining deficit at 31 December 2025.

The amounts held in this account do not form part of the Scheme's plan assets and are instead held in the Custody Account and are included within financial assets in the statement of consolidated financial position.

The Group agrees to cover the administrative expenses incurred by the ReAssure Scheme and the annual cost of the linked deferred salary increases. Payments of £2 million (2024: £3 million) have been made during the year to cover these costs.

G1.4.2 Summary of amounts recognised in the consolidated financial statements

The amounts recognised in the consolidated financial statements are as follows:

	2025			2024			
	Fair value of scheme assets £m	Defined benefit obligation £m	Pension scheme asset £m	Fair value of scheme assets £m	Defined benefit obligation £m	Provision for tax on the economic surplus available as a refund £m	Pension scheme asset £m
At 1 January	**262**	**(242)**	**20**	287	(273)	(5)	9
Interest income/(expense)	**14**	**(13)**	**1**	13	(12)	–	1
Administration expenses	**(1)**	**–**	**(1)**	(2)	–	–	(2)
Included in profit or loss	**13**	**(13)**	**–**	11	(12)	–	(1)
Remeasurements:							
Return on plan assets excluding amounts included in interest income	**(9)**	**–**	**(9)**	(29)	–	–	(29)
Gain from changes in financial assumptions	**–**	**8**	**8**	–	33	–	33
Experience loss	**–**	**(2)**	**(2)**	–	–	–	–
Change in provision for tax on the economic surplus available as a refund	**–**	**–**	**–**	–	–	5	5
Included in other comprehensive income	**(9)**	**6**	**(3)**	(29)	33	5	9
Employer's contributions	**2**	**–**	**2**	3	–	–	3
Benefit payments	**(13)**	**13**	**–**	(10)	10	–	–
At 31 December	**255**	**(236)**	**19**	262	(242)	–	20

G1.4.3 Scheme assets

The distribution of the scheme assets at the end of the year was as follows:

	2025 £m	2024 £m
Equities	**26**	33
Government bonds	**109**	91
Corporate bonds	**105**	99
Other securities	**11**	33
Cash and cash equivalents	**4**	6
Scheme assets	**255**	262

In the current year equities, other securities and £32 million of corporate bonds are not quoted in an active market. In 2024 all scheme assets were quoted.

Notes to the consolidated financial statements continued

G. Other statement of consolidated financial position notes continued

G1. Pension schemes continued

G1.4 ReAssure Life Staff Pension Scheme continued

G1.4.4 Defined benefit obligation

The calculation of the defined benefit obligation can be allocated to the scheme's members as follows:

- Deferred scheme members: 55% (2024: 66%); and
- Pensioners: 45% (2024: 34%).

The weighted average duration of the defined benefit obligation at 31 December 2025 is 13 years (2024: 15 years).

G1.5 Sun Life Assurance Company of Canada 1988 UK and Irish Employee Benefits scheme

G1.5.1 Scheme details

The Sun Life Assurance Company of Canada 1988 UK and Irish Employee Benefits scheme ('Sun Life of Canada Scheme') was consolidated within the Group financial statements following the acquisition of the Sun Life businesses on 3 April 2023. The Sun Life of Canada Scheme is a registered occupational pension scheme, set up under trust, and legally separate from the principal employer Phoenix Life CA Limited (formerly known as Sun Life Assurance Company of Canada (U.K.) Limited). The Scheme is administered by a specialist third party administrator, Hymans Robertson LLP. A Trustee Board is responsible for ensuring the Scheme is run in accordance with the Trust Deed and Rules and for ensuring compliance with legislation although certain tasks are delegated to third parties. The Trustee Board is made up of three Trustees; an Independent Trustee who is also the Chair, a Principal Employer appointed Trustee and a Member-Nominated Trustee. The Independent Trustee is Capital Cranfield Pension Trustees Limited. The Sun Life of Canada Scheme is closed to new entrants and to future accrual for active members.

The valuation has been based on an assessment of the liabilities of the Sun Life of Canada Scheme as at 31 December 2025 undertaken by independent qualified actuaries. The present values of the defined benefit obligation and the related interest costs have been measured using the projected unit credit method.

The economic surplus of the Scheme is anticipated to be used to cover future costs of the Scheme and will be fully utilised prior to any winding-up of the Scheme. As a result, no provision for tax is deducted from the surplus.

Funding

The last funding valuation of the Sun Life of Canada Scheme was carried out by a qualified actuary as at 31 December 2022 and showed a surplus of £6 million. No contributions are required to be paid by the employer into the Scheme.

G1.5.2 Summary of amounts recognised in the consolidated financial statements

The amounts recognised in the consolidated financial statements are as follows:

	2025				2024			
	Fair value of scheme assets £m	Defined benefit obligation £m	Pension scheme asset £m	Reimburse-ment right £m	Fair value of scheme assets £m	Defined benefit obligation £m	Pension scheme asset £m	Reimburse-ment right £m
At 1 January	**267**	**(252)**	**15**	**2**	297	(280)	17	2
Interest income/(expense)	**14**	**(13)**	**1**	**–**	14	(13)	1	–
Administration expenses	**(1)**	**–**	**(1)**	**–**	(2)	–	(2)	–
Included in profit or loss	**13**	**(13)**	**–**	**–**	12	(13)	(1)	–
Remeasurements:								
Return on plan assets excluding amounts included in interest income	**(5)**	**–**	**(5)**	**–**	(27)	–	(27)	–
(Loss)/gain from changes in demographic assumptions	**–**	**(3)**	**(3)**	**–**	–	1	1	–
Gain from changes in financial assumptions	**–**	**9**	**9**	**–**	–	27	27	–
Experience loss	**–**	**(2)**	**(2)**	**–**	–	(2)	(2)	–
Included in other comprehensive income	**(5)**	**4**	**(1)**	**–**	(27)	26	(1)	–
Benefit payments	**(15)**	**15**	**–**	**–**	(15)	15	–	–
At 31 December	**260**	**(246)**	**14**	**2**	267	(252)	15	2

G1.5.3 Scheme assets

The distribution of the scheme assets at the end of the year was as follows:

	2025		2024	
	Total £m	Of which not quoted in an active market £m	Total £m	Of which not quoted in an active market £m
Debt securities	**34**	**–**	28	–
Cash and cash equivalents	**1**	**–**	8	–
Qualifying insurance contracts[1]	**225**	**225**	231	231
Scheme assets	**260**	**225**	267	231

1 In 2018 and 2021 the Scheme completed two buy-in transactions with external parties which cover approximately 90% of the Scheme's liabilities.

G1.5.4 Defined benefit obligation

The calculation of the defined benefit obligation can be allocated to the scheme's members as follows:

- Deferred scheme members: 41% (2024: 40%); and
- Pensioners: 59% (2024: 60%).

The weighted average duration of the defined benefit obligation at 31 December 2025 is 12 years (2024: 12 years).

G1.6 PGL Pension Scheme

In January 2024, the trustees of the PGL Pension Scheme completed the buy-out of the scheme liabilities with PLL whereby the existing annuity insurance policies between the two parties were exchanged for individual policies between PLL and the scheme's members. As a result, all the Group's obligations under the pension scheme have now been fully extinguished and the defined benefit obligation as at the settlement date of £1,097 million, reimbursement right assets of £11 million and reimbursement right liabilities of £45 million were derecognised.

An additional premium (in excess of the value of the collateral assets transferred as premium for the original buy-in transactions) of £18 million was prepaid by the Scheme to PLL in 2023 and has been recognised upon completion of the settlement. The difference between the defined benefit obligation and associated reimbursement rights at this date and the total premium paid resulted in a loss on settlement of £208 million being recognised within administration expenses in the consolidated income statement. This loss reflects the difference between the measurement basis for the liabilities as prescribed by IAS 19 and the value prescribed for the buy-out transfer in the original buy-in agreement which is primarily based on collateral determined using the best estimate assumptions of PLL and the risk margin associated with those liabilities on a Solvency II basis. On completion of the buy-out, the Scheme held minimal residual assets which were used during 2024 to cover wind-up expenses. Further details of the full impact of the buy-out transaction are included in note B1.1.

G1.7 Sensitivity analysis

A quantitative sensitivity analysis for significant actuarial assumptions impacting the defined benefit obligation of the Group pension schemes is shown below:

2025 Assumptions	Base	Discount rate		RPI		Life expectancy	
Sensitivity level £m		25bps increase	25bps decrease	25bps increase	25bps decrease	1 year increase	1 year decrease
Pearl Scheme	**1,294**	**(31)**	**32**	**24**	**(23)**	**39**	**(40)**
Abbey Life Scheme	**190**	**(5)**	**5**	**4**	**(4)**	**6**	**(6)**
ReAssure Scheme	**236**	**(7)**	**8**	**6**	**(6)**	**6**	**(6)**
Sun Life of Canada Scheme	**246**	**(7)**	**7**	**6**	**(4)**	**6**	**(6)**

2024 Assumptions	Base	Discount rate		RPI		Life expectancy	
Sensitivity level £m		25bps increase	25bps decrease	25bps increase	25bps decrease	1 year increase	1 year decrease
Pearl Scheme	1,358	(35)	34	19	(18)	37	(37)
Abbey Life Scheme	194	(5)	5	4	(4)	6	(6)
ReAssure Scheme	242	(9)	9	7	(7)	5	(5)
Sun Life of Canada Scheme	252	(7)	7	5	(5)	6	(6)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the defined benefit obligation recognised within the statement of consolidated financial position.

Notes to the consolidated financial statements continued

G. Other statement of consolidated financial position notes continued

G2. Intangible assets

Goodwill

Business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is measured on initial recognition at cost. Following initial recognition, goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised but is tested for impairment annually or when there is evidence of possible impairment. For impairment testing, goodwill is allocated to relevant cash generating units. Goodwill is impaired when the recoverable amount is less than the carrying value.

In certain acquisitions an excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities, contingent liabilities and non-controlling interests over cost may arise. Where this occurs, the surplus of the fair value of net assets acquired over the fair value of the consideration is recognised in the consolidated income statement.

Acquired in-force business ('AVIF')

Investment contracts without DPF acquired in business combinations and portfolio transfers are measured at fair value at the time of acquisition. At initial recognition the AVIF represents the difference between the fair value of the contractual rights acquired and obligations assumed and the liability measured in accordance with the Group's accounting policies. The liability measured in accordance with the Group's accounting policies is determined using a valuation technique to provide a reliable estimate of the amount for which the liability could be transferred in an orderly transaction between market participants at the measurement date, subject to a minimum equal to the surrender value. This acquired in-force business is amortised on a diminishing balance basis.

An impairment review is performed whenever there is an indication of impairment. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the consolidated income statement. The recoverable amount is determined by reference to the value of future profits in accordance with Solvency II principles, adjusted to reflect a best estimate for the contract boundary.

The acquired in-force business is allocated to relevant cash generating units for the purposes of impairment testing.

Brands

Brands are measured on initial recognition at cost. The cost of an intangible asset acquired in a business combination is the fair value as at the date of the acquisition. The cost of an intangible asset acquired in exchange for a non-monetary asset is measured at fair value as at the date of the transaction. Following initial recognition, the brand and other contractual arrangement intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated using the straight-line method to allocate the cost of brands over their estimated useful lives. They are tested for impairment whenever there is evidence of possible impairment. For impairment testing, they are allocated to the relevant cash generating unit. Brands are impaired when the recoverable amount is less than the carrying value.

Internally generated assets

Intangible assets arising from development costs are capitalised when it has been established that the project is technically and financially feasible and the Group has both the intention and the ability to use the completed asset. Internally generated assets are measured on initial recognition at cost which comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Following initial recognition, the assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated using the straight-line method to allocate the cost of the internally generated assets over their estimated useful lives which is estimated to be between 3 and 10 years. They are tested for impairment whenever there is evidence of possible impairment.

	2025				2024			
	Goodwill £m	Acquired in-force business £m	Other intangibles[1] £m	Total £m	Goodwill £m	Acquired in-force business £m	Other intangibles[1] £m	Total £m
Cost or valuation								
At 1 January	**57**	**4,196**	**160**	**4,413**	57	4,196	131	4,384
Additions	**–**	**–**	**10**	**10**	–	–	29	29
At 31 December	**57**	**4,196**	**170**	**4,423**	57	4,196	160	4,413
Amortisation and impairment								
At 1 January	**(47)**	**(2,550)**	**(32)**	**(2,629)**	(47)	(2,284)	(25)	(2,356)
Amortisation charge for the year	**–**	**(230)**	**(8)**	**(238)**	–	(266)	(7)	(273)
Impairment charge for the year	**–**	**–**	**(2)**	**(2)**	–	–	–	–
At 31 December	**(47)**	**(2,780)**	**(42)**	**(2,869)**	(47)	(2,550)	(32)	(2,629)
Carrying amount at 31 December	**10**	**1,416**	**128**	**1,554**	10	1,646	128	1,784
Amount recoverable after 12 months	**10**	**1,213**	**116**	**1,339**	10	1,417	118	1,545

1 The carrying amount other intangible assets includes £95 million (2024: £100 million) relating to brands and £33 million (2024: £28 million) relating to internally generated assets.

G2.1 Goodwill

The carrying value of goodwill has been tested for impairment at the year end and the results of this exercise are detailed below.

Goodwill with a carrying value of £10 million (2024: £10 million) was recognised on the acquisition of AXA Wealth during 2016 and has been allocated to the Pensions & Savings and Europe & Other segments. This represents the value of the workforce assumed and the potential for future value creation, which relates to the ability to invest in and grow the SunLife brand. Value in use has been determined as the present value of certain future cash flows associated with that business. The cash flows used in the calculation are consistent with those adopted by management in the Group's operating plan, and for the period 2031 and beyond, assume a zero growth rate. The underlying assumptions of these projections include market share, customer numbers, commission rates and expense inflation. The cash flows have been valued at a risk adjusted discount rate of 15% (2024: 15%) that makes prudent allowance for the risk that future cash flows may differ from that assumed.

This test demonstrated that value in use was greater than carrying value. Given the magnitude of the excess of the value in use over carrying value, management does not believe that a reasonably foreseeable change in key assumptions would cause the carrying value to exceed value in use.

G2.2 Acquired in-force business

AVIF on investment contracts without DPF is amortised in line with emergence of economic benefits over their expected term. AVIF balances are assessed for impairment where an indicator of impairment has been identified and none were identified in either the current or prior periods.

G2.3 Brands

On 23 February 2021, the Group entered into an agreement to acquire ownership of the Standard Life brand as part of a larger transaction with Aberdeen Group plc, which transferred to the Group in May 2021. The Standard Life brand was initially recognised at a value of £111 million which represented the fair value attributable to the brand as at the transaction date. The intangible asset was valued on a 'multi-period excess earnings' basis and is being amortised over a period of 30 years. The carrying value of the Standard Life brand as at 31 December 2025 is £93 million (2024: £97 million).

An intangible asset was recognised in 2016 on acquisition of AXA Wealth and represents the value attributable to the SunLife brand. It is being amortised over a period of 10 years. The carrying value of the AXA Wealth brand as at 31 December 2025 is £2 million (2024: £3 million).

G2.4 Internally generated assets

The Group's strategic priorities are to 'grow, optimise and enhance' the business through investment. As a result of its investment in new technology and software capability, the Group has met the requirements to capitalise these internally generated development costs.

Notes to the consolidated financial statements continued

G. Other statement of consolidated financial position notes continued

G3. Property, plant and equipment

Owner-occupied property is stated at its revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and impairment. Owner-occupied property is depreciated over its estimated useful life, which is taken as 20 – 50 years. Land is not depreciated. Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the owner-occupied property and the net amount is restated to the revalued amount of the asset. Gains in owner-occupied property are recognised in other comprehensive income. When a revaluation loss arises on a previously revalued asset it is first deducted against any previous revaluation gain. Any excess impairment is then recorded as an impairment expense in the consolidated income statement.

The right-of-use assets are initially measured at cost, and subsequently at cost less any accumulated depreciation and impairments, and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the remaining lease term which is between 1 and 15 years (2024: 1 and 8 years).

Equipment consists primarily of computer equipment and fittings. Equipment is stated at historical cost less deprecation. Where acquired in a business combination, historical cost equates to the fair value at the acquisition date. Depreciation on equipment is charged to the consolidated income statement over its estimated useful life of between 2 and 15 years.

	2025				2024			
	Owner-occupied properties £m	**Right-of-use assets – property £m**	**Equipment £m**	**Total £m**	Owner-occupied properties £m	Right-of-use assets – property £m	Equipment £m	Total £m
Cost or valuation								
At 1 January	**22**	**100**	**82**	**204**	28	96	75	199
Additions	**–**	**10**	**6**	**16**	–	4	8	12
Revaluation losses	**(1)**	**–**	**–**	**(1)**	(6)	–	–	(6)
Disposals	**–**	**–**	**(8)**	**(8)**	–	–	(1)	(1)
	21	**110**	**80**	**211**	22	100	82	204
Less amounts classified as held for sale (note H2)	**(10)**	**–**	**–**	**(10)**	–	–	–	–
At 31 December	**11**	**110**	**80**	**201**	22	100	82	204
Depreciation								
At 1 January	**–**	**(50)**	**(63)**	**(113)**	–	(42)	(51)	(93)
Depreciation	**–**	**(9)**	**(8)**	**(17)**	–	(8)	(13)	(21)
Disposals	**–**	**–**	**3**	**3**	–	–	1	1
At 31 December	**–**	**(59)**	**(68)**	**(127)**	–	(50)	(63)	(113)
Carrying amount at 31 December	**11**	**51**	**12**	**74**	22	50	19	91

Owner-occupied properties have been valued by accredited independent valuers at 31 December 2025 on an open market basis in accordance with the Royal Institution of Chartered Surveyors' requirements, which is deemed to equate to fair value. The fair value measurement for the properties, excluding amounts classified held for sale (see note H2), of £11 million (2024: £22 million) has been categorised as Level 3 based on the non-observable inputs to the valuation technique used. Unrealised loss for the current year is £1 million (2024: £6 million).

The fair value of the owner-occupied properties was derived using the investment method supported by comparison with similar market transactions for similar properties. The significant non-observable inputs used in the valuations are the expected rental values per square foot and the capitalisation rates.

The fair value of the owner-occupied properties valuation would increase (decrease) if the expected rental values per square foot were to be higher (lower) and the capitalisation rates were to be lower (higher).

During the year, the Group has agreed to the sale of an owner-occupied building. The value of this property at 31 December 2025 was £10 million and no profit or loss is expected upon completion of the sale in January 2026 (see note H2).

G4. Investment property

Investment property, including right of use assets, is initially recognised at cost, including any directly attributable transaction costs. Subsequently investment property is measured at fair value. Fair value is the price that would be received to sell a property in an orderly transaction between market participants at the measurement date. Fair value is determined without any deduction for transaction costs that may be incurred on sale or disposal. Gains and losses arising from the change in fair value are recognised as income or an expense in the statement of comprehensive income.

Investment property includes right-of-use assets, where the Group acts as lessee. Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Where investment property is leased out by the Group, rental income from these operating leases is recognised as income in the consolidated income statement on a straight-line basis over the period of the lease.

	2025 £m	2024 £m
At 1 January	**5,452**	5,742
Additions	**331**	920
Improvements	**73**	81
Disposals	**(1,346)**	(1,173)
Movement in foreign exchange	**11**	(18)
Gains/(losses) on adjustments to fair value (recognised in consolidated income statement)	**11**	(100)
	4,532	5,452
Less amounts classified as held for sale (note H2)	**(4)**	(1,082)
At 31 December	**4,528**	4,370
Unrealised losses on properties held at end of year	**(30)**	(58)

As at 31 December 2025, a property portfolio of £4,462 million (2024: £5,368 million), including amounts classified as held for sale, is held by the Life Companies in a mix of commercial sectors, spread geographically throughout the UK and Europe.

Investment property also includes £21 million (2024: £29 million) of property reversions arising from sales of the NPI Extra Income Plan (see note E5 for further details) and £49 million (2024: £47 million) from the Group's interest in the residential property of policyholders who have previously entered into an Equity Release Income Plan ('ERIP') policy.

Certain investment properties held by the Life Companies possess a ground rent obligation which gives rise to both a right-of-use asset and a lease liability. The right-of-use asset associated with the ground rent obligation is valued at fair value and is included within the total investment property valuation. The value of the ground rent right-of-use asset as at 31 December 2025 was £nil (2024: £8 million). There were disposals of £8 million (2024: £7 million) of ground rent right-of-use assets during the period.

Commercial investment property is measured at fair value by independent property valuers having appropriate recognised professional qualifications and recent experiences in the location and category of the property being valued. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors ('RICS') guidelines with expected income and capitalisation rate as the key non-observable inputs.

The fair value measurement of the investment properties has been categorised as Level 3 based on the inputs to the valuation techniques used. The following table shows the valuation techniques used in measuring the fair value of the investment properties, the significant non-observable inputs used, the inter-relationship between the key non-observable inputs and the fair value measurement of the investment properties:

Description	**Valuation techniques**	**Significant non-observable inputs**	**Weighted average 2025**	Weighted average 2024
Commercial Investment Property	RICS valuation	Expected income per sq. ft.	**£33.75**	£25.46
		Estimated rental value per hotel room[1]	**–**	£6,026
		Estimated rental value per parking space	**£1,448**	£1,071
		Capitalisation rate	**4.49%**	4.91%

1 Estimated rental value per hotel room is no longer a significant non-observable input due to the related investment properties being disposed of during the year.

The estimated fair value of commercial properties would increase (decrease) if:

- the expected income were to be higher (lower); or
- the capitalisation rate were to be lower (higher).

Notes to the consolidated financial statements continued

G. Other statement of consolidated financial position notes continued

G4. Investment property continued

Direct operating expenses (offset against rental income in the consolidated income statement) in respect of investment properties that generated rental income during the year amounted to £35 million (2024: £35 million). The direct operating expenses arising from investment property that did not generate rental income during the year amounted to £4 million (2024: £2 million).

Future minimum lease rental receivables in respect of non-cancellable operating leases on investment properties were as follows:

	2025 £m	2024 £m
Not later than 1 year	**211**	259
Later than 1 year and not later than 5 years	**589**	830
Later than 5 years	**612**	2,305

G5. Other receivables

Other receivables are recognised when due and measured on initial recognition at the fair value of the amount receivable. Subsequent to initial recognition, these receivables are measured at amortised cost using the effective interest rate method.

	2025 £m	2024 £m
Investment broker balances	**281**	338
Cash collateral pledged and initial margins posted	**1,896**	1,995
Property related receivables	**103**	158
Deferred acquisition costs relating to investment contracts	**119**	98
Other	**320**	454
At 31 December	**2,719**	3,043
Amount recoverable after 12 months	**103**	91

G6. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with an original maturity term of three months or less at the date of placement. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are deducted from cash and cash equivalents for the purpose of the statement of consolidated cash flows. Balances held within collective investment schemes to meet both short and long term liquidity requirements of the Group are excluded from cash and cash equivalents.

	2025 £m	2024 £m
Bank and cash balances	**3,666**	3,040
Short-term deposits (including notice accounts and term deposits)	**3,636**	6,446
	7,302	9,486
Less amounts classified as held for sale	**–**	(33)
At 31 December	**7,302**	9,453

Deposits are subject to a combination of fixed and variable interest rates. The carrying amounts of balances held at amortised cost approximate to fair value at the period end. Cash and cash equivalents in long-term business operations and consolidated collective investment schemes of £7,168 million (2024: £9,255 million) are primarily held for the benefit of policyholders and so are not generally available for use by the owners.

The Group has a controlling interest in the abrdn Standard Liquidity Fund (a Luxembourg domiciled UCITS vehicle) and, as such, consolidates this vehicle in accordance with the accounting policy described in note H1. This vehicle invests in a range of money market instruments and related securities and represents assets managed on behalf of policyholders. During the year, it was identified that £2.2 billion of securities held within the vehicle had been incorrectly classified as Cash and cash equivalents at 31 December 2024. Due to the maturity profile, these securities should have been classified as financial assets. The position at 31 December 2025 is not impacted.

The Group has assessed that this adjustment is not a material prior period error as the impact is limited to a mis-classification of policyholder assets between cash and financial assets with no impact on net assets, net income or the return generated for policyholders and is not expected to impact on economic decisions of the users of the financial statements. Therefore, the Group has not restated comparatives. A consequential adjustment to correct the position is recognised in the statement of consolidated cash flows with £2.2 billion of the 'Increase in investments' balance within the 'Cash flow from operating activities' (as shown in note I2) relating to the correction of this mis-classification in the current period.

G7. Provisions

A provision is recognised when the Group has a present legal or constructive obligation, as a result of a past event, which is likely to result in an outflow of resources and where a reliable estimate of the amount of the obligation can be made. If the effect is material, the provision is 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.

A provision is recognised for onerous contracts when the expected benefits to be derived from the contracts are less than the related unavoidable costs. The unavoidable costs reflect the net cost of exiting the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs that meet the requirements to be classified as a provision but are determined to be directly attributable to insurance contracts and investment contracts with DPF are classified within the insurance contract assets and liabilities. Additions and reductions to provisions are recognised within administrative expenses within the consolidated income statement.

Where it is expected that a part of the expenditure required to settle a provision will be reimbursed by a third party the reimbursement is recognised when, and only when, it is virtually certain that the reimbursement will be received. This reimbursement is recognised as a separate asset within other receivables and will not exceed the amount of the provision.

					Restructuring provisions				
2025	Leasehold properties dilapidations £m	Staff related £m	Known incidents £m	Indirect Taxation £m	Transition and Transformation £m	Operational simplification £m	Transfer of ReAssure policy administration £m	Other £m	Total £m
At 1 January	**12**	**9**	**15**	**50**	**54**	**17**	**34**	**15**	**206**
Additions in the year	**–**	**1**	**7**	**6**	**15**	**29**	**63**	**8**	**129**
Utilised during the year	**–**	**–**	**(9)**	**(1)**	**(16)**	**(30)**	**(63)**	**(13)**	**(132)**
Released during the year	**(2)**	**(1)**	**(2)**	**(1)**	**–**	**–**	**(7)**	**(4)**	**(17)**
Discounting during the year	**–**	**–**	**–**	**–**	**2**	**–**	**–**	**–**	**2**
At 31 December	**10**	**9**	**11**	**54**	**55**	**16**	**27**	**6**	**188**

Known incidents

The known incidents provision was created for historical data quality, administration systems problems and process deficiencies on the policy administration, financial reconciliations and operational finance aspects of business outsourced. These balances represent the best estimates of costs payable to customers.

Indirect taxation

The indirect taxation provision relates to various indirect tax matters across operational taxes, employment taxes and VAT. During the year, the provision was strengthened by £6 million (2024: £12 million), £1 million (2024: £6 million) was utilised and a further £1 million (2024: £15 million) was released. The remaining balance at 31 December 2025 of £54 million (2024: £50 million) represents the Group's estimate of the maximum exposure as at the reporting date and is expected to be utilised in one to three years.

Restructuring provisions

Transition and transformation provision

Following the acquisition of the Standard Life Assurance businesses in August 2018, the Group established a transition and transformation programme which aimed to deliver the integration of the Group's operating models via a series of phases. During 2019, the Group announced its intention to extend its strategic partnership with Tata Consultancy Services ('TCS') to provide customer servicing, to develop a digital platform and for migration of existing Standard Life policies to this platform which raised a valid expectation of the impacts in those likely to be affected.

During 2025, following the Group's announcement that it had entered into a new strategic partnership with Wipro and sold its ALPHA platform to the outsource provider, the Group agreed to migrate a tranche of legacy policies within this programme to Wipro.

The accounting provision includes an element of migration costs, severance costs and other expenses not considered to be directly attributable to insurance contracts and investment contracts with DPF. Migration costs are considered a direct expenditure necessarily entailed by the restructuring and represent an obligation arising from arrangements entered into with TCS and Wipro. No costs have been provided for that relate to the ongoing servicing of policies. Migration costs payable are subject to limited uncertainty as they are largely fixed under the terms of the agreements entered into. The severance costs are subject to uncertainty and will be impacted by the number of staff that transferred to TCS, the average salaries and number of years' service of those affected and the rates of natural attrition. Decommissioning costs associated with the restructure are subject to uncertainty and will be impacted by the phasing of the decommissioning activities and any subsequent updates made to the best estimate view of the costs.

During the year, the provision was increased by £15 million (2024: £29 million) and a further £16 million (2024: £17 million) was utilised. The impact of discounting the provision was £2 million (2024: £(5) million) in the year. The remaining £55 million (2024: £54 million) is expected to be utilised within one to three years.

Notes to the consolidated financial statements continued

G. Other statement of consolidated financial position notes continued

G7. Provisions continued

Operational simplification

This Group-wide programme includes activity to take the Group from being a financial engineering business to a purpose led, organically growing business over the next couple of years. As part of this, an operational simplification workstream is undertaking activity to simplify the Group's operating model such that the business is more efficient and focused on the Group's new strategic direction through review of the Group's organisational structure and ultimately by reducing headcount in the business.

The initial provision was established in 2024 and represents the costs that are considered to be necessarily entailed by this restructure. The severance costs are subject to uncertainty and will be impacted by the number of staff that leave the Group, and the average salaries and number of years' service of those affected.

During the year, the provision was increased by £29 million (2024: £34 million) and a further £30 million (2024: £17 million) was utilised. The remaining £16 million (2024: £17 million) is expected to be utilised within one year.

Transfer of ReAssure policy administration

During 2023, the Group announced its intention to further extend its strategic partnership with TCS through the migration of all ReAssure policies onto the TCS BaNCS platform and the consolidation of its operating locations.

Following a strategic review in 2025, and in light of emerging opportunities and advancements in the Group's IT strategy, the Group announced the appointment of Wipro as a new strategic partner under a Business Process Outsourcing arrangement. As part of this partnership Wipro purchased ALPHA, the existing ReAssure platform, and assumed responsibility for the management and servicing of the ALPHA platform.

The accounting provision includes the element of costs necessarily entailed by the restructuring and not considered to be directly attributable to insurance contracts and investment contracts with DPF. These costs include outsource provider ('OSP') costs, severance and associated implementation costs, in addition to exit costs related to the wind down of the TCS migrations.

The OSP and implementation costs payable to Wipro are subject to limited uncertainty as they are largely fixed under the terms of the agreement entered into and the severance costs are subject to uncertainty and will be impacted by the number of staff that transfer to Wipro, and the average salaries and number of years' service of those affected. No costs have been provided for that relate to the ongoing servicing of policies.

During the year, the provision was increased by £63 million (2024: £36 million), a further £63 million (2024: £nil) was utilised and £7 million (2024: £nil) was released. The remaining £27 million (2024: £34 million) is expected to be utilised within one to two years.

Discounting

The impact of discounting on provisions during the year from either the passage of time or from a change in the discount rate has been allowed for where the impact is considered to be material.

G8. Tax assets and liabilities

Deferred tax is provided for on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not provided in respect of the initial recognition of goodwill and the initial recognition of assets or liabilities in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates and laws enacted or substantively enacted at the period end.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

	2025 £m	2024 £m
Current tax:		
Current tax assets	**298**	523
Current tax liabilities	**(18)**	(21)
Deferred tax:		
Deferred tax assets	**327**	146
Deferred tax liabilities	**(490)**	(198)

Movement in deferred tax assets/(liabilities)

	2025					2024			
2025	1 January £m	Recognised in income statement £m	Recognised in other comprehen-sive income £m	Recognised in equity £m	31 December £m	1 January £m	Recognised in income statement £m	Recognised in other comprehen-sive income £m	31 December £m
Trading losses	**536**	**15**	**–**	**–**	**551**	399	137	–	536
Capital losses	**–**	**–**	**–**	**–**	**–**	2	(2)	–	–
Expenses and deferred acquisition costs carried forward	**245**	**(103)**	**–**	**–**	**142**	422	(177)	–	245
Provisions and other temporary differences	**3**	**17**	**–**	**6**	**26**	4	(1)	–	3
Non-refundable pension scheme surplus	**(57)**	**14**	**(12)**	**–**	**(55)**	(91)	66	(32)	(57)
Committed future pension contributions	**–**	**–**	**–**	**–**	**–**	3	(3)	–	–
Transitional adjustment relating to IFRS 9/17	**15**	**(2)**	**–**	**–**	**13**	10	5	–	15
Accelerated capital allowances	**26**	**(1)**	**–**	**–**	**25**	23	3	–	26
Intangibles	**1**	**–**	**–**	**–**	**1**	31	(30)	–	1
Acquired in-force business	**(314)**	**41**	**–**	**–**	**(273)**	(361)	47	–	(314)
Customer relationships	**(25)**	**1**	**–**	**–**	**(24)**	(27)	2	–	(25)
Unrealised gains	**(412)**	**(160)**	**–**	**–**	**(572)**	(361)	(51)	–	(412)
Actuarial liability differences between local GAAP and IFRS	**(69)**	**64**	**–**	**–**	**(5)**	(242)	173	–	(69)
Exchange differences on translation of foreign operations	–	–	8	–	8	**–**	**–**	**–**	**–**
Other	**(1)**	**1**	**–**	**–**	**–**	11	(12)	–	(1)
	(52)	**(113)**	**(4)**	**6**	**(163)**	(177)	157	(32)	(52)

The standard rate of UK Corporation tax for the year ended 31 December 2025 is 25% (year ended 31 December 2024: 25%).

Shareholder deferred tax assets and liabilities, where provided, are reflected at 25%. Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable.

The deferred tax asset relating to trading losses has increased in 2025 from £536 million to £551 million, as shown in the table above (2024: increase from £399 million to £536 million). This has arisen principally due to refinements of prior period tax calculations that gave rise to additional tax losses. The increase in 2024 arose due to net taxable losses arising within the constituent entities of the Group. The Group utilises profit forecasts to support recognition of a deferred tax asset in relation to the losses. The profit forecasts are prepared for the Annual Operating Plan which is used for various purposes including target setting, dividend affordability assessments and going concern. The Group considers the forecasts to be a reliable source of information to support the recognition of a deferred tax asset in relation to the losses. The forecasts suggest that the losses will be utilised in full within 5 years (2024: 8 years).

	2025 £m	2024 £m
Deferred tax assets have not been recognised in respect of:		
Tax losses carried forward	**49**	54
Deferred tax assets not recognised on capital losses	**103**	116

A technical matter is currently being discussed with HMRC in relation to the L&G insurance business transfer to ReAssure Limited. These discussions are not sufficiently progressed at this stage for recognition of any potential tax benefit arising.

The Group is continuing to monitor developments in relation to the G20-OECD Inclusive Framework, commonly referred to as Pillar Two rules ('Pillar Two'), as the Group is within the scope of the rules from 1 January 2024. Broadly, these rules seek to ensure that, on a jurisdiction-by-jurisdiction basis, large multinational enterprises pay a minimum tax rate of 15% on worldwide profits arising after 31 December 2023.

In May 2023, the scope of IAS 12 Income Taxes was amended to clarify that the IFRS accounting standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group confirms that it has applied this exception during the period.

Notes to the consolidated financial statements continued

G. Other statement of consolidated financial position notes continued

G8. Tax assets and liabilities continued

The main jurisdictions in which the Group may have exposures to Pillar Two income taxes are Ireland and the UK. As at 31 December 2025, the Group has accrued £nil (2024: £nil) in respect of Pillar Two income taxes based on its latest assessment. The Group also notes that the Pillar Two income taxes legislation is expected to continue developing, the rules are inherently complex and can potentially lead to arbitrary outcomes and therefore the Group is continuing to assess the impact of the Pillar Two income taxes legislation on its operations.

G9. Lease Liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate as the interest rate implicit in the lease cannot be readily determined. For ground rent leases, the incremental borrowing rate of investment funds holding the associated investment properties is used as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from, for example, rent reviews or from changes in the assessment of whether a termination option is reasonably certain not to be exercised. The Group has applied judgement to determine the lease term for some lease contracts with break clauses.

	2025 £m	2024 £m
At 1 January	**64**	74
Leases incepted during the year	**11**	6
Termination of leases following the disposal of associated investment properties	**(8)**	(7)
Interest expense	**2**	2
Lease payments	**(10)**	(11)
At 31 December	**59**	64
Amount due within 12 months	**12**	13
Amount due after 12 months	**47**	51

Details of the related right-of-use assets are included in notes G3 and G4.

G10. Accruals and deferred income

This note analyses the Group's accruals and deferred income at the end of the year.

	2025 £m	2024 £m
Accruals	**498**	546
Deferred income	**67**	37
At 31 December	**565**	583
Amounts due for settlement after 12 months	**39**	38

G11. Other payables

Other payables are recognised when due and are measured on initial recognition at the fair value of the consideration payable. Subsequent to initial recognition, these payables are measured at amortised cost using the effective interest rate method.

	2025 £m	2024 £m
Investment broker balances	**969**	718
Property related payables	**81**	57
Investment management fees	**13**	18
Other	**1,366**	1,487
At 31 December	**2,429**	2,280
Amounts due for settlement after 12 months	**31**	–

H. Interests in subsidiaries and associates

H1. Subsidiaries

Subsidiaries are consolidated from the date that effective control is obtained by the Group (see Basis of consolidation in note A1) which for operating entities is usually when the Group holds over 50% of the shareholding of that entity. Subsidiaries are excluded from consolidation from the date they cease to be subsidiary undertakings and for those disposed of during the year, any difference arising from the recognition of the net proceeds, recognition of the fair value of any retained interest and derecognition of the carrying amount of the subsidiary including non-controlling interests, is recognised in the consolidated income statement.

The Group uses the acquisition method to account for the acquisition of subsidiaries. The cost of an acquisition is measured at the fair value of the consideration. Any excess of the cost of acquisition over the fair value of the net assets acquired is recognised as goodwill. In certain acquisitions an excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities, contingent liabilities and non-controlling interests over cost may arise. Where this occurs, the surplus of the fair value of net assets acquired over the fair value of the consideration is recognised in the consolidated income statement.

Directly attributable acquisition costs are included within administrative expenses, except for acquisitions undertaken prior to 2010 when they are included within the cost of the acquisition. Costs directly related to the issuing of debt or equity securities are included within the initial carrying amount of debt or equity securities where these are not carried at fair value. Intra-group balances and income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

The Group invests in a number of collective investment schemes such as Open-ended Investment Companies ('OEICs'), unit trusts, Société d'Investissement à Capital Variable ('SICAVs'), investment trusts and private equity funds. These invest mainly in equities, bonds, property and cash and cash equivalents. The Group's percentage ownership in these collective investment schemes can fluctuate according to the level of Group and third party participation in the structures.

When assessing control over collective investment schemes, the Group considers those factors described under the Basis of consolidation in note A1. In particular, the Group considers the scope of its decision-making authority, including the existence of substantive rights (such as power of veto, liquidation rights and the right to remove the fund manager) that give it the ability to direct the relevant activities of the investee. The assessment of whether rights are substantive rights, and the circumstances under which the Group has the practical ability to exercise them, requires the exercise of judgement. This assessment includes a qualitative consideration of the rights held by the Group that are attached to its holdings in the collective investment schemes, rights that arise from contractual arrangements between the Group and the entity or fund manager and the rights held by third parties. In addition, consideration is made of whether the Group has de facto power, for example, where third party investments in the collective investment schemes are widely dispersed.

Where Group companies are deemed to control such collective investment schemes they are consolidated in the Group financial statements, with the interests of external third parties recognised as a liability (see the accounting policy for Net asset value attributable to unitholders in note E1 for further details).

Certain of the collective investment schemes have non-coterminous period ends and are consolidated on the basis of additional financial statements prepared to the period end.

Portfolio transfers

When completing an acquisition, the Group first considers whether the acquisition meets the definition of a business combination under IFRS 3 *Business Combinations*. IFRS 3, and the use of acquisition accounting, does not apply in circumstances where the acquisition of an asset or a group of assets does not constitute a business, and is instead a portfolio of assets and liabilities. In such cases, the Group's policy is to recognise and measure the assets acquired and liabilities assumed in accordance with the Group's accounting policies for those assets and liabilities. The difference between the consideration and the net assets or liabilities acquired is recognised in the consolidated income statement.

H1.1 Significant restrictions

The ability of subsidiaries to transfer funds to the Group in the form of cash dividends or to repay loans and advances is subject to local laws, regulations and solvency requirements.

Each regulated company and the Group must retain sufficient capital at all times to meet the regulatory capital requirements mandated by or otherwise agreed with the relevant national supervisory authority. Further information on the capital requirements applicable to Group entities are set out in the Capital management section (note I3). Under UK company law, dividends can only be paid if a UK company has distributable reserves sufficient to cover the dividend.

In addition, contractual requirements may place restrictions on the transfer of funds as follows:

- Pearl Life Holdings Limited ('PeLHL') is required to make payments of contributions into charged accounts on behalf of the Abbey Life Scheme. These amounts do not form part of the pension scheme assets and at 31 December 2025, PeLHL held £20 million (2024: £20 million) within debt securities and £20 million (2024: £19 million) within cash and cash equivalents in respect of these charged accounts. Further details of when the remaining amounts may become payable to the pension scheme are included in note G1.3.
- ReAssure Midco Limited ('RML') is required to make payments of contributions into a ring-fenced account on behalf of the ReAssure Staff Pension Scheme. These amounts do not form part of the pension scheme assets and at 31 December 2025, RML held £44 million (2024: £43 million) within debt securities in respect of this account. Further details of when these amounts may become payable to the pension scheme are included in note G1.4.

Notes to the consolidated financial statements continued

H. Interests in subsidiaries and associates continued

H2. Assets and liabilities classified as held for sale

The Group classifies disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of the disposal group, excluding finance costs and income tax expense. Assets and liabilities classified as held for sale are presented separately in the statement of consolidated financial position.

H2.1 Transfer of business to Aberdeen Group plc

On 28 March 2025, the Group completed the Part VII transfer of the UK Trustee Investment Plan ('TIP') business to Aberdeen Group plc. This business was classified as a disposal group held for sale prior to the transfer. The self-invested elements of the Wrap SIPP business, which are held off-balance sheet, are expected to be transferred to Aberdeen Group plc. At 31 December 2025, there are no assets or liabilities classified as held for sale.

In 2024, an agreement was reached with Aberdeen Group plc to enter into an External Funds Link ('EFL') reinsurance arrangement upon completion of the Part VII to provide access to the retained pooled property funds. On completion of the Part VII in 2025, a financial liability has been recognised in respect of the EFL arrangement. No profit or loss has been recognised during the year following the Part VII and initial recognition of the EFL reinsurance arrangement.

H2.2 Disposal of Wythall Green site

During the year the Group finalised the details of the agreed sale of the Wythall Green site which includes land and an owner-occupied building. The sale completed in January 2026 and at 31 December 2025 the land and buildings are measured at the value of the expected net sales proceeds and are classified as held for sale.

The major classes of assets and liabilities reported as held for sale are as follows:

	2025 £m	2024 £m
Property, plant and equipment	**10**	–
Investment property	**4**	1,082
Financial assets	**–**	1,985
Cash and cash equivalents	**–**	33
Assets classified as held for sale	**14**	3,100
Assets in consolidated funds[1]	**–**	75
Total assets of the disposal group	**14**	3,175
Investment contract liabilities	**–**	(3,175)
Liabilities classified as held for sale	**–**	(3,175)

1 Included in assets of the disposal group at 31 December 2024 were assets in consolidated funds, which were held to back investment contract liabilities of the TIP business and were disclosed within financial assets in the statement of consolidated financial position. The Group controlled these funds at 31 December 2024 and therefore consolidated 100% of the assets with any non-controlling interest recognised as net asset value attributable to unit holders.

H3. Associates

Associates are entities over which the Group has significant influence, but which it does not control. Generally it is presumed that the Group has significant influence if it holds between 20% and 50% of the voting rights of the entity. Investments in associates that are held for investment purposes are accounted for under IFRS 9 Financial Instruments as permitted by IAS 28 Investments in Associates and Joint Ventures. These are measured at fair value through profit or loss. Those held for strategic purposes are accounted for using the equity method of accounting. Under the equity method, on initial recognition the investment in an associate is recognised at cost. The carrying value is then updated to reflect the Group's share of profit or loss of its associate and that share is recognised in the consolidated income statement.

During 2024, the Group announced an agreement with Schroders, to launch Future Growth Capital ('FGC'), the first private market investment manager to be established in the UK to promote the objectives of the Mansion House Compact. The Company's investment in FGC is through a 49.9% holding in Future Growth Capital (Holdings) Limited and its wholly owned subsidiary undertaking, Future Growth Capital Limited. This investment in the FGC associate is accounted for using the equity method in the consolidated financial statements. At 31 December 2025, the Group's share of the investment is £11 million (2024: £4 million). The movement in the year arises from a capital injection into the associate of £10 million (2024: £5 million) and the Group's share of the loss from the associate of £(3) million (2024: £(1) million), included within net investment income in the consolidated income statement.

Summary consolidated financial information (at 100%) for Future Growth Capital Holdings Limited group is shown below:

	2025 £m	2024 £m
Total assets	**26**	10
Total liabilities	**(5)**	(3)
	21	7
Loss for the year after tax	**(7)**	(2)

H4. Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only, and the relevant activities are directed by means of contractual arrangements. A structured entity often has some or all of the following features or attributes: (a) restricted activities; (b) a narrow and well-defined objective, such as to provide investment opportunities for investors by passing on risks and rewards associated with the assets of the structured entity to investors; (c) insufficient equity to permit the structured entity to finance its activities without subordinated financial support; and (d) financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks (tranches).

The Group has determined that all of its investments in collective investment schemes are structured entities. In addition, a number of debt security structures and private equity funds have been identified as structured entities. The Group has assessed that it has interests in both consolidated and unconsolidated structured entities as shown below:

- unit trusts;
- OEICs;
- SICAVs;
- private equity funds;
- asset-backed securities;
- Collateralised Debt Obligations ('CDOs');
- other debt structures; and
- Phoenix Group Employee Benefit Trust ('EBT').

The Group's holdings in the investments listed above are susceptible to market price risk arising from uncertainties about future values. Holdings in investment funds are subject to the terms and conditions of the respective fund's prospectus and the Group holds redeemable shares or units in each of the funds. The funds are managed by internal and external fund managers who apply various investment strategies to accomplish their respective investment objectives. All of the funds are managed by fund managers who are compensated by the respective funds for their services. Such compensation generally consists of an asset-based fee and a performance-based incentive fee and is reflected in the valuation of each fund.

H4.1 Interests in consolidated structured entities

The Group has determined that where it has control over funds, these investments are consolidated structured entities.

The EBT is a consolidated structured entity that holds shares to satisfy awards granted to employees under the Group's share-based payment schemes. During the year, the Group granted further loans to the EBT of £9 million (2024: £16 million).

As at the reporting date, the Group has no intention to provide financial or other support to any other consolidated structured entity.

H4.2 Interests in unconsolidated structured entities

The Group has interests in unconsolidated structured entities. These investments are held as financial assets in the Group's consolidated statement of financial position held at fair value through profit or loss. Any change in fair value is included in the consolidated income statement in 'net investment income'. Dividend and interest income is received from these investments.

A summary of the Group's interest in unconsolidated structured entities is included below. These are shown according to the financial asset categorisation in the consolidated statement of financial position.

	2025 Carrying value of financial assets £m	2024 Carrying value of financial assets £m
Equities	**1,654**	1,398
Collective investment schemes	**83,446**	82,740
Debt securities	**7,642**	7,542
	92,742	91,680

The Group's maximum exposure to loss with regard to the interests presented above is the carrying amount of the Group's investments. Once the Group has disposed of its shares or units in a fund, it ceases to be exposed to any risk from that fund. The Group's holdings in the above unconsolidated structured entities are largely less than 50% and as such the size of these structured entities are likely to be significantly higher than their carrying value.

Details of commitments to subscribe to private equity funds and other unlisted assets are included in note I5.

Notes to the consolidated financial statements continued

H. Interests in subsidiaries and associates continued

H5. Group entities

The table below sets out the Group's subsidiaries (including consolidated collective investment schemes), associates and significant holdings in undertakings (including undertakings in which the holding amounts to 20% or more of the nominal value of the shares or units and they are not classified as a subsidiary or associate).

	Registered address of incorporated entities	If unincorporated, address of principal place of business	Type of investment (including class of shares held)	% of shares /units held
Subsidiaries:				
Phoenix Life Limited (life assurance company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix Europe Operations (Stephen's Green) Designated Activity Company (formerly Phoenix Life Assurance Europe DAC) (non-trading company)	Dublin[2]		Ordinary Shares	100.00%
Phoenix Life CA Limited (life assurance company)	Birmingham[1]		Ordinary Shares	100.00%
ReAssure Life Limited (life assurance company)	Telford[3]		Ordinary Shares	100.00%
ReAssure Limited (life assurance company)	Telford[3]		Ordinary Shares	100.00%
Standard Life Assurance Limited (life assurance company – directly owned by the Company)	Edinburgh[4]		Ordinary Shares	100.00%
Standard Life International Designated Activity Company (life assurance company – directly owned by the Company)	Dublin[2]		Ordinary Shares	100.00%
Pearl Group Services Limited (management services company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix Group Management Services Limited (management services company)	Birmingham[1]		Ordinary Shares	100.00%
PGMS (Ireland) Limited (management services company)	Dublin[5]		Ordinary Shares	100.00%
Phoenix Management Services (Bermuda) Limited	Bermuda[6]		Ordinary Shares	100.00%
ReAssure UK Services Limited (management services company)	Telford[3]		Ordinary Shares	100.00%
PA (GI) Limited (non-trading company)	Birmingham[1]		Ordinary Shares	100.00%
103 Wardour Street Retail Investment Company Limited (investment company)	Telford[3]		Ordinary Shares	100.00%
3 St Andrew Square Apartments Limited (property management company)	Edinburgh[7]		Ordinary Shares	100.00%
Abbey Life Assurance Company Limited (non-trading company)	Birmingham[1]		Ordinary Shares	100.00%
Abbey Life Trust Securities Limited (pension trustee company)	Birmingham[1]		Ordinary Shares	100.00%
Abbey Life Trustee Services Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Alba Life Trustees Limited (non-trading company)	Edinburgh[4]		Ordinary Shares	100.00%
Axial Fundamental Strategies (US Investments) LLC (investment company)	Wilmington[8]		Limited Liability Company	100.00%
Alba LAS Pensions Management Limited (dormant company)	Edinburgh[4]		Ordinary Shares	100.00%
Barnwood Properties Limited (property investment company)	Birmingham[1]		Ordinary Shares	100.00%
BA (FURBS) Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
BL Telford Limited (dormant company)	Telford[3]		Ordinary Shares	100.00%
Britannic Finance Limited (finance and insurance services company)	Birmingham[1]		Ordinary Shares	100.00%
Britannic Group Services Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Britannic Money Investment Services Limited (investment advice company)	Birmingham[1]		Ordinary Shares	100.00%
CH Management Limited (investment company)	Wilmington[8]		Ordinary Shares	100.00%
Century Trustee Services Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
CGE Management Company Limited	Edinburgh[7]		Ordinary Shares	100.00%
Cityfourinc (dormant company)	Birmingham[1]		Unlimited with Shares	100.00%
G Assurance & Pensions Services Limited (non-trading company)	Telford[3]		Ordinary Shares	100.00%
Patria Private Equity Trust plc (investment company)	Edinburgh[9]		Ordinary Shares	55.40%

	Registered address of incorporated entities	If unincorporated, address of principal place of business	Type of investment (including class of shares held)	% of shares /units held
Phoenix Group Holdings (non-trading company)	Cayman Islands[10]		Private Company	100.00%
Pearl (WP) Investments LLC (investment company)	Wilmington[8]		Limited Liability Company	100.00%
ERIP General Partner Limited (General Partner to ERIP Limited Partnership)	Telford[3]		Ordinary Shares	80.00%
ERIP Limited Partnership (Limited Partnership)	Telford[3]		Ordinary Shares	100.00%
G Financial Services Limited (dormant company)	Telford[3]		Ordinary Shares	100.00%
G Life H Limited (holding company)	Telford[3]		Ordinary Shares	100.00%
G Trustees Ltd (trustee company)	Telford[3]		Ordinary Shares	100.00%
Gallions Reach Shopping Park (Nominee) Limited (dormant company)	London[11]		Ordinary Shares	100.00%
Gresham Life Assurance Society Limited (dormant company)	Telford[3]		Ordinary Shares	100.00%
Iceni Nominees (No. 2) Limited (dormant company)	London[11]		Ordinary Shares	100.00%
IH (Jersey) Limited (dormant company)	Jersey[12]		Ordinary Shares	100.00%
Impala Holdings Limited (holding company)	Birmingham[1]		Ordinary Shares	100.00%
Inhoco 3107 Limited (dormant company)	London[11]		Ordinary Shares	100.00%
Laurtrust Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Standard Life Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
London Life Trustees Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Namulas Pension Trustees Limited (trustee company)	Telford[3]		Ordinary Shares	100.00%
National Provident Institution (dormant company)	Birmingham[1]		Unlimited without Shares	100.00%
National Provident Life Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
NM Life Trustees Limited (dormant company)	Telford[3]		Ordinary Shares	100.00%
NM Pensions Limited (dormant company)	Telford[3]		Ordinary Shares	100.00%
NP Life Holdings Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
NPI (Printworks) Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
NPI (Westgate) Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Pearl (Covent Garden) Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Pearl (Moor House) Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Pearl AL Limited (dormant company)	Edinburgh[4]		Ordinary Shares	100.00%
Pearl Assurance Group Holdings Limited (investment company)	Birmingham[1]		Ordinary Shares	100.00%
Pearl Customer Care Limited (financial services company)	Birmingham[1]		Ordinary Shares	100.00%
Pearl Group Holdings (No. 1) Limited (finance company)	London[13]		Ordinary Shares	100.00%
Pearl Group Holdings (No. 2) Limited (holding company)	Birmingham[1]		Ordinary Shares	100.00%
Pearl Group Secretariat Services Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Pearl Life Holdings Limited (holding company)	Birmingham[1]		Ordinary Shares	100.00%
Pearl MP Birmingham Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Pearl RLG Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Pearl Trustees Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
PG Dormant (No 4) Limited) (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
PG Dormant (No 5) Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
PG Dormant (No 6) Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
PGMS (Glasgow) Limited	Edinburgh[4]		Ordinary Shares	100.00%
PGMS (Ireland) Holdings Unlimited Company (holding company)	Dublin[5]		Unlimited with Shares	100.00%
PGS 2 Limited (investment company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix Life Assurance Limited (non-trading company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix & London Assurance Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix Advisers Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix AW Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix Customer Care Limited (financial services company)	Birmingham[1]		Ordinary Shares	100.00%

Notes to the consolidated financial statements continued

H. Interests in subsidiaries and associates continued

H5. Group entities continued

	Registered address of incorporated entities	If unincorporated, address of principal place of business	Type of investment (including class of shares held)	% of shares /units held
Phoenix ER1 Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix ER2 Limited (finance company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix ER3 Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix ER4 Limited (finance company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix ER5 Limited (finance company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix ER6 Limited (finance company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix Group Employee Benefit Trust	Jersey[14]		Trust	100.00%
Phoenix Group Holdings (Bermuda) Limited (holding company – directly owned by the Company)	Bermuda[15]		Ordinary Shares	100.00%
Phoenix Group CA Services Limited	Birmingham[1]		Ordinary Shares	100.00%
Phoenix Group Management Ltd (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
PG Dormant (No 7) Limited (dormant company)	London[13]		Ordinary Shares	100.00%
Phoenix Life Holdings Limited (holding company – directly owned by the Company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix Management Services Holdings (Bermuda) Limited (holding company)	Bermuda[15]		Ordinary Shares	100.00%
Phoenix Pension Scheme (Trustees) Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix Pensions Trustee Services Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix Real Estate Management GP Limited	London[13]		Ordinary Shares	100.00%
Phoenix Life Income Strips No.1 Limited Partnership (finance company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix SCP Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix SCP Pensions Trustees Limited (trustee company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix SCP Trustees Limited (trustee company)	Edinburgh[4]		Ordinary Shares	100.00%
Phoenix SL Direct Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix SPV1 Limited (investment company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix SPV2 Limited (investment company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix SPV3 Limited (investment company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix SPV4 Limited (investment company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix ULA Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix Unit Trust Managers Limited (unit trust manager)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix Wealth Holdings Limited (holding company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix Wealth Services Limited (financial services company)	Birmingham[1]		Ordinary Shares	100.00%
Phoenix Wealth Trustee Services Limited (trustee company)	Birmingham[1]		Ordinary Shares	100.00%
Pilangen Logistik AB (investment company)	Stockholm[16]		Ordinary Shares	100.00%
Pilangen Logistik I AB (investment company)	Stockholm[16]		Ordinary Shares	100.00%
ReAssure Companies Services Limited	Telford[3]		Ordinary Shares	100.00%
ReAssure FS Limited (dormant company)	Telford[3]		Ordinary Shares	100.00%
ReAssure FSH UK Limited (holding company)	Telford[3]		Ordinary Shares	100.00%
ReAssure Group Limited (formerly ReAssure Group plc) (holding company – directly owned by the Company)	Telford[3]		Ordinary Shares	100.00%
ReAssure Life Pension Trustees Limited (dormant company)	Telford[3]		Ordinary Shares	100.00%
ReAssure LL Limited (dormant company)	Telford[3]		Ordinary Shares	100.00%
ReAssure Midco Limited (holding company)	Telford[3]		Ordinary Shares	100.00%
ReAssure Nominees Limited (dormant company)	Telford[3]		Ordinary Shares	100.00%
ReAssure Pension Trustees Limited (dormant company)	Telford[3]		Ordinary Shares	100.00%
ReAssure PM Limited (dormant company)	Telford[3]		Ordinary Shares	100.00%
ReAssure Trustees Limited (dormant company)	Telford[3]		Ordinary Shares	100.00%
ReAssure Two Limited (dormant company)	Telford[3]		Ordinary Shares	100.00%

	Registered address of incorporated entities	If unincorporated, address of principal place of business	Type of investment (including class of shares held)	% of shares /units held
ReAssure UK Life Assurance Company Limited (dormant company)	Telford[3]		Ordinary Shares	100.00%
Scottish Mutual Assurance Limited (dormant company)	Edinburgh[4]		Ordinary Shares	100.00%
Scottish Mutual Nominees Limited (dormant company)	Edinburgh[4]		Ordinary Shares	100.00%
Scottish Mutual Pension Funds Investment Limited (trustee company)	Edinburgh[4]		Ordinary Shares	100.00%
SL (NEWCO) Limited (dormant company)	Edinburgh[4]		Ordinary Shares	100.00%
SL Liverpool Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
SLA Belgium No.1 SA (investment company)	Belgium[17]		Société Anonyme	100.00%
SLA Denmark No.1 ApS (investment company)	Copenhagen[18]		Ordinary Shares	100.00%
SLA Denmark No.2 ApS (investment company)	Copenhagen[18]		Ordinary Shares	100.00%
SLA Germany No.1 S.à.r.l. (investment company)	Luxembourg[19]		Ordinary Shares	100.00%
SLA Germany No.2 S.à.r.l. (investment company)	Luxembourg[19]		Ordinary Shares	100.00%
SLA Germany No.3 S.à.r.l. (investment company)	Luxembourg[19]		Ordinary Shares	100.00%
SLA Coudray SAS	Paris[20]		Ordinary Shares	100.00%
SLA Spain No.1 S.L.U.	Madrid[21]		Ordinary Shares	100.00%
SLA France SCI (investment company)	Paris[20]		Ordinary Shares	100.00%
SLA Netherlands No.1 B.V. (investment company)	Amsterdam[22]		Ordinary Shares	100.00%
SLACOM (No. 8) Limited (dormant company)	Edinburgh[4]		Ordinary Shares	100.00%
Phoenix Life CA Holdings Limited (holding company – directly owned by the Company)	Basingstoke[23]		Ordinary Shares	100.00%
SLIF Property Investment GP Limited (General Partner to SLIF Property Investment)	Edinburgh[7]		Ordinary Shares	100.00%
Standard Life Financial Advice Services Limited (financial services distribution company)	Birmingham[1]		Ordinary Shares	100.00%
Standard Life Assurance (HWPF) Luxembourg S.à.r.l. (investment company)	Luxembourg[19]		Ordinary Shares	100.00%
Standard Life Group Limited	Birmingham[1]		Ordinary Shares	100.00%
Standard Life Investment Funds Limited	Edinburgh[4]		Ordinary Shares	100.00%
Standard Life Lifetime Mortgages Limited (mortgage provider company)	Edinburgh[4]		Ordinary Shares	100.00%
Standard Life Master Trust Co. Ltd (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Standard Life Mortgages Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
Standard Life Property Company Limited (dormant company)	Edinburgh[4]		Ordinary Shares	100.00%
Standard Life Trustee Company Limited (trustee company)	Edinburgh[4]		Ordinary Shares	100.00%
Standard Life Assets and Employee Services Limited	Edinburgh[4]		Ordinary Shares	100.00%
Standard Life Pension Funds Limited	Edinburgh[4]		Limited by Guarantee	100.00%
PGH CA Limited (dormant company)	Birmingham[1]		Ordinary Shares	100.00%
SunLife Limited (financial services distribution company)	Birmingham[1]		Ordinary Shares	100.00%
The Heritable Securities and Mortgage Investment Association Ltd (dormant company)	Edinburgh[4]		Ordinary Shares	100.00%
The London Life Association Limited (dormant company)	Birmingham[1]		Limited by Guarantee	100.00%
The Pathe Building Management Company Limited (dormant company)	Telford[3]		Ordinary Shares	100.00%
The Phoenix Life SCP Institution (dormant company)	Edinburgh[4]		Limited by Guarantee	100.00%
The Scottish Mutual Assurance Society (dormant company)	Edinburgh[4]		Limited by Guarantee	100.00%
The Standard Life Assurance Company of Europe B.V. (financial holding company)	Amsterdam[22]		Ordinary Shares	100.00%
Vebnet (Holdings) Limited (holding company)	Birmingham[1]		Ordinary Shares	100.00%
Welbrent Property Investment Company Limited (dormant company)	London[11]		Ordinary Shares	100.00%

Notes to the consolidated financial statements continued

H. Interests in subsidiaries and associates continued

H5. Group entities continued

	Registered address of incorporated entities	If unincorporated, address of principal place of business	Type of investment (including class of shares held)	% of shares /units held
Phoenix Highvista Venture Capital Partners LP		Boston[24]	Limited Partnership	80.00%
Pearl Private Equity LP		Edinburgh[25]	Limited Partnership	100.00%
Pearl Strategic Credit LP		Edinburgh[25]	Limited Partnership	100.00%
SLIF Property Investment LP		Edinburgh[7]	Limited Partnership	100.00%
Janus Henderson Institutional Short Duration Bond Fund		London[26]	Unit Trust	100.00%
Janus Henderson Institutional Mainstream UK Equity Trust		London[26]	Unit Trust	100.00%
Janus Henderson Institutional UK Equity Tracker Trust		London[26]	Unit Trust	100.00%
Janus Henderson Institutional High Alpha UK Equity Fund		London[26]	Unit Trust	90.88%
Janus Henderson Global Funds – Janus Henderson Institutional Overseas Bond Fund		London[26]	OEIC, sub fund	99.11%
Janus Henderson Strategic Investment Funds – Janus Henderson Institutional North American Index Opportunities Fund		London[26]	OEIC, sub fund	81.07%
Janus Henderson Strategic Investment Funds – Janus Henderson Institutional Asia Pacific ex Japan Index Opportunities Fund		London[26]	OEIC, sub fund	95.50%
Janus Henderson Strategic Investment Funds – Janus Henderson Institutional Japan Index Opportunities Fund		London[26]	OEIC, sub fund	84.64%
PUTM ACS Asia Pacific ex Japan Fund		Birmingham[1]	Unit Trust	99.98%
PUTM ACS Emerging Markets Fund		Birmingham[1]	Unit Trust	100.00%
PUTM ACS European ex UK Fund		Birmingham[1]	Unit Trust	89.01%
PUTM ACS European ex UK Fund 2		Birmingham[1]	Unit Trust	100.00%
PUTM ACS Japan Equity Fund		Birmingham[1]	Unit Trust	100.00%
PUTM ACS Lothian European Ex UK Fund		Birmingham[1]	Unit Trust	100.00%
PUTM ACS Lothian North American Equity Fund		Birmingham[1]	Unit Trust	100.00%
PUTM ACS Lothian UK Gilt Fund		Birmingham[1]	Unit Trust	100.00%
PUTM ACS Lothian UK Listed Smaller Companies Fund		Birmingham[1]	Unit Trust	99.99%
PUTM ACS North American Fund 2		Birmingham[1]	Unit Trust	100.00%
PUTM ACS North American Fund		Birmingham[1]	Unit Trust	100.00%
PUTM ACS Sustainable Index Asia Pacific ex Japan Equity Fund		Birmingham[1]	Unit Trust	100.00%
PUTM ACS Sustainable Index Emerging Markets Equity Fund		Birmingham[1]	Unit Trust	100.00%
PUTM ACS Sustainable Index European Equity Fund		Birmingham[1]	Unit Trust	100.00%
PUTM ACS Sustainable Index Japan Equity Fund		Birmingham[1]	Unit Trust	100.00%
PUTM ACS Sustainable Index UK Equity Fund		Birmingham[1]	Unit Trust	100.00%
PUTM ACS Sustainable Index US Equity Fund		Birmingham[1]	Unit Trust	100.00%
PUTM ACS UK All Share Listed Equity Multi Manager Fund		Birmingham[1]	Unit Trust	100.00%
PUTM ACS US Dollar Credit Fund		Birmingham[1]	Unit Trust	100.00%
PUTM ACS Sustainable Index Global Short Duration Credit Fund		Birmingham[1]	UCITS, sub fund	100.00%
PUTM ACS Sustainable Index Global All Maturities Credit Fund		Birmingham[1]	UCITS, sub fund	100.00%
PUTM Bothwell Asia Pacific (Excluding Japan) Fund		Birmingham[1]	Unit Trust	100.00%
PUTM Bothwell Emerging Market Debt Unconstrained Fund		Birmingham[1]	Unit Trust	100.00%
PUTM Bothwell Emerging Markets Equity Fund		Birmingham[1]	Unit Trust	100.00%
PUTM Bothwell Euro Sovereign Fund		Birmingham[1]	Unit Trust	100.00%
PUTM Bothwell European Credit Fund		Birmingham[1]	Unit Trust	100.00%
PUTM Bothwell Floating Rate ABS Fund		Birmingham[1]	Unit Trust	100.00%
PUTM Bothwell Global Bond Fund		Birmingham[1]	Unit Trust	100.00%

	Registered address of incorporated entities	If unincorporated, address of principal place of business	Type of investment (including class of shares held)	% of shares /units held
PUTM Bothwell Global Credit Fund		Birmingham[1]	Unit Trust	100.00%
PUTM Bothwell Index-Linked Sterling Hedged Fund		Birmingham[1]	Unit Trust	100.00%
PUTM Bothwell Long Gilt Sterling Hedged Fund		Birmingham[1]	Unit Trust	100.00%
PUTM Bothwell Short Duration Credit Fund		Birmingham[1]	Unit Trust	100.00%
PUTM Bothwell Sterling Credit Fund		Birmingham[1]	Unit Trust	100.00%
PUTM Bothwell Sterling Government Bond Fund		Birmingham[1]	Unit Trust	100.00%
PUTM Bothwell Sub-Sovereign Bond Fund		Birmingham[1]	Unit Trust	100.00%
PUTM Bothwell Tactical Asset Allocation Fund		Birmingham[1]	Unit Trust	100.00%
PUTM Bothwell UK Equity Income Fund		Birmingham[1]	Unit Trust	100.00%
PUTM Bothwell Ultra Short Duration Fund		Birmingham[1]	Unit Trust	100.00%
PUTM Far Eastern Unit Trust		Birmingham[1]	Unit Trust	99.65%
PUTM UK All-Share Index Unit Trust		Birmingham[1]	Unit Trust	100.00%
PUTM UK Stock Market Fund		Birmingham[1]	Unit Trust	100.00%
PUTM UK Stock Market Fund (Series 3)		Birmingham[1]	Unit Trust	100.00%
PUTM ACS Sterling Credit Fund		Birmingham[1]	Unit Trust	100.00%
PUTM ACS North American Fund 3		Birmingham[1]	Unit Trust	100.00%
iShares Bloomberg Roll Select Commodity Strategy ETF		Wilmington[27]	OEIC, sub fund	65.02%
RGI Institutional UK Listed Smaller Companies Fund		London[28]	UCITS, sub fund	97.30%
ESP Scotland Ltd Loan		Edinburgh[29]	Limited Partnership	100.00%
Schroders (Future Growth Capital) UK Private Assets LTAF		London[30]	OEIC, sub fund	100.00%
Schroders (Future Growth Capital) Global Private Assets LTAF		London[30]	OEIC, sub fund	100.00%
abrdn (Lothian) Pacific Basin Trust		London[11]	Unit Trust	99.65%
abrdn Emerging Markets Income Equity Fund		London[11]	OEIC, sub fund	72.84%
abrdn Europe Ex UK Ethical Equity Fund		London[11]	OEIC, sub fund	82.00%
abrdn MyFolio Managed I Fund		London[11]	OEIC, sub fund	77.30%
abrdn MyFolio Managed II Fund		London[11]	OEIC, sub fund	76.93%
abrdn MyFolio Managed III Fund		London[11]	OEIC, sub fund	82.47%
abrdn MyFolio Managed V Fund		London[11]	OEIC, sub fund	76.54%
abrdn Standard Liquidity Fund (Lux) – Seabury Euro Liquidity 1 Fund		Luxembourg[19]	UCITS, sub fund	100.00%
abrdn Standard Liquidity Fund (Lux) – Seabury Sterling Liquidity 2 Fund		Luxembourg[19]	UCITS, sub fund	99.77%
abrdn Standard Liquidity Fund (Lux) – Seabury Sterling Liquidity 3 Fund		Luxembourg[19]	UCITS, sub fund	96.88%
abrdn Sustainable Index World Equity Fund		London[11]	Unit Trust	76.89%
abrdn Sustainable Index American Equity Fund		London[11]	OEIC, sub fund	77.41%
abrdn UK Real Estate Fund		London[11]	Unit Trust	92.40%
abrdn UK Real Estate Feeder Fund		London[11]	Unit Trust	75.74%
abrdn Phoenix Fund Financing SCSP		Luxembourg[19]	Special Limited Partnership	100.00%
Patria Phoenix Global Private Equity III LP		Edinburgh[9]	Limited Partnership	100.00%
European Strategic Partners LP		Edinburgh[7]	Limited Partnership	72.70%
North American Strategic Partners 2008 L.P.		Edinburgh[29]	Limited Partnership	100.00%
North American Strategic Partners (Feeder) 2008 Limited Partnership		Edinburgh[29]	Limited Partnership	100.00%
Ignis Private Equity Fund LP		Cayman Islands[10]	Limited Partnership	100.00%
Ignis Strategic Credit Fund LP		Cayman Islands[10]	Limited Partnership	100.00%
Ignis Strategic Solutions Funds plc – Fundamental Strategies Fund		Dublin[31]	OEIC, sub fund	100.00%

Notes to the consolidated financial statements continued

H. Interests in subsidiaries and associates continued

H5. Group entities continued

	Registered address of incorporated entities	If unincorporated, address of principal place of business	Type of investment (including class of shares held)	% of shares /units held
Ignis Strategic Solutions Funds plc – Systematic Strategies Fund		Dublin[31]	OEIC, sub fund	100.00%
ESP General Partner Limited Partnership		Edinburgh[29]	Limited Partnership	100.00%
ESP II General Partner Limited Partnership		Edinburgh[29]	Limited Partnership	100.00%
HSBC Investment Funds – Balanced Fund		London[32]	OEIC, sub fund	78.21%
iShares 350 UK Equity Index Fund UK		London[33]	OEIC, sub fund	95.95%
Legal & General European Equity Income Fund		London[34]	Unit Trust	72.11%
Partners Group Phoenix, L.P. Inc.		Guernsey[35]	Limited Partnership	100.00%
Quilter Investors Global Dynamic Equity Fund		London[36]	OEIC, sub fund	83.39%
Euro Government Bond Fund		Luxembourg[19]	SICAV, sub fund	74.27%
Global Infrastructure Equity Fund		Luxembourg[19]	SICAV, sub fund	99.92%
Stonepeak Core Fund (Lux) SCSp		Luxembourg[37]	Special Limited Partnership	83.30%
Associates:				
Future Growth Capital (Holdings) Limited	London[38]		OEIC, sub fund	49.90%
Future Growth Capital Limited	London[38]		OEIC, sub fund	49.90%
Significant holdings:				
Janus Henderson Institutional Global Responsible Managed Fund		London[26]	OEIC, sub fund	29.19%
Janus Henderson Institutional UK Index Opportunities Fund		London[26]	OEIC, sub fund	55.26%
Janus Henderson All Stocks Credit Fund		London[26]	OEIC, sub fund	24.87%
Janus Henderson Emerging Markets Opportunities Fund		London[26]	OEIC, sub fund	24.73%
Henderson Diversified Growth		London[26]	OEIC, sub fund	64.14%
abrdn SICAV II – Global Equity Impact Fund		Luxembourg[19]	SICAV, sub fund	81.67%
abrdn SICAV II – Global Inflation–linked Government Bond Fund		Luxembourg[19]	SICAV, sub fund	80.39%
abrdn SICAV II – Global Short Duration Corporate Bond Fund		Luxembourg[39]	SICAV, sub fund	62.60%
abrdn SICAV II Absolute Return Global Bond Strategies Fund		Luxembourg[19]	SICAV, sub fund	37.10%
abrdn SICAV II Emerging Market Local Currency Debt Fund		Luxembourg[19]	SICAV, sub fund	70.81%
abrdn SICAV II Global Real Estate Securities Sustainable Fund		Luxembourg[19]	SICAV, sub fund	92.21%
abrdn Standard Liquidity Fund (Lux) Sterling Fund		Luxembourg[19]	UCITS, sub fund	20.46%
abrdn American Equity Enhanced Index Fund		London[11]	OEIC, sub fund	37.90%
abrdn Asia Pacific Equity Enhanced Index Fund		London[11]	OEIC, sub fund	35.34%
abrdn Dynamic Distribution Fund		London[11]	Unit Trust	67.20%
abrdn Short Duration Global Inflation-Linked Bond Fund		London[11]	OEIC, sub fund	21.22%
abrdn Ethical Corporate Bond Fund		London[11]	OEIC, sub fund	50.33%
abrdn European Equity Enhanced Index Fund		London[11]	OEIC, sub fund	49.06%
abrdn Global Inflation-Linked Bond Tracker Fund		London[11]	OEIC, sub fund	53.03%
abrdn Global Real Estate Fund		London[11]	Unit Trust	44.78%
abrdn Global Smaller Companies Fund		London[11]	OEIC, sub fund	30.40%
abrdn High Yield Bond Fund		London[11]	OEIC, sub fund	21.72%
abrdn MyFolio Managed IV Fund		London[11]	OEIC, sub fund	62.88%
abrdn MyFolio Multi-Manager II Fund		London[11]	OEIC, sub fund	21.20%
abrdn MyFolio Multi-Manager III Fund		London[11]	OEIC, sub fund	29.47%
abrdn MyFolio Multi-Manager IV Fund		London[11]	OEIC, sub fund	42.27%
abrdn Short Dated Corporate Bond Fund		London[11]	OEIC, sub fund	33.19%
abrdn SICAV I – Global Corporate Sustainable Bond Fund		Luxembourg[19]	SICAV, sub fund	39.25%
abrdn SICAV I – Japanese Sustainable Equity Fund		Luxembourg[19]	SICAV, sub fund	25.27%
abrdn Standard SICAV I – China Onshore Bond Fund		Luxembourg[19]	SICAV, sub fund	81.51%
abrdn SICAV II European Corporate Bond Fund		Luxembourg[19]	SICAV, sub fund	32.09%
abrdn SICAV II European Smaller Companies Fund		Luxembourg[19]	SICAV, sub fund	27.41%
abrdn SICAV II Global Corporate Bond Fund		Luxembourg[19]	SICAV, sub fund	70.86%
abrdn SICAV II Global High Yield Bond Fund		Luxembourg[19]	SICAV, sub fund	49.30%
abrdn Liquidity Fund (Lux) – Euro Fund		Luxembourg[19]	UCITS, sub fund	37.28%
abrdn Sterling Corporate Bond Fund		London[11]	OEIC, sub fund	45.49%
abrdn Strategic Bond Fund		London[11]	OEIC, sub fund	68.78%
abrdn UK Equity Enhanced Index Fund		London[11]	OEIC, sub fund	35.18%
abrdn UK Mid-Cap Equity Fund		London[11]	OEIC, sub fund	40.38%
abrdn SICAV I – Europe Ex UK Sustainable Equity Fund		Luxembourg[19]	SICAV, sub fund	92.06%
abrdn SICAV I – GDP Weighted Global Government Bond Fund		Luxembourg[19]	SICAV, sub fund	78.54%
abrdn SICAV I – Global Bond Fund		Luxembourg[19]	SICAV, sub fund	99.88%
abrdn SICAV I – Global Government Bond Fund		Luxembourg[19]	SICAV, sub fund	83.76%
abrdn Emerging Markets Local Currency Bond Tracker Fund		London[11]	OEIC, sub fund	23.33%
abrdn Future Real Estate UCITS ETF		Dublin[40]	UCITS, sub fund	30.46%
abrdn UK Sustainable Equity Fund		London[11]	OEIC, sub fund	20.98%
abrdn MyFolio Index V Fund		London[11]	OEIC, sub fund	44.51%
abrdn MyFolio Index III Fund		London[11]	OEIC, sub fund	29.67%
abrdn MyFolio Index II Fund		London[11]	OEIC, sub fund	34.38%
abrdn MyFolio Index I Fund		London[11]	OEIC, sub fund	39.78%
abrdn MyFolio Index IV Fund		London[11]	OEIC, sub fund	30.48%
abrdn Evolve UK Equity Index Fund		London[11]	OEIC, sub fund	26.44%
Amundi Index Solutions – Amundi MSCI China ESG Leaders Select		Luxembourg[41]	SICAV, sub fund	37.71%
Emerging Markets Smaller Companies Fund		Luxembourg[19]	OEIC, sub fund	26.60%
abrdn Liquidity Fund (Lux) – US Dollar Fund		Luxembourg[19]	SICAV, sub fund	32.97%
abrdn Global Infrastructure Equity Fund		London[11]	OEIC, sub fund	37.89%
Responsible Global High Yield Bond Fund		Luxembourg[19]	SICAV, sub fund	26.93%
Gallions Reach Shopping Park Limited Partnership		London[11]	Unit Trust	100.00%
Gallions Reach Shopping Park Unit Trust		Jersey[42]	Unit Trust	100.00%
AB SICAV I – Diversified Yield Plus Portfolio		Luxembourg[43]	SICAV, sub fund	60.01%
AB SICAV I – Emerging Markets Low Volatility Equity Portfolio		Luxembourg[43]	SICAV, sub fund	65.35%
ACS World Multifactor Equity Tracker Fund		London[33]	OEIC, sub fund	25.97%
Amundi Index Solutions – Amundi Global Corp SRI 1–5Y		Luxembourg[41]	SICAV, sub fund	47.77%
Amundi Index Solutions – Amundi MSCI Emerging Ex China ESG Leaders Select		Luxembourg[41]	SICAV, sub fund	31.85%
Global Multi-Factor Equity Fund		Paris[44]	UCITS, sub fund	74.60%
AQR Global Risk Premium UCITS Fund		Luxembourg[45]	UCITS, sub fund	97.34%
Baillie Gifford Emerging Markets Leading Companies Fund		Edinburgh[46]	OEIC, sub fund	30.89%
Baillie Gifford Investment Funds II ICVC – Baillie Gifford UK Equity Core Fund		Edinburgh[46]	OEIC, sub fund	29.73%
Baillie Gifford UK & Balanced Funds ICVC – Baillie Gifford UK and Worldwide Equity Fund		Edinburgh[46]	OEIC, sub fund	34.95%
Barings Emerging Markets Debt Short Duration Fund		Dublin[40]	OEIC, sub fund	38.93%
BlackRock Global Funds – Sustainable World Bond Fund		Luxembourg[43]	SICAV, sub fund	25.64%
BlackRock Market Advantage Fund		London[33]	UCITS, sub fund	50.86%
BNY Mellon Global Equity Fund		London[47]	OEIC, sub fund	28.42%
BNY Mellon Multi-Asset Global Balanced Fund		London[47]	UCITS, sub fund	31.92%

Notes to the consolidated financial statements continued

H. Interests in subsidiaries and associates continued

H5. Group entities continued

	Registered address of incorporated entities	If unincorporated, address of principal place of business	Type of investment (including class of shares held)	% of shares /units held
Fidelity Multi Asset Open Adventurous Fund		Tadworth[48]	OEIC, sub fund	35.84%
Goldman Sachs SICAV – Emerging Markets Total Return Bond Portfolio		Luxembourg[49]	SICAV, sub fund	82.84%
Goldman Sachs SICAV – Goldman Sachs Emerging Markets Debt Portfolio		Luxembourg[49]	SICAV, sub fund	27.71%
iShares Environment & Low Carbon Tilt Real Estate Index Fund		London[33]	SICAV, sub fund	37.03%
Threadneedle Investment Funds ICVC – CT American Select Fund		London[50]	OEIC, sub fund	22.11%
Baillie Gifford Japanese Income Growth Fund		Edinburgh[51]	OEIC, sub fund	20.49%
Blackrock ACS US Equity Tracker Fund		London[33]	OEIC, sub fund	26.83%
Legal & General Mixed Investment 20-60% Fund		London[34]	SICAV, sub fund	28.20%
Invesco Managed Growth Fund		Henley-on-Thames[52]	OEIC, sub fund	51.65%
L&G Absolute Return Bond Plus Fund		Luxembourg[53]	SICAV, sub fund	22.30%
L&G Emerging Markets Bond Fund		Luxembourg[53]	SICAV, sub fund	70.66%
L&G Multi-Asset Target Return Fund		Luxembourg[53]	SICAV, sub fund	41.98%
Legal & General Active Sterling Corporate Bond Fund		London[34]	Unit Trust	27.60%
Legal & General Emerging Markets Government Bond USD Index Fund		London[34]	Unit Trust	28.84%
Legal & General High Income Trust		London[34]	Unit Trust	41.13%
Legal & General UK Smaller Companies Trust		London[34]	Unit Trust	30.43%
Quilter Investors Cirilium Balanced Blend Portfolio		London[36]	OEIC, sub fund	35.57%
Quilter Investors Ethical Equity Fund		London[36]	Unit Trust	34.86%
Quilter Investors Global Equity Growth Fund		London[36]	OEIC, sub fund	56.56%
Robeco – Phoenix Customized Multi Asset Fund		Rotterdam[54]	SICAV, sub fund	98.92%
Schroder International Selection Fund – Global Diversified Growth		Luxembourg[55]	SICAV, sub fund	32.94%
Schroder UK Mid 250 Fund		London[38]	Unit Trust	24.78%
Schroder International Selection Fund Global Bond		Luxembourg[55]	Unit Trust	23.63%
Robeco QI Emerging Markets Sustainable Enhanced Index Equities II		Luxembourg[56]	SICAV, sub fund	97.87%
AB SICAV I – Sustainable All Market Portfolio		Luxembourg[43]	SICAV, sub fund	34.36%
Vanguard Common Contractual Fund – Vanguard U.S. Equity Index Common Contractual Fund		Dublin[40]	UCITS, sub fund	70.87%
Vanguard Investment Series plc – Vanguard U.K. Short-Term Investment Grade Bond Index Fund		Dublin[40]	UCITS, sub fund	20.58%
Vanguard Investments Common Contractual Fund – Vanguard FTSE Developed Europe ex UK Common Contractual Fund		Dublin[40]	UCITS, sub fund	95.34%
Vanguard Investments Common Contractual Fund – Vanguard FTSE Developed World Common Contractual Fund		Dublin[40]	UCITS, sub fund	47.31%
Vanguard Investments Common Contractual Fund – Vanguard FTSE Developed World ex UK Common Contractual Fund		Dublin[40]	UCITS, sub fund	96.38%

1 10 Brindleyplace, Birmingham, B1 2JB, United Kingdom
2 90 St. Stephen's Green, Dublin, D2, Ireland
3 Windsor House, Telford Centre, Telford, Shropshire, TF3 4NB, United Kingdom
4 Standard Life House, 30 Lothian Road, Edinburgh, EH1 2DH, United Kingdom
5 Goodbody Secretarial Limited, International Financial Services Centre, 25/28 North Wall Quay, Dublin 1, Ireland
6 Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda
7 1 George Street, Edinburgh, EH2 2LL, United Kingdom
8 Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808, United States
9 New Clarendon House, 114-116 George Street, Edinburgh, EH2 4LH, United Kingdom
10 Ugland House, Grand Cayman, KY1-1104, Cayman Islands
11 280 Bishopsgate, London, EC2M 4AG, United Kingdom
12 22-24 New Street, St Pauls Gate, 4th Floor, JE1 4TR, Jersey
13 20 Old Bailey, London, England, EC4M 7AN, United Kingdom
14 44 Esplanade, St Helier, Jersey, Channel Islands, JE4 9WG, Jersey
15 9 Par-la-Ville Road, 3rd Floor, Hamilton HM 11, Bermuda
16 Citco (Sweden) Ab, Stureplan 4c, 4 Tr, 114 35 Stockholm, Sweden
17 Boulevard Louis Schmidt 87, 1040 Bruxell, Belgium
18 Nybrogade 12, 1203 Copenhagen K, Denmark
19 35a Avenue J.F. Kennedy, L-1855, Luxembourg
20 162 Boulevard Haussmann, 75008 Paris, France
21 C/Pinar 7, 1st floor, 28006, Madrid, Spain
22 Bright Offices, Building A, La Guardiaweg 58, 1043 BW Amsterdam, The Netherlands
23 Matrix House, Basing View, Basingstoke, Hampshire, RG21 4DZ, United Kingdom
24 Highvista Strategies LLC, 200 Clarendon Street 50th Floor, Boston, Massachusetts, 02116, United States
25 New Clarendon House, 114-116 George Street, Edinburgh, EH2 4LH
26 201 Bishopsgate, London, EC2M 3AE, United Kingdom
27 Corporation Trust Centre, 1290 Orange Street, Wilmington, 19801, United States
28 30 Coleman Street, London,EC2R 5AL, United Kingdom
29 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ, United Kingdom
30 1 Wall Place, London, EC2Y 5AU, United Kingdom
31 32 Molesworth Street, Dublin 2, Dublin, D02 Y512, Ireland
32 8 Canada Square, London, E14 5HQ, United Kingdom
33 12 Throgmorton Avenue, London EC2N 2DL, United Kingdom
34 One Coleman Street, London, EC2R 5AA, United Kingdom
35 St. Peter Port, Tudor House, Le Bordage, GY1 6BD, Guernsey
36 Senator House, 85 Queen Victoria Street, London, EC4V 4AB, United Kingdom
37 20, rue de la Poste, Grand Duchy of Luxembourg, L-2346, Luxembourg
38 1 London Wall Place, London, EC2Y 5AU, United Kingdom
39 6, Route De Trèves, Senningerberg, 2633, Luxembourg
40 70 Sir John Rogerson's Quay, Dublin 2, Ireland
41 5, Allée Scheffer, L-2520 Luxembourg, Luxembourg
42 Ogier House, The Esplanade, St Helier, JE4 9WG, Jersey
43 2-4, Rue Eugène Ruppert, L-2453 Luxembourg, Luxembourg
44 91 Boulevard Pasteur, 91 A 93, Paris, 75015, France
45 Hesperange, 33, rue de Gasperich, L-5826, Luxembourg
46 Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN, United Kingdom
47 160 Queen Victoria Street, London, EC4V 4LA, United Kingdom
48 Beech Gate, Millfield Lane, Lower Kingswood, Tadworth, Surrey, KT20 6RP, United Kingdom
49 49, Avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
50 Cannon Place, 78 Cannon Street, London, EC4N 6AG, United Kingdom
51 Calton Square, 1 Greenside Row, Edinburgh, EH1 3AN, United Kingdom
52 Perpetual Park, Perpetual Park Drive, Henley-on-Thames, Oxfordshire, RG9 1HH, United Kingdom
53 10, Château d'Eau, L-3364 Leudelange, Grand Duchy of Luxembourg
54 Weena 850, 3014 DA, Rotterdam, Netherlands
55 Senningerberg, 5, Hohenhof, L-1736, Luxembourg
56 Senningerberg, 6, Route De Trèves, L-2633, Luxembourg

Notes to the consolidated financial statements continued

H. Interests in subsidiaries and associates continued

H5. Group entities continued

The following subsidiaries have been granted an audit exemption by parental guarantee by virtue of s.479A of the Companies Act 2006:

- 103 Wardour Street Retail Investment Company Limited
- Barnwood Properties Limited
- Britannic Finance Limited
- Britannic Money Investment Services Limited
- G Assurance & Pension Services Limited
- G Life H Limited
- Pearl Customer Care Limited
- Pearl Group Holdings (No. 1) Limited
- Pearl Group Holdings (No. 2) Limited
- PGH CA Limited
- PGMS (Glasgow) Limited
- Phoenix Customer Care Limited
- Phoenix ER6 Limited
- Phoenix Group CA Services Limited
- Phoenix Life Assurance Limited
- Phoenix Life CA Holdings Limited
- Phoenix SL Direct Limited
- Phoenix SPV 1 Limited
- Phoenix SPV 2 Limited
- Phoenix SPV 3 Limited
- Phoenix SPV 4 Limited
- Phoenix Wealth Holdings Limited
- ReAssure Companies Services Limited
- ReAssure FSH UK Limited
- Standard Life Pension Funds Limited
- Vebnet (Holdings) Limited

The following subsidiaries were dissolved during the period. The subsidiaries were deconsolidated from the date of dissolution:

- Impala Loan Company 1 Limited
- Pearl (Martineau Phase 1) Limited
- Pearl (Martineau Phase 2) Limited
- Phoenix (Barwell 2) Limited
- Phoenix (Chiswick House) Limited
- Phoenix (Moor House 1) Limited
- Phoenix (Moor House 2) Limited
- Phoenix (Printworks) Limited
- Phoenix (Stockley Park) Limited
- SLACOM (No. 9) Limited
- SLACOM (No. 10) Limited
- Vebnet Limited
- Standard Life Agency Services Limited
- Phoenix Re Limited
- Phoenix Holdings (Bermuda) Limited
- PGL Pension Trustee Limited
- abrdn (Lothian) Japan Trust
- abrdn (Lothian) North American Trust
- abrdn (Lothian) International Trust
- abrdn (Lothian) UK Equity General Trust
- abrdn MT American Equity Unconstrained Fund

The following subsidiaries were either fully disposed of or the Group was no longer deemed to control the subsidiary. The subsidiaries were deconsolidated from either the date of disposal or from the date when the Group was deemed to no longer control the subsidiary:

- abrdn Short Dated Sterling Corporate Bond Tracker Fund
- abrdn Short Dated Global Corporate Bond Tracker Fund

The Group no longer has significant holdings in the following undertakings:

- abrdn Europe ex UK Equity Fund
- abrdn North American Small & Mid-Cap Equity Fund
- abrdn UK Income Equity Fund
- abrdn American Equity Fund
- abrdn Asia Pacific Equity Fund
- abrdn Emerging Markets Equity Fund

- abrdn Japanese Equity Fund
- abrdn Europe ex UK Income Equity Fund
- abrdn UK Smaller Companies Fund
- abrdn MyFolio Market I Fund
- abrdn MyFolio Market II Fund
- abrdn MyFolio Market III Fund
- abrdn MyFolio Market IV Fund
- abrdn MyFolio Market V Fund
- abrdn MyFolio Multi-Manager V Fund
- abrdn Japan Equity Enhanced Index Fund
- abrdn European Equity Tracker Fund
- abrdn Emerging Markets Equity Tracker Fund
- abrdn Global Government Bond Tracker Fund
- abrdn UK Value Equity Fund
- abrdn Global Inflation-Linked Bond Fund
- abrdn Emerging Markets Equity Enhanced Index Fund
- abrdn SICAV I – Diversified Income Fund
- abrdn SICAV I – North American Smaller Companies Fund
- abrdn SICAV I – Short Dated Enhanced Income Fund
- LGIM Sterling Liquidity Plus Fund
- Schroder European Fund
- Vanguard Investment Series plc – Vanguard Global Short-Term Corporate Bond Index
- Vanguard Investment Series plc – Vanguard Global Corporate Bond Index Fund
- Legal & General Emerging Markets Government Bond (Local Currency) Index Fund
- BlackRock UK Absolute Alpha Fund
- BlackRock Cash Fund
- Ninety One Funds Series i Global Macro Allocation Fund
- Amundi UCITS Funds – Amundi Global Multi-Factor Equity Fund
- Standard Life Investments UK Shopping Centre Trust
- Standard Life Investments Brent Cross LP
- Brent Cross Partnership

I. Other notes

I1. Share-based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Further details regarding the determination of the fair value of equity-settled share-based transactions are set out below.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each period end, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the consolidated income statement such that the cumulative expense reflects the revised estimate with a corresponding adjustment to equity.

I1.1 Share-based payment expense

The expense recognised for employee services receivable during the year is as follows:

	2025 £m	2024 £m
Expense arising from equity-settled share-based payment transactions	**26**	26

I1.2 Share schemes

The Group operates two discretionary schemes, the Long Term Incentive Plan and the Deferred Bonus Share Scheme, and two approved schemes, the ShareSave and Share Incentive Plan.

Long Term Incentive Plan ('LTIP')

The purpose of the LTIP is to motivate and incentivise delivery of sustained performance over the long-term in line with our strategy and purpose, and to promote alignment with shareholders' interests. The awards under this plan are in the form of nil-cost options to acquire an allocated number of ordinary shares and are subject to performance conditions tied to the Group's performance. Dividend equivalent shares will accrue for LTIP awards over the three-year performance period and are awarded as additional options prior to vesting. Further details of the performance conditions and vesting dates are included in the Directors' Remuneration Report.

A holding period applies to members of the Executive Committee. Once performance vesting requirements are satisfied, awards will not be released for a further two years from the third anniversary of the original award date. Dividend equivalent shares accrue on LTIP awards until the end of the holding period. There are no cash settlement alternatives.

Notes to the consolidated financial statements continued

I. Other notes continued

I1. Share-based payments continued

I1.2 Share schemes continued

The fair value of these awards is estimated at the average share price in the three days preceding the date of grant, taking into account the terms and conditions upon which the instruments were granted. The fair value of the LTIP awards is adjusted in respect of the Total Shareholder Return ('TSR') performance condition which is deemed to be a 'market condition'. The fair value of the 2023, 2024 and 2025 TSR elements of the LTIP awards has been calculated using a Monte Carlo model. The inputs to this model are shown below:

	2025 TSR performance condition	2024 TSR performance condition	2023 TSR performance condition
Share price (p)	**574**	553	559
Expected life (years)	**3**	3	3
Expected volatility (%)	**23**	22	23
Risk-free interest rate (%)	**4**	4	3.3
Expected dividend yield (%)	Dividends are received by holders of the awards therefore no adjustment to fair value is required		

LTIP Buy-out awards were granted to certain senior management employees. There are discrete vesting periods for these awards and are made on the condition that employees remain in employment with the Group for the vesting period. Similar awards were also issued in prior periods.

Deferred Bonus Share Scheme ('DBSS')

Each year, under the rules of the Annual Incentive Plan ('AIP') a percentage of the cash payment is deferred into shares of the Company. The requirement to defer is specifically linked to senior management and the Executive Committee. The vesting of these shares is conditional on the employee remaining in employment with the Group for a period of three years from the date of grant. Good leavers will be able to, at the discretion of the Remuneration Committee, exercise their full award at vesting. Dividend equivalent shares will accrue for DBSS awards over the three-year deferral period and are awarded as additional options prior to vest. Further details of each award are included in the Directors' Remuneration Report.

The fair value of these awards is estimated at the average share price in the three days preceding the date of the grant, taking into account the terms and conditions upon which the options were granted.

ShareSave scheme

ShareSave allows participating employees in the UK to save up to £500 each month for a period of three years, and up to 2024 for five years. Under the ShareSave arrangement, participants remaining in the Group's employment at the end of the three or five year saving period are entitled to use their savings to purchase shares at a discounted price ('exercise price'). The exercise price is calculated using the three-day average price, discounted by 20% prior to the date of invitation. Employees leaving the Group for certain reasons are able to use their savings to exercise and purchase a prorated number of shares if they leave prior to the end of their three or five year period.

The fair value of the options has been determined using a Black-Scholes valuation model. Key assumptions within this valuation model include expected share price volatility and expected dividend yield.

The following information was relevant in the determination of the fair value of the 2021 to 2025 UK ShareSave options:

	2025 ShareSave	2024 ShareSave	2023 ShareSave	2022 ShareSave	2021 ShareSave
Share price (£)	**6.84**	4.91	4.44	6.14	7.48
Exercise price (£)	**5.21**	4.18	3.78	5.09	5.89
Expected life (years)	**3.1**	3.1 and 5.1	3.1 and 5.1	3.25 and 5.25	3.25 and 5.25
Risk-free rate (%) – based on UK government gilts commensurate with the expected term of the award	**3.5**	4.2 (for 3 year scheme) and 4.1 (for 5 year scheme)	4.7 (for 3 year scheme) and 4.5 (for 5 year scheme)	2.0 (for 3 year scheme) and 1.9 (for 5 year scheme)	0.5 (for 3 year scheme) and 0.7 (for 5 year scheme)
Expected volatility (%) based on the Company's share price volatility to date	**23**	22	23	30	30
Dividend yield (%)	**8.0**	10.9	11.5	8.0	6.3

Share Incentive Plan

The Group operates two Share Incentive Plans ('SIP') available to UK and Irish employees. Each plan allows participating employees to purchase 'Partnership shares' in the Group through monthly contributions from salary. In respect of the UK SIP, employees can contribute up to £150 per month or 10% of salary (whichever is lower). For each Partnership share awarded, the Group awards Matching shares on a 1:1 basis up to a maximum of £50. Dividend payments are reinvested into further shares. The Irish SIP allows employees to contribute up to €40 per month or 7.5% (whichever is lower). Matching shares are awarded on a 1.4 basis up to a maximum of €40. Dividends are paid in cash under the Irish SIP.

The fair value of the Matching shares granted is estimated as the share price at date of grant, taking into account terms and conditions upon which the instruments were granted. At 31 December 2025, 537,491 Matching shares (excluding unrestricted shares) were conditionally awarded to employees (2024: 611,207).

I1.3 Movements in the year

The following tables illustrate the number of, and movements in, LTIP, ShareSave and DBSS share options during the year:

	2025 Number of share options			2024 Number of share options		
	LTIP	ShareSave	DBSS	LTIP	ShareSave	DBSS
Outstanding at the beginning of the year	**12,487,594**	**6,971,478**	**5,268,400**	11,111,405	6,844,865	3,367,966
Granted during the year	**3,722,792**	**829,571**	**2,498,000**	4,595,364	1,426,648	2,525,215
Forfeited during the year	**(2,844,558)**	**(461,117)**	**(179,838)**	(2,270,979)	(176,532)	(33,470)
Cancelled during the year	**–**	**(177,173)**	**–**	(4,258)	(471,709)	–
Exercised during the year	**(2,295,489)**	**(938,389)**	**(1,414,582)**	(1,545,139)	(75,229)	(730,869)
Expired during the year	**(617)**	**(179,105)**	**(2,018)**	(33,884)	(576,565)	(11,753)
Dividends on vested awards	**931,294**	**–**	**314,507**	635,085	–	151,311
Outstanding at the end of the year	**12,001,016**	**6,045,265**	**6,484,469**	12,487,594	6,971,478	5,268,400

The weighted average fair value of options granted during the year was £4.25 (2024: £3.98).

The weighted average share price at the date of exercise for the rewards exercised is £6.19 (2024: £5.18).

The weighted average remaining contractual life for the awards outstanding as at 31 December 2025 is 4.5 years (2024: 5.0 years).

I2. Cash flows from operating activities

Operating cash flows include purchases and sales of investment property and financial investments as the purchases are funded from cash flows associated with the origination of insurance and investment contracts, net of payments of related benefits and claims.

The following analysis gives further detail behind the 'cash (utilised)/generated by operations' figure in the statement of consolidated cash flows.

	Notes	2025 £m	2024 £m
Profit/(loss) for the year before tax		**20**	(1,107)
Adjustments for non-cash movements in profit/(loss) before tax for the year:			
Loss on PGL Pension Scheme buy-out transaction	B1.1	**–**	100
Fair value (gains)/losses on:			
Investment property	G4	**(11)**	100
Financial assets and derivative liabilities		**(18,804)**	(7,884)
Change in fair value of borrowings	E5.2	**(39)**	1
Amortisation and impairment of intangible assets	G2	**240**	273
Depreciation of property, plant and equipment	G3	**17**	21
Share-based payment charge	I1.1	**26**	26
Finance costs	C7	**266**	290
Net interest expense on Group defined benefit pension scheme liability/asset	G1	**60**	56
Other costs of pension schemes	G1	**5**	12
Movement in assets and liabilities relating to operations:			
Increase in investment assets		**(5,051)**	(913)
(Increase)/decrease in reinsurers' share of investment contract liabilities		**(1,392)**	342
Increase in reinsurance contract assets/liabilities		**(593)**	(305)
Decrease in assets classified as held for sale		**3,067**	1,475
Increase/(decrease) in insurance contract liabilities		**3,839**	(166)
Increase in investment contract liabilities		**20,202**	13,405
Decrease in obligation for repayment of collateral received		**(9)**	(156)
Decrease in liabilities classified as held for sale		**(3,175)**	(1,606)
Net decrease/(increase) in working capital		**420**	(406)
Other cash movements relating to operations:			
Contributions to defined benefit pension schemes	G1	**(8)**	(9)
Cash (utilised)/generated by operations		**(920)**	3,549

Notes to the consolidated financial statements continued

I. Other notes continued

I3. Capital management

The Group's capital management is based on the principles of Solvency II, as modified by the PRA's 2024 reforms ('Solvency UK'). This involves a valuation of the Group's Own Funds and a risk-based assessment of the Group's Solvency Capital Requirement ('SCR') in line with Solvency UK rules.

This note sets out the Group's approach to managing capital and provides an analysis of Own Funds and SCR.

Risk and capital management objectives

The risk management objectives and policies of the Group are based on the requirement to protect the Group's regulatory capital position, thereby safeguarding policyholders' guaranteed benefits whilst also ensuring the Group can meet its various cash flow requirements. Subject to this, the Group seeks to use available capital to achieve increased returns, balancing risk and reward, to generate additional value for policyholders and shareholders.

In pursuing these objectives, the Group deploys financial and other assets and incurs insurance contract liabilities and financial and other liabilities. Financial and other assets principally comprise investments in equity securities, debt securities, collective investment schemes, property, derivatives, reinsurance, trade and other receivables, and banking deposits. Financial liabilities principally comprise investment contracts, borrowings for financing purposes, derivative liabilities and net asset value attributable to unitholders.

The Group's Risk Management Framework is described in the risk management commentary on pages 78 to 85 of the Annual Report and Accounts and the Risk Universe component of this framework summarises the comprehensive set of risks to which the Group is exposed. The major risks ('Level 1' risks) that the Group's businesses are exposed to and the Group's approach to managing those risks are outlined in the following notes:

- note E6: Credit risk, market risk, financial soundness risk, strategic risk, customer risk and operational risk; and
- note F9: Insurance risk.

The sections on capital management objectives and the Group's hedging strategy are included below.

Capital Management Framework

The Group's Capital Management Framework is designed to achieve the following objectives:

- to provide appropriate security for policyholders and meet all regulatory capital requirements under the Solvency UK regime while not retaining unnecessary excess capital, operating within a Solvency II Shareholder Capital Coverage ratio ('SCCR') of 140-180%;
- to ensure sufficient liquidity to meet obligations to policyholders and other creditors;
- to manage the leverage position, including optimisation of the Solvency II leverage ratio and the Fitch leverage ratio to maintain an investment grade credit rating;
- to monitor IFRS and UK GAAP metrics to ensure that accounting outcomes do not constrain strategic or dividend decisions; and
- to maintain a dividend policy to pay an ordinary dividend that is progressive and sustainable.

The framework comprises a suite of capital management policies that govern the allocation of capital throughout the Group to achieve the framework objectives under a range of stress conditions. The policy suite is defined with reference to policyholder security, creditor obligations, owner dividend policy and regulatory capital requirements.

Group capital

Group capital is managed on a Solvency UK basis, under which the primary sources of capital managed by the Group comprise the Group's Own Funds as measured under Solvency UK rules adjusted to exclude surplus funds attributable to the Group's unsupported with-profits funds and unsupported pension schemes.

A Solvency UK capital assessment involves valuation in line with Solvency UK rules of the Group's Own Funds and a risk-based assessment of the Group's Solvency Capital Requirement ('SCR'). Solvency II surplus is the excess of Own Funds over the SCR.

The Group aims to maintain a Solvency II surplus at least equal to its Board-approved capital policy, which reflects Board risk appetite for meeting prevailing solvency requirements.

The capital policy of each Life Company is set and monitored by each Life Company Board. These policies ensure there is sufficient capital within each Life Company to meet regulatory capital requirements under a range of stress conditions. The capital policy of each Life Company varies according to the risk profile and financial strength of the company.

The capital policy of each Group Holding Company is designed to ensure that there is sufficient liquidity to meet creditor obligations through the combination of cash buffers and cash flows from the Group's operating companies.

Own Funds and SCR

Basic Own Funds represents the excess of assets over liabilities from the Solvency II balance sheet adjusted to add back any relevant subordinated liabilities that meet the criteria to be treated as capital items.

The Basic Own Funds are classified into three Tiers based on permanency and loss absorbency (Tier 1 being the highest quality and Tier 3 the lowest). The Group's Own Funds are assessed for their eligibility to cover the Group SCR with reference to both the quality of capital and its availability and transferability. Surplus funds in with-profits funds of the Life Companies and in the pension schemes are restricted and can only be included in Eligible Own Funds up to the value of the SCR they are used to support.

Eligible Own Funds to cover the SCR are obtained after applying the prescribed Tiering limits and availability restrictions to the Basic Own Funds.

The SCR is calibrated so that the likelihood of a loss exceeding the SCR is less than 0.5% over one year. This ensures that capital is sufficient to withstand a broadly '1 in 200-year event'.

The Group operates one single PRA approved Internal Model covering all Group entities with the exception of Standard Life International Designated Activity Company, the ReAssure entities and Phoenix Life CA entities, which determine their capital requirements in accordance with the Standard Formula. Phoenix Life Assurance Europe Designated Activity Company was deauthorised in May 2025 and was a Standard formula entity in the comparative period.

Hedging strategy

The Group operates a comprehensive hedging strategy designed to mitigate exposure to unrewarded market risks that could otherwise introduce significant volatility into its Solvency II capital position. These risks primarily include interest rate, inflation, equity and currency risks.

The objective of the hedging programme is not to eliminate all market risk, nor to manage short-term accounting outcomes, but to stabilise the Solvency II surplus and the Group's capacity to generate sustainable cash. This, in turn, underpins the Group's ability to meet policyholder obligations, maintain capital resilience through market cycles and support a progressive dividend policy.

The strategy is implemented using a combination of derivative instruments and asset-liability management techniques and is actively managed to reflect changes in the Group's balance sheet, risk profile and market conditions.

This hedging strategy has been in place for many years and represents a long-standing and fundamental element of the Group's risk and capital management framework. It has been consistently applied through different economic environments, including periods of significant market stress and interest-rate volatility.

Over time, the strategy has demonstrated its effectiveness in reducing volatility in the Solvency II surplus and SCCR, thereby supporting management's ability to make long-term decisions on capital allocation, investment and dividends with a high degree of confidence.

The hedging strategy has been effective in achieving its primary objective of protecting the Solvency UK balance sheet and cash generation. However, due to differences between the Solvency UK and IFRS measurement frameworks, the strategy gives rise to accounting volatility in the IFRS statement of comprehensive income. Hedge accounting under IFRS is not applied to these hedging relationships.

Impact of the Group's hedging strategy on IFRS results

Under Solvency UK, the valuation of the Group's balance sheet includes the recognition of future profit margins, including those arising from investment contracts. Under IFRS, these future margins are not recognised upfront in the balance sheet unless they are captured at the time of an acquisition. Movements in the fair value of hedging instruments—designed to offset changes in the economic value, reflected in Solvency UK, of those future margins—are recognised immediately in IFRS profit or loss, without a corresponding offsetting movement in recognised assets or liabilities. This creates an accounting mismatch, which can result in material volatility in IFRS profit and shareholders' equity, particularly during periods of market movement.

In addition to the different treatment of future profit margins from investment contracts, there are further valuation differences between IFRS and Solvency UK, including the requirement under Solvency UK to hold a SCR. As the hedges are 'right-sized' to Solvency UK rather than IFRS, this results in volatility remaining under IFRS.

These outcomes are a known and expected consequence of the Group's capital-focused hedging strategy and do not reflect a deterioration in the underlying economics of the business.

The two market risks that the Group is most exposed to are equity risk and interest rate risk. The Group expects that the IFRS volatility arising from the hedging strategy in respect of equity risk will reverse over time as the underlying profit margins on investment contracts are realised and recognised in the IFRS consolidated income statement.

As services are provided to policyholders and profit margins emerge through charges, investment margins and CSM releases, the cumulative IFRS impact of the hedging instruments (excluding costs of the hedging programme) is expected to be offset by the recognition of profits that are already reflected in the Solvency UK balance sheet but deferred or unrecognised under IFRS.

The Board and management consider that the Group's capital management framework, including its hedging strategy, remains appropriate and effective. The Group continues to manage capital primarily on a Solvency UK basis, and IFRS shareholders' equity is not considered a constraint on the Group's ability to pay dividends or execute its strategy. The Board and management review the appropriateness and effectiveness of the framework at least annually to ensure it is calibrated to market and Group-specific developments.

Further information on the Group's risk management framework, Solvency UK sensitivities and hedging activities is provided in the Risk Management section, the Solvency UK disclosures and the Group's Pillar 3 reporting.

Notes to the consolidated financial statements continued

I. Other notes continued

I3. Capital management continued

Group capital resources – unaudited

The Group capital resources presented on a shareholder basis, are based on the Group's Eligible Own Funds adjusted to remove amounts pertaining to unsupported with-profits funds and Group pension schemes:

Unaudited	2025 £bn	2024 £bn
Group's Eligible Own Funds	**10.3**	10.4
Remove Own Funds pertaining to unsupported with-profits funds and pension schemes	**(2.0)**	(2.0)
Group capital resources	**8.3**	8.4

Reconciliation between IFRS equity and estimated Eligible Own Funds under Solvency UK

A reconciliation summarising the key differences between total IFRS equity and the Group's Eligible Own Funds under Solvency UK is shown in the following table:

	2025 £bn	2024 £bn
Total IFRS equity	**1.3**	2.2
Deduct non-controlling interests	**(0.6)**	(0.5)
Deduct goodwill, intangible assets and deferred acquisition costs	**(1.7)**	(1.9)
Revaluation of subordinated liabilities[1]	**0.1**	0.2
Net impact of valuing technical provisions, net of reinsurance recoverables, on Solvency UK basis[1]	**12.7**	11.6
Deferred tax impact of valuation differences[1]	**(1.5)**	(1.1)
Other valuation differences[1]	**0.2**	(0.1)
Excess of assets over liabilities under Solvency UK	**10.5**	10.4
Subordinated liabilities[1]	**2.9**	3.3
Ring-fenced fund restrictions[1]	**(2.4)**	(2.5)
Other availability restrictions[1]	**(0.7)**	(0.8)
Group's eligible own funds	**10.3**	10.4

1 These balances are unaudited and reflect Solvency II adjustments.

Reconciliation between IFRS total comprehensive income and estimated Solvency II surplus

A reconciliation summarising the key differences between IFRS total comprehensive income and the Group's estimated Solvency II surplus is shown in the following table:

	2025 £bn	2024 £bn
IFRS Total comprehensive expense	**(0.4)**	(1.0)
Dividends and coupon on Tier 1 Notes	**(0.5)**	(0.6)
Change in IFRS equity	**(0.9)**	(1.6)
Amortisation of acquired in-force intangibles	**0.2**	0.2
Valuation differences		
Annuity new business profits[1]	**0.1**	0.2
Investment contract value of in-force (Solvency UK basis)[1]	**1.1**	**0.8**
Other[1]	**(0.1)**	–
Deferred tax[1]	**(0.4)**	(0.1)
Other valuation differences[1]	**0.2**	0.1
Subordinated liabilities[1]	**(0.4)**	**(0.2)**
Ring-fenced funds restrictions[1]	**0.1**	**(0.4)**
Other availability restrictions[1]	**–**	**0.4**
Change in Group's eligible own funds	**(0.1)**	**(0.6)**
Change in Solvency Capital Requirements[1]	**0.2**	**0.2**
Solvency II surplus emergence	**0.1**	**(0.4)**

1 These balances are unaudited and reflect Solvency UK adjustments.

I4. Related party transactions

In the ordinary course of business, the Group and its subsidiaries carry out transactions with related parties as defined by IAS 24 Related Party Disclosures, which comprise Group pension schemes, an associate and key management personnel.

I4.1 Related party transactions

During the year, the Group entered into the following related party transactions with a Group pension scheme and an associate:

	Transactions 2025 £m	Transactions 2024 £m
Pearl Group Staff Pension Scheme:		
Payment of administrative expenses	**(6)**	(5)
Future Growth Capital Holdings Limited:		
Investment in associate	**(10)**	(5)

In addition to the above, in 2024 Phoenix Life Limited completed the buy-out of the PGL Pension Scheme liabilities. Further details are included in note G1.6.

I4.2 Transactions with key management personnel

The total compensation of key management personnel, being those having authority and responsibility for planning, directing and controlling the activities of the Group, including the Executive, Non-Executive Directors and members of the Group's Executive Committee is as follows:

	2025 £m	2024 £m
Salary and other short-term benefits	**19**	17
Equity compensation plans	**10**	10

Details of the shareholdings and emoluments of individual Directors are provided in the Remuneration report on pages 136 to 175.

Key management personnel and their close family members may invest in pensions and savings products sold by the Group on equivalent terms to those available to all employees of the Group. In the current and prior periods, transactions with key management personnel were not deemed to be significant. These transactions include contributions paid into the Group's Master Trust pension scheme.

I5. Commitments

This note analyses the Group's other commitments.

	2025 £m	2024 £m
To subscribe to private equity funds and other unlisted assets	**1,631**	2,425
To purchase, construct or develop investment property and income strips	**11**	16
For repairs, maintenance or enhancements of investment property	**15**	22

I6. Contingent liabilities

Where the Group has a possible future obligation as a result of a past event, or a present legal or constructive obligation but it is not probable that there will be an outflow of resources to settle the obligation or the amount cannot be reliably estimated, this is disclosed as a contingent liability.

Legal proceedings

Where the Group has a possible future obligation as a result of a past event, or a present legal or constructive obligation but it is not probable that there will be an outflow of resources to settle the obligation or the amount cannot be reliably estimated, this is disclosed as a contingent liability.

As a long-term savings and retirement business, the Group operates in a highly regulated environment. Therefore, in the normal course of business the Group is exposed to certain legal issues, which can involve litigation and arbitration, complaints, and regulatory and tax authority reviews. At 31 December 2025, the Group has a number of contingent liabilities in this regard, none of which are considered by the Directors to be material.

Notes to the consolidated financial statements continued

I. Other notes continued

I7. Events after the reporting period

The financial statements are adjusted to reflect significant events that have a material effect on the financial results and that have occurred between the period end and the date when the financial statements are authorised for issue, provided they give evidence of conditions that existed at the period end. Events that are indicative of conditions that arise after the period end that do not result in an adjustment to the financial statements are disclosed.

On 13 March 2026, the Board recommended a final dividend of 28.05p per share for the year ended 31 December 2025 (2024: 27.35p). Payment of the final dividend is subject to shareholder approval at the AGM. The cost of this dividend has not been recognised as a liability in the consolidated financial statements for 2025 and will be charged to the statement of consolidated changes in equity in 2026.

Sir Nicholas Lyons
Andy Briggs
Nicolaos Nicandrou
Eleanor Bucks
Siobhan Boylan
Karin Cook
Sherry Coutu, CBE
Karen Green
Mark Gregory
Hiroyuki Iioka
Katie Murray
Margaret Semple, OBE

13 March 2026

Parent company financial statements
Statement of financial position
As at 31 December 2025

	Notes	2025 £m	2024 £m
ASSETS			
Property, plant and equipment	3	**14**	15
Investments in Group entities	4	**9,199**	9,247
Financial assets			
Loans and deposits	5	**1,444**	1,398
Derivatives	7	**51**	112
Debt securities	6	**3**	1
Collective investment schemes	6	**816**	1,095
Deferred tax	8	**336**	309
Prepayments and accrued income		**43**	47
Other amounts due from Group entities	19	**156**	105
Cash and cash equivalents		**–**	1
Total assets		**12,062**	12,330
EQUITY AND LIABILITIES			
Equity attributable to ordinary shareholders			
Share capital	9	**101**	100
Share premium	9	**20**	16
Merger relief reserve	9	**593**	593
Other reserve	9	**(4)**	(4)
Retained earnings			
At 1 January		**5,571**	4,632
Profit for the year	9	**780**	249
Other movements in retained earnings		**(551)**	690
Total retained earnings		**5,800**	5,571
Total equity attributable to ordinary shareholders		**6,510**	6,276
Tier 1 Notes	10	**411**	411
Total equity		**6,921**	6,687
Liabilities			
Financial liabilities			
Borrowings	11	**4,557**	4,926
Derivatives	7	**18**	4
Obligations for repayment of collateral received	7	**33**	37
Other amounts due to Group entities	19	**299**	341
Provisions	12	**110**	207
Lease liabilities	13	**15**	16
Accruals and deferred income	14	**109**	112
Total liabilities		**5,141**	5,643
Total equity and liabilities		**12,062**	12,330

The notes identified numerically on pages 320 to 329 are an integral part of these separate financial statements. Where items also appear in the consolidated financial statements, reference is made to the notes (identified alphanumerically) on pages 206 to 316.

Approved by the Board on 13 March 2026.

Andy Briggs
Chief Executive Officer

Nicolaos Nicandrou
Chief Financial Officer

Company registration number 11606773.

Statement of changes in equity
For the year ended 31 December 2025

	Share capital (note 9) £m	Share premium (note 9) £m	Merger relief reserve (note 9) £m	Other reserve (note 9) £m	Retained earnings £m	Total £m	Tier 1 Notes (note 10) £m	Total equity £m
At 1 January 2025	**100**	**16**	**593**	**(4)**	**5,571**	**6,276**	**411**	**6,687**
Total comprehensive income for the year attributable to owners	**–**	**–**	**–**	**–**	**780**	**780**	**–**	**780**
Issue of ordinary share capital, net of associated commissions and expenses	**1**	**4**	**–**	**–**	**–**	**5**	**–**	**5**
Dividends paid on ordinary shares (note B4)	**–**	**–**	**–**	**–**	**(548)**	**(548)**	**–**	**(548)**
Coupon paid on Tier 1 Notes	**–**	**–**	**–**	**–**	**(29)**	**(29)**	**–**	**(29)**
Credit to equity for equity-settled share-based payments (note I1)	**–**	**–**	**–**	**–**	**26**	**26**	**–**	**26**
At 31 December 2025	**101**	**20**	**593**	**(4)**	**5,800**	**6,510**	**411**	**6,921**

For the year ended 31 December 2024

	Share capital (note 9) £m	Share premium (note 9) £m	Merger relief reserve (note 9) £m	Other reserve (note 9) £m	Retained earnings £m	Total £m	Tier 1 Notes (note 10) £m	Total equity £m
At 1 January 2024	100	16	1,819	(4)	4,632	6,563	411	6,974
Total comprehensive income for the year attributable to owners	–	–	–	–	249	249	–	249
Dividends paid on ordinary shares (note B4)	–	–	–	–	(533)	(533)	–	(533)
Coupon paid on Tier 1 Notes	–	–	–	–	(29)	(29)	–	(29)
Credit to equity for equity-settled share-based payments (note I1)	–	–	–	–	26	26	–	26
Transfer of merger reserve	–	–	(1,226)	–	1,226	–	–	–
At 31 December 2024	100	16	593	(4)	5,571	6,276	411	6,687

Statement of cash flows
For the year ended 31 December 2025

	Notes	2025 £m	2024 £m
Cash flows from operating activities			
Cash utilised by operations	15	**(212)**	(312)
Net cash flows from operating activities		**(212)**	(312)
Cash flows from investing activities			
Loan and deposit advances to Group entities		**(47)**	(63)
Dividends received from Group entities		**556**	1,032
Interest received from Group entities		**166**	188
Net return of capital from subsidiaries		**15**	–
Derivative settlements		**10**	62
Net cash flows from investing activities		**700**	1,219
Cash flows from financing activities			
Proceeds from issuing ordinary shares		**5**	–
Proceeds from new shareholder borrowings, net of associated expenses	11	**1,162**	1,579
Repayment of shareholder borrowings	11	**(797)**	(1,621)
Ordinary share dividends paid	16	**(548)**	(533)
Interest paid on borrowings		**(281)**	(301)
Lease payments	13	**(1)**	(2)
Coupon paid on Tier 1 Notes	16	**(29)**	(29)
Net cash flows from financing activities		**(489)**	(907)
Net decrease in cash and cash equivalents		**(1)**	–
Cash and cash equivalents at the beginning of the year		**1**	1
Cash and cash equivalents at the end of the year		**–**	1

Notes to the parent company financial statements

1. Accounting policies

(a) Basis of preparation

On 24 February 2026 the Company changed its name to Standard Life plc (formerly Phoenix Group Holdings plc).

The financial statements have been prepared on a going concern basis and under the historical cost convention, except for those financial assets and financial liabilities (including derivative instruments) that have been measured at fair value.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own income statement in these financial statements. Total comprehensive income for the year attributable to owners was £780 million (2024: £249 million).

Statement of Compliance

The Company's financial statements have been prepared in accordance with UK-adopted international accounting standards as applied in accordance with section 408 of the Companies Act 2006.

The financial statements are presented in sterling (£) rounded to the nearest million except where otherwise stated.

Assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously.

(b) Accounting policies

Where applicable, the accounting policies in the separate financial statements are the same as those presented in the consolidated financial statements on pages 206 to 316 with the exception of the one policy whereby the Company has not adopted the Group's policy of hedge accounting.

Where an accounting policy can be directly attributed to a specific note to the consolidated financial statements, the policy is presented within that note. Each note within the Company financial statements makes reference to the note to the consolidated financial statements containing the applicable accounting policy. The accounting policy in relation to foreign currency transactions is included within note A3 to the consolidated financial statements.

Investments in Group entities

Investments in Group entities are carried in the statement of financial position at cost less impairment.

The Company assesses at each reporting date whether an investment is impaired by assessing whether any indicators of impairment exist. If objective evidence of impairment exists, the Company calculates the amount of impairment as the difference between the recoverable amount of the Group entity and its carrying value and recognises the amount as an expense in the income statement.

The recoverable amount is determined based on the cash flow projections of the underlying entities.

(c) Critical accounting estimates and judgements

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments. The area of the Company's business that typically requires such estimates and judgement is the impairment assessment for investments in Group entities.

Impairment of investments in Group entities

The Company conducts impairment reviews of investments in subsidiaries whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use. The value in use is based on projections of future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise. Further details are included in note 4.

2. Financial information

New accounting pronouncements not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements (1 January 2027)

IFRS 18 Presentation and Disclosure in Financial Statements ('IFRS 18') will replace IAS 1 Presentation of Financial Statements and make consequential amendments to other standards, including the cash flow statement. IFRS 18 introduces new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users, including classification of all income and expenses within the statement of financial performance into one of five new categories, new specified totals and sub-totals in the statement of financial performance and requirements for the identification and disclosure of Management-defined Performance Measures ('MPM') within the financial statements. It will not impact the recognition or measurement of items in the financial statements.

IFRS 18 is not expected to have a significant impact on the Company's financial statements, largely as a result of the Company not being required to present a statement of financial performance.

Details of the other standards, interpretations and amendments to be adopted in future periods are detailed in note A5 to the consolidated financial statements, none of which are expected to have a significant impact on the Company's financial statements.

3. Property, plant and equipment

The accounting policy for property, plant and equipment is included in note G3 to the consolidated financial statements.

Property, plant and equipment with a carrying value of £14 million (2024: £15 million) includes the right-of-use asset relating to office premises leased at 20 Old Bailey, London. Depreciation is being charged on a straight-line basis over the term of the lease and the charge was £1 million in the year (2024: £2 million).

4. Investments in Group entities

	2025 £m	2024 £m
Cost		
At 1 January	**14,725**	14,725
Net return of capital	**(15)**	–
At 31 December	**14,710**	14,725
Impairment		
At 1 January	**(5,478)**	(4,189)
Charge for the year	**(33)**	(1,289)
At 31 December	**(5,511)**	(5,478)
Carrying amount		
At 31 December	**9,199**	9,247

The in year movement in cost represents proceeds received on liquidation of subsidiaries by Phoenix Group Holdings (Bermuda) Limited and the onward distribution of these proceeds to the Company as a return of capital.

As at 31 December 2025 and 31 December 2024, the Group's net asset value continued to be lower than the Company's net asset value. This was considered to be an indicator that the Company's investments in its subsidiaries may be impaired. Accordingly, an impairment test has been performed to assess the recoverable amount of each investment against carrying value.

The recoverable amount of each subsidiary is based on its value in use. The value in use of the life insurance subsidiaries has been calculated based on the net present value of future projected dividends expected to be appropriated by these entities; using projections set out in the Group's Board approved business plan discounted to present value. These dividend projections reflect the emergence of surplus from in-force business on a Solvency II basis, together with the impact of planned management actions and any anticipated new business. The contribution to value in use of the non-life entities, which do not generate revenues external to the Group, was based on their Solvency II Own Funds as at the balance sheet date. The value in use calculation has used a discount rate of 8.5% (2024: 9.2%), calculated using a risk adjusted weighted average cost of capital approach.

For Phoenix Life Holdings Limited ('PLHL'), which includes the vast majority of the Group's new business franchise, an assumption for the terminal rate of growth after the initial five-year business plan period was set at 2% (2024: 2%). For all other subsidiaries of the Company, which predominantly comprise closed-book life insurance businesses, ten-year cash flow projections were utilised with a value at the ten-year point determined with reference to projected Solvency II shareholder Own Funds.

At 31 December 2025, an aggregate impairment charge of £33 million was recognised. £19 million of this charge related to the impairment of the Company's investment in Phoenix Group Holdings (Bermuda) Limited and Phoenix Group Holdings (Cayman) Limited. Both of these entities are dormant and have minimal residual capital. The remaining charge of £14 million is related to the Company's investment in Phoenix Life CA Holdings Limited ('PLCAH') and is consistent with the continued run-off of the underlying closed book of business within this entity.

The value in use calculation is sensitive to the discount rate, terminal value and cash flow assumptions adopted. Specific sensitivities relevant to each investment are shown below.

- For PLHL, a 1% increase in the discount rate would reduce the recoverable amount of the Company's investment by £1,557 million and a 0.5% decrease in the terminal value growth rate would reduce the recoverable amount by £653 million. Neither sensitivity would have resulted in any impairment being recognised.
- For ReAssure Group Limited (formerly ReAssure Group plc), a 1% increase in the discount rate would decrease the value in use by £68 million. In addition, sensitising the future cash flows by reducing the annual dividend projections by 10% for each year in the forecast period would decrease the value in use by £148 million. Neither sensitivity would have resulted in any impairment being recognised.
- For Standard Life International Designated Activity Company ('SLIDAC'), a 1% increase in the discount rate would have decreased the value in use and resulted in a £2 million impairment charge.
- For PLCAH, a 1% increase in the discount rate would have decreased the value in use and increased the impairment recognised by a further £11 million.

For a list of principal Group entities, refer to note H5 of the consolidated financial statements in which the entities directly held by the Company are separately identified.

Notes to the parent company financial statements continued

5. Loans and deposits

	Carrying value		Fair value	
	2025 £m	2024 £m	2025 £m	2024 £m
Loans due from Phoenix Life Holdings Limited (note a)	**1,335**	1,327	**1,350**	1,349
Cash-pooling to other Group entities (note b)	**85**	53	**85**	53
Loan due from Phoenix Group Employee Benefit Trust (note c)	**14**	18	**14**	18
Loans and deposits due from Group entities	**1,434**	1,398	**1,449**	1,420
Cash on deposit	**10**	–	**10**	–
Total loans and deposits	**1,444**	1,398	**1,459**	1,420
Amounts due after 12 months	**1,349**	915		

The loans and deposit balances due from Group entities are measured at amortised cost using the effective interest method. (in accordance with the accounting policy in note E1 to the consolidated financial statements). The fair value of these loans and deposits are also disclosed. None of the loans are considered to be overdue.

a On 12 December 2018, the Company assigned a £428 million subordinated loan to PLHL. The loan accrued interest at a rate of 6.675% and matured on 18 December 2025. This loan was initially recognised at fair value of £439 million and was amortised to par over the period to maturity. On maturity the amount due was converted under a new loan to PLHL, with interest accruing at a compounded rate of SONIA plus a margin of 1.17% being capitalised. During the year £1 million of interest was capitalised. The new loan matures on 18 December 2030. At 31 December 2025, the carrying value of the loan was £429 million (2024: £430 million).

On 12 December 2018, the Company assigned a £450 million subordinated loan to PLHL. The loan accrues interest at a rate of 4.158% and matured on 20 July 2022. On 20 July 2022, the amount due on the maturity of the subordinated loan of £450 million was advanced under a new loan to PLHL. The new loan accrues interest at a compounded rate of SONIA plus a margin of 1.30% and is capitalised. During the year interest of £29 million (2024: £32 million) was capitalised. The loan matures on 31 December 2027. At 31 December 2025, the carrying value of the loan was £545 million (2024: £516 million).

On 12 December 2018, the Company assigned a US $500 million loan to PLHL due to mature in 2027 with a coupon of 5.375%. This loan was initially recognised at fair value of £349 million and is accreted to par over the period to 2027. At 31 December 2025, the carrying value of the loan was £361 million (2024: £381 million).

b On 13 September 2022, the Company entered into an uncommitted intra-group cash-pooling facility with certain subsidiaries, under which the Company will either borrow funds from, or lend funds to, the relevant subsidiary. All amounts due under the facility attract interest at SONIA and are repayable on demand.

c On 18 June 2019, the Company was assigned an interest free facility arrangement with Phoenix Group Employee Benefit Trust ('EBT'). As at 31 December 2025, the carrying value of the loan was £14 million (2024: £18 million). The loan is fully recoverable until the awards held in the EBT vest to the participants, at which point the loan is reviewed for impairment. Any impairments are determined by comparing the carrying value to the estimated recoverable amount of the loan. During the year funding of £9 million (2024: £16 million) was provided to the EBT and £13 million of the loan was impaired (2024: £11 million).

For the purposes of the additional fair value disclosures for assets recognised at amortised cost, all loans and deposits are categorised as Level 3 financial instruments. The fair value of loans and deposits with no external market is determined by internally developed discounted cash flow models using a risk adjusted discount rate corroborated with external market data where possible.

Details of the factors considered in determination of fair value are included in note E2 to the consolidated financial statements.

6. Financial assets at fair value through profit or loss

	2025 £m	2024 £m
Financial assets at fair value through profit or loss		
Derivatives (see note 7)	**51**	112
Debt securities	**3**	1
Collective investment schemes	**816**	1,095
	870	1,208
Amounts due after 12 months	**3**	1

Determination of fair value and fair value hierarchy of financial assets

The accounting policy for Financial Assets is provided in note E1 to the consolidated financial statements. Details of the factors considered in determination of the fair value are included in note E2 to the consolidated financial statements.

2025	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value through profit or loss				
Derivatives	**–**	**51**	**–**	**51**
Debt securities	**–**	**–**	**3**	**3**
Collective investment schemes	**816**	**–**	**–**	**816**
	816	**51**	**3**	**870**

2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value through profit or loss				
Derivatives	–	112	–	112
Debt securities	–	–	1	1
Collective investment schemes	1,095	–	–	1,095
	1,095	112	1	1,208

There were no transfers between levels in either 2025 or 2024.

7. Derivatives

The accounting policy for derivatives is included in note E3 to the consolidated financial statements.

The Company has in place a number of cross currency swaps in order to hedge against adverse currency movements in respect of its Euro and US Dollar denominated borrowings.

The Company also hedged certain Euro and, US Dollar exposures to adverse foreign currency movements in respect of underlying business within its subsidiaries.

The fair value of the derivative financial instruments is as follows:

	Asset		Liability	
	2025 £m	2024 £m	2025 £m	2024 £m
Cross currency swaps	**36**	106	**–**	–
Foreign currency swaps	**15**	6	**18**	4
	51	112	**18**	4

All derivative liabilities are categorised as Level 2 financial instruments.

Derivative collateral arrangements

The accounting policy for collateral arrangements is included in note E4 to the consolidated financial statements.

Assets accepted

The maximum exposure to credit risk in respect of third party over-the-counter ('OTC') derivative assets is £36 million (2024: £112 million) of which £33 million (2024: £37 million) is mitigated by use of cash collateral arrangements (which are settled net after taking account of any OTC derivative liabilities owed by the counterparty).

Assets pledged

The Company has not pledged any collateral in respect of its OTC derivative liabilities.

Notes to the parent company financial statements continued

8. Deferred tax

The accounting policy for tax assets and liabilities is included in note G8 to the consolidated financial statements.

Movement in deferred tax balances

	1 January 2025 £m	Recognised in comprehensive income £m	31 December 2025 £m
Provisions and other temporary differences	**17**	**(10)**	**7**
Trading losses	**292**	**37**	**329**
	309	**27**	**336**

	1 January 2024 £m	Recognised in comprehensive income £m	31 December 2024 £m
Provisions and other temporary differences	25	(8)	17
Trading losses	160	132	292
	185	124	309

The standard rate of UK corporation tax for the accounting period is 25% (2024: 25%).

9. Share capital, share premium, merger relief and other reserves

	2025 £m	2024 £m
Issued and fully paid:		
1,006.3 million ordinary shares of £0.10 each (2024: 1,003.1 million)	**101**	100

	2025 Number	2025 £	2024 Number	2024 £
Shares in issue at 1 January	**1,003,111,838**	**100,311,183**	1,001,538,419	100,153,841
Ordinary shares issued in the year	**3,140,405**	**314,041**	1,573,419	157,342
Shares in issue at 31 December	**1,006,252,243**	**100,625,224**	1,003,111,838	100,311,183

During the year, the Company issued 3,140,405 shares (2024: 1,573,419 shares) with a total share premium of £4 million (2024: £nil) in order to satisfy its obligations to employees under the Group's share schemes. This included 2,200,000 shares (2024: 1,500,000 shares) that were issued to the Group's Employee Benefit Trust at nominal value.

As outlined in the accounting policy note D3 in the consolidated financial statements the Company has applied the relief in section 612 of the Companies Act 2006 to present the difference between the value of the shares issued as consideration on acquisition of the share capital of ReAssure Group Limited (formerly ReAssure Group plc) and the nominal value of the shares issued of £1,819 million in a merger reserve as opposed to in share premium. During 2024 £1,226 million of the reserve was transferred to retained earnings following an impairment of the Company's investment in the ReAssure group of companies as a result of the distribution of dividends to the Company.

On 12 December 2018, the Company became the ultimate parent undertaking of the Group by acquiring the entire share capital of 'Old PGH' (the Group's ultimate parent company until December 2018) via a share for share exchange. The cost of investment in Old PGH was determined as the carrying amount of the Company's share of the equity of Old PGH on the date of the transaction. The difference between the cost of investment and the market capitalisation of Old PGH immediately before the share for share exchange of £4 million has been recognised as an Other reserve and is shown as a separate component of equity.

Profit for the year, included within retained earnings, primarily includes dividend income from subsidiaries of £1,326 million (2024: £2,070 million), other net investment income of £92 million (2024: £240 million), administrative expenses of £471 million (2024: £571 million), impairment of subsidiaries £33 million (2024: £1,289 million), impairment of loan to subsidiaries £13 million (2024: £11 million), finance costs of £296 million (2024: £380 million) and a tax credit of £175 million (2024: £190 million).

10. Tier 1 notes

The accounting policy and details of the terms for the Tier 1 Notes are included in note D4 to the consolidated financial statements.

	2025 £m	2024 £m
Tier 1 Notes	**411**	411

On 12 December 2018, the Company was substituted in place of Old PGH as issuer of the Tier 1 Notes and these were recognised at the fair value of £411 million in the form of an intragroup loan which was received as consideration. Further details of the tier 1 Notes are included in note D4 to the consolidated financial statements.

11. Borrowings

The accounting policy for borrowings is included in note E5 to the consolidated financial statements.

	Carrying value		Fair value	
	2025 £m	2024 £m	2025 £m	2024 £m
Loans due to third-parties[1]:				
£428 million Tier 2 notes	**–**	197	**–**	199
US $500 million Tier 2 notes	**361**	381	**376**	399
€500 million Tier 2 notes	**421**	394	**456**	423
US $750 million Perpetual Contingent Convertible Tier 1 notes	**–**	199	**–**	200
£500 million 5.625% Tier 2 notes	**492**	490	**506**	485
US $500 million Fixed Rate Reset Callable Tier 2 notes	**259**	279	**260**	275
£500 million 5.867% Tier 2 notes	**523**	529	**516**	500
£250 million Tier 3 notes	**251**	252	**250**	246
£350 million Fixed Rate Reset Callable Tier 2 notes	**348**	347	**385**	367
US $500 million Perpetual Contingent Convertible Tier 1 notes	**371**	398	**398**	415
	3,026	3,466	**3,147**	3,509
Loans due to Group companies:				
€100 million loan due to Standard Life International DAC (note a)	**99**	90	**99**	90
£130 million loan due to ReAssure Life Limited (note b)	**103**	98	**103**	98
€50 million loan due to Standard Life International DAC (note c)	**47**	44	**47**	44
£230 million loan due to ReAssure Limited (note d)	**231**	–	**231**	–
Cash-pooling with other Group entities (note e)	**1,051**	1,228	**1,051**	1,228
	1,531	1,460	**1,531**	1,460
Total borrowings	**4,557**	4,926	**4,678**	4,969
Amount due for settlement after 12 months	**3,255**	3,457		

1 Details of the principal features of loans due to third parties are included in note E5 to the consolidated financial statements.

a On 20 December 2022, SLIDAC issued a €100 million floating term loan to the Company with a maturity date of 30 June 2028. Interest accrues on the term loan at a rate of EURIBOR, as defined in the agreement, plus 1.15%. As at 31 December 2025, the interest rate was 3.26%.

b On 16 December 2022, ReAssure Life Limited ('RLL') issued a £130 million floating term loan to the Company for a term of 5 years. Interest accrued on the term loan at a compounded rate of SONIA, as defined in the agreement, plus 1.49%. As at 31 December 2025, the interest rate was 5.56%.

c On 15 June 2023, SLIDAC issued a €50 million floating term loan to the Company with a maturity date of 31 March 2025. Interest accrued on the term loan at a rate of EURIBOR, as defined in the agreement, plus 0.79%. This was re-termed during the period with a revised maturity date of 30 June 2028 and interest accruing at a rate of EURIBOR, as defined in the agreement, plus 0.85%. As at 31 December 2025, the interest rate was 3.16%.

d On 25 November 2025, ReAssure Limited ('RAL') issued a £230 million floating term loan to the Company with a maturity date of 24 November 2030. Interest accrues on the term loan at a compounded rate of SONIA, as defined in the agreement, plus 1.17%. As at 31 December 2025, the interest rate was 5.03%.

e On 13 September 2022, the Company entered into an uncommitted intra-group cash-pooling facility with certain subsidiaries, under which the Company will either borrow funds from, or lend funds to, the relevant subsidiary. All amounts due under the facility attract interest at SONIA and are repayable on demand.

The Group has in place a £1.5 billion unsecured revolving credit facility (the 'revolving facility'). During the year the maturity date was extended from November 2029 to November 2030. This facility remains undrawn as at 31 December 2025.

Borrowings initially recognised at fair value are being amortised to par value over the life of the borrowings.

For the purposes of the additional fair value disclosures for liabilities recognised at amortised cost, all borrowings have been categorised as Level 2 financial instruments.

Notes to the parent company financial statements continued

11. Borrowings continued

Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	Loans due to third parties £m	Loans due to Group companies £m	Total borrowings £m	Derivative assets[1] (note 7) £m	Accrued interest £m	Total £m
At 1 January 2025	**3,466**	**1,460**	**4,926**	**(106)**	**75**	**4,895**
Cash movements						
New borrowings, net of costs	**–**	**1,162**	**1,162**	**–**	**–**	**1,162**
Repayments	**(398)**	**(399)**	**(797)**	**–**	**(281)**	**(1,078)**
Non-cash movements						
Dividend in specie payment	**–**	**(770)**	**(770)**	**–**	**–**	**(770)**
Movement in foreign exchange	**(48)**	**8**	**(40)**	**–**	**–**	**(40)**
Amortisation	**6**	**–**	**6**	**–**	**–**	**6**
Capitalised interest	**–**	**70**	**70**	**–**	**–**	**70**
Movement in fair value	**–**	**–**	**–**	**70**	**–**	**70**
Other movements[2]	**–**	**–**	**–**	**–**	**262**	**262**
At 31 December 2025	**3,026**	**1,531**	**4,557**	**(36)**	**56**	**4,577**

	Loans due to third parties £m	Loans due to Group companies £m	Total borrowings £m	Derivative assets[1] (note 7) £m	Accrued interest £m	Total £m
At 1 January 2024	3,715	2,098	5,813	(118)	78	5,773
Cash movements						
New borrowings, net of costs	390	1,189	1,579	–	–	1,579
Repayments	(643)	(978)	(1,621)	–	(301)	(1,922)
Non-cash movements						
Dividend in specie payment	–	(969)	(969)	–	–	(969)
Movement in foreign exchange	5	(8)	(3)	–	–	(3)
Amortisation	(1)	–	(1)	–	–	(1)
Capitalised interest	–	128	128	–	–	128
Movement in fair value	–	–	–	12	–	12
Other movements[2]	–	–	–	–	298	298
At 31 December 2024	3,466	1,460	4,926	(106)	75	4,895

1 Cross currency swaps to hedge against adverse currency movements in respect of the Group's Euro and US Dollar denominated borrowings (see note 7 for further details).
2 Other movements represents the non-cash movement in the interest liability on borrowings.

12. Provisions

The accounting policy for provisions is included in note G7 to the consolidated financial statements.

	Restructuring provisions		
2025	Transition and Transformation £m	Transfer of ReAssure policy administration £m	Total £m
At 1 January	**73**	**134**	**207**
Additions in the year	**19**	**58**	**77**
Utilised during the year	**(21)**	**(59)**	**(80)**
Released during the year	**–**	**(103)**	**(103)**
Discounting	**2**	**7**	**9**
At 31 December	**73**	**37**	**110**

Transition and transformation

In 2019, the Company recognised a transition and transformation restructuring provision in relation to the acquired Standard Life businesses, which included migration costs, severance costs and other expenses. During the year, £21 million (2024: £22 million) of the restructuring provision was utilised and the provision was increased by £19 million (2024: increased by £39 million). The impact of discounting the provision was £2 million (2024: £7 million) in the year. The remaining provision of £73 million (2024: £73 million) is expected to be utilised within one to four years.

Transfer of ReAssure policy administration

During 2023, the Group announced its intention to migrate all ReAssure policies onto the TCS BaNCS platform and the consolidation of its operating locations. Following a strategic review in 2025 the Group subsequently announced the appointment of Wipro as a new strategic partner under a Business Process Outsourcing arrangement. As part of this partnership Wipro purchased ALPHA, the existing ReAssure platform, and assumed responsibility for the management and servicing of the ALPHA platform.

During the year, the provision was increased by £58 million (2024: £30 million), £103 million released and £59 million was utilised (2024: £46 million). The impact of discounting the provision was £7 million (2024: £9 million) in the year. The remaining provision of £37 million (2024: £134 million) is expected to be utilised within one to four years.

See note G7 to the consolidated financial statements for further details and disclosures associated with each of these provisions.

13. Lease liabilities

The accounting policy for lease liabilities is included in note G9 to the consolidated financial statements.

Lease liabilities relate to office premises at 20 Old Bailey, London. The lease was assigned on 24 March 2021 for a term of 12 years and 9 months, with an option to break the contract on 25 December 2028. It is currently not expected that the break clause will be exercised.

	2025 £m	2024 £m
At 1 January	**16**	18
Lease payments	**(1)**	(2)
At 31 December	**15**	16
Amounts due after 12 months	**13**	14

14. Accruals and deferred income

The accounting policy for accruals and deferred income is included in note G10 to the consolidated financial statements.

	2025 £m	2024 £m
Accruals and deferred income	**109**	112
Amount due for settlement after 12 months	**5**	5

15. Cash flows from operating activities

	2025 £m	2024 £m
Profit for the year before tax	**604**	59
Non-cash movements in profit for the year before tax:		
Impairment of loan due from subsidiary	**13**	11
Impairment of investments in Group entities	**33**	1,289
Investment income	**(1,477)**	(2,306)
Finance costs	**296**	373
Fair value losses on financial assets	**75**	10
Foreign exchange movement on borrowings at amortised cost	**(16)**	(10)
Share-based payment charge	**26**	26
Depreciation	**1**	2
Decrease/(increase) in investment assets	**279**	(77)
Net (increase)/decrease in working capital	**(46)**	311
Cash utilised by operations	**(212)**	(312)

The accounting policy for cash and cash equivalents is included in note G6 to the consolidated financial statements.

Notes to the parent company financial statements continued

16. Capital and risk management

The Company's capital comprises share capital, the Tier 1 Notes and all reserves as calculated in accordance with International Financial Reporting Standards ('IFRS'), as set out in the statement of changes in equity. Under English company law, dividends must be paid from distributable profits. As the ultimate parent undertaking of the Group, the Company manages its capital to ensure that it has sufficient distributable profits to pay dividends in accordance with its dividend policy. The distributable reserves of the Company as at 31 December 2025 were £5,800 million (2024: £5,571 million).

At 31 December 2025, total capital was £6,921 million (2024: £6,687 million). The movement in capital in the year comprises the total comprehensive income for the year attributable to owners of £780 million (2024: £249 million), dividends paid of £548 million (2024: £533 million), coupon paid on Tier 1 Notes of £29 million (2024: £29 million) and credit to equity for equity-settled share-based payments of £26 million (2024: £26 million).

In addition, the Group also manages its capital on a regulatory basis as described in note I3 to the consolidated financial statements.

The principal risks and uncertainties facing the Company are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Company hedges its currency risk exposure arising on foreign currency hybrid debt.

Details of the Group's financial risk management policies are outlined in note E6 to the consolidated financial statements.

Credit risk management practices

The Company's current credit risk grading framework comprises the categories detailed in note E1.2 to the consolidated financial statements. The financial assets held at amortised cost are assessed at 31 December 2025 and 31 December 2024 as 'performing' and no loss allowance has been recognised in either period presented.

The Company considers reasonable and supportable information that is relevant and available without undue cost or effort to assess whether there has been a significant increase in risk since initial recognition. This includes quantitative and qualitative information and forward-looking analysis.

Loans and deposits – The Company is exposed to credit risk relating to loans and deposits from other Group companies, which are considered to be of low risk. Given their low risk, the loss allowance has been set at less than £1 million. The Company assesses whether there has been a significant increase in credit risk since initial recognition by assessing whether there have been any historic defaults, by reviewing the going concern assessment of the borrower and the ability of the Group to prevent a default by providing a capital or cash injection. Specific considerations for the loan to the Employee Benefit Trust are discussed in note 5.

Amounts due from other Group entities – The credit risk from activities undertaken in the normal course of business is considered to be extremely low. Given their low risk, the loss allowance has been set at less than £1 million. The Company assesses whether there has been a significant increase in credit risk since initial recognition by assessing past credit impairments, history of defaults and the long-term stability of the Group.

Cash and cash equivalents – The Company's cash and cash equivalents are held with bank and financial institution counterparties which have investment grade 'A' credit ratings. The Company considers the associated credit risk is low based on the external credit ratings of the counterparties, and there being no history of default, the impact to the net carrying amount stated in the table above is therefore considered not to be material.

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed into liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

17. Share-based payments

Detailed information on the Long-term incentive plans, ShareSave schemes and Deferred bonus share schemes is contained in note I1 in the consolidated financial statements.

18. Directors' remuneration

Details of the remuneration of the Directors of Standard Life plc is included in the Directors' Remuneration Report on pages 136 to 175 of the Annual Report and Accounts.

19. Related party transactions

The Company has related party transactions with Group entities and its key management personnel. Details of the total compensation of key management personnel, being those having authority and responsibility for planning, directing and controlling the activities of the Group, including the Executive and Non-Executive Directors and members of the Group's Executive Committee, are included in note I4 to the consolidated financial statements.

During the year ended 31 December 2025, the Company entered into the following transactions with related parties.

	2025 £m	2024 £m
Dividend income from other Group entities	**1,326**	2,070
Interest income from other Group entities	**102**	124
	1,428	2,194
Expense to other Group entities	**471**	589
Interest expense to other Group entities	**91**	162
	562	751

Amounts due from related parties at the end of the year:

	2025 £m	2024 £m
Loans due from Group entities	**1,434**	1,398
Interest accrued on loans due from Group entities	**20**	24
Other amounts due from Group entities	**156**	105
	1,610	1,527
Amount due for settlement after 12 months	**1,349**	915

Amounts due to related parties at the end of the year:

	2025 £m	2024 £m
Loans due to Group entities	**1,531**	1,460
Interest accrued on loans due to Group entities	**10**	11
Other amounts due to Group entities	**299**	341
	1,840	1,812
Amount due for settlement after 12 months	**480**	188

20. Auditor's remuneration

Details of auditor's remuneration for Standard Life plc and its subsidiaries is included in note C6 to the consolidated financial statements.

21. Events after the reporting period

Details of events after the reporting date are included in note I7 to the consolidated financial statements.

Sir Nicholas Lyons
Andy Briggs
Nicolaos Nicandrou
Eleanor Bucks
Siobhan Boylan
Karin Cook
Sherry Coutu, CBE
Karen Green
Mark Gregory
Hiroyuki Iioka
Katie Murray
Margaret Semple, OBE

13 March 2026

Additional life company asset disclosures

The analysis of the asset portfolio provided below comprises the assets held by the Group's Life Companies, and it is stated net of derivative liabilities. It excludes other Group assets such as cash held in the holding and management service companies and the assets held by the non-controlling interests in consolidated collective investment schemes. The information is presented on a look-through basis into the underlying funds.

The following table provides an overview of the exposure by asset category of the Group's Life Companies' shareholder and policyholder funds:

31 December 2025

Carrying value	Shareholder and non-profit funds[1] £m	Participating supported[1] £m	Participating non-supported[2] £m	Unit-linked[2] £m	Total £m
Cash and cash equivalents	**3,700**	**894**	**4,691**	**8,626**	**17,911**
Debt securities – gilts and foreign government bonds	**13,179**	**406**	**12,926**	**6,169**	**32,680**
Debt securities – other government and supranationals	**2,715**	**106**	**2,179**	**13,306**	**18,306**
Debt securities – infrastructure loans – project finance[3]	**1,008**	**–**	**–**	**–**	**1,008**
Debt securities – infrastructure loans – corporate[4]	**2,185**	**–**	**–**	**–**	**2,185**
Debt securities – local authority loans[5]	**1,191**	**–**	**5**	**1**	**1,197**
Debt securities – loans guaranteed by export credit agencies and supranationals[6]	**700**	**–**	**–**	**–**	**700**
Debt securities – private corporate credit[7]	**3,675**	**–**	**110**	**1**	**3,786**
Debt securities – loans to housing association[8]	**1,249**	**–**	**7**	**2**	**1,258**
Debt securities – commercial real estate loans[3]	**1,293**	**–**	**–**	**–**	**1,293**
Debt securities – equity release mortgages[3]	**4,948**	**–**	**–**	**–**	**4,948**
Debt securities – other debt securities	**10,507**	**838**	**11,111**	**30,472**	**52,928**
	42,650	**1,350**	**26,338**	**49,951**	**120,289**
Equity securities	**124**	**48**	**18,206**	**139,025**	**157,403**
Property investments	**28**	**9**	**1,339**	**3,446**	**4,822**
Other investments[9]	**(2,893)**	**(627)**	**195**	**10,753**	**7,428**
Total Life Company assets	**43,609**	**1,674**	**50,769**	**211,801**	**307,853**
Less assets held for sale[10]	**–**	**–**	**(4)**	**–**	**(4)**
At 31 December 2025	**43,609**	**1,674**	**50,765**	**211,801**	**307,849**
Holding companies' cash					**846**
Cash and financial assets in other Group companies					**735**
Financial assets held by the non-controlling interest in consolidated collective investment schemes					**3,670**
Total Group consolidated assets excluding amounts classified as held for sale					**313,100**
Comprised of:					
Investment property					**4,528**
Financial assets					**309,031**
Cash and cash equivalents					**7,302**
Derivative liabilities					**(7,761)**
					313,100

1 Includes assets where shareholders of the life companies bear the investment risk.
2 Includes assets where policyholders bear most of the investment risk.
3 All infrastructure loans – project finance, commercial real estate loans and equity release mortgages held by the Group's Life Companies are classified as Level 3 debt securities in the fair value hierarchy.
4 Total infrastructure loans – corporate of £2,185 million include £2,179 million classified as Level 3 debt securities in the fair value hierarchy.
5 Total local authority loans of £1,197 million include £1,137 million classified as Level 3 debt securities in the fair value hierarchy.
6 Total loans guaranteed by export credit agencies and supranationals of £700 million include £486 million classified as Level 3 debt securities in the fair value hierarchy.
7 Total private corporate credit of £3,786 million include £3,641 million classified as Level 3 debt securities in the fair value hierarchy.
8 Total loans to housing associations of £1,258 million include £1,202 million classified as Level 3 debt securities in the fair value hierarchy.
9 Includes other loans of £183 million, net derivative liabilities of £(3,302) million, reinsurers' share of investment contracts of £10,657 million and other investment related net liabilities of £(110) million.
10 Represents investment property held for sale. See note H2 to the consolidated financial statements for further details.

31 December 2024

Carrying value	Shareholder and non-profit funds[1] £m	Participating supported[1] £m	Participating non-supported[2] £m	Unit-linked[2] £m	Total £m
Cash and cash equivalents	4,286	875	4,390	7,934	17,485
Debt securities – gilts and foreign government bonds	8,260	227	14,233	14,891	37,611
Debt securities – other government and supranationals	2,484	139	1,798	4,811	9,232
Debt securities – infrastructure loans – project finance[3]	1,025	–	–	–	1,025
Debt securities – infrastructure loans – corporate[4]	1,619	–	1	–	1,620
Debt securities – local authority loans[5]	879	–	2	2	883
Debt securities – loans guaranteed by export credit agencies and supranationals[6]	688	–	–	–	688
Debt securities – private corporate credit[7]	3,071	–	99	8	3,178
Debt securities – loans to housing associations[8]	1,218	–	7	2	1,227
Debt securities – commercial real estate loans[9]	1,170	–	–	–	1,170
Debt securities – equity release mortgages[9]	4,795	–	–	–	4,795
Debt securities – other debt securities	13,207	1,107	11,786	26,930	53,030
	38,416	1,473	27,926	46,644	114,459
Equity securities	116	51	16,901	122,304	139,372
Property investments	35	11	1,541	4,195	5,782
Income strips[9]	–	–	–	555	555
Other investments[10]	(726)	(678)	629	10,299	9,524
Total Life Company assets	42,127	1,732	51,387	191,931	287,177
Less assets held by disposal groups[11]	–	–	–	(3,175)	(3,175)
At 31 December 2024	42,127	1,732	51,387	188,756	284,002
Holding companies' cash					1,117
Cash and financial assets in other Group companies					748
Financial assets held by the non-controlling interest in consolidated collective investment schemes					3,335
Financial assets in consolidated funds held by disposal groups[11]					75
Total Group consolidated assets excluding amounts classified as held for sale					289,277
Comprised of:					
Investment property					4,370
Financial assets					279,539
Cash and cash equivalents					9,453
Derivative liabilities					(4,085)
					289,277

1 Includes assets where shareholders of the life companies bear the investment risk.
2 Includes assets where policyholders bear most of the investment risk.
3 Total infrastructure loans – project finance of £1,025 million include £1,011 million classified as Level 3 debt securities in the fair value hierarchy.
4 Total infrastructure loans – corporate of £1,620 million include £1,613 million classified as Level 3 debt securities in the fair value hierarchy.
5 Total local authority loans of £883 million include £823 million classified as Level 3 debt securities in the fair value hierarchy.
6 Total loans guaranteed by export credit agencies and supranationals of £688 million include £461 million classified as Level 3 debt securities in the fair value hierarchy.
7 Total private corporate credit of £3,178 million include £3,046 million classified as Level 3 debt securities in the fair value hierarchy.
8 Total loans to housing associations of £1,227 million include £1,172 million classified as Level 3 debt securities in the fair value hierarchy.
9 All commercial real estate loans, equity release mortgages and income strips are classified as Level 3 debt securities in the fair value hierarchy.
10 Includes other loans of £133 million, net derivative liabilities of £(866) million, reinsurers' share of investment contracts of £9,297 million and other investments of £960 million.
11 See note H2 to the consolidated financial statements for further details.

Additional life company asset disclosures continued

The following table provides a reconciliation of the total Life Company assets to the Assets under Administration ('AUA') as at 31 December 2025 detailed in the Business review on page 39.

	2025 £bn	2024 £bn
Total Life Company assets excluding amounts classified as held for sale	**307.8**	284.0
Off-balance sheet AUA[1]	**11.0**	10.3
Less: Wrap SIPP and Onshore Bond assets[2]	**(2.2)**	(2.3)
Assets under Administration	**316.6**	292.0

1 Off-balance sheet AUA represents assets held in respect of certain Group Self-Invested Personal Pension products where the beneficial ownership interest resides with the customer (and which are therefore not recognised in the consolidated statement of financial position) but on which the Group earns fee revenue.
2 Assets held in Wrap Self-Invested Personal Pension ('Wrap SIPP') and Onshore Bond products the associated profits of which accrue to Aberdeen Group plc under a profit transfer arrangement have been excluded from AUA.

All of the Life Companies' debt securities are held at fair value through profit or loss under IFRS 9 *Financial Instruments*, and therefore already reflect any reduction in value between the date of purchase and the reporting date.

The Life Companies have in place a comprehensive database that consolidates credit exposures across counterparties, geographies and business lines. This database is used for credit monitoring, stress testing and scenario planning. The Life Companies continue to manage their balance sheets prudently and have taken extra measures to ensure their market exposures remain within risk appetite.

For each of the Life Companies' significant financial institution counterparties, industry and other data has been used to assess the exposure of the individual counterparties. As part of the Group's risk appetite framework and analysis of shareholder exposure to a potential worsening of the economic situation, this assessment has been used to identify counterparties considered to be most at risk from defaults. The financial impact on these counterparties, and the contagion impact on the rest of the shareholder portfolio, is assessed under various scenarios and assumptions. This analysis is regularly reviewed to reflect the latest economic outlook, economic data and changes to asset portfolios. The results are used to inform the Group's views on whether any management actions are required.

The table below shows the Group's market exposure analysed by credit rating for the shareholder debt portfolio, which comprises of debt securities held in the shareholder and non-profit funds.

Sector analysis of shareholder and non-profit fund bond portfolio

2025	AAA £m	AA £m	A £m	BBB £m	BB & below[1] £m	Total £m
Industrials	**–**	**140**	**237**	**504**	**–**	**881**
Basic materials	**–**	**3**	**74**	**17**	**–**	**94**
Consumer, cyclical	**–**	**29**	**230**	**77**	**–**	**336**
Technology and telecoms	**1**	**163**	**236**	**265**	**–**	**665**
Consumer, non-cyclical	**7**	**85**	**308**	**137**	**–**	**537**
Structured finance	**–**	**–**	**35**	**–**	**–**	**35**
Banks[2]	**58**	**378**	**1,572**	**347**	**–**	**2,355**
Financial services	**54**	**140**	**126**	**47**	**31**	**398**
Diversified	**–**	**–**	**4**	**–**	**–**	**4**
Utilities	**–**	**196**	**898**	**1,371**	**–**	**2,465**
Sovereign, sub-sovereign and supranational	**1,442**	**15,335**	**1,321**	**80**	**–**	**18,178**
Real estate	**30**	**581**	**4,293**	**1,464**	**96**	**6,464**
Investment companies	**–**	**177**	**255**	**262**	**–**	**694**
Insurance	**–**	**313**	**453**	**162**	**6**	**934**
Oil and gas	**–**	**188**	**192**	**36**	**–**	**416**
Collateralised debt obligations	**–**	**8**	**–**	**–**	**–**	**8**
Private equity loans	**–**	**2**	**43**	**–**	**–**	**45**
Equity release mortgages[3]	**2,805**	**929**	**1,214**	**–**	**–**	**4,948**
Infrastructure	**–**	**423**	**296**	**2,385**	**89**	**3,193**
At 31 December 2025	**4,397**	**19,090**	**11,787**	**7,154**	**222**	**42,650**

1 Includes unrated holdings of £43 million.
2 The £2,355 million total shareholder exposure to bank debt comprised £1,796 million senior debt and £559 million subordinated debt.
3 The credit ratings attributed to equity release mortgages are based on the ratings assigned to the internal securitised loan notes.

Sector analysis of shareholder and non-profit fund bond portfolio

2024	AAA £m	AA £m	A £m	BBB £m	BB & below1 £m	Total £m
Industrials	–	251	177	713	18	1,159
Basic materials	–	–	104	10	–	114
Consumer, cyclical	–	235	264	79	59	637
Technology and telecoms	31	115	297	421	1	865
Consumer, non-cyclical	103	357	548	150	7	1,165
Structured finance	–	–	36	–	–	36
Banks[2]	263	423	2,132	500	–	3,318
Financial services	50	278	239	140	19	726
Diversified	–	3	19	–	–	22
Utilities	–	268	1,265	1,620	67	3,220
Sovereign, sub-sovereign and supranational	1,341	10,387	701	115	–	12,544
Real estate	29	481	4,092	1,352	107	6,061
Investment companies	1	94	82	–	–	177
Insurance	57	382	218	117	–	774
Oil and gas	–	297	306	62	–	665
Collateralised debt obligations	–	6	–	–	–	6
Private equity loans	–	–	15	107	–	122
Equity release mortgages[3]	2,675	948	1,172	–	–	4,795
Infrastructure	–	375	207	1,370	58	2,010
At 31 December 2024	4,550	14,900	11,874	6,756	336	38,416

1 Includes unrated holdings of £13 million.
2 The £3,318 million total shareholder exposure to bank debt comprised £2,624 million senior debt and £694 million subordinated debt.
3 The credit ratings attributed to equity release mortgages are based on the ratings assigned to the internal securitised loan notes.

The following table sets out the debt security exposure by country of the shareholder and non-profit funds of the life companies:

Analysis of shareholder debt security exposure by country	Sovereign, sub-sovereign and supranational 2025 £m	Corporate and other 2025 £m	Total 2025 £m	Sovereign, sub-sovereign and supranational 2024 £m	Corporate and other 2024 £m	Total 2024 £m
UK	**15,490**	**15,517**	**31,007**	10,438	15,807	26,245
Supranationals	**555**	**2**	**557**	729	–	729
USA	**495**	**3,519**	**4,014**	293	3,949	4,242
Germany	**165**	**924**	**1,089**	156	1,010	1,166
France	**380**	**1,350**	**1,730**	195	1,769	1,964
Netherlands	**79**	**278**	**357**	83	273	356
Italy	**–**	**209**	**209**	–	335	335
Ireland	**47**	**32**	**79**	39	48	87
Spain	**24**	**49**	**73**	7	232	239
Luxembourg	**65**	**154**	**219**	–	31	31
Belgium	**88**	**99**	**187**	113	53	166
Australia	**–**	**443**	**443**	1	532	533
Canada	**49**	**191**	**240**	49	177	226
Japan	**–**	**142**	**142**	–	221	221
Mexico	**14**	**98**	**112**	1	150	151
Other – non-Eurozone[1]	**514**	**1,040**	**1,554**	329	953	1,282
Other – Eurozone	**213**	**425**	**638**	111	332	443
Total shareholder debt securities	**18,178**	**24,472**	**42,650**	12,544	25,872	38,416

1 There was no shareholder exposure to Russia, Ukraine and Belarus at 31 December 2025 and 31 December 2024.

Additional capital and segmental disclosures

Standard life plc Solvency II surplus

The estimated Standard Life plc Solvency II surplus at 31 December 2025 is £3.6 billion (2024: £3.5 billion).

	31 December 2025 Estimated £bn	31 December 2024 £bn
Own Funds	**10.3**	10.4
SCR	**(6.7)**	(6.9)
Surplus	**3.6**	3.5

Composition of own funds

Own Funds items are classified into different Tiers based on the features of the specific items and the extent to which they possess the following characteristics, with Tier 1 being the highest quality:

- availability to be called up on demand to fully absorb losses on a going-concern basis, as well as in the case of winding-up ('permanent availability'); and
- in the case of winding-up, the total amount that is available to absorb losses before repayment to the holder until all obligations to policyholders and other beneficiaries have been met ('subordination').

Standard Life plc's total Own Funds are analysed by Tier as follows:

	31 December 2025 Estimated £bn	31 December 2024 £bn
Tier 1 – Unrestricted	**6.4**	6.2
Tier 1 – Restricted	**0.9**	1.1
Tier 2	**2.3**	2.4
Tier 3	**0.7**	0.7
Total Own Funds	**10.3**	10.4

Standard Life plc's unrestricted Tier 1 capital accounts for 63% (2024: 59%) of total Own Funds and comprises ordinary share capital, surplus funds of the unsupported with-profits funds which are recognised only to a maximum of the notional SCR of the fund, and the accumulated profits of the remaining business.

Restricted Tier 1 and Tier 2 capital comprises subordinated notes the terms of which enable them to qualify as capital in their respective Tiers for regulatory reporting purposes.

Tier 3 items include the Tier 3 subordinated notes of £0.2 billion (2024: £0.2 billion) and the deferred tax asset of £0.5 billion (2024: £0.5 billion).

Group capital resources

The Group capital resources, presented on a shareholder basis, are based on the Group's Eligible Own Funds adjusted to remove amounts pertaining to unsupported with-profit funds and Group pension schemes:

Unaudited	2025 £bn	2024 £bn
Group's Eligible Own Funds	**10.3**	10.4
Remove Own Funds pertaining to unsupported with-profit funds and pension schemes	**(2.0)**	(2.0)
Group capital resources	**8.3**	8.4

Breakdown of SCR

The Group operates one single PRA approved Internal Model covering all Group entities with the exception of the Irish life entity, Standard Life International Designated Activity Company and the ReAssure and Phoenix Life CA Holdings businesses, which determine their capital requirements in accordance with the Standard Formula. Phoenix Life Assurance Europe Designated Activity Company was deauthorised in May 2025 and was a Standard formula entity in the comparative period. An analysis of the prediversified SCR of the Group is presented below:

	31 December 2025 Estimated		31 December 2024	
	Internal Model %	Standard Formula %	Internal Model %	Standard Formula %
Longevity	**12**	**11**	13	11
Credit	**17**	**14**	20	16
Persistency	**24**	**31**	21	31
Interest rates	**8**	**5**	7	4
Operational	**6**	**5**	6	4
Swap spreads	**1**	**–**	1	–
Property	**7**	**1**	7	1
Other market risks	**12**	**22**	11	20
Other non-market risks	**13**	**11**	14	13
Total pre-diversified SCR	**100**	**100**	100	100

The above table includes within each risk driver category the sum of each individual risk with no diversification between the individual risks within a risk driver category.

The following table sets out the estimated Solvency II shareholder SCR by risk category. In this table diversification is included between the individual risks within each risk driver. Therefore the diversification benefit shown is that between risk drivers.

	31 December 2025 Estimated £bn	31 December 2024 £bn
Unrewarded market risks (hedged)		
Interest rates	**0.7**	0.6
Equities	**0.8**	0.8
Currency	**0.6**	0.6
Inflation	**0.2**	0.2
Rewarded market risks		
Credit	**1.7**	2.2
Property	**0.7**	0.7
Other market risks	**0.2**	0.2
Non-market risks		
Longevity	**1.3**	1.4
Persistency	**2.8**	2.4
Operational	**0.8**	0.8
Other non-market risks	**2.0**	2.2
Loss absorbing capacity of deferred tax	**(1.2)**	(1.1)
Adjustments	**0.3**	0.4
Total undiversified shareholder SCR	**10.9**	11.4
Diversification benefit	**(6.2)**	(6.5)
Diversified shareholder SCR	**4.7**	4.9

Where market risks are considered unrewarded the Group enters into hedging arrangements to minimise exposure.

Rewarded market risks primarily includes credit risk in the shareholder credit portfolio, and property risk from equity release mortgages.

For non-market risks, longevity risk primarily arises from the annuity book and is managed through reinsurance. We retain approximately half of this risk across our current in-force book, and reinsure most of this risk on new business. Persistency risk is managed through our customer proposition.

Additional capital and segmental disclosures continued

Minimum capital requirements

Under the Solvency II regulations, the Minimum Capital Requirement ('MCR') is the minimum amount of capital an insurer is required to hold below which policyholders and beneficiaries would become exposed to an unacceptable level of risk if an insurer was allowed to continue its operations. For Groups this is referred to as the Minimum Consolidated Group SCR ('MGSCR').

The MCR is calculated according to a formula prescribed by the Solvency II regulations and is subject to a floor of 25% of the SCR or £3.5 million, whichever is higher, and a cap of 45% of the SCR. The MCR formula is based on factors applied to technical provisions and capital at risk. The MGSCR represents the sum of the MCRs of the underlying insurance companies.

The Eligible Own Funds to cover the MGSCR is subject to quantitative limits as shown below:

- the Eligible amounts of Tier 1 items should be at least 80% of the MGSCR; and
- the Eligible amounts of Tier 2 items shall not exceed 20% of the MGSCR.

Standard Life plc's estimated MGSCR at 31 December 2025 is £2.4 billion (2024: £2.3 billion).

Standard Life plc's estimated Eligible Own Funds to cover MGSCR is £7.4 billion (2024: £7.5 billion) leaving an excess of Eligible Own Funds over MGSCR of £5 billion (2024: £5.2 billion), which transfers to an MGSCR coverage ratio of 304% (2024: 325%).

Reconciliation of IFRS shareholder equity to estimated shareholder Solvency II surplus

The following table provides a reconciliation of the Total equity attributable to owners of the parent as presented on the IFRS balance sheet to the estimated shareholder Solvency II surplus at 31 December 2025. The shareholder view of estimated Solvency II surplus excludes the Solvency II Own Funds and Solvency Capital Requirements ('SCR') of unsupported with-profits funds and unsupported pension schemes. The resulting estimated Solvency II surplus aligns with the regulatory view.

	31 December 2025 Estimated £bn	31 December 2024 £bn
Total equity attributable to owners of the parent	**0.2**	1.2
CSM (net of tax)	**2.9**	2.5
IFRS Adjusted Shareholders Equity	**3.1**	3.7
Deduct Acquired in-force business intangible (net of tax)	**(1.1)**	(1.3)
Add Investment contract Value of In-Force ('VIF') (Solvency UK basis)[1]	**4.4**	3.6
Other valuation differences[2]	**(1.5)**	(1.4)
Solvency II Own Funds (excluding Qualifying Debt)	**4.9**	4.6
Add Qualifying debt	**3.4**	3.8
Solvency II Own Funds (shareholder basis)	**8.3**	8.4
SCR (shareholder basis)	**(4.7)**	(4.9)
Solvency II surplus	**3.6**	3.5

1 Investment contract VIF is estimated from the Solvency II VIF for unit-linked contracts.
2 Other valuation differences include removal of other intangibles such as goodwill, brands and deferred acquisition costs from IFRS (£0.3 billion decrease), differences in technical provision measurement including discount rate and allowance for risk (totalling a £0.9 billion decrease), valuation of debt (£0.1 billion increase), pension scheme availability restrictions (£0.3 billion decrease) and the inclusion of the foreseeable dividend on a Solvency II basis (£0.3 billion decrease) and other items including tax on the valuation differences (£0.2 billion increase).

Additional segmental analysis – IFRS adjusted operating profit

The table below provides an analysis of IFRS adjusted operating profit by segment and by driver:

2025	Release of CSM £m	Release of risk adjustment £m	Expected investment margin £m	Operating profit on investment contacts £m	Non-economic experience variances £m	Non-attributable expenses £m	Other £m	Total £m
Retirement Solutions	**189**	**28**	**381**	**–**	**7**	**(37)**	**(5)**	**563**
Pensions & Savings	**33**	**8**	**42**	**373**	**(4)**	**(67)**	**4**	**389**
With-Profits	**15**	**3**	**6**	**(3)**	**9**	**(7)**	**1**	**24**
Europe & Other	**24**	**11**	**55**	**16**	**(25)**	**(16)**	**18**	**83**
Corporate Centre	**–**	**–**	**–**	**–**	**–**	**–**	**(114)**	**(114)**
Total	**261**	**50**	**484**	**386**	**(13)**	**(127)**	**(96)**	**945**

2024	Release of CSM £m	Release of risk adjustment £m	Expected investment margin £m	Operating profit on investment contacts £m	Non-economic experience variances £m	Non-attributable expenses £m	Other £m	Total £m
Retirement Solutions	150	24	366	–	(11)	(60)	5	474
Pensions & Savings	33	12	–	349	9	(88)	1	316
With-Profits	19	1	9	(9)	29	(12)	4	41
Europe & Other	44	8	64	8	(11)	(19)	2	96
Corporate Centre	–	–	–	–	–	–	(102)	(102)
Total	**246**	**45**	**439**	**348**	**16**	**(179)**	**(90)**	**825**

A detailed analysis of our most significant segments, Retirement Solutions and Pensions & Savings is provided below.

Retirement Solutions	2025 £m	2024 £m
CSM release (note 1)	**189**	150
Risk adjustment release	**28**	24
Expected investment margin (note 2)	**148**	212
Trading profit (note 2)	**233**	154
Other insurance items	**7**	(11)
Insurance result	**605**	529
Non-attributable expenses	**(37)**	(60)
Other items	**(5)**	5
IFRS adjusted operating profit (note 3)	**563**	474

Note 1

The CSM release reflects the recognition of service provided in the period. This can be expressed at a rate of CSM release with reference to the closing CSM immediately before amortisation as follows:

	2025	2024
CSM before amortisation (£m)	**2,989**	2,456
CSM release (%)	**6.3%**	6.1%

The CSM release has increased by £39 million to £189 million (2024: £150 million) primarily driven by new business and management actions to improve profitability of this business.

Note 2

Expected investment return comprises:

	2025 £m	2024 £m
Long-term returns on Shareholder funds	**101**	149
Returns from asset backing liabilities	**47**	63
	148	212

Long-term returns on Shareholder funds is determined as surplus assets multiplied by the long-term returns set out in Note B2.1 to the consolidated financial statements.

	2025	2024
Surplus assets (£bn)	**2.0**	3.0
Average long-term return on Shareholder funds	**5.1%**	5.0%

Expected investment return has decreased to £148 million (2024: £212 million) driven by a lower level of surplus assets, partly offset by higher yields. Returns from assets backing liabilities of £47 million (2024: £63 million) include £67 million (2024: £84 million) arising from differences where the CSM on general model business unwinds at locked in rates whereas the investment return on the backing assets is earned at current rates and the unwind of credit default assumptions of £21 million (2024: £25 million). This is offset by the temporary new business strain resulting from assets received as premium not yet having been deployed at their end state pricing asset allocation amounting to £41 million (2024: £46 million).

Trading profits of £233 million (2024: £154 million) have benefited from the higher level of management actions undertaken.

Additional capital and segmental disclosures continued

Note 3
IFRS adjusted operating profits for the Retirement Solutions segment are equivalent to 140 bps (2024: 122 bps) on average assets under administration ('AUA').

	2025	2024
Average Assets under Administration (£bn)	**40.2**	39.0
IFRS adjusted operating profit margin (bps)	**140**	122

Pensions & Savings	2025 £m	2024 £m
CSM & risk adjustment release	**41**	45
Other insurance items	**38**	9
Insurance result (note 1)	**79**	54
Investment contract charges	**887**	868
Investment contract expenses	**(514)**	(519)
Investment result (note 2)	**373**	349
Non-attributable expenses	**(67)**	(88)
Other items	**4**	1
IFRS adjusted operating profit (note 3)	**389**	316

Note 1
The CSM and risk adjustment release has benefited from positive investment performance in the period increasing the value of the CSM as these contracts are primarily measured using the Variable Fee Approach. Other insurance items in 2025 additionally include investment margin on assets supporting this business.

Note 2
Average AUA has grown by 7% year-on-year, with positive investment performance more than offsetting net fund outflows, driving an increase in investment contract charges, offset by the effects of business mix from business in run-off.

Investment contract expenses are lower, reflecting the Group's cost efficiency drive and fee rate savings for investment management services which offset higher investment management expenses driven by the increase in the average AUA.

Note 3
Overall IFRS adjusted operating margin for 2025 was 19 bps (2024: 17 bps) driven by positive investment returns and reduction in costs.

	2025	2024
IFRS adjusted operating profit (£m)	**389**	316
Average AUA (£bn)[1]	**204.6**	191.5
IFRS adjusted operating profit margin (bps)	**19**	17

1 Bonds AUA has been reallocated to Pensions & Savings from Europe for 2024 and 2025, and a held for transfer Corporate Trustee Investment Plan reclassified to Other from Pensions & Savings in December 2025. No change has been made to segmental IFRS adjusted operating profit on grounds of materiality. The IFRS adjusted operating profit margin has been updated accordingly.

Additional segmental analysis – operating cash generation
Operating Cash Generation ('OCG') represents the emergence of cash as in-force business runs off over time and capital unwinds. It includes day one surplus from writing new business (net of day 1 strain for fee-based business), group tax relief and increases in profits from in-force business resulting from cost saving initiatives, as well as recurring management actions.

The table below provides an analysis of OCG by segment, expressed as a margin on average AUA:

	2025				2024			
	AUA[1] £bn	Surplus emergence £m	Recurring management actions £m	Operating Cash Generation £m	AUA[1] £bn	Surplus emergence £m	Recurring management actions £m	Operating Cash Generation £m
Retirement Solutions	**40.2**	**435**	**444**	**879**	39.0	412	438	850
Pensions & Savings	**204.6**	**300**	**96**	**396**	191.5	267	83	350
With-Profits	**35.3**	**56**	**20**	**76**	37.5	74	–	74
Europe & Other	**20.8**	**123**	**–**	**123**	19.4	113	16	129
Total	**300.9**	**914**	**560**	**1,474**	287.4	866	537	1,403
	AUA[1] £bn	bps	bps	bps	AUA[1] £bn	bps	bps	bps
Retirement Solutions	**40.2**	**108**	**111**	**219**	39.0	106	112	218
Pensions & Savings	**204.6**	**15**	**4**	**19**	191.5	14	4	18
With-Profits	**35.3**	**16**	**6**	**22**	37.5	20	–	20
Europe & Other	**20.8**	**59**	**–**	**59**	19.4	58	8	66
Total	**300.9**	**30**	**19**	**49**	287.4	30	19	49

1 International Bonds AUA has been reallocated to Pensions & Savings from Europe for 2024 and 2025, and a held for transfer Corporate Trustee Investment Plan reclassified to Other from Pensions & Savings in December 2025. Segmental OCG has been presented in line with this reallocation.

Pensions & Savings OCG grew by 13% to £396 million (2024: £350 million), equivalent to 19 bps (2024: 18 bps) on average assets administered. Some 15 bps (2024: 14 bps) reflects the release of in-force profit based on real world returns, additions from new business and the beneficial effect of cost saving actions. The remaining 4 bps (2024: 4 bps) relates to the effect on future profits of fund simplification actions.

Retirement Solutions OCG grew by 3% to £879 million (2024: £850 million), equivalent to 219 bps on average assets administered (2024: 218 bps). This margin is supported by our scale, efficiency and expertise in delivering sizeable recurring management actions, dynamics which we consider to be enduring in nature. Some 108 bps (2024: 106 bps) reflects the steady release of capital and investment spread margins as our annuity liabilities run-off, as well as the impact of cost savings actions. The remaining 111 bps (2024: 112 bps) relates to annuity portfolio re-optimisation and capital improvement actions.

With-Profits and Europe & Other delivered stable contributions to OCG totalling £199 million (2024: £203 million).

Recurring management actions comprise:

	2025 £m	2024 £m
Annuity portfolio re-optimisation	**363**	323
Fund simplification	**93**	122
Capital improvements	**104**	92
Total	**560**	537

Annuity portfolio re-optimisation reflects actions taken to evolve our annuity-backing assets whilst staying cashflow and maturity matched. We do this by investing in assets which outperform those assumed in our new business pricing and by carrying out trading activity within our corporate and government bond portfolios to achieve higher yields without taking on more risk, unlocking value for the Group. The Group's investment in its asset management capabilities has allowed us to deliver recurring annuity portfolio re-optimisation at scale.

Fund simplification reflects actions taken to increase the efficiency of fund management expense as the asset base grows. This is achieved by reducing the number of funds offered and through fee reviews of investment management agreements.

Capital improvements reflect actions taken to improve our capital and balance sheet modelling as the investment universe evolves. We do this by enriching our asset data and the granularity of the calculation of our capital requirements which allows us to more accurately reflect the risk inherent in the asset portfolio we hold.

Alternative performance measures

The Group assesses its financial performance based on a number of measures. Some measures are management derived measures of historic or future financial performance, position or cash flows of the Group, which are not defined or specified in accordance with relevant financial reporting frameworks such as International Financial Reporting Standards ('IFRS') or Solvency UK.

These measures are known as Alternative Performance Measures ('APMs').

APMs are disclosed in the consolidated financial statements to provide stakeholders with further helpful information on the performance of the Group and should be viewed as complementary to, rather than a substitute for, the measures determined according to IFRS and Solvency II as modified by the PRA's 2024 reforms ('Solvency UK')[1]. Accordingly, these APMs may not be comparable with similarly titled measures and disclosures by other companies.

A list of the APMs used in our Annual Report and Accounts as well as their definitions, why they are used and, if applicable, how they can be reconciled to the nearest equivalent GAAP measure is provided below. Further discussion of these measures can be found in the business review from page 38.

APM	Definition	Why this measure is used	Reconciliation to financial statements
APMs derived from IFRS			
Annuity premiums written	Represents the aggregate, gross of reinsurance, new business premium volume for annuity business, written in the period and measured at the risk transfer date.	Annuity premiums written provides a measure of the Group's ability to deliver new business growth.	Annuity premiums written is not directly reconcilable to the consolidated financial statements as premiums are no longer reported in the IFRS consolidated income statement. Under IFRS 17, vesting annuities are generally not recognised as new contracts; where they arise from a pre-existing deferred annuity or pension contracts, they are typically treated as a continuation of the original contract. Therefore, the 'Premiums received' reported within insurance contract liabilities in note F2 will not reconcile to Annuity premiums written.
Assets under administration	The Group's Assets under Administration ('AUA') represents assets administered by or on behalf of the Group, covering both policyholder fund and shareholder assets. It includes assets recognised in the Group's IFRS statement of consolidated financial position together with certain assets administered by the Group for which beneficial ownership resides with customers.	AUA indicates the potential earnings capability of the Group arising from its insurance and investment business. AUA flows provide a measure of the Group's ability to deliver new business growth.	A reconciliation from the Group's IFRS statement of consolidated financial position to the Group's AUA is provided within the additional asset disclosures on page 332.

1 The Prudential Regulation Authority's rules for Solvency UK became effective on 31 December 2024. The new regime has been referred to as 'Solvency II' in this section, unless otherwise stated, as this is in line with current PRA guidance.

APM	Definition	Why this measure is used	Reconciliation to financial statements
Fitch leverage ratio	The Fitch leverage ratio is calculated by the Group (using Fitch Ratings' stated methodology) as debt as a percentage of the sum of debt and equity. Debt is defined as the IFRS carrying value of shareholder borrowings excluding subordinated liabilities qualifying as Tier 1 Own Funds under Solvency UK rules. Equity is defined as the sum of equity attributable to the owners of the parent, non-controlling interests, contractual service margin ('CSM') (net of tax), policyholders' share of the with-profits estate and the Tier 1 notes. Values for subordinated liabilities are adjusted to allow for the impact of currency hedges in place over foreign currency denominated debt.	The Group seeks to manage the level of debt on its balance sheet by monitoring its financial leverage position. One of the output metrics used in this regard is the Fitch leverage ratio. This is to ensure the Group maintains its investment grade credit rating as issued by Fitch Ratings.	The IFRS adjusted shareholders' equity component of the Fitch leverage ratio is as set out later in this section (see IFRS adjusted shareholders' equity metric). **Fitch leverage ratio** Total equity attributable to owners of the parent: **0.2** (FY25 £bn); 1.2 (FY24 £bn) CSM (net of tax): **2.9**; 2.5 **IFRS adjusted shareholders' equity**: **3.1**; 3.7 Non-controlling interests: **0.6**; 0.5 Policyholder surplus in with-profits funds: **4.4**; 4.1 Tier 1 notes: **0.8**; 1.1 **Total Shareholders' equity – Fitch basis (A)**: **8.9**; 9.4 **Total Shareholder debt (B)**: **2.7**; 2.8 **Fitch leverage ratio (B/A + B)**: **23%**; 23% Non-controlling interests and Tier 1 notes classified as equity are directly sourced from the Group's IFRS statement of consolidated financial position, and the remaining Tier 1 notes from within borrowings in note E5. Policyholder surplus in with-profits funds is a subset of 'Estimates of present value of future cash flows' within insurance contract liabilities in note F1.
Holding companies' cash	Represents the liquid assets held within the Group holding companies.	The amount reflects the available liquidity within the holding companies for recurring and strategic use. This includes cash remittances paid by the operating companies to the Group holding companies which is used to fund the Group's operating costs, debt interest and repayments, planned investment across our strategic priorities and shareholder dividends.	**Parent company cash, deposits and collective investment schemes**: **826** (FY25 £m); 1,096 (FY24 £m) Add cash and collective investment schemes held within other Group holding companies: **20**; 21 **Holding companies' cash**: **846**; 1,117

Alternative performance measures continued

APM	Definition	Why this measure is used	Reconciliation to financial statements
IFRS adjusted operating profit	IFRS adjusted operating profit is a financial performance measure based on expected long-term investment returns in respect of insurance business. It is stated before tax and excludes the impacts of economic volatility, amortisation and impairments of acquisition-related intangibles, finance costs attributable to owners and other non-operating items which in the Directors' view should be excluded by their nature or incidence to enable a full understanding of financial performance. Further details of the components of this measure and the assumptions inherent in the calculation of the long-term investment return are included in note B2.	This measure provides a more representative view of the Group's performance than the IFRS result after tax as it provides long-term performance information unaffected by short-term economic volatility and other items including one-offs, and is stated net of policyholder finance charges and tax. IFRS adjusted operating profit is a key performance indicator used by management for planning, reporting and executive remuneration. It helps give stakeholders a better understanding of the underlying performance of the Group by focusing on the operating result and separately identifying and analysing non-operating items.	A reconciliation of IFRS adjusted operating profit to the IFRS result before tax attributable to owners is included in note B1.1.
IFRS adjusted operating profit margin	This is reported for the Retirement Solutions and Pensions and Savings segments and represents the IFRS adjusted operating profit divided by the average AUA.	This measure reflects the underlying profitability of the segments in relation to the size of the portfolio being managed.	**Retirement Solutions** IFRS adjusted operating profit (£m): FY25 563, FY24 474 Average Assets under Administration (£bn): FY25 40.2, FY24 39.0 **IFRS adjusted operating profit margin (bps): FY25 140, FY24 122** **Pensions and Savings** IFRS adjusted operating profit (£m): FY25 389, FY24 Restated[1] 316 Average Assets under Administration (£bn): FY25 204.6, FY24 Restated[1] 191.5 **IFRS adjusted operating profit margin (bps): FY25 19, FY24 Restated[1] 17** 1. FY24 Average AUA has been restated to reflect the reallocation of the International Bond from Europe and Other to Pensions and Savings. FY25 Average AUA reflects this view and also includes the reclassification of the Corporate Trustee Investment Plan Held for Transfer assets from Pensions and Savings to Europe and Other in December 2025.
IFRS adjusted shareholders' equity	IFRS adjusted shareholders' equity is calculated as IFRS Total equity attributable to owners of the parent plus the CSM, net of tax.	IFRS adjusted shareholders' equity provides a more meaningful measure of the value generated by the Group, including the value held in the CSM for IFRS 17 contracts.	IFRS adjusted shareholders' equity reconciles to the IFRS statement of consolidated financial position as follows: Total equity attributable to owners of the parent: FY25 £m 244, FY24 £m 1,213 Add: CSM: 3,806, 3,257 Less: Tax on CSM: (952), (814) **IFRS adjusted shareholders' equity: 3,098, 3,656** Total equity attributable to owners of the parent is directly sourced from the condensed statement of consolidated financial position. CSM is set out in note F5. Tax is reflected at the deferred tax rate which is currently 25%.

APM	Definition	Why this measure is used	Reconciliation to financial statements
Net fund flows	Represents the aggregate net position of gross AUA inflows less gross outflows. It is an in-year movement in the Group's AUA.	Net fund flows provide a measure of the Group's ability to deliver new business growth.	Net fund flows are not directly reconcilable to the financial statements as it includes movements in AUA which do not flow directly to the Group's IFRS consolidated income statement. However, a reconciliation from the Group's IFRS statement of consolidated financial position to the Group's AUA is provided in the additional asset disclosures on page 332.
Run-rate cost savings	Represents the cumulative estimate of annual cost savings achieved since the beginning of 2024, expressed as the level of savings expected to be generated over a full 12-month period.	Our focus is on driving cost efficiencies by moving to a more efficient Group-wide operating model, which in turn supports better customer outcomes. The Group has set a target of delivering c.£250 million of run-rate cost savings by the end of 2026.	Run-rate cost savings is not directly reconcilable to the financial statements as it represents an annualised view of savings expected to materialise, whereas the Group's IFRS consolidated income statement will only reflect the absolute in-period savings realised so far. In 2025, the Group's cost savings programme delivered £117 million of run-rate savings, which combined with the savings achieved in 2024, brings the cumulative run-rate cost savings total to £180 million across 2024-25.
Total cash generation	Cash remitted by the Group's operating companies to the Group's holding companies.	The statement of consolidated cash flows prepared in accordance with IFRS combines cash flows relating to shareholders with cash flows relating to policyholders, but the practical management of cash within the Group maintains a distinction between the two. The Group therefore focuses on the cash flows of the holding companies which relate only to shareholders. Such cash flows are considered more representative of the cash generation that could potentially be distributed as dividends or used for debt repayment and servicing, and group operating expense. Total cash generation is a key performance indicator used by management for planning, reporting and executive remuneration.	Total cash generation is not directly reconcilable to the statement of consolidated cash flows as it includes amounts that eliminate on consolidation. Further details of holding companies' cash flows are included within the business review on page 43, and a breakdown of the Group's cash position by type of entity is provided in the additional asset disclosures on page 330.

Alternative performance measures continued

APM	Definition	Why this measure is used	Reconciliation to financial statements
APMs derived from Solvency II			
Annuity Capital Strain	Represents the capital deployment on annuities measured on a Solvency II basis, expressed as a proportion of the annuity premium. It is calculated as the capital deployed (being the Solvency II Technical Provisions plus SCR plus acquisition costs plus reinsurance premium less annuity premium, net of tax) as a proportion of the annuity premium.	Annuity Capital Strain reflects how efficiently capital is deployed on annuities to deliver new business growth.	The capital deployed in writing annuity business is included within the holding companies' cash flows on page 43 within the business review.
Life Companies Free Surplus	The Solvency II surplus of the Life Companies that is in excess of their Board approved capital according to their capital management policies.	This figure provides a view of the level of surplus capital in the Life Companies that is available for distribution to the holding companies, and the generation of Free Surplus underpins future Operating Cash Generation ('OCG').	Life Companies Free Surplus is a subset of the change in Solvency II surplus over the period set out in the table on page 43 within the business review. It can be reconciled as follows: FY25 £bn / FY24 £bn Group Solvency II surplus 3.6 / 3.5 Less: Non-life components and consolidation adjustments (0.1) / 0.1 Less: Capital Management Policy (2.0) / (1.7) **Life Companies Free Surplus 1.5 / 1.9**
Operating Cash Generation ('OCG'), Operating Surplus Generation ('OSG') And Operating Cash Generation Spread ('OCG Spread')	Operating Cash Generation ('OCG') is the emergence of cash on a Solvency II basis as surplus emerges (being the in-force business run off over time and capital unwind, plus day one surplus from writing new business (net of day 1 strain for fee based business) plus group tax relief, plus the recurring management actions, plus the capitalised benefit from delivery of our cost savings programme. As a cash measure it will be reported in line with Life Companies Free Surplus view and therefore is the excess of their Board approved capital according to their capital management policies. OCG before adjustment to reflect the release of capital management policy is referred to as Operating Surplus Generation ('OSG'). The OCG Spread is calculated as OCG divided by average Assets Under Administration.	The measure represents the sustainable level of ongoing cash generation from our underlying business operations that is remitted from our Life Companies to the Group.	The components of OCG are: FY25 £bn / FY24 £bn Surplus generation 0.9 / 0.8 Recurring management actions 0.5 / 0.5 OSG 1.4 / 1.3 Release of capital management policy 0.1 / 0.1 **OCG 1.5 / 1.4** OSG forms a component of the change in Solvency II surplus in the period as set out in the table on page 43 within the business review.

APM	Definition	Why this measure is used	Reconciliation to financial statements
Recurring management actions	Recurring management actions are measured on a Solvency II basis and represent the Day 1 impact on Own Funds and SCR. They are management actions that are either genuinely repeatable, repeatable in nature but subject to diminishing returns, or are not repeatable but benefits are expected from similar types of actions in the future.	The measure is a key component of OCG and one of the sources which can be used to support sustainable cash remittances from the Life Companies.	Recurring management actions are a subset of the Solvency II surplus generated in the period as shown in the table on page 44 within the business review.
Shareholder Capital Coverage Ratio ('SCCR')	Represents total Eligible Own Funds divided by the Solvency Capital Requirements ('SCR'), adjusted to a shareholder view through the exclusion of amounts relating to those ring-fenced with-profits funds and Group pension schemes whose Own Funds exceed their SCR.	The unsupported with-profits funds and Group pension funds do not contribute to the Group Solvency II surplus. However, the inclusion of related Own Funds and SCR amounts dampens the implied Solvency II capital ratio. The Group therefore focuses on a shareholder view of the capital coverage ratio which is considered to give a more accurate reflection of the capital strength of the Group.	Further details of the Shareholder Capital Coverage Ratio and its calculation are included in the business review on page 44.
Solvency II Leverage ratio	The Solvency II Leverage ratio is calculated as the Solvency II value of debt divided by the value of Solvency II Regulatory Own Funds. Values for debt are adjusted to allow for the impact of currency hedges in place over foreign currency denominated debt.	The Group is committed to reducing its leverage and has set a SII Leverage ratio target of c.30% by the end of 2026.	FY25 £bn / FY24 £bn Regulatory Eligible Own Funds 10.3 / 10.2 Total debt 3.4 / 3.7 **Solvency II leverage ratio[1] 33% / 36%** 1 Solvency II leverage ratio allows for currency hedges over foreign current denominated debt. Regulatory Eligible Own Funds is a component of the calculation of the Group's regulatory Solvency II surplus as set out in the additional capital disclosures on page 334. There are valuation differences between IFRS and SII due to IFRS measuring the debt on an amortised cost basis, with SII reflecting the fair value which would include movements in interest rates. Both amounts are adjusted for the value of the foreign currency hedges used to hedge foreign currency exposure on the Group's borrowings.

Policy for making pro forma adjustments in the financial statements

Pro forma adjustments will be used in the financial statements where management considers that they allow the users to better understand the financial performance, financial position, cash flows or outlook of the Group.

Examples of where pro forma adjustments may be used are in relation to acquisitions or disposals which are material to the Group, changes to the Group's capital structure or changes in reporting frameworks the Group applies such as Solvency II or IFRS. Where pro forma adjustments are considered necessary for the understanding of the financial performance, financial position, cash flows or outlook of the Group these will be clearly labelled as pro forma with a clear explanation provided as to the reason for the adjustments and the Key Performance Indicators, Alternative Performance Metrics and other performance metrics impacted.

Shareholder information

Annual General Meeting ('AGM')

Our AGM will be held on 14 May 2026 at 11:00am at Floor 9, 20 Old Bailey, London, EC4M 7AN.

Full details of the business to be considered at the meeting will be included in the Notice of Meeting which, along with all other details relating to the AGM, will be available at: www.standardlifeplc.com.

We encourage shareholders to submit any questions to the Company in advance of the AGM by email to Investor.Relations@standardlife.com Please note that questions must be received no later than 11:00am on 12 May 2026.

Following the meeting, the voting results for our 2026 AGM, including proxy votes and votes withheld will be available on our website at: www.standardlifeplc.com

Shareholder services

Managing your shareholding

Our registrar, Computershare Investor Services PLC ('Computershare'), maintains the Company's register of members. Shareholders may request a hard copy of this Annual Report and Accounts from our registrar and should you have any queries in respect of your shareholding, please contact Computershare directly using the contact details set out under the 'Useful contact information' section on the following page.

Investor Centre

The Investor Centre is an online enquiry service, provided by Computershare, which allows you to manage your shareholding with ease. Visit the Investor Centre at www-uk.computershare.com/Investor/#Home Once logged in, you can:

- view details of your Standard Life plc shareholding;
- view your recent dividend payments;
- update your address details;
- change your payment method; and
- register for electronic communications.

You can also use Computershare's web-based enquiry service at www-uk.computershare.com/Investor/#Home to download forms such as a dividend mandate form or submit dividend mandate details online.

Alternatively, contact Computershare using the details found under the 'Useful contact information' section on the following page.

Electronic communications

The Company is committed to communicating to shareholders in the most efficient and sustainable way. We encourage shareholders to opt to receive electronic communications including the Annual Report, Notice of Meeting and dividend information. Shareholders can update their communication preferences by logging in to the Investor Centre at www-uk.computershare.com/Investor/#Home.

Shareholders are also able to access a wide range of information and documentation on the 'Investor' section of the Group's website at www.standardlifeplc.com.

You can access electronic copies of the Company's financial reports and presentations on the website at: www.standardlifeplc.com.

Online news

The Company has a dedicated 'News and Views' section on its website, www.standardlifeplc.com, to keep shareholders, investors, journalists and employees up to date and informed on news.

Dividend information

Typically, the Company pays dividends twice a year. The Interim dividend is usually paid in October, and the Final dividend is paid in May following approval by shareholders at the AGM.

Information about the 2025 Final dividend has been included in the 2025 Full Year Results Announcement.

Payment method

From May 2027, we intend to change the way we pay dividends to shareholders and will no longer pay dividends by cheque. We have already written to shareholders advising them about this change during January 2026 with additional information.

If you haven't already provided your bank details to our Registrar, please do so now via the 'Update your Details' tab at www.investorcentre.co.uk to have your dividends paid straight into your bank account.

Scrip dividend alternative

The Company does not currently offer a scrip dividend alternative.

Dividend reinvestment plan

The Company does not currently offer a dividend reinvestment plan.

2026 Financial calendar

Ordinary shares – 2025 Final dividend

Ex-dividend date	9 April 2026
Record date	10 April 2026
Payment date for the recommended Final dividend	20 May 2026

Group Financial calendar for 2026

Annual General Meeting	14 May 2026
Announcement of unaudited Interim Results	Sept 2026[1]

1. See website for announcement dates.

Share price

For a more detailed look at the share price of Standard Life plc, including current share price and the share price over time, please see the 'Share Monitor' section of the Company's website at www.standardlifeplc.com.

Please be mindful that the share price data on the website is delayed by 15 minutes.

Share fraud warning to shareholders

We continue to receive reports of share scams, where fraudsters cold-call investors offering a range of financial propositions. Remember if it sounds too good to be true, it probably is. Shareholders are advised to remain vigilant at all times and if you are ever in doubt, call the Computershare Investor Service PLC dedicated Standard Life shareholder enquiry line on +44 (0) 800 370 709 0181.

To find out more information on how you can protect yourself, please visit the Financial Conduct Authority ('FCA') website www.fca.org.uk/scamsmart or call the FCA consumer helpline on +44 (0) 800 111 6768. You can also check the firm on the Financial Services register at www.fca.org/register.

To report a scam, please inform the FCA using the contact us form at www.fca.org.uk/contact or call the consumer helpline.

If you have lost money to investment fraud, you should report it to Report Fraud at www.reportfraud.police.uk or call then on +44 (0) 300 123 2040.

Useful contact information

Computershare

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS99 6ZZ
United Kingdom

Shareholder helpline number:
+44 (0) 370 702 0181
Lines open from 8.30am to 5.30pm Monday to Friday, excluding public holidays in England and Wales.

Standard Life plc

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Glossary

Acquired value in force ('AVIF')
The present value of future profits on a portfolio of long-term investment contracts with discretionary participation features, acquired either directly or through the purchase of, or investment in, a business.

Alternative Performance Measure ('APM')
A financial measure of historic or future financial performance, financial position or cash flows, other than a financial measure defined under IFRS or under Solvency UK rules. The Group uses a range of these metrics to provide a better understanding of the underlying performance of the Group. All APMs are defined within this glossary and the APM section on **pages 340 to 345**.

Annuity policy
A policy that pays out regular benefit amounts, either immediately and for the remainder of a policyholder's lifetime (immediate annuity), or deferred to commence at some future date (deferred annuity).

Asset Backed Securities ('ABS')
A collateralised security whose value and income payments are derived from a specified pool of underlying assets.

Asset Liability Management ('ALM')
The management of mismatches between assets and liabilities within risk appetite. The management of assets using a structured approach to guide the act of acquiring and disposing of assets, with the objective of meeting defined investment goals and maximising value for investors, including policyholders.

Assets under administration ('AUA')
Assets administered by or on behalf of the Group, covering both policyholder funds and shareholder assets. This includes assets recognised in the Group's IFRS statement of consolidated financial position together with certain assets administered by the Group but for which beneficial ownership resides with customers.

Assets under our control and influence
Our definition of assets which are within our control and influence is (i) product componentry which are not external fund links (i.e. we have an Investment Management Agreement ('IMA') with an Asset Management Partner, so can control the terms of the investment strategy), or (ii) where we have a default, managed or blended vehicle which has external fund link componentry and / or directly held securities, and we have the ability to substitute investments without the need to secure explicit client approval when they do not meet our needs.

Association of British Insurers ('ABI')
A trade association made up of insurance companies in the United Kingdom.

Auto-enrolment
Under the Pensions Act 2008, every employer in the UK must put certain staff into a workplace pensions scheme and contribute towards it. This is called auto-enrolment.

Carbon footprint
A carbon footprint is the total greenhouse gas ('GHG') emissions caused by an individual, event, organisation, service, place or product, expressed as carbon dioxide equivalent (CO_2e).

Carbon neutral
When the carbon emissions generated by an entity are fully compensated for by removing an equivalent amount of emissions somewhere else through offsetting.

Carbon offsets
A reduction or removal of emissions of carbon dioxide or other greenhouse gases made in order to compensate for emissions created elsewhere.

Climate scenario
A plausible representation of future climate that has been constructed for explicit use in investigating the potential impacts of anthropogenic climate change.

Climate-related opportunities
The potential positive impacts of climate change on an organisation. Efforts to adapt to climate change can produce opportunities for organisations, such as through resource efficiency and cost savings and the development of new products and services.

Climate (-related) risks
The potential negative impacts of climate change on an organisation. The risks consist of physical risks and transition risks.

Climate solutions
Economic activities that contribute substantially to climate change mitigation or adaptation. The products or services are either produced sustainably or allow others to do so.

Compound annual growth rate ('CAGR')
The mean annual growth rate of an investment over a specified period of time longer than one year.

Contractual Service Margin ('CSM')
Under IFRS 17, revenue and profit recognition of day 1 gains on annuity contracts is deferred into recognition at a point in the future, by being added to the CSM. The CSM therefore represents a stock of future profits that will unwind into the P&L in future years.

Customer
A customer could be a lead policyholder on more than one policy and some policies could have more than one customer, therefore the customer number is approximate. The number of customers is measured as number of lead policyholders.

Decarbonising benchmarks
Climate aligned indices that aim to deliver net zero by 2050 while meeting our customer requirements. These are investment benchmarks, that aim to deliver a representative return for the asset class (as measured by the existing market cap benchmarks), but with Group exclusions and built in systematic decarbonisation pathway, consistent with achieving net zero by 2050.

Defined benefit pension scheme
A pension scheme that defines the benefits payable to members irrespective of any contributions paid or investment gains made.

Defined contribution pension scheme
A pension scheme where the benefits depend on the amount and frequency of contributions paid into the scheme, the investment gain on those contributions, and annuity rates at the time of retirement. The exact pension valuation will not be known until the point of retirement.

Definition of assets within our control and influence
(i) product componentry which are not external fund links (i.e. we have an Investment Management Agreement with an Asset Management Partner, so can control the terms of the investment strategy), or (ii) where we have a default, managed or blended vehicle which has external fund link componentry and / or directly held securities, and we have the ability to substitute investments without the need to secure explicit client approval when they do not meet our needs.

Department for Business and Trade
The Department for Business and Trade (formerly the Department for Business, Energy & Industrial Strategy ('BEIS') is a ministerial department in the UK.

Digital Advisory Group
An ad hoc advisory group which meets to provide expert guidance and challenge on behalf of the Standard Life plc Board on cyber security and digital (including customer) related items.

Economic assumptions
Assumptions related to future interest rates, inflation, market value movements and tax.

Employee Benefit Trust ('EBT')
A trust is established to enable its Trustee to purchase, hold and deliver shares to satisfy employee share-based incentive plan awards.

Equity release mortgage ('ERM')
An ERM product enables a home owner aged over 55 to draw a lump sum or regular smaller sums from the value of the home, while remaining in their home.

Environmental, Social and Governance ('ESG')
Environmental criteria consider how a company performs as a steward of nature and the climate. Social criteria examine how it manages relationships with employees, suppliers, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls and shareholder rights.

Experience variances
Current period differences between the actual experience incurred and the assumptions used in the calculation of IFRS insurance liabilities.

Financed emissions
Greenhouse gas ('GHG') emissions that occur as a result of financing, including lending and investment activity. These activities fall within Scope 3, category 15 of the GHG protocol.

Financial Conduct Authority ('FCA')
The body responsible for supervising the conduct of all financial services firms and for the prudential regulation of those financial services firms not supervised by the Prudential Regulation Authority ('PRA'), such as asset managers and independent financial advisers.

Financial Ombudsman Service ('FOS')
An ombudsman established in 2000, and given statutory powers in 2001 by the Financial Services and Markets Act 2000, to help settle disputes between consumers and UK-based businesses providing financial services.

Financial Reporting Council ('FRC')
The UK's independent regulator responsible for promoting high-quality corporate governance and reporting to foster investment.

Fitch leverage ratio
The Fitch leverage ratio is calculated (using Fitch Ratings' stated methodology) as debt as a percentage of the sum of debt and equity. Debt is defined as the IFRS carrying value of shareholder borrowings excluding subordinated liabilities qualifying as Tier 1 Own Funds under Solvency UK rules. Equity is defined as the sum of equity attributable to the owners of the parent, non-controlling interests, contractual service margin ('CSM') (net of tax), policyholders' share of the with-profits estate and Tier 1 notes. Values for subordinated liabilities are adjusted to allow for the impact of currency hedges in place over foreign currency denominated debt.

FTSE Women Leaders review
An independent, business-led framework supported by the Government, which sets recommendations for Britain's largest companies to improve the representation of Women on Boards and in Leadership positions. It continues the work of the Hampton-Alexander and Davies Reviews.

Full-time equivalent ('FTE')
A measure that allows the Group to calculate the equivalent number of full-time employees for all types of employees.

Greenhouse Gas ('GHG') emissions
GHGs are atmospheric gases that absorb and emit radiation within the thermal infrared range and that contribute to the greenhouse effect and global climate change. They include water vapour, carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydro chlorofluorocarbons (HCFCs), ozone (O_3), hydrofluorocarbons (HFCs),and perfluorocarbons (PFCs).

Greenhouse Gas Protocol
Global standard for companies and organisations to measure and manage their GHG emissions. Group in-force Long-term Free Cash ('Group in-force LTFC') Group in-force LTFC is the cash available to shareholders. It is defined as the estimated lifetime cash generation from our in-force business, plus Group cash held in the Holding Company, less outstanding shareholder debt, committed M&A and transition costs, and interest on debt until maturity. The calculation for the 2023 LTIP performance metric excludes any future shareholder dividends and is before interest on debt until maturity.

Glossary continued

Guaranteed Annuity Rate
A rate available to certain pension policyholders to acquire annuity at a contractually guaranteed conversion rate.

HMRC
His Majesty's Revenue and Customs.

Holding companies
Refers to Standard Life plc, Phoenix Life Holdings Limited, Pearl Group Holdings (No. 2) Limited, Impala Holdings Limited, Pearl Life Holdings Limited, ReAssure Group Limited and ReAssure MidCo Limited.

IASB
International Accounting Standards Board.

IFRS adjusted operating profit
A non-Generally Accepted Accounting Principles ('GAAP') measure that is considered a more representative measurement of performance than IFRS profit or loss after tax as it is based on expected long-term investment returns. This measure is included in the 2025 AIP scheme. Cumulative IFRS adjusted operating profit, being IFRS adjusted operating profit over the 3-year LTIP performance period is included in the 2025 and 2026 LTIP grant.

In-force
Long-term business written before the period end and which has not terminated before the period end.

Inter-governmental Panel on Climate Change ('IPCC')
The United Nations body created to provide policymakers with regular scientific assessments on climate change, its implications and potential future risks, as well as to put forward adaptation and mitigation options.

Internal Model
The Internal Model is a risk measurement system developed by an insurer to analyse its overall risk position, to quantify risks and to determine the economic capital required to meet those individual risks.

Internal rate of return ('IRR')
A metric used in financial analysis to estimate the profitability of potential investments. IRR is a discount rate that makes the net present value of all cashflows equal to zero in a discounted cashflow analysis.

International Financial Reporting Standards ('IFRS')
Accounting standards, interpretations and the framework adopted by the International Accounting Standards Board.

Life Company
A subsidiary providing life and pension products.

Life Companies Free Surplus
The amount of capital held in Life Companies in excess of that needed to support their regulatory Solvency Capital Requirement ('SCR'), plus the capital required under the Board approved Capital Management Policy ('CMP').

Longer Lives Index
The Longer Lives Index is the first piece of research by Phoenix Insights, now known as Standard Life Centre for the Future of Retirement, the Group's think-tank, and was launched in 2022. The research provides a rich picture of people's financial readiness for longer lives across the UK.

Long Term Incentive Plan ('LTIP')
The part of an executive's remuneration designed to incentivise long term value for shareholders through an award of shares with vesting contingent on employment and the satisfaction of stretching performance conditions linked to Group strategy.

M&A Advisory Committee
An ad hoc advisory group which meets to consider proposed mergers and acquisitions, including due diligence activities undertaken by Management.

Management actions
Management actions are used to define the financial impacts of programmes of activity instigated and undertaken by the Group to enhance shareholder outcomes. Such actions will be undertaken to either increase Shareholder Own funds (and therefore increase future organic cash generation) or to reduce SCR (therefore accelerating expected cash generation). Examples of management action activities include investment into higher yielding asset types, optimisation of asset and liabilities matching positions, and cost reduction initiatives. Certain management actions are classified as recurring and form part of Operating Cash Generation ('OCG') – these are actions which are either genuinely repeatable, repeatable in nature but subject to diminishing returns or not repeatable but benefits are expected from similar types of actions.

Master Trust
A defined contribution workplace pension scheme that is established under a trust. A master trust seeks to provide a workplace pension that can be used by several non-associated employers, as opposed to traditional schemes that are set up to provide a workplace pension for a single employer. Master trusts are supervised and authorised by the Pensions Regulator.

Material suppliers
These are Suppliers who are Strategic or Critical to the Group's operations. Strategic (also known as a Tier 1 supplier): Of significant importance to the Group where the services the supplier provides support our strategic objectives and are crucial in providing ongoing and future services to our customers, policyholders and shareholders. These suppliers are highly likely to be integrated into the Group's operating model and will be deemed as a Critical/Material Arrangement for Solvency UK purposes. Critical (also known as a Tier 2 supplier): Deemed as a Critical/Material Arrangements, however, are not viewed as a Strategic partner to Group. These suppliers will perform a Critical function and/or activity on behalf of the Group, they could be crucial in providing current services to our customers, policyholders, and shareholders.

Minimum Capital Requirements ('MCR')
The minimum amount of capital that the Group needs to hold to cover its risks under the Solvency UK regulatory framework.

Natural capital
The stock of renewable and non-renewable natural resources (e.g. plants, animals, air, water, soils, minerals) that combine to yield a flow of benefits to people.

Nature dependencies
Aspects of environmental assets and ecosystem services that an organisation relies on to function. A company's business model, for example, may be dependent on the ecosystem services of water flow, water quality regulation and the regulation of hazards like fires and floods; provision of suitable habitat for pollinators, who in turn provide a service directly to economies; and carbon sequestration.

Nature impacts
Changes in the state of nature (quality or quantity), which may result in changes to the capacity of nature to provide social and economic functions. Impacts can be positive or negative. They can be the result of an organisation's or another party's actions and can be direct, indirect or cumulative. A single impact driver may be associated with multiple impacts.

Nature risks
Potential threats (effects of uncertainty) posed to an organisation that arise from its and wider society's dependencies and impacts on nature.

Net flows
Represents the difference between the inflows (premiums) and outflows and excludes market movements. Net flows may be reported for the Group as a whole, for a specific part of the Group or for different time periods. Cumulative net flows, being net flows over the 3-year LTIP performance period, are included in the 2024 LTIP grant.

Net operating cash receipts
This is a LTIP performance metric in the 2023 and 2024 grants which represents cash generation after allowing for corporate expenses and pension contributions.

Net zero
A state where no incremental greenhouse gases are added to the atmosphere. Emissions output is balanced with the removal of carbon from the atmosphere.

Non-economic assumptions
Assumptions related to future levels of mortality, morbidity, persistency and expenses.

Non-profit fund
The portion of a life fund which is not a With-Profit fund, where risks and rewards of the fund fall wholly to shareholders.

Operating Cash Generation ('OCG')
OCG is the emergence of cash as in-force business runs off over time and capital unwinds, plus day one surplus from writing new business (net of day 1 strain for fee-based business) plus group tax relief, plus the recurring management actions and the capitalised benefit from delivery of our cost savings programme. As a cash measure it is reported as the excess of their Board approved capital according to their CMPs. Cumulative OCG, being OCG over the 3-year LTIP performance period, is included in the 2025 and 2026 LTIP grant.

Operating companies
Refers to the trading companies within Standard Life plc.

Over-the-Counter ('OTC')
OTC financial instruments are traded directly between two parties without a broker or exchange market.

Own Funds
Under Solvency UK rules, Own Funds refers to the regulatory capital available to cover capital requirements. Basic Own Funds comprise the excess of assets over liabilities valued in accordance with the Solvency UK rules and subordinated liabilities which qualify to be included in Own Funds under the Solvency UK rules. Eligible Own Funds are the amount of Own Funds that are available to cover the Solvency Capital Requirements after applying prescribed tiering limits and transferability restrictions to Basic Own Funds.

Own Risk and Solvency Assessment ('ORSA')
The processes undertaken to provide a forward-looking assessment of the Group's risk and capital profile, under normal and stress scenarios, as a result of its proposed business strategy and Annual Operating Plan.

Parker Review and guidance
An independent review which considered how to improve the ethnic and cultural diversity of UK boards to better reflect their employee base and the communities they serve. The Parker guidance sets out objectives and timescales to encourage greater diversity, and provides practical tools to help business leaders to address the issue. Each FTSE 100 Board should have at least one "director of colour" by 2021.

Partial internal model
The model used to calculate the Group Solvency Capital Requirement where permission is granted by the PRA under Solvency UK. It aggregates outputs from the harmonised internal model and the standard formula with no diversification between the two.

Part VII transfer
The transfer of insurance policies under Part VII of Financial Services and Markets Act 2000. The insurers involved can be in the same corporate group or in different groups. Transfers require the consent of the High Court, which will consider the views of the PRA and FCA and of an Independent Expert.

Participating business
See With-Profits fund on **page 353**.

Partnership for Carbon Accounting Financials ('PCAF')
PCAF is a global partnership of financial institutions that work together to develop and implement a harmonised approach to assess and disclose the greenhouse gas (GHG) emissions associated with their loans and investments.

Pensions Risk Transfer ('PRT')
This is when a company moves the financial risks of its pension plan to an insurance company. This includes the purchase of bulk annuities, which are insurance policies purchased by pension scheme trustees to secure members' benefits and by removing investment, inflation and longevity risk associated with defined benefits pension schemes.

Persistency
This LTIP performance metric is set for the specific Pensions and Savings products only and based on a principle of protecting value, with a target based on the best estimate assumption of persistency at the start of the performance period. This is measured on a product-by-product basis with the average value of each product then used to create a single weighted average persistency rate. Further details of persistency insurance risks are covered in section F9 of the consolidated financial statements. This is a LTIP performance metric for the 2023 grant.

Physical risks
Risks related to the physical impacts of climate change which can either be acute or chronic. Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones, hurricanes or floods. Chronic physical risks refer to longer-term shifts in climate patterns (e.g. sustained higher temperatures) that may cause sea level rise or chronic heatwaves.

Glossary continued

Priority locations
Described as either material locations or sensitive locations. A material location is where material nature-related dependencies, impacts, risks and opportunities are identified for a given organisation and a sensitive location is where business assets and activities interface with nature in areas important for biodiversity, of high ecosystem integrity, of physical water risks and of importance for ecosystem service provision.

Protection Policy
A policy which provides benefits payable on certain events. The benefits may be a single lump sum or a series of payments and may be payable on death, serious illness or sickness.

Prudential Regulation Authority ('PRA')
The body responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers and major investment firms. The PRA and FCA use a Memorandum of Understanding to co-ordinate and carry out their respective responsibilities.

ReAssure life companies
The companies comprising ReAssure Limited and ReAssure Life Limited which were acquired on 22 July 2020.

Relative policyholder outcomes (pension fund value growth)
This 2026 LTIP performance metric will track how the Group's flagship multi-asset default pension funds (Sustainable Multi-Asset ('SMA') and Multi-Asset Comparable funds) deliver customer outcomes relative to peers, as well as ensuring our policyholders receive long-term real returns above inflation (UK CPI).

Representative Concentration Pathway ('RCP')
A GHG concentration trajectory adopted by the IPCC. The pathways (RCP2.6, RCP4.5, RCP6, and RCP8.5) describe different climate futures, all of which are considered possible depending on the volume of GHGs emitted in the years to come. RCP 2.6 is a very stringent pathway. According to the IPCC, RCP 2.6 requires that carbon dioxide emissions start declining by 2020 and go to zero by 2100. In RCP 8.5, emissions continue to rise throughout the 21st century. It is generally taken as the basis for worst-case climate change scenario.

Responsible investment/ investing
Considering environmental, social and governance ('ESG') risks and opportunities when deciding where to invest money with the aim of achieving better financial outcomes for investors. At a high level, it's looking at how a company is managing ESG risks and opportunities, how that could affect its performance over the long term and if needed, encouraging the company to do better through stewardship. There are different types of responsible investor.

Return on Capital ('RoC')
Reflects the Own Funds component of the Operating Cash Generation (i.e. the in-force and new business surplus generation and group tax relief), less financing costs plus recurring management actions divided by Opening Unrestricted Core Tier 1 Shareholder Capital plus Deferred tax assets. At a high level, this could be more simply described as the operating growth in Own Funds less financing costs/opening Own Funds excluding debt. This is a LTIP performance metric for the 2024 grant.

Run-rate cost savings
The cumulative estimate of annual cost savings achieved since the beginning of 2024, expressed as the level of savings expected to be generated over a full 12-month period. Cumulative run-rate cost savings is a performance measure for the 2025 AIP scheme.

Science-based Targets
An emissions reduction target is defined as 'science-based' if it is developed in line with the scale of reductions required to keep global warming below 2C from pre-industrial levels.

Scope 1, 2 and 3 emissions
Greenhouse gas emissions are categorised into three groups or 'Scopes'. Scope 1 covers direct emissions e.g. use of natural gas, company car vehicle emissions. Scope 2 covers indirect emissions from the generation of purchased electricity, steam and heating. Scope 3 includes 15 other categories of indirect emissions in a company's value chain e.g. business travel and investments.

Shareholder Capital Coverage Ratio ('SCCR')
Represents total Eligible Own Funds divided by the Solvency Capital Requirements ('SCR'), adjusted to a shareholder view through the exclusion of amounts relating to those ring-fenced With-Profit funds and Group pension schemes whose Own Funds exceed their SCR.

Shareholder value
The Group's Eligible Own Funds adjusted to remove amounts pertaining to unsupported With-Profit funds, Group pension schemes, the value of shareholder debt and adjusted to remove the short-term impact economic movements in the performance period.

Solvency II leverage ratio
Calculated as the Solvency II value of debt divided by the value of Solvency II Regulatory Own Funds. Values for debt are adjusted to allow for the impact of currency hedges in place over foreign currency denominated debt.

Solvency II Shareholder Own Funds Unrestricted Tier 1
Under Solvency UK rules, SII Shareholder Own Funds Unrestricted Tier 1 refers to the highest quality tier of regulatory capital available to cover capital requirements. It comprises the excess of assets (excluding deferred tax assets) over liabilities valued in accordance with the Solvency UK rules. This measure, excluding the impact of economics, is a performance measure included in the 2026 AIP scheme.

Solvency II surplus
The excess of Eligible Own Funds over the Solvency Capital Requirement. This is a performance metric in the 2025 and 2026 LTIP grant.

Solvency Capital Requirements ('SCR')
Relates to the risks and obligations to which the Group is exposed, and is calibrated so that the likelihood of a loss exceeding the SCR is less than 0.5% over one year. This ensures that capital is sufficient to withstand a broadly '1-in-200-year event'.

Solvency UK
Solvency II as modified by the PRA's 2024 reforms.

Standard formula
A set of calculations prescribed by the Solvency UK rules for generating the SCR.

Standard Life Assurance businesses
Standard Life Assurance Limited, Standard Life Pensions Fund Limited, Standard Life International Designated Activity Company, Vebnet (Holdings) Limited, Standard Life Lifetime Mortgages Limited, Standard Life Assets and Employee Services Limited and Standard Life Investment Funds Limited (together known as the Standard Life Assurance businesses) acquired by the Group on 31 August 2018.

Sterling overnight interest average ('SONIA')
The average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors, administered by the Bank of England.

Stewardship
The use of the rights and position of ownership to influence the activity or behaviour of investee companies. For listed equities it includes both engagement and (proxy) voting (including filing shareholder resolutions). For other asset classes, engagement is still relevant while voting is not. Engagement is a two-way interaction between the investor and investees in relation to corporate business and ESG strategies with the goal of influencing issuers' practices when needed to unlock value.

Sustainable investing
Investment approaches that select and include investments on the basis that they fulfil certain sustainability criteria and/or deliver on specific and measurable sustainability outcomes. Financial returns remain the primary objective.

Task Force on Climate-related financial disclosures ('TCFD')
The TCFD was created in 2015 by the Financial Stability Board ('FSB'), now incorporated into the International Sustainability Standards Board ('ISSB'), to develop consistent climate-related financial risk disclosures for use by companies in providing information to stakeholders.

Task Force on Nature-related financial disclosures ('TNFD')
A market-led, science-based and government backed initiative, providing organisations with a framework and tools to report and act on evolving nature-related issues. This includes the LEAP methodology, to help Locate, Evaluate, Assess, and Prepare to act on nature-related issues.

TCS BaNCS
TCS BaNCS is a Life and Pensions administration platform operated by Tata Consultancy Services ('TCS').

The Pensions Regulator ('TPR')
A non-departmental public body which regulates work-based pension schemes in the United Kingdom.

Total cash generation ('TCG')
Cash remitted by the Group's operating companies to the Group's holding companies. This measure is included in the 2026 AIP scheme.

Total shareholder return ('TSR')
TSR is the total return, over a fixed period, to an investor in terms of share price growth and dividends (assuming that dividends paid are re-invested, on the ex-dividend date, in acquiring further shares). Relative TSR is a LTIP performance metric and is measured against the constituents of the FTSE 350 (excluding Investment Trusts).

Transition risk
Climate-related risks associated with the transition to a low carbon economy. They include risks related to policy and legal actions, market and economic responses, technology changes and reputational considerations.

UK Endorsement Board ('UKEB')
The UKEB was established following the UK's exit from the EU. The board's purpose is to endorse and adopt new and amended international accounting standards issued by the IASB for use by UK Companies and has responsibility for influencing the development of those standards.

Unit-linked policy
A policy where the benefits are determined by the investment performance of the underlying assets in the unit-linked fund.

Windfall gains
A windfall gain may arise if the Company has experienced a significant anomalous fall in its share price at the point of granting LTIP awards so the recipient received significantly more share than in previous years, and this is followed by a subsequent increase in share price at the point of vesting that is not wholly attributable to Company performance.

With-Profits fund
A fund where policyholders are entitled to a share of the profits of the fund. Normally, policyholders receive their share of the profits through bonuses. Also known as a participating fund as policyholders have a participating interest in the With-Profit fund and any declared bonuses.

2024 UK Corporate Governance Code
The current version of the UK Corporate Governance Code published by the Financial Reporting Council setting out guidance on standards of good corporate governance practice in the UK relating to issues such as board composition and development, remuneration, accountability, audit and relations with shareholders.

Forward-looking statements

The 2025 Annual Report and Accounts contains, and the Group may make other statements (verbal or otherwise) containing, forward-looking statements and other financial and/or statistical data about the Group's current plans, goals, ambitions, outlook, guidance and expectations relating to future financial condition, performance, results, strategy and/or objectives. Statements containing the words: 'believes', 'intends', 'will', 'may', 'should', 'expects', 'plans', 'aims', 'seeks', 'targets', 'continues' and 'anticipates' or other words of similar meaning are forward looking. Such forward-looking statements and other financial and/or statistical data involve known and unknown risks and uncertainty because they relate to future events and circumstances that are beyond the Group's control. For example, certain insurance risk disclosures are dependent on the Group's choices about assumptions and models, which by their nature are estimates. As such, actual future gains and losses could differ materially from those that the Group has estimated. Other factors which could cause actual results to differ materially from those estimated by forward-looking statements include, but are not limited to:

- domestic and global economic, political, social, environmental and business conditions;
- asset prices;
- market-related risks such as fluctuations in investment yields, interest rates and exchange rates, the potential for a sustained low-interest rate or high-interest rate environment, and the performance of financial or credit markets generally;
- the regulations, policies and actions of governmental and/or regulatory authorities including, for example, climate change and the effect of the UK's version of the 'Solvency II' regulations on the Group's capital maintenance requirements;
- developments in the UK's relationship with the European Union;
- the direct and indirect consequences of the conflicts in Ukraine and the Middle East for European and global macro-economic conditions and related or other geopolitical conflicts;
- political uncertainty and instability including the rise in protectionist measures;
- the impact of changing inflation rates (including high inflation) and/or deflation;
- information technology (including developments and use of Artificial Intelligence) or data security breaches (including the Group being subject to cyber-attacks);
- the development of standards and interpretations including evolving practices in sustainability and climate reporting with regard to the interpretation and application of accounting;
- the limitation of climate scenario analysis and the models that analyse them;
- lack of transparency and comparability of climate-related forward-looking methodologies;
- climate change and a transition to a low carbon economy (including the risk that the Group may not achieve its targets);
- the Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively;
- the implementation of rules, regulations or other actions with an opposing stance to sustainability matters or policies;
- market competition;
- changes in assumptions in pricing and reserving for insurance business (particularly with regard to mortality and morbidity trends, gender pricing and lapse rates);
- the timing, impact and other uncertainties of any acquisitions, joint ventures, disposals or other strategic transactions (including any associated integration);
- risks associated with arrangements with third parties;
- inability of reinsurers to meet obligations or unavailability of reinsurance coverage; and
- the impact of changes in capital and implementing changes in IFRS 17 or any other regulatory, solvency and/or accounting standards, and tax laws and practices and other legislation and regulations in the jurisdictions in which members of the Group operate.

As a result, the Group's actual future financial condition, performance and results may differ materially from the plans, goals, targets, ambitions, outlook, guidance and expectations set out in the forward-looking statements and other financial and/or statistical data within the 2025 Annual Report and Accounts. No representation is made that any of these statements will come to pass or that any future results will be achieved.

As a result, you are cautioned not to place undue reliance on such forward-looking statements contained in this 2025 Annual Report and Accounts.

The Group undertakes no obligation to update any of the forward-looking statements or data contained within the 2025 Annual Report and Accounts or any other forward-looking statements or data it may make or publish. The information in this report does not constitute an offer to sell or an invitation to buy securities in Standard Life plc or an invitation or inducement to engage in any other investment activities.

The 2025 Annual Report and Accounts has been prepared for the members of the Company and no one else. The Company, its Directors or agents do not accept or assume responsibility to any other person in connection with this document and any such responsibility or liability is expressly disclaimed. Nothing in the 2025 Annual Report and Accounts is or should be construed as a profit forecast or estimate.

Caution about climate and sustainability related disclosures

Climate and sustainability disclosures in the 2025 Annual Report and Accounts use a greater number and level of judgements, assumptions and estimates, including with respect to the classification of climate related activities, than the Group's reporting of historical financial information. These judgements, assumptions and estimates are highly likely to change over time, and, when coupled with the longer time frames used in these disclosures, make any assessment of materiality inherently uncertain. In addition, the Group's climate risk analysis and net zero transition planning will continue to evolve and the data underlying the Group's analysis and strategy remain subject to change over time. As a result, the Group expects that certain climate and sustainability disclosures made in the 2025 Annual Report and Accounts are likely to be amended, updated, recalculated or restated in the future. Please also refer to the 2025 Sustainability Report and the cautionary statements contained therein.

Notes

Notes continued

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For the life we live

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