



CLIMATE-RELATED FINANCIAL DISCLOSURES

2025

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CLIMATE-RELATED FINANCIAL DISCLOSURES

This report is in support of the Financial Stability Board’s Task Force on Climate-Related Financial Disclosures (TCFD). The relevant TCFD recommendations have been referenced throughout the disclosures to show where they have been addressed.

Our compliance with TCFD

All disclosures in respect of the TCFD Recommendations and Recommended Disclosures are shown in this report or on pages 73-91 of the Annual Report and Accounts, with additional information such as illustrations and case studies included in the Annual Sustainability Report which is cross referenced where applicable throughout this section.

Our Annual Sustainability Report

Alongside the financial statements, we have published our 2025 Annual Sustainability Report (ASR) that provides further detail on a number of items noted in this report which are referenced as appropriate.



The plan includes information on our ambitions and the actions that we plan to take to decarbonise. These ambitions and actions cover all areas of the business – investments, operations and our supply chain – and can be summarised by three core objectives:

1. We will align our investments with net zero;
2. We will reduce the emissions from our operations; and
3. We will engage with suppliers, asset managers, customers and wider stakeholders to drive change.

	Ambitions	Core objectives
Investments 99.93% of total emissions	<ul style="list-style-type: none"> – 50% reduction in emissions intensity by 2030 – £125m investments in climate solutions by 2030 – Net zero by 2050 	<ul style="list-style-type: none"> Aligning our portfolio with net zero Reducing our operational footprint Driving change through engagement
Operations 0.01% of total emissions	<ul style="list-style-type: none"> – 60% reduction in emissions by 2030 – Net zero by 2050 	
Supply chain 0.06% of total emissions	<ul style="list-style-type: none"> – 90% of material suppliers to have science-based targets by 2030 – Net zero by 2050 	

The ASR and CTP are available at chesnara.co.uk/sustainability

An aerial photograph of a rugged coastline. The water is a vibrant turquoise color, with white foam from waves crashing against the shore. The land is composed of light-colored, layered rock formations, possibly limestone or chalk, with some darker patches of vegetation. The overall scene is dramatic and emphasizes the natural beauty and fragility of the environment.

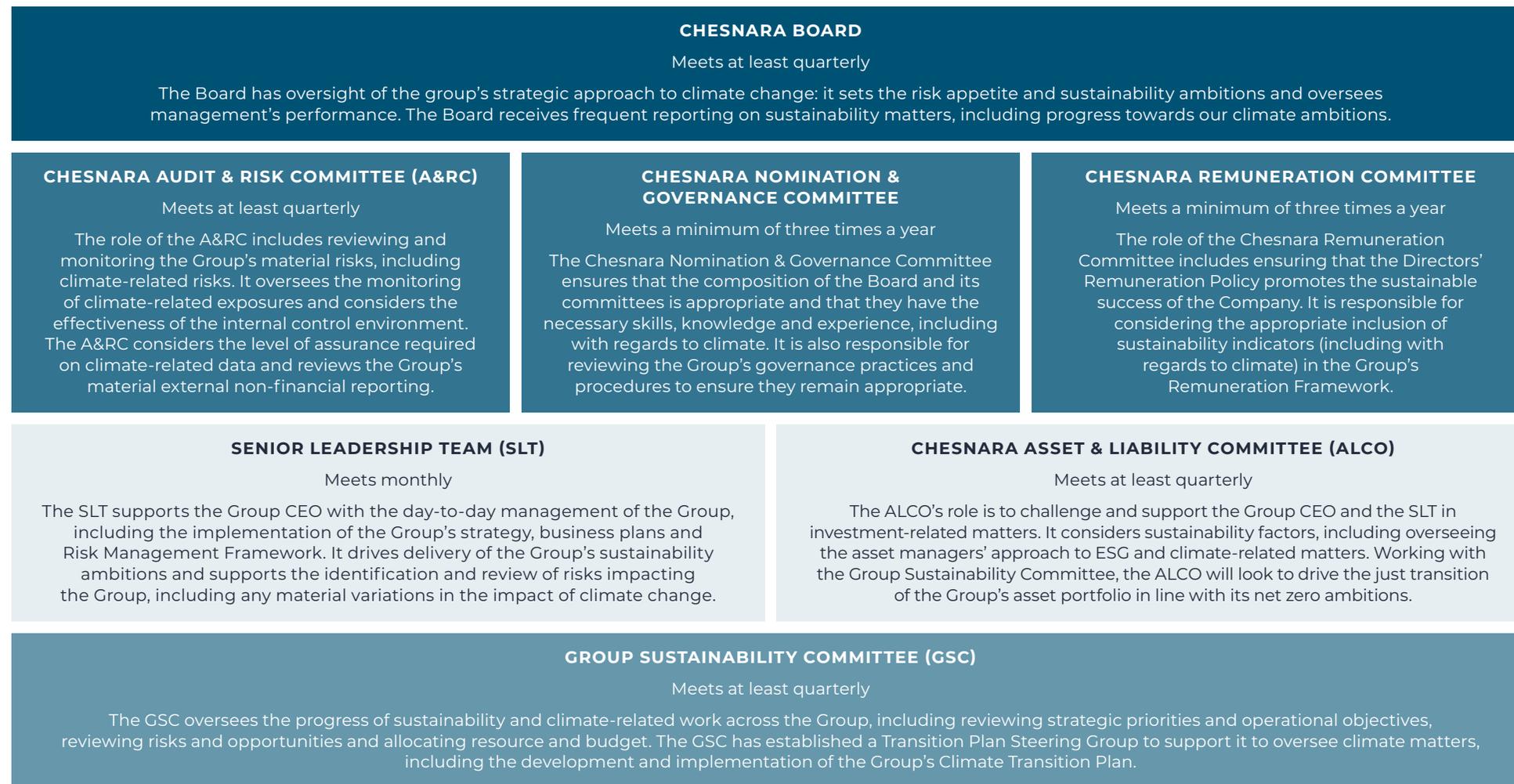
**DO NO HARM.
DO GOOD.
ACT NOW
FOR LATER.**

GOVERNANCE

The Chesnara Board defines the Group’s purpose, values and strategy, including with regards to sustainability and climate. It ensures that necessary resources and structures are in place and oversees the delivery of our sustainability strategy. Further information on the Group’s governance is provided in the corporate governance section of the Annual Report and Accounts.

a) Board oversight of climate-related risks and opportunities

The chart below sets out the Governance Framework in place to ensure that responsibility and accountability on climate-related risks and opportunities is clear across the business and that the Board maintains overall oversight.



- Board
 - Board committee
 - Executive committee
 - Group Sustainability Committee
- The business units, with their own local governance structures and Boards, feed climate-related matters into the Group governance structure via quarterly reports to the GSC, quarterly business reviews and risk reporting and the Group ORSA (Own Risk and Solvency Assessment) and business planning processes (note this list is not exhaustive) where applicable.
- Sustainability is being embedded into Board succession planning and recruitment on a role-by-role basis, and forms part of the overall skills matrix for the Chesnara Board, in order to ensure the Board and its committees have appropriate knowledge and competency to be able to oversee climate-related matters.

The GSC is not a Board committee but operates across the Group, interfacing with the Board and works with its Board committees and Group Executive Committees.

GOVERNANCE (CONTINUED)

b) Climate-related governance responsibilities

How are climate-related risks and opportunities identified and considered?

The divisions are responsible for identifying their own climate-related risks and opportunities through assessing potential matters that may impact the business, whilst those areas that may impact the Parent Company or Group as a whole are identified by the Group Sustainability team and the Group Risk team. The risks and opportunities are brought together and are reviewed by the Group Head of Sustainability and the Group Chief Risk Officer to form an assessment of the risks and opportunities for the Group. The risks and opportunities are reassessed regularly so that, if a material risk was to arise, it is tracked through a central risk and opportunity register and evaluated according to the Risk Management Framework and evolving climate-related matters.

Who is assigned management responsibility?

Management responsibility for matters related to climate change are assigned to the Group Chief Executive at group level and the respective CEOs at business unit level. All divisions and business units are responsible to the relevant divisional Chief Executive who has dual reporting lines to both the divisional Board and the Group Chief Executive. Sustainability forms part of group executive directors' variable remuneration, and the ratio allocated to sustainability will continue to be assessed on an ongoing basis.



How are management and Board members informed of and able to monitor climate-related risks and opportunities?

Chesnara Board: receives regular reporting on sustainability matters, including climate change. This includes consideration of the group climate change risk assessment (through the A&RC), and the overall vision and approach of the Group in regards to sustainability and Groupwide climate change-related scenario analysis in the ORSA. In 2025 the Board approved the Group's first Climate Transition Plan, which builds on the work done to date and sets out how the Group intends to contribute to a net zero society by embedding climate considerations across our investments, operations and stakeholder engagement.

Group Sustainability Committee: is chaired by Eamonn Flanagan, a non-executive director of Chesnara, and is otherwise comprised of group executive management, divisional CEOs, the Group Chief Actuary and the Group Head of Sustainability. This committee is the key focal point for the review of climate-related risks and opportunities. It receives reports from each of the Group's divisions and links in with the other Group governance committees. The GSC annual agenda planner determines which issues are raised at each meeting and, together with the ALCO and SLT, it advises the Group CEO on which matters should be escalated to the Board. The GSC interacts (through its Chair and/or the Group CEO) with the Board on the Group's sustainability and climate strategy and embedding it into the wider Group strategy. It also interacts with the Group Board Committees and executive committees detailed within the Governance Framework set out on the previous page in respect of their sustainability and climate-related responsibilities

Senior Leadership Team: regularly discuss climate-related risks and opportunities and how they factor into business planning, strategy and risk management.

Chesnara Asset & Liability Committee (ALCO): oversees the implementation of the Group's investment strategy, including with regards to sustainable investment. The ALCO receives regular reporting from divisional investment committees, who collectively oversee the Group's asset managers' approach to ESG and climate change-related matters. The committee also approves and oversees the application of investment policies which incorporate climate and sustainability related considerations. The ALCO interacts with the Board (through the Group CEO or Group CFO) on the Group's investment strategy, including the just transition of the Group's asset portfolio in line with the Group's net zero ambitions.

Sustainability working groups: our key sustainability leaders across all divisions meet as appropriate to drive and collaborate on sustainability activities (across investments, operations and reporting). Progress and/or details of any significant concerns raised are reported to the GSC. In addition, the GSC has established a Transition Plan Steering Group (TPSG), comprising of management from across the Group, to support the GSC and Chesnara Board to oversee climate matters across the Group, including the development and implementation of the Group's Climate Transition Plan. The TPSG receives reports from cross-divisional working groups as relevant and reports to the GSC.

Acquisitions: when assessing potential acquisitions, we consider the climate value-at-risk and financed emissions of the assets of the target as part of the due diligence process. Dependent on the profile of the target and our view of potential material risks and opportunities, we may consider the target's approach to climate risk-related risks and opportunities or the emissions of the operations. As part of the acquisition of Chesnara Life and the proposed acquisition of Scottish Widows Europe SA, we performed an assessment of asset portfolio, discussed with management the approach to managing climate risk and considered the operational footprint of the business.

STRATEGY

As highlighted on the previous page, we are already taking steps to embed sustainability, including the Group’s approach to climate risk and decarbonisation, as a fundamental part of our strategy. Changes in the environment and the impacts of global warming could potentially affect how we achieve our strategic objectives either through the way we operate our businesses or through the returns to our customers and shareholders. We are committed to continuing to develop sustainability-informed investment and operational decision making across the Group.

Climate-related risks and opportunities

- a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term
- b) Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning

We have identified and assessed the impact of climate-related risks and opportunities on the group’s business, strategy and financial planning over short-, medium- and long-term time horizons. This process is based on the below framework, considering the materiality, time horizons and types of risk.

TIME HORIZON	MATERIALITY	TYPES OF RISK
<p>Short term up to 12 months – in line with budget setting process.</p> <p>Medium term 1 to 5 years – in line with our business planning and ORSA projection period.</p> <p>Longer term 6+ years – post business plan horizon.</p> <p>During the setting of the time horizon profile, we considered the useful life of the Group’s assets and believe our definition takes this into account. The average duration of the wider Group’s assets is between 5-10 years, but the Group is acquisitive and writing longer-term business for our insurance liabilities so the risk assessment needs to consider a longer time horizon also. The short term period of 12 months aligns with the risk basis that underpins SII, and the medium term is aligned to our business planning period.</p>	<p>Our definition of materiality is as follows:</p> <p>Own Funds >£25m Cash Generation >£5m</p> <p>Reputational Nationally publicised reputational event.</p> <p>Regulatory Action involving penalty imposition (£0 threshold) and/or requirement for remediation leading to a restriction of activity.</p> <p>Other For example, safety – high potential for an injury to an individual or several individuals.</p> <p>The materiality levels of the Group are approved by the Chesnara Board annually as part of the Principal Risk Definition report and consider a number of factors that are broader than purely financial indicators. Whilst this is largely risk focused, we have chosen to apply this materiality range to opportunities as well. This is deemed to be an appropriate limit and is predicated on the group risk assessment thresholds that are discussed and approved by Board annually. We believe this is a reasonable disclosure level and would enable a user to appropriately assess our exposure to climate-related risks and opportunities.</p>	<p>Physical risks Arise due to the direct impact of events such as heatwaves, flood, wildfire, storms, increased weather variability, and rising mean temperatures and sea levels.</p> <p>Transition risks Emerge from the process of change towards a low carbon economy such as: climate-related developments in policy and regulation; technological change (e.g. electric vehicles); a shift in consumer sentiment and social attitudes; and climate-related litigation against firms that fail to mitigate, adapt or disclose climate-related financial risks.</p> <p>Likelihood Likelihood is determined as low, medium or high.</p>

Impact of climate-related risks and opportunities in the group business strategy and financial planning

We produce a five-year group business plan on an annual basis, and our climate and wider sustainability strategy is included in both operational and financial plans to reflect our immediate priorities, risks and longer-term ambition. This includes consideration of our products, investments, and our value chain, as well as the impact of acquisitions, in order to manage our climate risks and opportunities and meet our commitments. The required resources and budget to meet our ambitions and plans are considered as part of this. Sensitivities are also performed to assess the impacts of negative exposures to our assets. Becoming a sustainable Chesnara is a key part of the group’s strategy and our goal is for it to be considered and embedded into all areas of the business.

In September 2025 we published our first group Climate Transition Plan. The plan, underpinned by the recommendations of the Institutional Investors Group on Climate Change’s Net Zero Investment Framework 2.0, sets out how we will contribute to the global shift to a net zero economy and achieving net zero by 2050 across our investments, operations and supply chain. It lays the foundations for our journey, focusing on the areas where we can have the greatest impact. We acknowledge that further plans will be required as more information, data and methodology becomes available.

RISKS AND OPPORTUNITIES

As our understanding of climate-related risks and opportunities evolves, we continue to enhance our approach to managing these. In 2025 we carried out a holistic review of our sustainability, including climate-related risks and opportunities at group level and enhanced our framework for ongoing assessment and monitoring of such risks and opportunities. Sustainability risks form a key component of a number of the principal risks and uncertainties of the Group, which are set out in pages 59 to 66 of the Annual Report and Accounts.

The table below sets out the climate-related risks and opportunities deemed to be material as per the definition of materially referenced earlier in the report. The table illustrates the likely time horizon in which we expect each risk and opportunity to manifest, how each is being managed, mitigated or addressed, and the interaction with the principal risks of the Group.

Material risk or opportunity	Physical or transition	Time horizon	Territory	How the risk or opportunity is being managed, mitigated or addressed	How the risk or opportunity impacts the group business strategy and financial planning
<p>Impact on asset valuations and returns</p> <p>Potential impact: Movement in value of customer and shareholder assets held by the Group, impacting the balance sheet, economic value and solvency, as well as investment return or the fees generated on the management of those assets.</p> <p>Associated targets and metrics: Our net zero and interim ambitions, and associated metrics for our emissions. Returns generated by sustainability-aligned investments and funds.</p>					
<p>Risk: Potential reduction in returns and management charges from investments in companies or sectors which are not transitioning to or are not compatible with a lower-carbon economy.</p> <p>This is captured as part of principal risks PR1 Market & Liquidity Risk and PR3 Strategic Risk.</p> <p>Opportunity: Potential enhanced returns from investments in companies or sectors aligned with a transition to a lower-carbon economy.</p>	<p>Transition</p> <p>Physical (indirectly through the potential impact on the companies in which we invest and work with)</p>	<p>Short, medium and long term</p>	<p>Groupwide</p>	<p>Risk: Taking action to decarbonise our investment portfolio in line with our climate ambitions, as detailed within our Climate Transition Plan and completing climate-related risk assessments as part of our ORSA process.</p> <p>Opportunity: Working to transition our assets in line with our Climate Transition Plan and seeking to increase our exposure to climate and positive solutions.</p>	<p>Our plans to decarbonise our investments and identify potential assets that can generate impact and return for our stakeholders is a fundamental element of our sustainability strategy which underpins our wider corporate strategy.</p>
<p>Reputational impact</p> <p>Potential impact (dependent on the stakeholder): Customer trust and retention impacting market share; value chain resilience affecting operational costs; or impact on the liquidity of our shares and market capitalisation of the Group.</p> <p>Associated targets and metrics: Stakeholder engagement on climate-related matters for key stakeholder groups.</p>					
<p>Risk: Potential loss of trust amongst stakeholders due to a failure to adequately address or disclose climate-related risks.</p> <p>This is captured as part of principal risk PR3 Strategic Risk.</p> <p>Opportunity: Potential for enhanced reputation with stakeholders through disclosure of plans and progress to address climate-related risks.</p>	<p>Transition</p> <p>Physical (indirectly through the potential impact on the companies in which we invest and work with)</p>	<p>Short, medium and long term</p>	<p>Groupwide</p>	<p>Risk: We are disclosing the risks, how we are addressing them, and our dependencies in our Annual Sustainability Report and Climate Transition Plan.</p> <p>Opportunity: We are using internal and external communications to engage with stakeholders on how we are factoring climate-related risk into our decision making.</p>	<p>We continue to disclose how we are impacted by climate-related risks and our wider sustainability strategy.</p>

RISKS AND OPPORTUNITIES (CONTINUED)

Our analysis and understanding of the risks and opportunities is reliant on the underlying data and methodology. We recognise the importance of sound data and methodology in the identification, assessment, management and reporting of climate-related risks and opportunities, and to achieving our climate-related ambitions and also the inherent risk in relation to the accuracy and completeness of that data and methodology. We will continue to enhance our approach as more information, data and methodology becomes available and will continue to take steps to further embed climate-related risks and opportunities into our strategy, risk management, and governance frameworks.

Material risk or opportunity	Physical or transition	Time horizon	Territory	How the risk or opportunity is being managed, mitigated or addressed	How the risk or opportunity impacts the group business strategy and financial planning
Changing product demand	<p>Potential impact: Customer retention and market share, affecting the balance sheet, economic value and solvency, as well as investment return or the fees generated on the management of those assets.</p> <p>Associated targets and metrics: Value of positive solution investments and sustainable product choices offered to customers.</p>				
<p>Risk: Potential shifts in product or fund demand not reflected in product design.</p> <p>This is captured as part of principal risk PR3 Strategic Risk.</p> <p>Opportunity: Potential for developing products and funds that reflect changing demands and opportunities from a changing society and economy.</p>	Transition	Short, medium and long term	Sweden Netherlands UK	<p>Risk: Ongoing engagement with customers to understand their preferences and demand for product types, considered alongside availability and potential product design options.</p> <p>Opportunity: Ongoing review and development of potential products and funds that could present customers with an option that meets their needs and expectations.</p>	This reflects activity that is ongoing as part of the group's strategy but includes a focus on sustainability-related options for customers.
Regulation or policy change	<p>Potential impact: breach of changing requirement could lead to regulatory sanction or litigation, resulting in additional costs and impact on the brand and reputation of the Group.</p> <p>Associated targets and metrics: Number of regulatory or statutory breaches and associated litigation.</p>				
<p>Risk: Potential changes in regulation or government policy are not addressed appropriately or changes impact or fail to support our activities to address climate-related risk.</p> <p>This is captured as part of principal risks PR1 Market & Liquidity Risk, PR3 Strategic Risk and PR6 Regulatory Risk.</p>	Transition	Medium and long term	Groupwide	<p>Risk: Ongoing horizon scanning of current and forthcoming regulatory and policy changes, including engagement with external partners to supplement our understanding and ability to deliver changes.</p>	We have zero appetite for failure to address regulatory or policy change that impacts the Group and therefore any required changes are factored into our strategy as required.

A separate climate risk report assessing the climate value-at-risk of our asset portfolio has been prepared, as detailed further below, and the conclusions were also included in the 2025 ORSA report presented to the Board. There are a number of risks that are not featured in the table above that one may consider to be identified as material for an insurer. For example, climate scenario stress testing performed for the Group (detailed in the resilience section) concluded that climate effects on morbidity or mortality do not give rise to a material impact. We have also considered climate-related physical risks; however, as we lease the majority of our office buildings and most of our staff would be able to work from home if workplaces were affected, we do not believe physical risks present a material impact to the operations of the Group.

OUR PLAN TO REACH NET ZERO

Our chosen approach to mitigate our climate risks and realise the opportunities is to actively manage our transition to become a net zero business. We frame this transition in line with the UN Sustainable Development Goals (SDGs), including 13. Climate Action.

To support the understanding of our approach, in line with the United Nations, we define net zero as cutting carbon emissions to a small amount of residual emissions that can be absorbed and durably stored by nature and other carbon dioxide removal measures, leaving zero in the atmosphere.

Our CTP, underpinned by the recommendations of the Institutional Investors Group on Climate Change's (IIGCC) Net Zero Investment Framework (NZIF) 2.0, sets out how we will contribute to the global shift to a net zero economy and achieving net zero by 2050 across our investments, operations and supply chain.

NZIF 2.0 offers a rigorous and widely adopted methodology for aligning investment portfolios with the goals of the Paris Agreement. It provides best-in-class guidance for asset owners and managers, including signatories of the UN-backed Net Zero Asset Owners and Net Zero Asset Managers initiatives. The framework supports our transition by offering detailed implementation guidance for transitioning our business to align with a net zero future. It enables us to measure, manage, and report on our net zero alignment across asset classes, ensuring our approach is grounded in science and transparency.

We are pleased that we already meet most of the framework's core actions points and we are actively addressing the areas where more work is needed, including expanding asset class coverage, improving data quality, and deepening integration into investment decision making. We are actively working to close remaining gaps and to incorporate relevant advanced recommendations in future iterations of our plan.

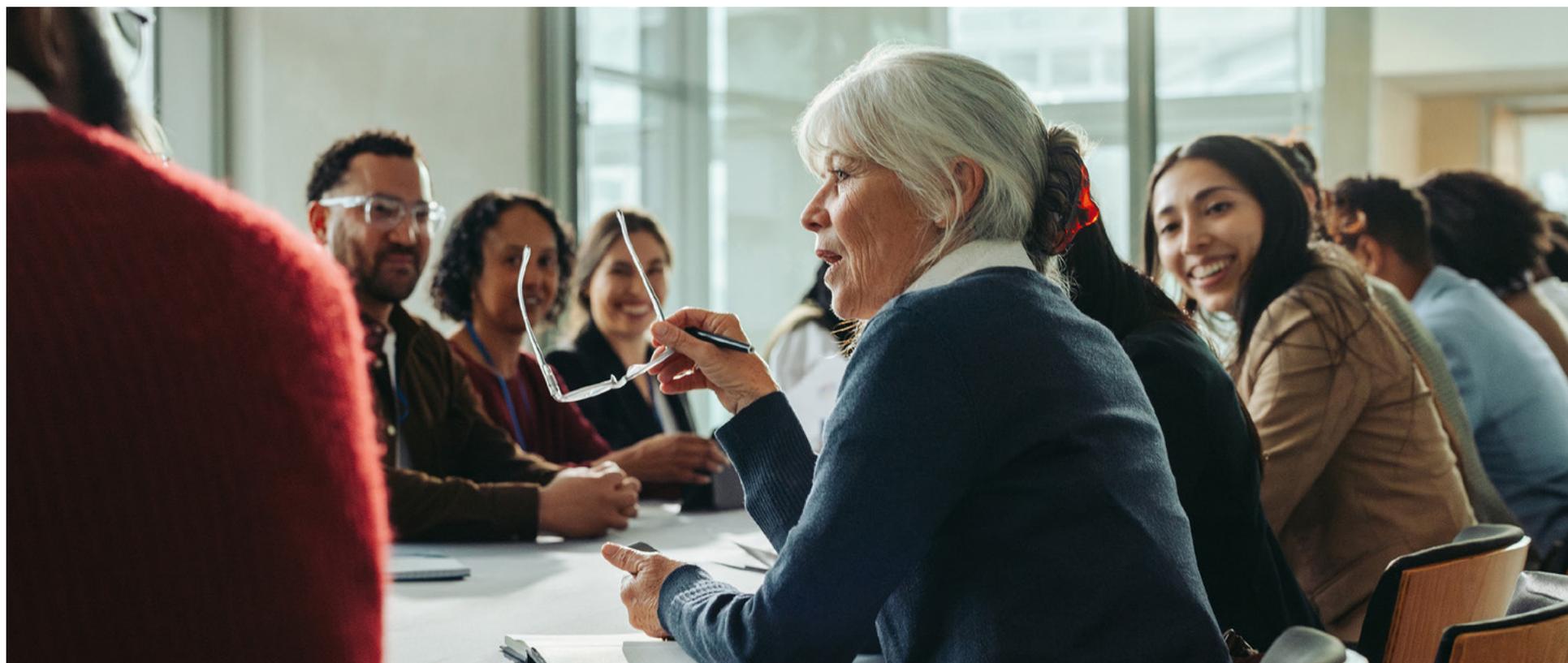
Our alignment with NZIF 2.0 covers the core action points outlined in the framework, covering key areas such as:

Science-aligned targets: We have established interim and long-term emissions reduction targets across our investment portfolio, consistent with the goals of the Paris Agreement. We recognise that further refinement and expansion of these targets will be necessary as methodologies and data evolve.

Portfolio decarbonisation: We will direct capital towards climate solutions and low-carbon investments while engaging with our asset managers to drive real-world emissions reductions in high-emitting sectors.

Stewardship and engagement: We are committed to an 'engagement-first' approach, working with our asset managers to encourage credible transition strategies from investee companies, while escalating action where necessary.

Transparent reporting and accountability: We are committed to disclosing our progress in line with the expectations of NZIF 2.0, ensuring transparency and fostering trust with stakeholders.



OUR PLAN TO REACH NET ZERO (CONTINUED)

The path to net zero will not be straightforward. It will require collaboration, adaptability, and a willingness to act even when data and methodologies are imperfect. This plan lays the foundations for our journey, focusing on the areas where we can have the greatest impact.

By focusing on what we can control and working transparently with our partners, we aim to play a meaningful role in the transition. Our influence may be shaped by the scale of our operations, but our commitment to responsible action and long-term impact is unwavering.

Our impact	Our ambitions	Key actions	Core objectives		
Investments Over 99.9% of our emissions come from the companies we and our customers invest in. ¹	<ul style="list-style-type: none"> – Net zero by 2050. – 50% reduction from our 2023 baseline in scope 1 and 2 emissions intensity² by 2030 for listed equity and corporate fixed income investments we can influence or control.³ – £125m of shareholder funds invested in climate solutions by 2030. 	<ul style="list-style-type: none"> – Engage asset managers and investee companies to support decarbonisation and transition planning. – Increase exposure to green bonds, net-zero aligned funds, and nature-based partnerships. – Consider divestment where engagement has not been successful, or exclusion principles are breached. 	Aligning our portfolio with net zero	Driving change through engagement	
Operations While smaller in scale, our ambition to reduce operational emissions reflects our commitment to lead by example.	<ul style="list-style-type: none"> – Net zero by 2050. – 60% reduction from our 2023 baseline in scope 1 and 2 emissions by 2030.⁴ 	<ul style="list-style-type: none"> – Procure renewable energy to power our business. – Improve building efficiency. – Set travel emissions target by 2027. 			Reducing our operational footprint
Supply chain Our supply chain is the largest source of operational emissions, driven by purchased goods and services.	<ul style="list-style-type: none"> – Net zero by 2050. – 90% of material⁵ suppliers with science-based targets by 2030. 	<ul style="list-style-type: none"> – Embed sustainability criteria into the supplier selection process and onboarding. – Seeking or procuring quality data from suppliers. – Develop environmental, social and governance (ESG) supply chain standards and engage suppliers on their own decarbonisation plans. 			

Dependencies that impact our transition						
Policy and regulation Our ability to set and deliver credible targets depends on clear, stable and long-term policy frameworks. Clarity and stability can increase our options and accelerate progress.	Asset managers Most of our investments are externally managed. Influencing our external asset managers on their climate ambition, data quality and engagement practices can positively impact our ability to meet our ambitions.	Data and methodology Reliable and comparable data is essential for setting targets and tracking progress and consistent data across the market can help improve precision and comparability.	Customers Aligning our climate ambition with delivering long-term value and financial security and taking into account customer needs and risk preferences can progress our ability to decarbonise.	Peers & industry norms Collective action strengthens our influence. If peers are aligned, it can enhance our engagement impact and create clear, consistent signals for companies.	Acquisitions As a consolidator, our portfolio and emissions profile will evolve. Consistent and transparent reporting and rebaselining procedures will enable us to demonstrate how acquisitions are being factored into our plans.	Macroeconomic factors General economic conditions and movements, together with the effects of a changing climate, will impact the wider societal and policy shifts that underpin our transition.

¹Emissions generated from investments are those categorised as Scope 3 Category 15 of the GHG Protocol.

²The absolute greenhouse gas emissions associated with an asset class or portfolio divided by the loan and investment volume, expressed in tonnes CO₂e/USD M invested.

³Investments we can influence or control' as defined in our CTP.

⁴Calculated using market-based methodology for the electricity that we procure.

⁵Suppliers that generate 1% or greater of our total scope 3 category 1 emissions are classified as material.

OUR PLAN TO REACH NET ZERO (CONTINUED)

Further detail on the three core objectives noted on the previous page is as follows:

ALIGNING OUR PORTFOLIO WITH NET ZERO

Implementing decarbonisation strategies across our investment portfolio, ensuring that asset allocation and capital deployment support the transition to a low-carbon economy. This includes reducing financed emissions and increasing exposure to climate solutions.

DRIVING CHANGE THROUGH ENGAGEMENT

Educating and influencing customers and engaging with investee companies, asset managers, policymakers, and other stakeholders, either directly or via collective engagement through industry bodies, to accelerate progress on net zero goals. Through ongoing engagement, we aim to influence the broader financial system and support change in the real economy.

REDUCING OUR OPERATIONAL FOOTPRINT

While our operational emissions are relatively small, we are committed to leading by example. We are taking steps to reduce emissions from our own operations and working with suppliers to support decarbonisation across our value chain.

As an asset owner, to reduce these emissions it is necessary to work with our asset managers to understand their own decarbonisation plans. We will also continue to work with partners and customers for those assets where we have less control or influence, for example those where policyholders self-select their own investments. We remain strongly committed to net zero by 2050 for all our emissions and so our ambitions will continue to expand over time.

Invest in positive solutions

As well as decarbonising our investments, we aim to direct capital to positive solutions. Investing in 'positive solutions' means investing in assets, industries and organisations that will generate specific, measurable, social and/or environmental benefits in addition to financial returns. At the end of 2025, our Group held approximately £149m (2024: £135m) of investments in positive solutions, which we are looking to continue to expand upon in 2026.



Scenario analysis

c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios

Overview

We have completed an assessment to understand the resilience of our investment portfolio to climate risk. This analysis is considered alongside our CTP as the plan details how we intend to mitigate the risks we, as a business, are facing as a result of climate change. The focus of our assessment was the Climate Value at Risk (CVaR) metric, which is a forward-looking measure of the potential impact of climate on Chesnara's portfolio of invested assets.

The CVaR includes an assessment of the following in relation to the companies in which we invest:

- 1. Policy risk** – the impact of the costs incurred in the transition to a low carbon economy.
- 2. Technology opportunities** – the impact of new and emerging opportunities arising in the transition to a low carbon economy.
- 3. Direct physical risk** – the cost of direct asset damage and business interruption as a result of physical risks due to rising temperatures.
- 4. Macro-economic physical risks** – the cost of the wider macro-economic impacts of indirect physical risks due to rising temperatures e.g. changes in consumer demand, frictional costs from labour migration as the labour force moves due to physical events, lower capital investment as demand for capital increases faster than supply because capital is less productive as it is substantially diverted to repair or replace impacted assets.

OUR PLAN TO REACH NET ZERO (CONTINUED)

The inclusion of macro-economic risks is a significant enhancement in our methodology this year and is reflective of the fact that climate risk modelling is a developing topic for all firms. Policy risks, technology opportunities and direct physical risks are assessed for each asset held, however the macroeconomic physical risks are determined at a higher level.

For this assessment, we have used a climate risk model provided by MSCI which, in turn, uses data from the Network for Greening the Financial System (NGFS) scenarios.

The CVaR are then used to estimate the Solvency II balance sheet impacts. The estimation of the change in Own Funds includes the fall in the market value of the assets implied by the CVaR, the corresponding fall in unit-linked liabilities and assets shares, the change in the Value in Force (VIF) and Future Policy Related Liabilities (FPRL), the impact of the change in the Volatility Adjustment (VA) on liabilities and the impact on tax. In addition, the impact on the SCR is also considered.

Climate-related scenarios and key assumptions

The climate-related scenarios considered, and the key assumptions embedded within the two focus scenarios, are summarised below:

MSCI scenario name	Underlying NGFS scenario	Policy ambition	Policy reaction	Technology change	Carbon dioxide removal use	Regional policy variation
1.5°C Disorderly	Divergent Net Zero	1.4°C	Immediate but divergent across countries and sectors	Fast change	Low use	Medium
NDC	NDC	2.3°C	NDCs	Slow change	Low-medium use	Medium

NDC = Nationally Determined Contributions

Timelines

The modelling of climate risk associated with bond holdings is based on the maturity date of the bond (i.e. it is assumed that the bond is held to maturity). The transitional risks and opportunities associated with equity holdings are modelled until 2050 with physical risks modelled until 2100. MSCI discount the estimated impacts over the above timelines to produce a shock factor which is then applied to our portfolio of invested assets.

Limitations

The uncertainty of climate risk and evolving nature of climate risk modelling means that there are numerous limitations in the analysis:

- The analysis is based on the current assets held and hence there is no consideration of reinvestment risk or future management actions in respect of the transition to net zero.
- Whilst scenario data has been sourced from a leading data provider, there remain some limitations around data quality and coverage.
- The analysis covers all equities, bonds and collective investment vehicles but does not extend to the other, less material, asset classes.
- The methodology for the sovereign bond CVaR is focused on policy risk.
- The climate scenario analysis only considers policy risks, technology opportunities and physical risks but does not extend to the other potential risk factors (e.g. demographic, inflation, legal, reputation, technology risks).
- Due to limitations in the assessment of macro-economic physical risks in the CVaR, the impacts have been approximated based on relevant indices.

The CVaR is considered in five different scenarios with the full balance sheet impact being considered in the following two scenarios:

1.5°C disorderly

This scenario reflects warming being limited to 1.5°C above preindustrial levels, but the approach taken by different countries is divergent.

Nationally determined contributions (NDCs)

This scenario reflects the expected warming if countries were to only implement the policies which they have already committed to.

Assumptions

The key assumptions within the analysis are summarised below:

- It is assumed that the market has not already priced the effects of climate risks into market values of assets. In practice it is likely that the market will have priced in an element of climate risk but the uncertainty in quantifying this means that this has not been allowed for.
- Where all the data required to assess the CVaR is not available assumptions are made to ensure that a CVaR is estimated for all equities, bonds and collective investment vehicles.
- There are assumptions made within the creation of the scenarios by NFGS and the CVaR by MSCI. These assumptions are implicit within our analysis.
- The choice of scenario is a key judgement in this analysis, however carrying out the balance sheet analysis on our two scenarios is consistent with EIOPA's guidance.

Results and summary

The CVaR has increased since last year due to the inclusion of the macro-economic physical risks in the measure, however the balance sheet impact is comparable to last year due to refinements in the balance sheet modelling. Both scenarios demonstrate that climate risk remains a material financial risk for Chesnara and as such we are focused on the implementation of the CTP in order to manage our exposure to climate risk. The use of climate scenario analysis is a key tool in the delivery of the CTP and in meeting both the net zero target in 2050 and the interim ambitions in 2030.

RISK MANAGEMENT

Risk and solvency management are at the heart of Chesnara's robust Governance Framework.

- a) Describe the organisation's processes for identifying and assessing climate-related risks and
- b) Describe the organisation's processes for managing climate-related risks

PROCESSES FOR IDENTIFYING, ASSESSING AND MANAGING CLIMATE-RELATED RISKS

A high-level summary of Chesnara's Risk Management Framework is below:

RISK MANAGEMENT POLICY

Chesnara's **Risk Management Policy** which sets out the framework of principles and practices, policies and strategies for the group's Risk Management System.

RISK MANAGEMENT SYSTEM

The **Risk Management System** supports the identification, assessment and reporting of risks.

GROUP RISK MANAGEMENT FRAMEWORK

The **Group Risk Management Framework** is designed to embed effective risk control systems with a holistic and transparent approach to risk identification, assessment, management, monitoring and reporting. The definition and scope of each principal risk category is based on a set of strategic and operating principles/tolerance limits.

GROUP'S RISK APPETITE

The **Group's risk appetite** reflects the Chesnara Board's view on the amount of risk the Group is willing to take and sets boundaries to determine when there is too much or too little risk.

In addition, Chesnara's Investment Policy contains investment criteria which are monitored by the Chesnara Asset & Liability Committee.

The Group Chief Risk Officer is responsible for maintaining the overall Risk Management Framework. The CEOs for each business unit are required to ensure that the framework is fully integrated into the business model and decision making processes. Each of our divisions are required to apply the Risk Management Policy and operate within the limits set by the risk appetite. Depending upon the nature and impact of the risk, the risk is either accepted, avoided, managed or transferred. Decisions on the appropriate risk response are informed by the group's strategic objectives, regulatory expectations, stress testing, capital impact assessments and are subject to appropriate governance oversight. Each business unit is responsible for identifying risks which might create, enhance, accelerate, prevent, hinder, degrade or delay the achievement of the group's objectives, together with the sources of risks, areas of impact, events, and their causes and potential consequence. These risks are recorded in each business unit's risk register and evaluated based on the likelihood of occurrence and severity of impact. Climate-related risks and opportunities identified by business units, along with those that may impact the Parent Company or Group as a whole, are then reviewed by the Group Head of Sustainability and the Group Chief Risk Officer to form an assessment of the climate-related risks and opportunities for the Group.

Management teams keep up to date through the monitoring and assessment of emerging risks, reviewed by the executive teams on a quarterly basis.

Climate change risk is integrated into the Group's principal risks as a cross-cutting risk, for example through the potential adverse consequences of physical and transitional risks on market and liquidity risk, or the strategic risk to the Group arising from its action or inaction in response to climate change. The Group is also exposed to regulatory risk given the level of ongoing change and new regulatory requirements related to climate risk.

With regards to the sector specific guidance, we believe the impact of: physical risks from changing frequencies and intensities of weather-related perils; and transition risks resulting from a reduction in insurable interest due to a decline in value and transition risks of changing energy costs would not be material and therefore not disclosed within the TCFD report. Chesnara has developed a Sustainability Policy Statement for the Group, in which it recognises the importance of understanding climate change risk in our operations and our investments and continued monitoring of associated risks.

Chesnara believes its businesses that hold investments (insurance companies and investment companies) should consider sustainability and implications for climate change in their investment policies. It expects each company to consider the implications of these for its business and investments and document its position. Chesnara's businesses have adopted, either directly or via their respective fund managers, the six UN Principles of Responsible Investment with the aim to continue to invest responsibly with sustainability considerations in mind and to provide a choice of sustainable funds to customers, e.g. green investments which aim to solve climate issues, or which primarily focus on companies that invest in improving health.

We continue to use the MSCI model as part of the ORSA process to assess climate risk. Analysis has been further developed in 2025 to consider the cost of wider macro-economic impacts of indirect physical risks due to rising temperatures. A conservative approach to this new methodology has been applied due to the uncertainty around the implementation assumptions required. We expect to see further enhancements over time as industry methodology and availability of data develops.

RISK MANAGEMENT (CONTINUED)

c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management

Integration of processes for identifying, assessing and managing climate-related risks

An integral part of Chesnara's Governance and Risk Management Frameworks is compliance with the Prudential Solvency II Regulations to perform the ORSA on an annual basis. The Chesnara Board is responsible for the overall design of the ORSA process including its annual review. Climate-related risks are considered as part of the ORSA process and the impact of material risks upon the solvency and resilience of the business is documented. The views of the Actuarial Function Holder and any recommendations or prior feedback from the regulator are considered when conducting the assessment at business unit level. Conclusions drawn from the risk and solvency assessment are reported to the respective regulators by each of our businesses every year. The Group Sustainability Committee also review the climate-related risk and opportunities and climate scenario analysis, supporting the Group CEO who has overall responsibility for overseeing the programme of work across the Group.

Each business unit provides a forward-looking perspective on risks that are emerging quarterly to its Audit & Risk Committee. The Chesnara Audit & Risk Committee maintains oversight of any such risks potentially material to the Group through the quarterly Group Risk Report. A summary of principal risks and emerging risks is also provided quarterly to the Chesnara Board. From a climate change perspective this involves considering the content of relevant publications and guidance, in relation to the Chesnara risk landscape, such as the reports published by the Intergovernmental Panel on Climate Change (IPCC) on the physical climate change risks to the environment. Similarly, our management teams evaluate the possible effects of transition risk by keeping abreast of relevant policy and legal developments, technological advancements, changes in market risk due to demand shifts and any legal and reputational risk exposure. Amongst other matters, business performance and risk management are discussed at the Senior Leadership Team monthly meeting.

Chesnara's approach to assessing financial risk is to identify and assess factors that could potentially threaten the continued successful delivery of the anticipated stakeholder outcomes over a three-year time horizon, including risks to the business model and strategy. The Chesnara Board requires the management teams to ensure a good understanding of the solvency position at any point in time. In Q2 2025, a series of stress and scenario tests were selected for the ORSA with the requirement to follow the testing principles set out in the Group Risk Management System Policy. As well as current known risks, the stresses and scenarios took account of forward looking and emerging risks.

These selected stresses and scenarios along with the rationale were reviewed and approved by the Chesnara Board. The tests conducted covered equity asset values, yields and credit spreads, expense inflation, mass-lapse and adverse operational experience. The ORSA also included the output of the climate risk report. Performance against the business plans as well as known and emerging risks and opportunities are discussed at quarterly business review meetings at entity and group level. Climate-related risk impacts and opportunities are considered at these meetings.

More detail on Chesnara's Risk Management Framework is set out in the Strategic Report section of the Annual Report and Accounts.



METRICS AND TARGETS

The metrics and targets section also addresses the requirements within the Streamlined Energy & Carbon Reporting (SECR) Framework including reporting on energy usage, GHG emissions, methodology used to make the calculations, intensity ratios and a description of the efforts taken to improve the Group's energy efficiency during the financial year. To support the understanding of our approach, we define net zero as cutting carbon emissions to a small amount of residual emissions that can be absorbed and durably stored by nature and other carbon dioxide removal measures, leaving zero in the atmosphere.

- a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process
- b) Disclose scope 1, scope 2 and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks
- c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets

Financed emissions

Our financed emissions represent the significant majority of our carbon footprint. We baselined our emissions using 2023 data and as further data becomes available and methodology develops, we will continue to assess our baselines and our ambitions.

TARGETS		
<h2>Ambitions</h2> <p>We are committed to decarbonising our investment portfolio and have set the following climate ambitions to achieve this:</p>	<h2>2030</h2> <h3>50% intensity reduction</h3> <p>in the scope 1 and 2 emissions for our listed equity and corporate fixed income investments which we are able to influence or control</p>	<h2>2050</h2> <h3>Net zero all emissions</h3>

We will report on the following metrics to monitor performance against our ambitions:

<h3>1. Absolute financed emissions (tonnes of CO₂e)</h3> <p>This shows our absolute greenhouse gas emissions (GHG) and allows us to establish the emissions baseline of our portfolio by measuring financed scope 1, 2 and 3 emissions.</p>	<h3>2. Financed emissions intensity (tonnes of CO₂e/\$M invested)</h3> <p>This shows the total carbon financed emissions of a portfolio normalised by the market value of the portfolio. The metric enables us to compare the emissions of different portfolios.</p>	<h3>3. Weighted Average Carbon Intensity (WACI)</h3> <ul style="list-style-type: none"> a) WACI Corporate This shows our exposure to carbon intensive companies (tonnes CO₂e by \$M sales). b) WACI Sovereign This shows our exposure to a country's transitional risks and physical and economic vulnerability to climate change (tonnes CO₂e by \$M GDP nominal).
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METRICS AND TARGETS (CONTINUED)

2025 performance

The below tables summarise our 2025 performance against our baseline financed emissions.

FINANCED EMISSIONS (Tonnes of carbon dioxide equivalent (tCO ₂ e))										
	Scope 1 and 2					Scope 3				
	2025	2024	Movement since PY	2023 baseline	Movement since baseline	2025	2024	Movement since PY	2023 baseline	Movement since baseline
2050 Ambition Absolute financed emissions¹	468,071	515,298	-9%	533,073	-12%	4,905,646	4,764,459	3%	4,345,991	13%
2050 Ambition Financed emissions intensity² (absolute emissions/\$m invested)	27	34	-21%	39	-31%	282	313	-10%	315	-10%
2050 Ambition % coverage³	71%	59%	12%	58%	13%	70%	59%	11%	56%	14%
2030 Ambition Absolute financed emissions¹	221,723	n/a	n/a	246,056	-10%	n/a	n/a	n/a	n/a	n/a
2030 Ambition Financed emissions intensity² (absolute emissions/\$m invested)	27	n/a	n/a	32	-16%	n/a	n/a	n/a	n/a	n/a
2030 Target % coverage³	78%	n/a	n/a	73%	5%	n/a	n/a	n/a	n/a	n/a

WEIGHTED AVERAGE CARBON INTENSITY (WACI)															
	Corporate constituents ⁴ (tonnes CO ₂ e/\$M sales)										Sovereign constituents ⁵ (tonnes CO ₂ e/\$M GDP nominal)				
	Scope 1 and 2					Scope 3					GHG Intensity				
	2025	2024	Movement since PY	2023 baseline	Movement since baseline	2025	2024	Movement since PY	2023 baseline	Movement since baseline	2025	2024	Movement since PY	2023 baseline	Movement since baseline
2050 Ambition Chesnara Group	60	69	-13%	72	-17%	593	645	-8%	654	-9%	195	221	-12%	207	-6%
2050 Ambition % coverage³	71%	63%	8%	62%	9%	71%	63%	8%	59%	12%	8%	9%	-1%	11%	-3%
2030 Ambition Chesnara Group	61	n/a	n/a	65	-6%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2030 Ambition % coverage³	78%	n/a	n/a	73%	5%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

1. The absolute greenhouse gas emissions associated with an asset class or portfolio (expressed in tCO₂e).

2. The absolute greenhouse gas emissions associated with an asset class or portfolio normalised by the market value of the portfolio (expressed in tCO₂e/\$M invested).

3. Coverage represents the share of our assets for which data is available in order to calculate emissions. The data from these covered assets is then extrapolated to calculate the emissions for the non-covered assets. A higher coverage percentage indicates the accuracy of the data used for the calculations is higher.

4. Exposure to carbon intensive companies (expressed in tCO₂e/\$M sales).

5. A country's exposure to transitional risk and physical and economic vulnerability to climate change (expressed in tCO₂e/\$M GDP nominal).

METRICS AND TARGETS (CONTINUED)

For our total portfolio, we saw financed emissions intensity for scope 1 and 2 reduce by 31% since our 2023 year end baseline (21% since last year end).

We also saw a reduction in our scope 1 and 2 absolute financed emissions of 12% since baseline (9% since the last year end).

Whilst we saw progress in reducing our scope 3 financed emissions intensity by 10% since baseline, our scope 3 absolute financed emissions rose by 13% during the same time period. This is largely because we have approximately 20% more assets due to organic growth and acquisition activity for which we are now reporting emissions compared to our baseline and there have been improvements in scope 3 data collection since baseline.

Our WACI corporate exposure to carbon intensive companies decreased by 17% (scope 1 & 2) and 9% (scope 3) since baseline, compared to 13% and 8% respectively in 2024. Similarly, our WACI sovereign exposure decreased by 6% since baseline.

For the assets included in our 2030 ambition to reduce the financed emissions intensity by 50%, the scope 1 and 2 intensity emissions of those assets reduced by 16% since baseline and our scope 1 and 2 absolute financed emissions have reduced by 10%.

Overall, these show we are making positive progress towards our 2030 ambition and reaching net zero by 2050.

When opportunities have arisen to rebalance our portfolios, we have been careful to integrate our financed emissions objectives into our decision making process. Analysis shows that redemptions within our portfolios has also contributed to the change in our financed emissions figures. Of course, improvements in our data provider's methodology, or data coverage as well as any updates that our investee companies have made in the reporting of their own financed emissions have all played a part in the changes we see.

Our climate data comes from an external provider and just as we baseline and monitor our financed emissions figures, we do the same for data coverage. Except for WACI sovereign, the data coverage has improved across all our measures this year.

We are eager that this continues to improve and so we will continue to work with our external data provider to identify any assets that are not covered to help ensure that they are added to coverage within expected timeframes. This will allow us to increase the accuracy of our financed emissions and exposures.

Positive solutions

As explained in the strategy section, we will continue to commit to assessing and investing in positive solutions, by intentionally directing capital into activities that deliver or enable the achievement of the UN Sustainable Development Goals. We report annually on our progress against this commitment, detailing the level of investments held. These activities will be monitored by the GSC and reported annually to the Board.

Targets and metrics: the amount of investments (£m) we currently invest in our Positive Solutions Framework is the key metric we currently report and monitor. As part of our CTP, we set the ambition to hold £125m in climate solutions by 2030. At the end of 2025, we had £149m (2024: £135m) invested in positive solutions, of which £133m (2024: £80m) were invested in climate solutions.

Operational emissions

To monitor our performance against our ambitions and intensity, we report on the following metrics:

1

Absolute emissions tCO₂e
(scope 1, 2 and 3)

2

Operational emissions
per FTE tCO₂e (including
and excluding scope 3.1)

Other metrics we report and monitor include the Group's energy consumption and water usage, which are detailed on page 20.

METRICS AND TARGETS (CONTINUED)

2025 performance

The below table summarises our 2025 performance against our baseline operational emissions.

		OPERATIONAL EMISSIONS (Tonnes of CO ₂)								
		2025			2024			2023 baseline		
		UK & Offshore	Global (excl UK & Offshore)	Total	UK & Offshore	Global (excl UK & Offshore)	Total	UK & Offshore	Global (excl UK & Offshore)	Total
Scope 1	Combustion of fuel and operation of facilities	2	62	64	2	60	62	18	65	83
	2.1 Electricity, heat, steam and cooling purchased for own use (location based)	9	38	47	9	55	64	10	87	97
Scope 2	2.1 Electricity, heat, steam and cooling purchased for own use (market based)	4	73	77	2	55	57	–	–	–
	Scope 1 and 2 emissions (location based)	11	100	111	11	115	126	28	152	180
	3.1 Purchased goods and services	2,635	1,832	4,467	1,165	1,742	2,907	1,906	2,129	4,035
	3.2 Capital goods	373	66	439	29	37	66	28	69	97
	3.3 Fuel- and energy-related activities not included in scope 1 or scope 2	3	24	27	3	25	28	9	45	54
Scope 3	3.4 Upstream transportation and distribution	24	84	108	32	115	147	9	215	224
	3.5 Waste generated in operations	7	5	12	73	8	81	24	8	32
	3.6 Emissions from business travel	83	83	166	72	50	122	52	131	183
	3.7 Emissions from commuting	40	117	157	45	147	192	26	83	109
	3.8 Upstream leased assets	296	15	311	40	9	49	8	40	48
	Total scope 1, 2 and 3 emissions (location based)	3,472	2,326	5,798	1,470	2,248	3,718	2,090	2,872	4,962
	Carbon offset	(837)	(494)	(1,331)	(305)	(506)	(811)	(184)	(742)	(926)
	Total net emissions	2,635	1,832	4,467	1,165	1,742	2,907	1,906	2,129	4,035
	Company's chosen intensity measurement:									
	Tonnes of CO ₂ e per FTE*	40.5607	8.9392	16.7669	14.2073	8.2344	10.4772	19.2982	10.3692	12.8660
	Tonnes of CO ₂ per FTE* (less scope 3.1 emissions)	9.7780	1.8985	3.8490	3.7195	1.8534	2.2845	1.6990	2.6595	2.3909

*The Group FTE number used in this measurement is disclosed in note I1 of the Annual Report and Accounts.

Scope 1 emissions consists of: 1.1 Generation of electricity, heat or steam; 1.2 Transportation of materials, products, waste, and employees; and 1.4 Fugitive emissions. Scope 1.3, 2.2 and 3.9-3.14 are not applicable for our Group. Emissions in category 3.15, financed emissions, are shown separately.

The 2025 results show an increase to our 2023 baseline and our 2024 results. As a growing business, we anticipate our operational emissions to increase in the short term. For example, we have seen a rise in emissions from capital goods, needed to support the successful integration of our two Dutch businesses and preparations for our acquisition of Chesnara Life in the UK. Emissions from purchased goods and services have also increased from 2024 and remained unchanged against our baseline, largely due to our engagement with professional services to support our M&A strategy. More generally, our reported emissions have experienced an increase as we continue to improve our data collection and reporting processes.

Not all types of emissions have increased. We report a reduction against our baseline for gas and electricity usage, business travel and upstream transportation and distribution, because of the following actions:

- Implementation by Chesnara's business units of energy efficiency measures and positive behaviour change across the Group.
- Implementing process improvements for collecting and calculating business travel emissions.
- Continued digitalisation of our services, to reduce emissions generated from customer communications.

METRICS AND TARGETS (CONTINUED)

Acquisitions

As an acquisitive business, it is necessary to consider the impact of any acquisitions on both our operational and financed emissions. The additional emissions will be factored into our plans and our baseline calculations will be updated in line with the materiality of each acquisition and its impact.

Carbon offsetting

We remain focused on reducing the carbon emissions associated with our operations and investments. We also continue to consider the important yet complex role offsetting can play in the global transition to net zero by absorbing and storing the small amount of residual emissions.

We have again offset our 2025 operational emissions, excluding scope 3.1 purchased goods and services, of 1,331 tonnes of CO₂e by supporting several verified projects in alternative energy and water safety. These are high quality carbon reduction projects that comply with international verification standards and are amongst the Carbon Footprint Limited's offset projections portfolio. We will continue to assess our approach to offsetting, including considering partnerships with organisations sequestering carbon through nature-based solutions.

Energy usage

Energy consumption in the Group is reported on an actual basis where the records are kept in the business (scope 2 – office use and scope 3.6 – business travel) with employee survey responses used to obtain information for home working and commuting data. These are then converted to emission measures using standard conversion factors within our carbon accounting platform, Greenly. Greenly's assumptions and calculation engine operate in line with GHG Protocol methodology. Our energy and water consumption over the last two years is shown in the following table:

	UK & Offshore	Global (exc UK & Offshore)	Total
2025			
Energy consumption (KwH '000)	463	1,190	1,653
Water usage (m ³)*	451	1,583	2,034
2024			
Energy consumption (KwH '000)	360	1,298	1,658
Water usage (m ³)*	289	1,815	2,104

*Excludes our Wognum office since water usage is incorporated in the office service charge.

The Group encourages all employees to take reasonable steps to reduce waste, and to re-use and recycle office materials, and our sustainability statement reiterates our commitment to becoming a sustainable group. In addition to this, we use a mixture of renewable energy across the business, including a 100% renewable energy contract in our Preston and Stockholm offices.

With regard to the sector specific guidance requiring insurance companies to provide aggregated risk exposure to weather-related catastrophes of their property business by relevant jurisdiction; the extent to which their insurance underwriting activities are aligned with a well below 2°C scenario; and also indicate which insurance underwriting activities are included – this has been considered and the impact is either immaterial or not applicable to the business, and therefore, no disclosure has been made.

To increase energy efficiency, management in each of our business units take practical steps to minimise the effect of our operations on the environment and our workforce is encouraged to conserve energy, avoid unnecessary travel, use video conferencing, and minimise waste.

Chesnara is fully committed to complying with the Energy Saving Opportunity Scheme Regulations 2014 (ESOS). The UK's energy consumption in the form of lighting, heating and fuel usage is assessed by an independent company every four years, with the latest assessment completed in 2024. An action plan has been created and submitted based on the recommendations provided which we will report progress against each year.

There are three (2024: three) Company-leased vehicles in total across the Group which are used primarily for commuting and not business-related activities; this is in addition to six Company-owned vehicles. All of the nine (2024: 11) vehicles are either hybrid or electric.

METHODOLOGY, DATA & ASSUMPTIONS

The preparation of climate related disclosures requires the application of a number of key judgements, assumptions and estimates to be made, in particular, for the calculation of emissions and forming an assessment of the climate scenario analysis. The methodology relies on the quality of the underlying data used, which is expected to improve over time. As a result, the reported figures are best estimates and should be treated with caution. As quality and coverage of data evolves, together with the development of best practice methodologies for metrics, we expect that certain disclosures are likely to be amended or restated in the future. In line with our rebaselining policy, we have trigger points for recalculating the baseline of our emissions calculations. As well as material changes in the size and scale of our business as a result of acquisitions or disposals, these triggers also include material changes in data availability or the inclusion of additional asset classes in our calculations.

Financed emissions: We have calculated our financed emissions using the MSCI platform. For more information on the MSCI methodology, please visit www.msci.com. Due to the timing of the publication of the accounts, we have used data as at 30/09/2025 to calculate our 2025 financed emissions. We acknowledge that this is not in line with PCAF guidance; however, we believe this will not result in a material difference to the results and allows us to perform and publish more in-depth analysis of change each year. The calculations use reported carbon emissions from investee companies from 2024, which is the latest year for which emissions data is readily available. This reported climate data is considered to be higher quality than modelled data but as the data is evolving and changing, this is an inherent limitation.

Operational emissions: We have calculated our operational emissions using the Greenly platform. Greenly has detailed methodology for each category and we can interrogate the group's accounting data to generate the results. Greenly has integrated thousands of emission factors from Government publications and Life Cycle Assessment (LCA) dashboards as reliable sources of data. No further data and assumptions have been included for the calculation of non-financed emissions outside of the use of the Greenly platform. For further information on Greenly, and its methodology please visit www.greenly.earth/en-gb.

A separate climate-related financial disclosure report which includes the basis of preparation of each scope and the method of calculation has been published separately on the website at www.chesnara.co.uk.

METRICS AND TARGETS (CONTINUED)

Intensity measurements

Our operational emission intensity measurements are ratios of operational emissions against the number of FTE staff, calculated as:

1. Operational emissions per FTE = total non-financed emissions (scope 1, 2 & 3.1-3.8 tCO₂e)/number of average FTE staff in the year.
2. Operational emissions (less scope 3.1 emissions) per FTE = non-financed emissions as defined above (less scope 3.1 emissions)/number of average FTE staff in the year.
We believe these are appropriate measures, given a large proportion of the GHG emission categories are employee-related including commuting, business travel and waste. As supplier purchases (scope 3.1) are not directly correlated with the number of employees we have also chosen to disclose the FTE ratio without these emissions to reduce the impact of increased spend on goods and services.

We have also determined appropriate intensity measures for financed emissions (scope 3.15), as explained in detail on page 16, being:

1. **Absolute financed emissions tCO₂e** – This shows our absolute greenhouse gas emissions (GHG) and allows us to establish the emissions baseline of our portfolio by measuring financed emissions.
2. **Financed emissions intensity (tCO₂e/\$M invested)** – This enables us to compare the emissions of different portfolios. This shows the total financed emissions of a portfolio normalised by the market value of the portfolio.
3. **Weighted Average Carbon Intensity (WACI)** – This enables us to understand our exposure to carbon intensive companies within our portfolio:
 - WACI Sovereign – a country’s exposure to transitional risk and physical and economic vulnerability to climate change (tonnes CO₂e by \$M GDP nominal).
 - WACI Corporate – our exposure to carbon intensive companies (tonnes CO₂e by \$M sales).

This combination of metrics will show the relative and absolute performance of our decarbonisation activities.



Non-Financial and Sustainability Information Statement

This section of the Annual Report constitutes Chesnara’s Non-Financial and Sustainability Information Statement, produced to comply with sections 414CA and 414CB of the Companies Act 2006. The following table sets out where, within our Annual Report, we provide further details on the matters required to be disclosed under the sections listed below. In particular, it covers the impact we have on the environment, our employees, social matters, human rights, anti-corruption and anti-bribery matters, policies pursued and the outcome of those policies, and principal risks that may arise from the company’s operations and how we manage those risks, to the extent necessary for understanding of the company’s development, performance and position and the impact of its activity.

Reporting requirement	Section(s)	Page(s)
Anti-corruption and anti-bribery	Corporate & Social Responsibility	72
Business model	Overview of our Business Model, Strategy and Culture & Values	26-27
Employees	Corporate & Social Responsibility S172	70 34
Environmental matters	Corporate & Social Responsibility S172 Statement	68 34
Non-financial key performance indicators	S172 Key Stakeholders Business Reviews	32-34 40-45
Principal risks	Risk Management – Principal Risks and Uncertainties	59-66
Respect for human rights	Corporate & Social Responsibility	71
Social matters	Corporate & Social Responsibility	72

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www.msci.com/msci-third-party-notices

BASIS OF PREPARATION

The table below details the key assumptions and methods of calculation by scope:

Scope 1	The emissions that fall under the category of scope 1 for the Group, which is activities controlled by the organisation that release emissions into the atmosphere such as from combustion on owned controlled boilers and furnaces. The Group's emissions generated from this scope are those from heating the Bristol and Hilversum office (scope 1.1), and business travel for owned or long-term leased vehicles (scope 1.2).
Scope 2	The emissions that fall within this category are related to the energy usage for the Group's offices. This excludes the usage of the outsourcers as they do not work exclusively for the Group and therefore, we have not been able to estimate the impact.

The 15 disclosure categories published under the GHG Protocol for scope 3 emissions have been considered, and the Greenly platform has enabled us to analyse accounting data and additional activity data to increase the number of scope 3 disclosure categories for our baseline results. Greenly uses scientifically verified databases to measure emissions is in line with the Greenhouse Gas Protocol or Ademe methodology. A summary of disclosure categories included and the calculation process is shown below. Only the relevant categories have been detailed.

Scope 3.1	Purchased goods and services: This is all upstream (cradle-to-gate) emissions of purchased goods and services. Carbon emission factors have been allocated to each supplier based on either similar companies based or using supplier specific data where possible. The spend in the year on goods and services has been converted by this factor to calculate the associated emissions.
Scope 3.2	Capital goods: This is the upstream emissions relating to purchases of IT equipment in the year where the emissions have been computed on the assumption of averaging emissions data for each product type.
Scope 3.3	Fuel and energy-related activities not included in scope 1 or scope 2: This category consists of power and owned car business travel upstream emissions and has been calculated on the assumption of using electricity coefficients and fuel consumption conversion factors.
Scope 3.4	Upstream transportation and distribution: This category consists of emissions generated from postage. The emissions have been calculated by taking expense accounting data relating to postage and multiplying it by an emission factor based on location.
Scope 3.5	Waste generated in operations: These emissions relate to office and general waste. Office waste for each building has been calculated using the average GHG emissions per employee equal to 27.95kgCO ₂ e/year in the EU and 94.35kgCO ₂ e/year in the UK. General waste is calculated based on accounting data with emission factors based on average emissions from the collection, sorting and processing of waste.
Scope 3.6	Emissions from business travel: Business travel emissions have been calculated based on a combination of both activity and accounting data and includes transport, hotels, conferences and parking. Emission factors have been calculated using the Ademe Carbone database for transport and average emission ratios based on location for other travel related costs.
Scope 3.7	Emissions from commuting: These emissions are generated from employee commuting and heating costs from remote working. This has been calculated using employee surveys generated by Greenly completed across the Group.
Scope 3.8	Upstream leased assets: This category consists of emissions from leased vehicles in the year calculated based on accounting data with emission factors allocated to the spend based on average emissions for each location.
Scope 3.15	<p>Investments (financed emissions): This category includes scope 3 emissions associated with investments in the year, not already included in scope 1 or scope 2 which has been calculated using MSCI methodology. Note that given the significance of these emissions they have been presented in a separate table on page 17.</p> <p>Total financed emissions and financed emissions are calculated based on corporate bonds and listed equity for which we have the required data. The results are extrapolated to estimate the emissions for the portfolio (including sovereign debt and assets for which we do not have the required data). This assumes that the sovereign assets and the investments for which data isn't currently available have the same emissions profiles as those included in the data coverage percentage. As data availability increases for those investments not currently included, any variances in their emissions profiles will result in a difference to the total financed emissions and financed emissions totals. Currently not included within the calculations for the portfolio are structured notes, collateralised securities, cash and deposits, mortgages and loans, and property.</p>

The Group does not engage in activities linked to these scope categories: 1.3 physical or chemical processing, 2.2 steam, heat and cooling indirect emissions, 3.9 downstream transportation and distribution, 3.10 processing of sold products, 3.11 use of sold products, 3.12 end-of-life treatment of sold products, 3.13 downstream leased assets and 3.14 franchises.

We measure and report greenhouse gas emissions from our operations in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) and the Defra Carbon Trust conversion factors, as well as the disclosure requirements in Part 7 of the Companies Act 2006.

Greenly has detailed methodology for each category and can interrogate the Group's accounting data to generate the results. Greenly have integrated thousands of emission factors from Government publications and LCA dashboards as reliable sources of data. No further data and assumptions have been included for the calculation of non-financed emissions outside of the use of the Greenly platform. For further information on Greenly and its methodology, please visit www.greenly.earth/en-gb

For more information on MSCI and their methodology which has been used for the calculation of scope 3.15 financed emissions, please visit: **Total Portfolio Footprinting - MSCI**

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Cautionary statement and forward-looking statements

This document should be read in conjunction with the other documents distributed by Chesnara through the Regulatory News Service. This document contains, and we may make other statements (verbal or otherwise) containing, forward-looking statements with respect to certain of the plans and current expectations relating to the future financial condition, business performance, results, strategy and/or objectives (including, without limitation, climate-related plans and goals) of Chesnara plc.

Statements containing the words 'believes', 'intends', 'will', 'expects', 'plans', 'aims', 'seeks', 'targets', 'continues' and 'anticipates' or other words of similar meaning are forward-looking.

By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of Chesnara plc including, amongst other things, UK domestic, Swedish domestic, Dutch domestic and global economic, political, social, environmental and business conditions, market-related risks such as fluctuations in interest rates, currency exchange rates, inflation, deflation, the impact of competition, changes in customer preferences, delays in implementing proposals, the timing, impact and other uncertainties of future acquisitions or other combinations within relevant industries, the policies and actions of regulatory authorities, the impact of tax or other legislation and other regulations in the jurisdictions in which Chesnara plc and its subsidiaries operate.

As a result, Chesnara plc's actual future condition, business performance and results may differ materially from the plans, goals and expectations expressed or implied in these forward-looking statements.

No representation is made with regard to forward-looking statements, including 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 document. Chesnara undertakes no obligation to update any of the forward-looking statements contained within this document or any other forward-looking statements we make. Forward-looking statements in this report are current only as of the date on which such statements are made.

The climate metrics used in this document should be treated with special caution, as they are more uncertain than, for example, historical financial information and given the wider uncertainty around the evolution and impact of climate change. Climate metrics include estimates of historical emissions and historical climate change and forward-looking climate metrics (such as ambitions, targets, climate scenarios and climate projections and forecasts). Our understanding of climate change and its impact continue to evolve. Accordingly, both historical and forward-looking climate metrics are inherently uncertain and Chesnara expects that certain climate disclosures made in this document are likely to be amended, updated, recalculated or restated in the future.

Registered and head office

2nd Floor
33-34 Winckley Square
Preston
Lancashire
PR1 3JJ

T +44 (0)1772 972050

www.chesnara.co.uk

Registered Number: 04947166

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