



CFC Group Limited

Strategic report

For the year ended 31 December 2024

Section 172 Statement

CFC Group Limited (“the Company”, “CFC”) is a private company limited by shares and is the parent company for the CFC Group (“the Group”). It acts as a holding company for a group of underwriting agencies, insurance service providers and a Lloyd’s Corporate Member, with subsidiaries located in the UK, the United States of America, Canada, Belgium and Australia with a focus on emerging risk.

Section 172 statement

The Directors are committed to high standards of corporate governance, and as such take their duties under section 172(1) (a) - (f) of the Companies Act 2006 (“s.172 duties”) seriously. In line with this commitment, the Board routinely considers the long-term effects of its decisions and makes its decision in line with the Group Long-Term Plan and its defined strategic objectives, with due consideration given to the Group risk appetite, and risk framework.

As such, the Board considers, both individually and together, that they have acted in a way that would be the most likely to promote the success of the Group for the benefit of its members. As set out in the principal activities, the Company acts as a holding company and is the ultimate parent company of the CFC Group. The Board’s role is to promote the long-term success of the Group, approve material financial and non-financial decisions on behalf of the Group and maintain oversight of its subsidiary companies to the extent appropriate or authorised. Accordingly, the Board and its committees are appropriately comprised to deliberate on strategic decisions which affect the Group as a whole. The Board meets at least quarterly to discuss matters relevant to the business of the Group. The Board meetings provide an opportunity to understand the priorities and concerns of different shareholder groups.

The Board has identified the following groups as its key stakeholders; employees, customers, insurance carriers, suppliers, and our regulators. The manner in which the Board engages with each stakeholder group is outlined below.

Employees

The CFC Board recognises people are the heart of our business and that the dedication, passion, and expertise of our team lies at the core of what makes us successful. Our employees are not just a part of the Company – they are the driving force behind our innovation, client satisfaction, and ability to adapt in an ever-evolving market. The CFC Group has a large employee shareholding; it is therefore imperative we continue to promote an inclusive, entrepreneurial company culture that inspires our people to perform their best, while making a real contribution to the long-term success of CFC.

As we continue our growth trajectory, we acknowledge CFC’s success is directly tied to the well-being, professional development, and engagement of our workforce. By investing in our people,



fostering a culture of inclusivity, innovation, and recognition, we ensure we are well-positioned to achieve our ambitious goals and continue to deliver value to clients and investors.

Engagement initiatives are prioritised at Group-level and rolled out globally to promote a cohesive culture for all colleagues, irrespective of their location or employing Group entity. The Board is committed to regular communication and engagement, which is achieved through quarterly all company updates, leadership forums, people leadership meetings and other informal gatherings. In 2024, we launched a culture and engagement survey which will now be rolled out yearly. This helps management gauge colleague engagement and gain critical insight, not only into what makes CFC a great place to work but where we need to focus efforts as we move the business forward.

In 2024, CFC participated in the Lloyd's Culture Survey for the first time, making our contribution to a broader understanding of the working cultures that exist across the Lloyd's market, including standards of behaviour and conduct. This survey also helps inform further action. We will take part again in 2025 and believe this partnership will contribute to building a high performing inclusive culture that leads to good outcomes for customers, employees, investors, and the insurance sector as a whole.

During 2025, we will be focusing even further on our people processes, including building out our employer brand, employee value proposition, and launching robust talent and performance initiatives. We are confident investment in these areas will contribute to enhanced engagement, ensuring colleagues continue to feel supported, aligned with CFC's vision, and motivated to contribute to our collective success in 2025 and beyond.

Customers

At CFC, we are committed to putting customers at the heart of our business, ensuring they receive good outcomes, fair value, and clear, effective communications that support informed decision-making. To strengthen our customer-centric approach, we have implemented operational initiatives and technological solutions that enhance our services and improve accessibility. The Board actively reviews customer experience metrics, including complaint data, response times, product performance indicators, and fair value assessments. Regular governance forums assess our product offerings, pricing structures, and customer journey to ensure they meet evolving customer needs. Oversight of these activities is provided by CFC's Compliance and Risk Committee, with additional challenge and assurance from the Consumer Duty Champion (INED), ensuring customer interests remain central to strategic decision-making.

To embed the FCA's Consumer Duty into CFC's business model, we successfully delivered a structured Consumer Duty Implementation Plan, achieving full compliance by the 31 July 2023 deadline. This was later reinforced by an independent consultancy-led Consumer Duty gap analysis in 2024, which confirmed that CFC has embedded the Duty effectively, with enhancements made to customer outcome monitoring and governance structures. We have also conducted an internal audit on conduct risk management and Consumer Duty compliance, alongside an independent review of our Fair Value Assessment Framework. Governance accountability is further strengthened by assigning Senior Management Function (SMF) responsibility for Consumer Duty, ensuring clear executive ownership of customer outcomes. As part of our continuous improvement cycle, we have integrated Consumer Duty considerations into risk frameworks, remuneration structures, and product oversight processes, ensuring that fair value assessments, customer experience monitoring, and transparent decision-making remain embedded in our culture.

Insurers



Our insurer partners are crucial to the ongoing success of CFC. We meet regularly with all our insurers, to discuss performance, new products and other initiatives. As part of this on-going dialogue, we produce a detailed carrier report quarterly, which is shared with all our supporting insurers.

Suppliers

CFC identifies and manages its key suppliers, which requires them to be subject to appropriate due diligence and ongoing monitoring. CFC maintains a robust due diligence process for new suppliers and reviews its suppliers at least annually.

Sustainability

As an insurance provider, CFC has a responsibility to its customers, employees, partners and the communities in which we live and operate. An increasingly important part of our corporate citizenship is our commitment to integrating the Environmental, Social and Governance (ESG) principles of sustainability into our daily operations and corporate governance.

As part of the greater insurance community and the Lloyd's marketplace, we are committed to developing a sustainability strategy that is both appropriate for our business and in line with our peers and Lloyd's own commitments. CFC currently complies with all relevant sustainability reporting obligations and regulatory requirements. We are committed to transparency and have publicly disclosed information relating to our company values; culture; conduct; employees; diversity and inclusion; community and the environment.

CFC has an established Sustainability Forum, made up of representatives from CFC's Executive Committee and key departments including human resources, compliance, finance, underwriting and marketing. The purpose of the Sustainability Forum is to assist the Board in formulating and implementing the Group's sustainability strategy and further evaluating, monitoring, and managing sustainability-related matters which relate to the business activities of the Group. It is also tasked with overseeing the activities of the employee-led Charity Team and Diversity and Inclusion Team. CFC has demonstrated continued progress in the development of its sustainability practices, and our overall risk exposure to sustainability-related matters was considered to be low, due to the size, nature and structure of our business.

In 2023, CFC undertook an externally facilitated Board Effectiveness Review ('BER') encompassing certain Group forums, including the Board of the Company. The findings arising from the BER were communicated with the Board, and in early 2024, CFC began implementing key recommendations. The business hired a dedicated Sustainability Manager to support the development of a company-wide sustainability strategy and subsequently conducted a group-wide materiality analysis to better understand the environmental, social and governance issues that are most important to our stakeholders and business. These insights have helped shape a sustainability roadmap that sets clear objectives and milestones. As part of the roadmap, CFC has undertaken Board-level sustainability training in Q1 2025 to build capability and engagement at the highest levels of governance.

Community and charity

CFC is dedicated to supporting the communities in which it operates and raising awareness on issues affecting its employees. CFC supports numerous initiatives including partnering with a London based, social mobility charity (The Brokerage) who connect CFC with young individuals seeking professional careers in the City of London. CFC is passionate about nurturing the younger



generation and through this partnership, CFC offers both mentoring and intern placement opportunities to people from non-advantaged backgrounds within the local community.

CFC is inspired by its employees who show passion in supporting various causes. In addition to its principle initiatives, the Group shows its support to colleagues by:

- Having a dedicated, employee-managed Charity Team focused on promoting staff engagement through 'CFC For Good' volunteering and fund-raising opportunities;
- Matching employee contributions towards various good causes as chosen by employees;
- Hosting and/or supporting fundraising events across the business whereby employees are invited to participate; and
- Offering up to four paid volunteer days for various community and charitable events.

Diversity and inclusion

CFC is committed to building a culture that promotes equality of opportunity, inclusion and mutual respect. Through targeted employee surveys, CFC has been able to identify and action areas for improvement throughout the period.

The Board is committed to supporting and promoting diversity and inclusion through:

- An employee-managed Diversity and Inclusion Team consisting of representatives from various diversity groups, with the mission of championing initiatives, raising awareness, and promoting a workplace where employees feel free to be open about their diversity;
- Improving family-friendly policies and benefits;
- Partnering with ACIN, The Brokerage, and Ambitious About Autism to drive more diversity into our recruitment and internship placement scheme;
- Setting a target for increasing ethnic diversity of new employee hires in 2023 and ongoing;
- Maintaining a smart casual dress code which allows employees to express their diversity and personality more in the workplace;
- Continuing our focus on gender diversity in hiring to further reduce the CFC gender pay gap; and
- Promoting a healthy work-life balance for employees and providing regular mental health and well-being workshops, and establishing a fully-trained group of employee Mental Health First Aiders and creation of a Wellness room for employees at our Gracechurch Street offices.

Environment

CFC continued to minimise adverse impacts on the environment by partnering with a carbon accounting platform to assess its carbon emissions and plan a transition pathway.

CFC encourages employees to reduce their impact on the environment by:

- Providing waste management and recycling facilities throughout work premises;
- Offering a cycle to work scheme and providing secured bike storage facilities;



- Granting volunteer days to support various environmental causes; and
- Implementing initiatives to minimise water, energy and paper usage.

In 2024, CFC strengthened its approach to environmental risk by conducting a climate risk assessment and climate scenario analysis in partnership with its Lloyd's managing agent, Asta. These activities are part of our ongoing work to better understand the financial and operational implications of climate change across our portfolio. While the assessments indicate that CFC's direct exposure to physical and transition risks remains low, there is a significant amount of potential assessed exposure to liability risk which is considered lower risk upon re-evaluation in reflection of the micro to SME nature of the insureds deeming them less likely to be drawn into climate change litigation. These exercises provide a foundation for enhancing climate risk oversight which will be developed throughout 2025.

Regulators

CFC maintains an open and constructive dialogue with all its regulators to maintain a reputation for high standards and good business conduct.