MILLIMAN REPORT

FIL Life Insurance Limited

PART DISPOSAL BY PART VII TRANSFER

The Supplementary Report of the Chief Actuary of FIL Life Insurance Limited on the impact of the Scheme

24 August 2026

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1. Introduction and purpose

OVERVIEW

1.1 The purpose of this report (this "**Supplementary Report**") is to provide an update on the effects of the currently proposed insurance business transfer scheme (the "**Scheme**") under Part VII of the Financial Services and Markets Act 2000 ("**FSMA**"). This is often referred to as a "**Part VII Transfer**". The purpose of the Scheme is to transfer certain unit-linked pensions business (known as "**Section 32**" business) and all in-payment annuity business from FIL Life Insurance Limited ("**FIL Life**") to Scottish Friendly Assurance Society Limited ("**Scottish Friendly**"), collectively the "**Companies**".

1.2 FIL Life is part of the "**Fidelity Group**" of companies, headquartered in Bermuda, and Scottish Friendly is a mutual friendly society incorporated in the UK. Both of the Companies are subject to full Prudential Regulation Authority ("**PRA**") Solvency UK regulation and full Financial Conduct Authority ("**FCA**") regulation.

1.3 The business will be transferred according to the terms of the Scheme and is referred to as the "**Transferring Business**". The Transferring Business comprises the Section 32 policies and the in-payment annuities, together referred to as the "**Transferring Policies**".

1.4 This Supplementary Report is written in my capacity as the Chief Actuary of FIL Life to advise the Board of Directors of FIL Life (the "**Board"**) on any updates to the effects of the Scheme on the policyholders of FIL Life since my initial report (my "**Main Report**") dated 17 March 2026. This Supplementary Report and my Main Report will also be made available to the High Court of Justice in England and Wales (the **"High Court**"), the PRA, the FCA and the Independent Expert.

1.5 An initial court hearing known as the "**Directions Hearing**" was held on 27 March 2026 to consider the proposed plan for notifying the policyholders affected by the Scheme, including the seeking of certain waivers for certain groups of policyholders. The Court approved the plan and granted the waivers sought, and subsequently FIL Life has issued the relevant communications to the policyholders transferring to Scottish Friendly (the "**Transferring Policyholders**"). The proposed Scheme has also now been approved by a vote of Scottish Friendly's Delegates held on 29 April 2026.

1.6 The Scheme can only proceed if sanctioned by the High Court, and a "**Sanction Hearing**" is scheduled for 8 September 2026. The Scheme would then be expected to take effect from 30 September 2026 (the "**Effective Date**").

1.7 The purpose of this Supplementary Report is to consider any updates (relative to my Main Report) to the effects of the Scheme on the policyholders of FIL Life, both those transferring to Scottish Friendly (the "**Transferring Policyholders**") and those remaining within FIL Life (the "**Remaining Policyholders**" or "**Remaining Business**"). This Supplementary Report also considers the objections to the Scheme raised by either the Transferring Policyholders or the Remaining Policyholders.

1.8 As noted in my Main Report, since agreeing to undertake the proposed Scheme, Scottish Friendly has agreed to enter into a merger with another friendly society, Family Assurance Friendly Society Limited (known as "**OneFamily**"). The merger between Scottish Friendly and OneFamily is subject to a separate legal and regulatory process which (if confirmed) will result in all of Scottish Friendly's policies being transferred to OneFamily, expected to take place in the first quarter of 2027. This will be achieved via a Part VIII transfer of engagements under the Friendly Societies Act 1992. While this Part VIII transfer is not part of the Scheme being considered in this Report, the Part VIII transfer will impact the Transferring Business if the Scheme is approved. I considered certain aspects of the proposed Part VIII transfer in Section 9 of my Main Report, and I provide an update on these aspects in Section 9 of this Supplementary Report.

1.9 I noted in my Main Report that I was also the Chief Actuary of OneFamily. With effect from 11 May 2026, OneFamily appointed Mr Robert Bugg FIA (also a Principal with Milliman LLP) to take over from me as the Chief Actuary of OneFamily, and he has undertaken the role of OneFamily Chief Actuary since that date.

1.10 Mr Marc Loh FIA of FTI Consulting has been appointed as the Independent Expert to prepare the Independent Expert Report on the Scheme as mandated under Section 109 of FSMA. I have read his Independent Expert Report and an advanced draft of his supplementary Independent Expert Report and have noted his conclusions. I have also read the reports of the Chief Actuary and the With-Profits Actuary of Scottish Friendly, and I have also read advanced drafts of their respective supplementary reports.

1.11 Throughout this Supplementary Report, the terms "policyholders" and "members" are as defined in paragraphs 1.11 and 1.12 of my Main Report.

1.12 Appendix A of my Main Report is a glossary of terms to define relevant acronyms and terms used within the Main Report. I have not used any additional terms in this Supplementary Report which were not defined in my Main Report and consequently I have not re-included the glossary of terms in this Supplementary Report.

DISCLOSURES

1.13 I am a Fellow of the Institute & Faculty of Actuaries ("**IFoA**"), having qualified in 1988. I hold a Chief Actuary (Life) Practising Certificate issued by the IFoA.

1.14 I am a Principal at Milliman LLP and have held the Chief Actuary role for FIL Life since 2022. My role as Chief Actuary is carried out in accordance with an engagement letter between FIL Life and Milliman LLP.

1.15 I am not a policyholder of either FIL Life or Scottish Friendly, and I do not hold any shares or otherwise have any financial interests in either Fidelity Group or Scottish Friendly. Neither I nor Milliman LLP is currently engaged in providing any services to Scottish Friendly.

RELIANCES AND LIMITATIONS

1.16 In preparing this Supplementary Report, I have had access to certain documentary evidence provided by the Companies, the key items of which are listed in Appendix A. I have also had access to, and discussions with, senior management of the Companies in my role as Chief Actuary of FIL Life. My conclusions depend on the substantive accuracy of this information, and I have relied on this information without full independent verification. However, I have considered, and am satisfied with, the reasonableness of this information based upon my own experience across the UK life insurance industry and my ongoing role and knowledge of FIL Life. In relation to Scottish Friendly, I have relied on information provided by Scottish Friendly in relation to its business and its financial position, including as set out in the reports and supplementary reports produced by the Chief Actuary and the With-Profits Actuary of Scottish Friendly.

1.17 I have relied on the work of the external auditors of the Companies in gaining confidence in certain aspects of the financial information applicable to and provided by the Companies throughout this Supplementary Report. I note that not all of the financial information is subject to external audit, and hence this reliance is limited to that information which is subject to external audit. Where the financial information has been subject to external audit, I consider this to mean that the relevant results are in compliance with applicable rules and guidance, in particular those in relation to Solvency UK. I acknowledge that I have had a direct input into certain material aspects of the Solvency UK results for FIL Life.

1.18 This Supplementary Report must be considered in its entirety as individual sections, if considered in isolation, may be misleading. Draft versions of this Report should not be relied upon for any purpose. This Supplementary Report must also be considered in conjunction with my Main Report.

1.19 This Supplementary Report has been prepared in my capacity as Chief Actuary of FIL Life and must not be relied upon for any other purpose. No liability will be accepted by Milliman LLP, or me, for any application of this Supplementary Report to a purpose for which it was not intended, nor for the results of any misunderstanding by any user of any aspect of this Report. In particular, no liability will be accepted by Milliman LLP or me under the terms of the Contracts (Rights of Third Parties) Act 1999.

1.20 This Supplementary Report does not provide financial or any other advice to any of the policyholders of FIL Life or Scottish Friendly.

1.21 The Supplementary Report is based on information available to me as at 24 August 2026.

COMPLIANCE WITH ACTUARIAL STANDARDS

1.22 The Financial Reporting Council issues Technical Actuarial Standards ("**TASs**")[1] and compliance with the relevant TASs is compulsory for members of the IFoA. This Supplementary Report and the work carried out to produce this Report is subject to the TASs on General Actuarial Standards Version 2.0 ("**TAS 100**") as well as the TAS specific to Insurance Version 2.0 ("**TAS 200**"). In my opinion, this Supplementary Report complies with TAS 100 and TAS 200.

[1] Technical Actuarial Standards (TAS)

1.23 In addition, the IFoA has issued a number of Actuarial Profession Standards ("**APS**")[2], and in particular APS X2 requires members to consider whether their work requires an independent peer review. In my view the work carried out, and this Supplementary Report, do require independent peer review and this has been carried out in accordance with APS X2. This Supplementary Report and the work carried out to produce it is additionally subject to and, in my opinion, complies with APS X1 which relates to Applying Standards to Actuarial Work.

[2] Actuarial Profession Standards (APS)

2. Executive Summary

2.1 Section 2 of my Main Report acted as an executive summary of my analyses and conclusions at the time of finalising my Main Report. This executive summary summarises the updates arising since finalising my Main Report.

2.2 There have been no major changes to the business or operations of FIL Life or Scottish Friendly since finalising my Main Report with both firms evolving over the intervening period in line with business-as-usual operations.

2.3 In Section 4, I have presented and analysed updated financial information for both of the Companies, including the pre-Scheme and the pro-forma post-Scheme positions, and the results are similar to those presented in my Main Report.

2.4 Matters that were noted as outstanding in my Main Report have now been resolved and completed. In particular, the approach to the external reinsurances in respect of the Section 32 self-select funds has been refined and confirmed and the relevant contracts have been put into place.

2.5 The communications with policyholders in respect of the Scheme have taken place in line with the planned timetable. This has resulted in a number of objections to the Scheme being raised by Transferring Policyholders. I have considered (in Section 6) the objections raised and I am satisfied that all of the issues raised have been considered in my Main Report and have been covered in the Independent Expert's Supplementary Report. I note that one additional matter in relation to the Wealth Management service has arisen and that FIL Life has put in place arrangements to deal with this.

2.6 I have considered further information in relation to the administration migration since finalising my Main Report. I have received briefings on the migration from both FIL Life and Scottish Friendly and I am aware that the dress rehearsals have taken place to ensure that both firms are ready for the migration itself.

2.7 There are no changes arising since finalising my Main Report in relation to the proposed merger between Scottish Friendly and OneFamily.

2.8 Based on all of the above, and the detailed analyses set out in this Supplementary Report, I confirm that my conclusions as set out in Section 10 of my Main Report are unchanged. I have set out these conclusions again in Section 7 of this Supplementary Report for ease of reference.

3. FIL Life and Scottish Friendly Updates

3.1 In this section I set out updated financial and other information in respect of FIL Life and Scottish Friendly as at 31 December 2025. I have also included comparison comments in relation to the information presented in my Main Report which was as at 30 June 2025.

FIL LIFE

3.2 Figure 3.1 below shows the breakdown of the Transferring Business between the Section 32 and annuity business. The results show the number of policyholders as well as the best estimate liability ("**BEL**") in respect of each block of business. The BEL for the Section 32 business reflects the unit-linked Funds Under Management ("**FUM**") component only.

FIGURE 3.1 BREAKDOWN OF THE TRANSFERRING BUSINESS AS AT 31 DECEMBER 2025

Product	*Policyholders*	*BEL (£ million)*
Section 32	36,987	2,267.7
Annuity	914	6.2
Total	**37,901**	**2,274.0**

3.3 The number of Section 32 policyholders has fallen by c.1,000 since 30 June 2025, while the number of annuitants has fallen by 13 over the same period. The annuity BEL has also seen a reduction over the six-month period reflecting the decline in the number of annuity policies. Despite the reduction in the number of policies, the FUM in respect of the Section 32 business has grown by c.£200 million since 30 June 2025 reflecting the growth in the markets and funds during this period.

3.4 Figure 3.2 below shows the breakdown of FIL Life's unit-linked FUM as at 31 December 2025 into the transferring Section 32 business and the remaining non-transferring business. This updates Figure 3.2 from my Main Report.

FIGURE 3.2 BREAKDOWN OF FIL LIFE'S UNIT-LINKED FUM AS AT 31 DECEMBER 2025

Product	*Policyholders*	*FIL Life UL assets (£ million)*	*Outwards reinsured funds (£ million)*	*Total FUM (£ million)*
Section 32	36,987	2,238.7	29.1	2,267.7
Other unit-linked business	721,657	37,257.2	18,326.4	55,583.6
Total	**758,644**	**39,495.9**	**18,355.5**	**57,851.4**

3.5 The total number of FIL Life policyholders has grown since my Main Report, rising from 745,479 as at 30 June 2025 to 758,644 as at 31 December 2025. A corresponding increase in the total FUM from £51.1 billion to £57.9 billion over the same period reflects new member additions, as well as top-ups to existing policies and growth in the underlying funds.

3.6 Part of FIL Life's total unit-linked business is invested with third-party asset managers through outwards reinsurance. As shown in Figure 3.2, £18,355.5 million of FIL Life's total FUM as at 31 December 2025 was invested through outwards reinsurance, of which £29.1 million related to the transferring Section 32 business. This compares to £16,685.1 million as at 30 June 2025, of which £24.9 million related to the transferring Section 32 business.

3.7 Figure 3.3 shows the breakdown as at 31 December 2025 of the Section 32 FUM between FutureWise, self-select through investment management and self-select through outwards reinsurance. This updates Figure 3.3 in my Main Report.

FIGURE 3.3 BREAKDOWN OF THE TRANSFERRING SECTION 32 FUM AS AT 31 DECEMBER 2025

£ million	*Section 32 UL assets*
FutureWise	2,088.8
Self-Select (Investment Management)	149.8
Self-Select (Outwards Reinsurance)	29.1
Total	**2,267.7**

3.8 As noted in paragraph 3.3, there has been an overall growth in the level of FUM for the Section 32 business between 30 June 2025 and 31 December 2025. This includes growth in the level of FUM in respect of each of FutureWise, the self-select investment management and the self-select outwards reinsurance.

3.9 Figure 3.4 shows the reinsurance fund partners (under the relevant parent company name) and the amount of FUM reinsured to each counterparty for the transferring Section 32 business as at 31 December 2025. This updates Figure 3.4 in my Main Report.

FIGURE 3.4 SECTION 32 OUTWARDS REINSURANCE AUM AS AT 31 DECEMBER 2025

Counterparty	*FUM - Section 32 business only (£ million)*
BlackRock	28.0
L&G	0.2
M&G Prudential*	0.1
Schroders	0.7
Total	**29.1**

(*M&G Prudential reinsurance is no longer in force, see below)

3.10 The volumes of Section 32 outwards reinsurance with each of L&G, M&G Prudential, and Schroders as at 31 December 2025 are broadly unchanged from that as at 30 June 2025. The outwards reinsurance with BlackRock has grown over the same period from £23.9 million to £28.0 million.

3.11 Paragraph 3.39 of my Main Report stated that FIL Life was in the process of creating new reinsurance and floating charge agreements for the Section 32 business to replicate the current ones. These new agreements could then be transferred to Scottish Friendly under the Scheme. Since my Main Report, discussions between FIL Life, Scottish Friendly and the reinsurers have resulted in the following modified solution to this aspect:

- Scottish Friendly will enter into new reinsurance and floating charge agreements directly with both BlackRock and L&G, and arrangements have been put in place to ensure that the value of FIL Life's rights under the existing reinsurance agreements will transfer to Scottish Friendly on the Effective Date. This will avoid FIL Life having to "split" the existing agreements. I understand from Scottish Friendly that the relevant new agreements have been drawn up and signed.
- A new reinsurance and floating charge agreement to replicate the existing agreements between FIL Life and Schroders have been established in respect of only the Section 32 business, on materially equivalent terms i.e. the existing agreements have been "split" as originally envisaged, and the new Section 32 agreements will transfer to Scottish Friendly under the Scheme.
- The M&G Prudential reinsurance relates to a single fund which has since 31 December 2025 been wound up as part of a business-as-usual process, and the monies have been invested in an alternative self-select fund. This reinsurance has thus now fallen away with no further action being required.

3.12 The above modified plans in respect of the reinsurances on the Section 32 business will allow Scottish Friendly to have in place equivalent reinsurance and floating charge agreements as from the Effective Date, with no change on the reinsurance and floating charge agreements applying to the Remaining Business of FIL Life.

Solvency, Risk Profile and Capital Management Policy

3.13 FIL Life's reported regulatory solvency ratio as at 31 December 2025 (referred to as the "**Reported Basis**") is shown in Figure 3.5 below. This updates Figure 3.5 in my Main Report.

FIGURE 3.5 FIL LIFE SOLVENCY RATIO (REPORTED BASIS) AS AT 31 DECEMBER 2025

£ million	*31/12/2025*
Own Funds (A)	212.6
SCR (B)	42.7
Excess Own Funds over SCR (A-B)	169.9
Solvency Ratio (A/B)	**498%**

3.14 When compared to the 30 June 2025 position shown in my Main Report, the FIL Life Own Funds have grown by £1.7 million while the SCR has decreased by £33.7 million. This has increased the Solvency Ratio from 276% to 498% over the six month period. I consider the reasons for the change in the SCR below.

3.15 The split of the SCR by risk category indicates the risk profile of FIL Life, as shown in Figure 3.6 as at 31 December 2025 on the Reported Basis. This includes the Basic Solvency Capital Requirement ("**BSCR**") which consists of the life underwriting, market and counterparty default risks allowing for diversification. This updates Figure 3.6 in my Main Report.

FIGURE 3.6 FIL LIFE SOLVENCY CAPITAL REQUIREMENT (REPORTED BASIS) AS AT 31 DECEMBER 2025

£ million	*31/12/2025*
Life underwriting risk	1.9
Market risk	14.6
Counterparty default risk	11.1
Diversification	(6.5)
BSCR	***21.1***
Operational Risk	22.4
LACDT*	(0.8)
SCR	**42.7**
(*Loss absorbing capacity of deferred tax)	

3.16 FIL Life's risk profile continues to be dominated long-term by operational risk and market risk, which is to be expected for a unit-linked company, with counterparty default risk also being material. The operational risk component has increased since 30 June 2025 from £20.6 million to £22.4 million reflecting the growth in FUM over the period. The market risk component has increased significantly (from £6.8 million to £14.6 million) since my Main Report due primarily to the renewal of the larger of two intragroup loans. This means the loan has a longer duration until maturity and is exposed to a higher level of spread and interest rate risk.

3.17 Counterparty default risk decreased materially between 30 June 2025 and 31 December 2025 as (unlike as at 30 June 2025) there were no actual pre-funding transactions underway at 31 December 2025. The counterparty default component consequently fell from £53.3 million to £11.1 million, and this is the main reason for the increase in solvency coverage as referred to above.

3.18 FIL Life continues to have smaller levels of exposure to life underwriting risk which marginally decreased from £2.1 million as at 30 June 2025 to £1.9 million as at 31 December 2025.

3.19 In addition to the regulatory solvency capital requirements, FIL Life maintains additional capital in relation to its Master Trust, through which some of its business is written. FIL Life seeks in practice to maintain capital at 135% of the SCR plus the additional Master Trust capital requirement. If this coverage ratio falls below 122% then FIL Life must inform the Trustees of the Master Trust and take appropriate action. As at 31 December 2025, the additional Master Trust capital requirement was £13.0 million (unchanged from 30 June 2025), and the actual coverage ratio including this additional requirement was 382% (236% as at 30 June 2025). I note that the Section 32 business and the annuity-in-payment business which are transferring to Scottish Friendly are not in any way connected with the Master Trust.

3.20 As can be seen from Figure 3.5 and paragraph 3.19, FIL Life continues to have a significant surplus of Own Funds over both the SCR and the capital requirement including the additional Master Trust requirement. This is due to the additional capital which has been injected into FIL Life as described in paragraph 3.51 of my Main Report.

3.21 An estimated balance sheet for FIL Life was prepared (by FIL Life and reviewed by me) on the Reported Basis as at 31 May 2026 and the calculated solvency ratio showed that the company remained well capitalised.

3.22 Figure 3.7 below shows FIL Life's solvency ratio as at 31 December 2025 supposing a full £500 million transition was taking place at that date making use of the HSBC overdraft facility (referred to as the "**Pre-Funding Basis**"). As compared with Figure 3.5, the SCR is larger and there are some consequential effects which reduce the Own Funds. This updates Figure 3.7 in my Main Report.

FIGURE 3.7 FIL LIFE SOLVENCY RATIO (PRE-FUNDING BASIS) AS AT 31 DECEMBER 2025

£ million	*31/12/2025*
Own Funds (A)	207.9
SCR (B)	112.9
Excess Own Funds over SCR (A-B)	94.9
Solvency Ratio (A/B)	**184%**

3.23 As at 30 June 2025, the Pre-Funding Basis showed a solvency ratio of 191% which is broadly similar to the position as at 31 December 2025.

3.24 As Figure 3.7 shows, the solvency position on the Pre-Funding Basis continues to be much more in line with that which would typically be expected for a UK unit-linked life company. As at 31 December 2025, coverage of the SCR plus the additional amount in respect of the Master Trust was 165% on the Pre-Funding Basis (171% as at 30 June 2025), which is comfortably above the 135% which FIL Life seeks to maintain.

3.25 Figure 3.8 below shows the corresponding SCR split by risk category on the Pre-Funding Basis as at 31 December 2025. This updates Figure 3.8 in my Main Report.

FIGURE 3.8 FIL LIFE SOLVENCY CAPITAL REQUIREMENT (PRE-FUNDING BASIS) AS AT 31 DECEMBER 2025

£ million	*31/12/2025*
Life underwriting risk	1.9
Market risk	14.6
Counterparty default risk	85.2
Diversification	(11.2)
BSCR	***90.5***
Operational Risk	22.4
LACDT	-
SCR	**112.9**
(*Loss absorbing capacity of deferred tax)	

3.26 Figure 3.8 shows that the higher Pre-Funding Basis SCR is mainly driven by the increased counterparty default risk capital requirement. This arises due to an additional counterparty default exposure on the amount due back to FIL Life from the transition in order to repay the overdraft.

3.27 As for the Reported Basis, an estimated balance sheet for FIL Life was prepared (by FIL Life and reviewed by me) on the Pre-Funding Basis as at 31 May 2026 and the calculated solvency ratio showed that the company remained well capitalised.

SCOTTISH FRIENDLY

3.28 In the following paragraphs I have provided updates on the solvency position of Scottish Friendly, consistent with the analysis set out in my Main Report. I have also noted where there have been other changes with respect of Scottish Friendly since producing my Main Report. Further detail on Scottish Friendly is contained within the reports and supplementary reports of the Independent Expert, the Scottish Friendly Chief Actuary and the Scottish Friendly With-Profits Actuary.

3.29 Scottish Friendly had assets under management of £4.4 billion with c.1.3 million policies and c.850k members as at 31 December 2025.

3.30 Paragraph 4.9 of my Main Report referred to the ongoing rationalisation of Scottish Friendly's asset management arrangements for its unit-linked business and its appointment of Schroders to manage all of its existing unit-linked assets. I understand from Scottish Friendly that this rationalisation work is now complete.

3.31 Scottish Friendly's regulatory solvency ratio as at 31 December 2025 is shown in Figure 3.9 below. This updates Figure 4.1 in my Main Report.

FIGURE 3.9 SCOTTISH FRIENDLY SOLVENCY RATIO AS AT 31 DECEMBER 2025

£ million	*31/12/2025*
Own Funds (A)	126.6
SCR (B)	64.4
Solvency Ratio (A/B)	**197%**

Source: Scottish Friendly Chief Actuary Supplementary Report on the Part VII Transfer.

3.32 The Own Funds of Scottish Friendly have decreased from £141.7 million as at 30 June 2025 to £126.6 million as at 31 December 2025. There has additionally been an increase in the SCR from £62.7 million to £64.4 million over the same period. Combined, this results in a decrease to the solvency ratio from 226% to 197%.

3.33 Figure 3.10 shows the split of the undiversified SCR as at 31 December 2025 into the high-level risks to which Scottish Friendly is exposed. This updates Figure 4.2 in my Main Report.

FIGURE 3.10 SCOTTISH FRIENDLY UNDIVERSIFIED SOLVENCY CAPITAL REQUIREMENT BREAKDOWN AS AT 31 DECEMBER 2025

Percentage of the undiversified SCR	*31/12/2025*
Life underwriting risk	51%
Market risk	31%
Counterparty default risk	7%
Health underwriting risk	1%
Operational Risk	10%

Source: Scottish Friendly Chief Actuary Supplementary Report on the Part VII Transfer.

3.34 The breakdown of the SCR shown in Figure 3.10 is broadly consistent with the breakdown shown in my Main Report indicating that there has been no significant change over the period in the risk profile to which Scottish Friendly is exposed.

4. Financial effects of the Scheme

4.1 The updated financial effects of the Scheme on FIL Life and Scottish Friendly are set out below in terms of the pro-forma solvency balance sheets as at 31 December 2025, as if the Scheme had been effective as at 31 December 2025. This analysis updates that set out in Section 6 of my Main Report.

FIL LIFE

4.2 Figure 4.1 below shows both the pre-Scheme and the pro-forma post-Scheme balance sheet for FIL Life as at 31 December 2025 on the Reported Basis. This updates Figure 6.1 in my Main Report.

FIGURE 4.1 FIL LIFE BALANCE SHEET (REPORTED BASIS) AS AT 31 DECEMBER 2025 PRE- AND POST-SCHEME

£ million	*Pre-Scheme (Reported Basis)*	*Post-Scheme (Reported Basis)*	*Difference*
Total Assets	**58,169.4**	**55,895.4**	**(2,274.0)**
Unit-linked assets	57,851.4	55,583.6	(2,267.7)
Annuity reinsurance	6.2	-	(6.2)
Other Assets	311.8	311.8	-
Total Liabilities	**57,956.8**	**55,683.8**	**(2,273.0)**
Unit-linked FUM	57,851.4	55,583.6	(2,267.7)
Unit-linked PVFP*	(5.9)	(4.4)	1.5
Annuity BEL	6.2	-	(6.2)
Risk Margin	2.6	2.3	(0.3)
Other Liabilities	102.5	102.2	(0.3)
Own Funds	**212.6**	**211.7**	**(0.9)**
SCR	**42.7**	**42.6**	**(0.2)**
Solvency Ratio	***497.6%***	***497.3%***	***(0.3%)***

(*Present Value of Future Profits)

4.3 Figure 4.1 shows that the unit-linked assets and base/FUM liabilities both reduce by the same amount due to the transfer out of the Section 32 business. The annuity-in-payment reinsurance asset and liabilities both reduce to zero due to the transfer out of the annuity-in-payment business. There are small consequential adjustments to certain other components of the balance sheet which result overall in a less than 1 percentage point fall in the solvency ratio, which I am satisfied is immaterial.

4.4 As in my Main Report, the above analysis does not take into account the commercial consideration which FIL Life will receive from Scottish Friendly in respect of the Section 32 business. If allowance for this were to be included there would be a beneficial effect on FIL Life's post-Scheme solvency ratio.

4.5 I note that the pre-Scheme reported solvency ratio of FIL Life (498% rounded) is materially higher as at 31 December 2025 than it was as at 30 June 2025 (276% rounded) as set out in my Main Report. The key reason for this is (as already referred to in Section 3) that as at 30 June 2025 an actual pre-funding transaction was in progress, whereas there were no such pre-funding transactions in force as at 31 December 2025.

4.6 The Pre-Funding Basis balance sheet of FIL Life as at 31 December 2025 with a full £500 million transition taking place, both pre-Scheme and post-Scheme, is shown in Figure 4.2. This updates Figure 6.2 in my Main Report.

FIGURE 4.2 FIL LIFE BALANCE SHEET (PRE-FUNDING BASIS) AS AT 31 DECEMBER 2025 PRE- AND POST-SCHEME

£ million	*Pre-Scheme (Pre-Funding Basis)*	*Post-Scheme (Pre-Funding Basis)*	*Difference*
Total Assets	**58,669.4**	**56,395.4**	**(2,274.0)**
Unit-linked assets	57,851.4	55,583.6	(2,267.7)
Annuity reinsurance	6.2	-	(6.2)
Other Assets	811.8	811.8	-
Total Liabilities	**58,461.6**	**56,188.4**	**(2,273.2)**
Unit-linked FUM	57,851.4	55,583.6	(2,267.7)
Unit-linked PVFP*	(5.9)	(4.4)	1.5
Annuity BEL	6.2	-	(6.2)
Risk Margin	8.2	7.4	(0.7)
Other Liabilities	601.7	601.7	-
Own Funds	**207.9**	**207.1**	**(0.8)**
SCR	**112.9**	**112.7**	**(0.3)**
Solvency Ratio	***184.1%***	***183.8%***	***(0.2%)***

(*Present Value of Future Profits)

4.7 This again shows an immaterial impact on FIL Life solvency coverage position. Similar analysis as applied to the solvency coverage position including the additional Master Trust capital requirement also shows an immaterial impact.

4.8 I note that on the pre-funding basis the pre-Scheme solvency ratio of FIL Life (184% rounded) is more similar as at 31 December 2025 to its value as at 30 June 2025 (191% rounded) as set out in my Main Report. The pre-funding basis assumes the full £500m of pre-funding and thus removes from the comparison the actual amount of pre-funding applying at any time thus ensuring a like-for-like comparison. Business-as-usual reasons account for the remaining difference between the 31 December 2025 and the 30 June 2025 solvency ratios.

4.9 Figure 4.3 below sets out the change in the composition of the SCR due to the Scheme on the Reported Basis. This updates Figure 6.3 in my Main Report.

FIGURE 4.3 FIL LIFE SOLVENCY CAPITAL REQUIREMENT (REPORTED BASIS) AS AT 31 DECEMBER 2025 PRE- AND POST-SCHEME

£ million	*Pre-Scheme (Reported Basis)*	*Post-Scheme (Reported Basis)*	*Difference*
Life underwriting risk	1.9	1.7	(0.2)
Market risk	14.6	14.2	(0.4)
Counterparty default risk	11.1	11.1	(0.0)
Diversification	(6.5)	(6.3)	0.2
BSCR	***21.1***	***20.7***	***(0.5)***
Operational Risk	22.4	22.4	(0.0)
LACDT*	(0.8)	(0.5)	0.3
SCR	**42.7**	**42.6**	**(0.2)**

(*Loss absorbing capacity of deferred tax)

4.10 Figure 4.4 below sets out the change in the composition of the SCR due to the Scheme on the Pre-Funding Basis. This updates Figure 6.4 in my Main Report.

FIGURE 4.4 FIL LIFE SOLVENCY CAPITAL REQUIREMENT (PRE-FUNDING BASIS) AS AT 31 DECEMBER 2025 PRE- AND POST-SCHEME

£ million	*Pre-Scheme (Pre-Funding Basis)*	*Post-Scheme (Pre-Funding Basis)*	*Difference*
Life underwriting risk	1.9	1.7	(0.2)
Market risk	14.6	14.2	(0.4)
Counterparty default risk	85.2	85.2	(0.0)
Diversification	(11.2)	(10.8)	0.4
BSCR	***90.5***	***90.3***	***(0.3)***
Operational Risk	22.4	22.4	(0.0)
LACDT*	-	-	-
SCR	**112.9**	**112.7**	**(0.3)**
(*Loss absorbing capacity of deferred tax)			

4.11 Figure 4.3 and Figure 4.4 both show that FIL Life's SCR reduces marginally on both the Reported Basis and the Pre-Funding Basis. The SCR component with the most material reduction is market risk, decreasing by £0.4 million on both bases. This is a result of the PVFP being lower post-Scheme (as shown in Figure 4.1 and Figure 4.2), and hence the impact of a market shock is reduced. This is then offset by a reduction in diversification (and in LACDT on the Reported Basis).

SCOTTISH FRIENDLY

4.12 Figure 4.5 below shows both the pre-Scheme and the pro-forma post-Scheme Solvency Ratio for Scottish Friendly as at 31 December 2025. This updates Figure 6.5 in my Main Report.

FIGURE 4.5 SCOTTISH FRIENDLY SOLVENCY RATIO AS AT 31 DECEMBER 2025 PRE- AND POST-SCHEME

£ million	*Pre-Scheme*	*Post-Scheme*
Own Funds	126.6	145.7
SCR	64.4	90.2
Solvency Ratio	***197%***	***162%***

Source: Scottish Friendly Chief Actuary Supplementary Report on the Part VII Transfer.

4.13 Figure 4.5 shows that Scottish Friendly's Solvency Ratio reduces following completion of the Scheme, driven by a larger proportional increase to its SCR than to its Own Funds. The Solvency Ratio, however, remains comfortably above the review level of 150%.

4.14 Figure 4.6 shows the split of the undiversified SCR into the high-level risks to which Scottish Friendly is exposed as at 31 December 2025, both pre- and post-Scheme. This updates Figure 6.6 in my Main Report.

FIGURE 4.6 SCOTTISH FRIENDLY UNDIVERSIFIED SOLVENCY CAPITAL REQUIREMENT EXPOSURE (%) AS AT 31 DECEMBER 2025 PRE- AND POST-SCHEME

Percentage of the undiversified SCR	*Pre-Scheme*	*Post-Scheme*
Life underwriting risk	51%	50%
Market risk	31%	36%
Counterparty default risk	7%	6%
Health underwriting risk	1%	1%
Operational Risk	10%	8%

Source: Scottish Friendly Chief Actuary Supplementary Report on the Part VII Transfer.

4.15 Figure 4.6 shows that the breakdown of Scottish Friendly's SCR is broadly similar pre- and post-Scheme, with the proportion of undiversified SCR attributable to market risk moving most as a result of the Scheme, increasing by 5 percentage points.

4.16 I note that Scottish Friendly's pre-Scheme solvency ratio of 197% as at 31 December 2025 is lower than the 226% as at 30 June 2025 as set out in my Main Report. The post-Scheme solvency ratio is consequently also lower (162% as at 31 December 2025 as compared with 179% as at 30 June 2025). The main drivers of the reduction in the Scottish Friendly pre-Scheme position are covered in the Scottish Friendly Chief Actuary's supplementary report. The drivers include: a decrease in the Own Funds arising from a distribution of profits to certain members (known as ProfitShare); a change to a commercial distribution agreement; a one-off reduction in an accounting receivable; and project and marketing costs which are expected to generate additional value in the long-term but which, due to restrictions arising from Solvency UK rules, create a short-term strain on the solvency position. There is additionally an increase to the SCR due to second order impacts arising from one-off changes to actuarial assumptions.

4.17 Solvency ratios can be sensitive to a large number of day-to-day factors. As noted above, the updated post-Scheme coverage ratio remains comfortably above the review level of 150%, and I note that Scottish Friendly has available to it a number of actions which can be used to manage its risks and its solvency ratio.

4.18 The Scottish Friendly results set out above focus on the public Pillar 1 position. All UK insurers which are subject to Solvency UK have to also assess a Pillar 2 solvency position based on their own assessment of their risks. The Pillar 2 position is not publicly disclosed but is incorporated into the ORSA (as described in paragraph 4.7 of my Main Report). Scottish Friendly has carried out the equivalent analysis to the above on its Pillar 2 basis. Scottish Friendly has informed me that the Pillar 2 solvency ratio is higher than the Pillar 1 equivalent pre-Scheme, and this will remain the position post-Scheme. I understand that the overall impact of the Scheme on the Pillar 2 solvency ratio is consistent with the Pillar 1 impact.

5. Effects of the Scheme on the FIL Life Policyholders

5.1 This section considers whether there are any changes to my analyses of the effects of the Scheme on both the Transferring Policyholders and the Remaining Policyholders relative to the analyses as set out in Section 7 of my Main Report.

5.2 I have taken into account the updated financial positions and analyses as set out in Section 4. These updated analyses continue to show (as was the case in Section 6 of my Main Report) that both FIL Life and Scottish Friendly meet their capital requirements and their buffer/review requirements post-Scheme.

TRANSFERRING POLICYHOLDERS

5.3 The analyses and considerations set out in Section 7 of my Main Report remain unchanged in respect of the Transferring Policyholders. I can thus reconfirm my conclusions that the Scheme will give rise to no material adverse effects on the benefit expectations or on the security of benefits for any of the Transferring Policyholders.

5.4 I have considered the administration and servicing arrangements in Section 6.

5.5 I have considered the communications with Transferring Policyholders (including policyholder objections raised) in Section 6.

REMAINING POLICYHOLDERS

5.6 The analyses and considerations set out in Section 7 of my Main Report remain unchanged in respect of the Remaining Policyholders. I can thus reconfirm my conclusions that the Scheme will give rise to no material adverse effects on the benefit expectations, the security of benefits or the administration and servicing arrangements for any of the Remaining Policyholders.

6. Other Considerations and Updates

THE SCHEME

6.1 There have been no material changes to the Scheme relative to the version referred to in my Main Report and presented at the Directions Hearing. Minor amendments have been made to clarify certain aspects and reflect the updated position in relation to the external reinsurances as set out in Section 3.

COMMUNICATIONS AND OBJECTIONS

6.2 At the Directions Hearing on 27 March 2026, the High Court granted the waiver applications sought by the Companies, and the communications were then issued to the Transferring Policyholders in line with the approach set out in my Main Report. The Transferring Policyholders (both Section 32 and annuity policyholders) were also sent reminder communications around 8 July 2026, reiterating the key information, and in particular reminding the Section 32 policyholders about the upcoming non-trading period[3] and that income drawdown options will still be available with Scottish Friendly after the Effective Date.

6.3 I note also that FIL Life (in conjunction with Scottish Friendly) placed notices of the Scheme in various newspapers (as required by the Part VII transfer rules). Remaining Policyholders, those Transferring Policyholders classed as goneaways and any other relevant parties seeing such notices will have been able to request more information should they so wish and to register objections should they so wish.

6.4 Information on the Scheme and the associated arrangements was made available for all FIL Life policyholders on its website, and there has been a dedicated telephone helpline which all FIL Life policyholders can use.

6.5 FIL Life has received 81 policyholder objections from Transferring Policyholders as at close of business on 21 August 2026 of which 2 have been withdrawn. The objections have all come from Section 32 policyholders. I have reviewed carefully the list of objections and the reasons for the objection where the policyholder has provided a reason. Subject to the clarifications set out below, I am satisfied that all of the objections and concerns raised relate to matters that have been addressed in my Main Report and in the report and supplementary report of the Independent Expert. The Independent Expert has set out a full analysis and consideration of the objections received from FIL Life policyholders in his supplementary report, and I have reviewed an advanced draft of the Independent Expert's supplementary report. Given this, I have not deemed it necessary for me to set out any detailed information on the objections in this Supplementary Report as that would effectively duplicate the detailed information set out in Independent Expert's supplementary report. I am also satisfied that, subject to the two clarifications below, no policyholder objections or queries have been raised which have flagged actual or potential additional areas which need to be considered by me and the Independent Expert.

6.6 Three Section 32 policyholders have objected to the transfer given they are not resident in the UK. The objections state that by transferring to Scottish Friendly the policyholders would be disadvantaged due to Scottish Friendly requiring signed declarations by post (as opposed to digitally), a restriction on overseas bank accounts, and questioning if the online portals would be available to overseas members. Scottish Friendly has now confirmed that it will accept scanned copies of documents via email, that existing regular payments to overseas bank accounts will continue, and that overseas policyholders will have the same access to online portals as other policyholders. I am thus satisfied that the concerns raised by these three policyholders have been addressed, and I note that these three policyholders are being informed as to these aspects. I note further that for any Section 32 policyholder who enters into a future drawdown arrangement, they will only be able to receive these payments into a UK bank account. This is consistent with the current FIL Life approach, and therefore there is no change caused by the Transfer.

6.7 Three Section 32 policyholders have objected on the grounds that the transfer of their policy to Scottish Friendly would have an adverse impact on their access to, or the terms of, the Wealth Management service provided by Fidelity Group. Further details of this service are set out in the sub-section below. FIL Life has considered these three objections, and has also considered the wider Wealth Management aspect as set out below. I note that two of these policyholders' access to Wealth Management will be unaffected by the transfer (as covered below) and that this has been communicated to the policyholders. I note that FIL Life is putting in place a solution for the other policyholder (also as covered below) which will be communicated to the affected policyholder prior to the Sanction

[3] My Main Report stated that the non-trading period would cover a period of seven working days, but it has now been clarified that this period is eight working days.

Hearing planned for 8 September 2026. I am thus satisfied that the concerns raised by these three objecting policyholders have been addressed.

6.8 I have considered the nature of the objections which have arisen, and I have discussed them with FIL Life and Fidelity Group. The position in relation to the Wealth Management service is set out below. Other than this aspect, I am satisfied that none of the other objections raised give rise to any general or wider issue that needs to be considered.

FIDELITY GROUP WEALTH MANAGEMENT SERVICE

6.9 Fidelity Group provides a Wealth Management service to those customers who have more than a certain amount invested with it across the various Fidelity Group products which a customer holds. The benefits of this service include certain reductions in charges, access to a dedicated wealth relationship manager and team for day-to-day queries, advice and support, and access to certain Fidelity Group events and newsletters. The Wealth Management service is not a service which provides regulated investment advice. The Section 32 business is in general outside of the scope of the Wealth Management service, but Fidelity Group has identified that a number of the Section 32 policyholders do currently have access to this service as a result of past special agreements, including the three objecting policyholders as referred to above. FIL Life and Fidelity Group have considered all of these Wealth Management cases in detail in order to assess the impact of the transfer to Scottish Friendly, and I have discussed this consideration with FIL Life and Fidelity Group.

6.10 In relation to reductions in charges arising via the Wealth Management service, it is the case that such reductions apply only to the non-Section 32 products which the customer holds with Fidelity Group. No reductions in charges apply to the Section 32 product itself. Furthermore, no reductions in charges on a customer's other (non-Section 32) Fidelity Group products are dependent on the presence of the Section 32 product. Hence, no transferring Section 32 policyholder with current access to the Wealth Management service will be subject to any increase in charges as a result of the transfer – either on the transferring Section 32 policy itself or on the other (non-Section 32) Fidelity Group products. The Wealth Management service point at issue only then relates to access to the service itself. If a customer retains access to the service, the reductions in charges on the non-Section 32 Fidelity Group products will continue.

6.11 FIL Life and Fidelity Group have identified that 299 of the Section 32 policyholders have access to the Wealth Management service, however, for the majority (248) of these cases, access to the Wealth Management service will continue post-transfer. This is because the nature of the past agreements and the other products/services held by the Section 32 policyholder (or members of his/her household), means that access to the Wealth Management service on the remaining Fidelity Group products will continue naturally without any specific action on the part of FIL Life or Fidelity Group being needed.

6.12 For a further 18 cases, no specific action by FIL Life or Fidelity Group is again needed. These cases no longer have access to the Wealth Management service due to reasons unrelated to the transfer, or will post-transfer only have negligible assets remaining with Fidelity Group.

6.13 For the remaining 33 cases, absent any action by Fidelity Group, the transfer would mean that these cases would lose access to the Wealth Management service as a result of them having reduced assets remaining invested with Fidelity Group. For these cases, Fidelity Group is thus making special arrangements for these cases to allow their access to the Wealth Management service to continue, and Fidelity Group will be communicating with these 33 cases to confirm this.

6.14 Based on the above, I am satisfied that FIL Life and Fidelity Group have investigated and analysed this Wealth Management service aspect thoroughly, and are where necessary putting in place special arrangements to ensure that no Section 32 policyholder is disadvantaged by the transfer, and that the special arrangements are being communicated to those policyholders who need to receive such a communication.

TAX CLEARANCES

6.15 FIL Life and Scottish Friendly have sought the appropriate tax clearances from His Majesty's Revenue and Customs ("**HMRC**").

6.16 Scottish Friendly has additionally sought confirmation from HMRC that the transfer will not give rise to UK stamp duty taxes.

6.17 It is my expectation that the above tax clearances and confirmations will in due course be received consistent with past precedent for Part VII Transfers. The Companies will provide the relevant updates to the High Court at or before the Sanction Hearing.

HANNOVER RE DEED OF NOVATION

6.18 Paragraph 5.8 of my Main Report explained that the Hannover Re reinsurance contract for the transferring annuity-in-payment business will be subject to a novation agreement as opposed to being transferred under the Scheme.

6.19 The Deed of Novation was executed on 29 January 2026 and will become effective at the Effective Date of the Scheme.

ANNUITY ADMINISTRATION

6.20 I noted in paragraph 3.22 of my Main Report that Hannover Re periodically reviews its administration outsourcing arrangements, including that with Equiniti. This arrangement has been reviewed and Hannover Re have confirmed that they will transition the administration services from Equiniti to Aptia, with the transition expected to become effective in November 2026. Aptia is a firm providing outsourced pensions administration and is one of the largest private-sector pension administrators in the UK.

6.21 The Hannover Re administration review and renewal process is not related to the Scheme nor the Deed of Novation, and I note that this transition from Equiniti to Aptia would have taken place regardless of whether the annuity-in-payment business remained with FIL Life or transferred to Scottish Friendly.

MIGRATION OF SECTION 32 ADMINISTRATION

6.22 Paragraphs 8.13 to 8.28 of my Main Report set out the position and the planned arrangements in respect of the migration of the servicing and administration arrangements from FIL Life to Scottish Friendly. The plans included in particular joint dress rehearsals ahead of the Effective Date.

6.23 I have received briefings and documentation from FIL Life and Scottish Friendly in respect of the progress of the migration work. I note that dress rehearsals took place in March, April, and June 2026 as planned with satisfactory outcomes. As might be expected a number of points of detail did emerge which are being addressed, and further user acceptance testing is taking place alongside a fourth dress rehearsal prior to the Effective Date. However, overall I understand that progress remains on track, and that both FIL Life and Scottish Friendly are content with the progress to date in order to enable the administration migration to take place.

6.24 As noted in paragraph 8.27 of my Main Report, given the operational nature of this area, I have needed to place reliance on the work and the conclusions of the relevant specialists within the Companies, and this continues to be the case. However, and based on the information presented to me, I believe the relevant processes are on track to deliver a successful migration on the Effective Date.

CUSTOMER SERVICE LEVELS

6.25 In paragraph 8.29 of my Main Report, I set out how the customer servicing levels of the Transferring Policies would be managed by Scottish Friendly after the Effective Date, in particular with respect to service-level agreements ("**SLAs**"). I noted that I was content that there will be no material adverse effect arising in the areas of SLAs as a result of the Transfer. Since finalising my Main Report, I have received further updates from Scottish Friendly on their administration and servicing plans, and I remain content that the transfer will not result in any material change in the area of SLAs.

6.26 I have been informed by Scottish Friendly that a number of internal team members within Scottish Friendly have been allocated to the team for managing the transferring Section 32 policies, and that recruitment of additional team members with Section 32 and pensions expertise is underway. Furthermore, Scottish Friendly has updated me on its training of existing staff who will be involved with the management of the transferring Section 32 business, which has been supported by subject matter experts.

6.27 I am satisfied that, based on the enquiries I have made and the information provided to me, Scottish Friendly is putting in place appropriate processes and resources to ensure the customer service levels are maintained at the same level or better than those currently provided by FIL Life.

SANCTIONED INDIVIDUALS AND SANCTIONED ASSETS

6.28 I noted in Section 8 of my Main Report that I was not aware that any of the Transferring Policyholders are sanctioned individuals according to the relevant rules. This continues to be the case at the time of finalising this Supplementary Report.

6.29 I noted in Section 8 of my Main Report that within certain unit-linked funds FIL Life holds units in collective investment schemes which in turn hold assets which are subject to sanctions. I further noted that the Scheme did not give rise to any actual transfer of legal ownership or any dealing in relation to the sanctioned assets, and therefore the Scheme would not give rise to any breach of sanctions law. Based on the latest information from FIL Life I remain satisfied that this is still the case at the time of finalising this Supplementary Report.

FUTUREWISE ACS STRUCTURE

6.30 My Main Report set out that FutureWise is the key default investment strategy for most of the Section 32 policies, and that under the Scheme Scottish Friendly will maintain the FutureWise offering for at least 10 years from the Effective Date.

6.31 Paragraph 3.25 of my Main Report explained the current FutureWise structure. The Target Date Funds ("**TDFs**") in which the underlying investments sit are themselves held within Authorised Contractual Schemes ("**ACSs**") managed by BlackRock. Some of the underlying investments in the TDFs are managed by BlackRock and some are managed by Fidelity Group.

6.32 I note that the Fidelity Group is in the initial stages of exploring the most appropriate approach to the ACSs within the FutureWise structure, in order to ensure continued maximum efficiency of operations for the benefit of customers. Possibilities include the ACSs continuing to be managed by BlackRock, the ACSs being managed instead by Fidelity Group, or some other solution. This consideration only relates to the approach to the ACSs within the FutureWise structure, and not to the underlying investment strategy, the underlying investments, or who actually manages the underlying investments. Such considerations and reviews of ongoing efficiency and the most appropriate structures to adopt are not uncommon in the investment and pensions management industries.

6.33 I would not expect any future change in the approach to the ACSs within the FutureWise structure to have any impact on any of the Remaining Policyholders or on any of the Section 32 Transferring Policyholders. This is the case regardless of whether the transfer proceeds. Post-transfer, any change in the approach to the ACSs would need to involve Scottish Friendly as an additional party involved with FutureWise as compared to the current position. However, given Scottish Friendly's experience in managing investment relationships, I would not expect this to be an issue. I note also that the governance structures within both FIL Life and Scottish Friendly, and the regulatory requirements to treat customers fairly and in respect of Consumer Duty, will ensure that customer interests are fully considered in relation to any future change which does take place.

6.34 Paragraph 5.14 of my Main Report referred to the Framework Agreement made between the Companies for the acquisition of the Transferring Business. For completeness, I note that an enabling amendment to the Framework Agreement has been made in order to cover any changes which might arise in future in relation to the approach to the ACSs within the FutureWise structure.

PROPOSED MERGER BETWEEN SCOTTISH FRIENDLY AND ONEFAMILY

6.35 Section 9 of my Main Report described the proposed merger between Scottish Friendly and OneFamily by means of a Part VIII transfer of engagements under the Friendly Societies Act 1992.

6.36 Other than as set out below, there is no further update in respect of this proposed merger, and my conclusions in respect of it as the Chief Actuary of FIL Life remain as set out in my Main Report.

6.37 With effect from 11 May 2026, OneFamily appointed Mr Robert Bugg FIA (also a Principal with Milliman LLP) to take over from me as the Chief Actuary of OneFamily, and he has undertaken the role of OneFamily Chief Actuary since that date.

6.38 I confirm that in my opinion, during the period from November 2025 to 11 May 2026, no conflict of interest existed in relation to me holding the role of Chief Actuary for both FIL Life and OneFamily.

7. My conclusions

7.1 I have updated my considerations and analyses of the effects and the impact of the Scheme on both the Transferring Policyholders and on the Remaining Policyholders. My conclusions remain unchanged from those set out in Section 10 of my Main Report, and are restated below for ease of reference.

7.2 In my opinion, as the Chief Actuary of FIL Life, the implementation of the Scheme will not have any material adverse effect on any of the following:

- The reasonable benefit expectations of the Transferring Policyholders.
- The reasonable benefit expectations of the Remaining Policyholders.
- The security of the benefits of the Transferring Policyholders.
- The security of the benefits of the Remaining Policyholders.
- The levels of ongoing administration and customer service that apply to the Transferring Policyholders.
- The levels of ongoing administration and customer service that apply to the Remaining Policyholders.

7.3 I note that there will be a period of eight working days[4], straddling the Effective Date, when the transferring Section 32 policyholders will not be able to carry out any amendments to their selected investment choices. I am satisfied that this is necessary to ensure that the policyholder records are transferred reliably and correctly, and that this limitation has been drawn to the policyholders' attention in the communications so that they can plan any desired amendments accordingly.

7.4 I also note that Scottish Friendly has agreed to enter into a merger with OneFamily, which (if confirmed) will result in the whole of Scottish Friendly (including the Transferring Policyholders) transferring to OneFamily in the first quarter of 2027 via a Part VIII transfer under Friendly Societies legislation. This proposed merger will be subject to a separate legal and regulatory process, and its existence does not change my conclusions in respect of the Scheme.

John A. Jenkins.

John A Jenkins

24 August 2026

Principal, Milliman LLP

Fellow of the Institute and Faculty of Actuaries

Chief Actuary, FIL Life Insurance Limited

[4] My Main Report stated that the non-trading period would cover a period of seven working days, but it has now been clarified that this period is eight working days.

Appendix A Documents and data relied upon

A.1 In addition to discussions (comprising face-to-face meetings, video and telephone calls, and emails) with the staff of the Companies, I have relied upon the information that is shown in the list below in formulating my conclusions. The list below comprises the main items of information and is not a complete list of all items:

- Scheme Data for Section 32 as at 31 December 2025
- Remaining Business Scheme Data as at 31 December 2025
- Section 32 Drawdown Report
- FIL Life internal valuation model as at 31 December 2025
- The Scheme (including minor amendments relative to the Directions Hearing)
- Amendment to the Framework Agreement
- FIL Life Second Witness Statement
- Scottish Friendly Chief Actuary Supplementary Report on the Part VII Transfer
- Scottish Friendly With-Profits Actuary Supplementary Report on the Part VII Transfer
- Scottish Friendly Second Witness Statement
- Independent Expert Supplementary Report for the Part VII Transfer
- Reinsurance Contract with Schroders covering the Section 32 Business
- Scottish Friendly and BlackRock External Reinsurance Contract
- Scottish Friendly and L&G External Reinsurance Contracts
- Section 32 Policyholder Reminder Communications on the Part VII Transfer
- Annuity Policyholder Reminder Communications on the Part VII Transfer
- PRA’s First Report to the Court
- FCA’s First Report to the Court
- Scottish Friendly Operational Readiness Update as at 3 June 2026
- Details of policyholder objections

A.2 For the avoidance of doubt a draft of this Report was included in the Court documents provided to legal counsel.