Date: 24 August 2026

SUPPLEMENTARY REPORT OF THE INDEPENDENT EXPERT ON THE PROPOSED TRANSFER OF CERTAIN LONG-TERM BUSINESS OF FIL LIFE INSURANCE LIMITED TO SCOTTISH FRIENDLY ASSURANCE SOCIETY LIMITED

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Report qualifications, assumptions and limiting conditions

This report sets forth the information required by the terms of FTI Consulting LLP's engagement by FIL Life Insurance Limited and Scottish Friendly Assurance Society Limited and the requirements of the role of Independent Expert, as set out in Chapter 18 of the Supervision Manual of the Financial Conduct Authority Regulatory Handbook, the Prudential Regulation Authority's Policy Statement "PS1/22: The PRA's approach to Insurance Business Transfers" dated January 2022 and the Financial Conduct Authority's Finalised Guidance "FG22/1: The FCA's approach to the review of Part VII insurance business transfers" dated February 2022 and is prepared in the form expressly required thereby. This report may be used by FIL Life Insurance Limited and Scottish Friendly Assurance Society Limited, as well as the Regulators and Courts of England and Wales and the Channel Islands and the policyholders of FIL Life Insurance Limited and Scottish Friendly Assurance Society Limited, solely for the purpose of supporting the determination of whether the Transfer (as defined in section 1.1.1 below) should be permitted. This report is intended to be read and used as a whole and not in parts, and in association with the Main Report (as defined in section 1.1.1 below). Separation or alteration of any section or page from the main body of this report is expressly forbidden and invalidates this report.

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The findings contained in this report may contain predictions based on current data and historical trends. Any such predictions are subject to inherent risks and uncertainties. In particular, actual results could be impacted by future events which cannot be predicted or controlled, including, without limitation, changes in business strategies, the development of future products and services, changes in market and industry conditions, the outcome of contingencies, changes in management and changes in law or regulations. FTI Consulting LLP accepts no responsibility for actual results or future events.

The opinions expressed in this report are valid only for the purpose stated herein and as of the date of this report. No obligation is assumed to revise this report to reflect changes, events or conditions, which occur subsequent to the date hereof.

1. Introduction

1.1. Context

1.1.1. I was jointly appointed by FIL Life Insurance Limited ("***FIL Life***") and Scottish Friendly Assurance Society Limited ("***SF***") to act as the Independent Expert in relation to the proposed transfer of certain long-term business of FIL Life to SF (the "***Transfer***") under a scheme (the "***Scheme***") made pursuant to Part VII of the Financial Services and Markets Act 2000 ("***FSMA***"). My report dated 17 March 2026 (the "***Main Report***") sets out the details of my review of the ***terms of the Transfer***. As part of the approval process, an application must be made to the High Court of Justice, Business and Property Courts of England and Wales, the Companies List or, in Scotland, to the Court of Session (collectively, the "***Court***") under Section 111 of the FSMA. My Main Report was provided to the Court as part of this approval process.

1.2. Purpose of the Supplementary Report

1.2.1. My views in the Main Report were formed having taken into account all matters that I consider to be relevant and material in assessing the impact of the Transfer, namely:

- Financial position of FIL Life and SF pre- and post-Transfer
- Financial effect of the Transfer on both transferring and non-transferring FIL Life policyholders and SF policyholders in relation to:
  - Security of benefits
  - Investment strategy
  - Expense and charges
  - Benefit expectations
- Risk profile and capital management policy
- Administration and governance
- Membership rights and policyholder communications
- Tax

1.2.2. As indicated in the Main Report, I have prepared this report, (the "***Supplementary Report***"), which is intended to be read in association with the Main Report, to set out my considerations of relevant updated information received since the Main Report was written, in relation to:

- The updated financial positions of FIL Life and SF as at 31 December 2025
- Updates on the proposed merger between Family Assurance Friendly Society Limited ("***OneFamily***") and SF
- Updates on reinsurance and fund link arrangements
- Updates on matters related to service levels, administration and governance arrangements
- Updates on SF's compliance with FCA Consumer Duty
- Consideration of any objections or complaints raised in advance of the Court hearing
- Any other developments I consider to be relevant to my consideration of the Transfer

1.2.3. In this report, I have used the same defined terms as the Main Report. A glossary of these terms is provided in Appendix G of the Main Report. A supplementary glossary of new terms used in this report is provided in Appendix C.

1.2.4. A summary of my findings and updated conclusions is set out in section 2.

1.3. Regulatory and professional guidance

1.3.1. I have produced this report in accordance with the approach and expectations of the Prudential Regulation Authority ("***PRA***") and the Financial Conduct Authority ("***FCA***"), as set out in Chapter 18 of the Supervision Manual ("***SUP 18***") of the FCA Regulatory Handbook, the PRA's Policy Statement "PS1/22: The PRA's approach to insurance business transfers" dated January 2022 (the "***PRA Statement of Policy***"), as well as the FCA's Finalised Guidance "FG22/1: The FCA's approach to the review of Part VII insurance business transfers" dated February 2022 (the "***FCA Finalised Guidance***"). Relevant sections of the guidance, with reference to where I have considered each one in the Main Report if relevant, are set out in Appendix A of the Main Report.

1.3.2. I have produced this report in accordance with the Financial Reporting Council ("***FRC***")'s Technical Actuarial Standards ("***TAS***") – TAS 100 (General Actuarial Standards v2.0) and TAS 200 (Insurance v2.0). This report also complies with the Actuarial Profession Standards ("***APS***") of the Institute and Faculty of Actuaries ("***IFoA***") – APS X1 (Applying Standards to Actuarial Work v1.1), APS X2 (Review of Actuarial Work v1.1), and APS L1 (Duties and Responsibilities of Life Assurance Actuaries v4.0). Finally, as a Fellow of the Institute of Actuaries, I have complied with the requirements of the Actuaries' Code (v3.2) in writing this report.

1.4. Terms of reference

1.4.1. Full details of my terms of reference, which have been discussed and agreed with FIL Life and SF, are set out in Appendix C of the Main Report. The terms have been reviewed and approved by both the PRA and FCA.

1.5. Peer Review

1.5.1. This report has been reviewed by Simon Grout who is a Senior Advisor and former Senior Managing Director in FTI Consulting LLP's ("***FTI's***") actuarial practice in the UK with similar experience and standing to myself. The peer review was carried out in accordance with relevant regulatory and professional guidance (refer to section 1.3). The ***Peer Reviewer*** has confirmed that he agrees with my conclusions as set out in this report.

1.6. Sources of reliance and information used

1.6.1. I have relied on information provided by FIL Life, SF and their respective professional advisors without independent verification of the accuracy or completeness of information provided. However, wherever possible, I have reviewed the information for reasonableness and consistency and against my understanding of generally accepted market practice. Furthermore, where appropriate, I have asked FIL Life and SF to provide more evidence to support their assertions to allow me to draw conclusions whilst being satisfied that I have taken all relevant matters into account.

1.6.2. I have also relied on the judgement and conclusions reached by both FIL Life and SF ***Chief Actuaries***, as well as the SF With-Profits Actuary ("***WPA***"), for the respective funds in FIL Life and SF, as documented in the relevant Chief Actuary and WPA reports and supplementary reports produced in connection with the Transfer.

1.6.3. I consider that it is reasonable for me to rely on the information and judgements described in this section as they are provided by parties acting in the interest of their respective members and policyholders and in accordance with the regulations and guidelines set out by:

- The PRA and FCA
- The IFoA
- The FRC

1.6.4. I have taken comfort from FIL Life and SF having obtained legal advice on relevant matters with respect to the Transfer from CMS Cameron McKenna Nabarro Olswang LLP ("***CMS***") and Pinsent Masons (***"PM"***), respectively. As I am not a legal expert, I have also considered whether it was appropriate to seek separate legal advice and made the conclusion that I am comfortable in not seeking separate legal advice because CMS and PM are large and reputable firms with extensive expertise and experience in UK insurance law.

1.6.5. All information requested has been provided, and no material issues have been identified with such information. My conclusions as set out in this report depend on the accuracy of this information and I have relied on this information without full independent verification. However, I am satisfied with the reasonableness of this information based upon my own experience across the UK life insurance industry. Further, the information presented in this report has been checked by the Companies for accuracy. This report is based on information available to me as at the date it was finalised. Details of the information that I have been provided with are set out in Appendix B.

2. Executive summary and conclusions

2.1.1. In section 3, I have considered the following areas of development and progress updates with respect to the Transfer:

- Number of transferring FIL Life policies
- The proposed merger between SF and OneFamily
- Reinsurance and fund link arrangements
- Service levels, administration and governance advisory arrangements
- FCA Consumer Duty

2.1.2. In section 4, I have considered the impact of updated information on the financial position and risk profile of both FIL Life and SF pre- and post-Transfer. Having considered the updated information, I remain satisfied that the security of benefits of non-transferring FIL Life policyholders and existing SF policyholders will not be materially adversely affected by the Transfer. I have also conducted an updated assessment of the financial effect of the Transfer on transferring FIL Life policyholders in terms of security of benefits, and remain satisfied that the security of benefits of transferring FIL Life policyholders will not be materially adversely affected by the Transfer.

2.1.3. In section 5, I have considered the responses to the policyholder communications and objections that policyholders have raised. Based on my analysis of the objections raised by policyholders as set out in this section, I am satisfied that there are no fresh points raised by those objections that would prompt me to change my conclusions as stated in the Main Report.

2.1.4. In section 6, I have set out any other considerations that I regard as relevant to this report, including a small number of minor changes made to the Scheme since it was presented to the Court at the Directions Hearing on 27 March 2026. These changes do not affect my conclusions as set out in the Main Report.

2.2. Main conclusions

2.2.1. I present the main conclusions made in the Main Report in paragraphs 2.2.2 to 2.2.4 below.

2.2.2. The Transfer will not have a material adverse effect on transferring FIL Life policyholders, non-transferring FIL Life policyholders or existing SF policyholders in relation to:

- Security of benefits
- Investment strategy
- Expenses and charges
- Benefit expectations

2.2.3. I have also concluded that the Transfer will not have a materially adverse impact on the following:

- Risk profile and capital management policy
- Administration and governance
- Membership rights and policyholder communications
- Tax

2.2.4. I am satisfied that the Transfer is equitable to all classes and generations of FIL Life and SF policyholders.

2.2.5. Furthermore, I remain of the opinion that the proposed merger between SF and OneFamily does not give rise to any material adverse effect on transferring policyholders and does not affect my conclusions in relation to the Transfer.

2.2.6. Having reviewed the updated information, conducted further analysis and held further discussions with relevant stakeholders as described in this report, I remain satisfied that all my conclusions are unchanged.

3. Recent developments

3.1. Number of transferring FIL Life policies

3.1.1. The following table compares the number of transferring FIL Life policies as at 30 June 2025 and as at 14 August 2026:

Type of Business	Number of Policies as at 30 June 2025	Number of Policies as at 14 August 2026	Change
Annuities	927	901	-3%
Section 32	37,926	35,592	-6%
Total	38,853	36,493	-6%

Source: FIL Life Chief Actuary Supplementary Report on the Transfer, additional information provided by FIL Life

3.1.2. As I explained in the Main Report, the transferring business is closed to new business and therefore no new policies are being written. Therefore it is natural for the number of policies to reduce over time, driven by a combination of maturities, transfers and other triggering events (e.g. deaths). The level of policy attrition over the period from 30 June 2025 to 14 August 2026 is consistent with my expectations given the type and nature of the policies in the transferring portfolio.

3.2. OneFamily merger update

3.2.1. In section 11 of the Main Report, I noted that in December 2025 SF agreed Heads of Terms to enter into a merger with OneFamily, subject to legal and regulatory processes. Upon the completion of the proposed merger (which is expected in 2027, subject to regulatory approvals), all of SF's policies will be transferred via Part VIII of the Friendly Societies Act 1992 to OneFamily and SF will cease to exist as a standalone entity. This will include all the policies acquired from FIL Life as part of the Transfer. I have referred to this proposed merger as the ***Part VIII Merger***.

3.2.2. I further noted that the Part VIII Merger will be a separate and distinct legal process which will be subject to its own regulatory confirmation processes with relevant associated protections provided to policyholders. In accordance with legislation, a separate ***Independent Actuary*** has been appointed to produce a report to provide details of and comment on the terms of the proposed merger and set out their opinion on the likely effects of the merger on the affected members and policyholders.

3.2.3. Taking into account the key steps of the process that will apply to the Part VIII Merger, and the relevant associated protections for policyholders (in addition to the appointment of a separate Independent Actuary), I concluded that the Part VIII Merger process provides transferring policyholders with appropriate opportunity to participate in the process and benefit from the protections afforded by the process. In arriving at this conclusion I took into account the expectation that the formal communications with respect to the proposed merger would not commence before the ***Effective Date*** of the Transfer and I understand that this remains the case.

3.2.4. In the Main Report, I concluded that the proposed merger does not give rise to any material adverse effect on transferring policyholders. I also indicated that I would provide a general progress update, as well as an update on administration and governance arrangements, and the rights of transferring policyholders within SF's delegate voting system.

3.2.5. Based on my discussions with SF, I remain satisfied that the considerations as set out in section 11 of the Main Report remain applicable with no material changes or updates. In particular, I note that:

- The proposed Part VIII Merger is progressing as planned and the overall timetable remains unchanged since the Main Report was completed
- SF has confirmed to me that the post-merger financial position of the combined entity is expected to be strong, with proforma balance sheet showing a solvency ratio that is in excess of both SF's and OneFamily's respective current capital management targets. I further understand that SF is continuing to work with OneFamily to assess the appropriate level of capital management target for the combined entity post-merger.
- SF will enhance the representation for the rights of transferring policyholders within SF's delegate voting system with the appointment of a Delegate to represent the interests of all transferring policyholders. I understand that an existing Delegate has been appointed for this purpose, with input from FIL Life into the selection process.
- As noted in the Main Report, there will be no planned material changes in relation to the expected operational processes used to administer the transferring policies following the merger, and the economic rationale underpinning the proposed Part VIII Merger is not predicated on near-term operational synergies that could directly affect the quality of policy administration or customer service provided to policyholders
- Key resources dedicated to the Transfer continue to be solely focused on delivery of the Transfer and are not being utilised for Part VIII Merger work. A dedicated Part VIII Merger project team has been assembled, including externally recruited project management professionals, and where the Part VIII Merger has required resource from existing SF teams, appropriate backfill resources have been arranged.
- As noted in the Main Report, I have considered the position in the event that the proposed Part VIII Merger does not proceed. In that event, SF would continue to operate in line with its existing strategy and business model, which I consider to be both sustainable and viable on a standalone basis, and the transferring policies would continue to be administered through the same planned operational processes and by the same dedicated team of SF employees.

3.2.6. Based on the points outlined above, I remain of the opinion that the proposed Part VIII Merger does not give rise to any material adverse effect on transferring policyholders and does not affect my conclusions in relation to the Transfer as set out in the Main Report.

3.3. Reinsurance and fund link arrangement update

3.3.1. As noted in the Main Report, FIL Life currently accesses certain self-select funds for the transferring Section 32 unit-linked policies through reinsurance agreements. Three of the reinsured funds are with BlackRock Life Limited and BlackRock Investment Management (UK) Limited, and there is one with each of Legal & General Assurance (Pensions Management) Limited ("**L&G**"), Prudential Pensions Limited ("***M&G Prudential***") and Schroder Pension Management Limited ("***Schroders***").

3.3.2. The Main Report noted that FIL Life planned to split the existing reinsurance agreements and floating charge agreements so that separate agreements could be created for the Section 32 book of business only, with the intention at the time of SF assuming these associated reinsurance and floating charge agreements on the Effective Date as part of the Transfer. I understand that a modified approach has been developed following discussions between the relevant parties:

- BlackRock Life Limited and L&G will enter into new reinsurance and floating charge agreements directly with SF. This approach allows the relevant reinsurers to update their contracts to more modern wording, which, in my opinion, is not unreasonable. I understand from SF that the relevant new agreements have been drawn up and signed, and will come into effect on the Effective Date.
- The existing Schroders reinsurance agreement has been split by FIL Life as intended, and the agreement for the Section 32 book of business will be transferred to SF as part of the Transfer
- The M&G reinsurance agreement 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. As such, the reinsurance has fallen away with no further action being required.

3.3.3. I further noted in the Main Report that the remaining self-select funds are accessed through direct investment in the underlying Open-Ended Investment Companies ("***OEICs***") and Authorised Contractual Schemes ("***ACSs***"), with the intention of SF entering into fund link agreements with the respective asset managers to ensure that units held in these OEICs and ACSs can be effectively managed by SF on and after the Effective Date.

3.3.4. The SF Chief Actuary has noted in his supplementary report that work remains ongoing to finalise these fund link agreements. These agreements primarily set out the commercial terms which apply between the fund manager and SF, rather than relating to operational matters. It is SF's expectation that these fund link agreements will be agreed in the coming weeks, in advance of the Effective Date.

3.3.5. The SF Chief Actuary supplementary report also stated that he is comfortable that the finalisation of these fund link agreements is not strictly required prior to the Effective Date to enable instructions in transactions in response to transferring policyholder requests, noting that:

- Re-registration of the transferring units in SF's name at the Effective Date can proceed without the fund link agreements being in place
- SF can instruct transactions in the relevant investments pursuant to policyholder (including transferring policyholder) requests without a fund link agreement being in place (and, indeed, has done so within business-as-usual operations as a matter of course)
- There would be no impact on transferring policyholders, as any difference in costs arising from the commercial terms applied after the Effective Date (compared to the fund link agreement terms which will match FIL Life's pre-Transfer commercial terms) will be absorbed by SF, rather than passed on to the transferring policyholders

3.3.6. I agree with the SF Chief Actuary's views and conclusions as set out in 3.3.4 and 3.3.5.

3.3.7. Lastly, I noted in the Main Report that the annuity-in-payment business is fully reinsured to, and serviced by, the UK branch of the German reinsurer Hannover Rück SE ("***Hannover Re***"), and that the administration of the annuity business is outsourced to Hannover Re, which has in turn sub-contracted this activity to

Paymaster 1836 Limited ("***Equiniti***"), subject to review from time to time. The administration of the annuity business is discussed further in sections 3.5.24 to 3.5.27 of this report. I also stated in the Main Report that the reinsurance and outsourcing arrangements with Hannover Re were expected to transfer to SF in accordance with a ***Deed of Novation*** coming in to force on the Effective Date. The Deed of Novation was executed on 29 January 2026 and will come in to force on the Effective Date.

3.3.8. Therefore, in my opinion, sufficient measures are being taken by the Companies to ensure that the appropriate reinsurance and fund link arrangements will be in place post-Transfer, such that there will be no material adverse effect on transferring FIL Life policyholders.

3.4. FutureWise Approach

3.4.1. In section 3.3 of the Main Report, I noted that the majority of the Section 32 policies are invested in the FIL Life default investment strategy, ***FutureWise***, and that SF will maintain the current FutureWise approach and investment management arrangements for at least 10 years from the Effective Date.

3.4.2. I discussed the current FutureWise structure, in particular, explaining that to access the investment component of the Target Date Funds ("***TDFs***"), FIL Life invests directly in a number of ACSs, managed by BlackRock Fund Managers Limited ("***BlackRock***"). I also noted that the underlying funds in FutureWise are a mixture of Fidelity and BlackRock funds and cover different asset types.

3.4.3. The FIL Life Chief Actuary has noted in his supplementary report on the Transfer that the Fidelity Group is in the initial stages of exploring the most appropriate approach to the ACSs in the FutureWise structure to ensure continued maximum efficiency of operations for the benefit of customers. Possible approaches include the ACSs continuing to be managed by BlackRock, the ACSs being managed instead by the Fidelity Group, or some other solution. It is my understanding from FIL Life that this consideration only relates to the approach to the ACSs in the FutureWise structure, and not to the underlying investment strategy, the underlying investments, or who actually manages the underlying investments.

3.4.4. The FIL Life Actuary indicated in his supplementary report that in his experience, such considerations and reviews of ongoing efficiency and the most appropriate structures to adopt are not uncommon in the investment and pensions management industries, and I agree with that observation.

3.4.5. In the event that FIL Life determines that a change in approach is appropriate, there are no planned timelines. Any future changes in the approach to the ACSs within the FutureWise structure will not affect the underlying investment strategy for FutureWise and I understand from FIL Life that, in considering any such changes, ensuring that transferring policyholders would not be adversely affected in relation to operational delivery, customer outcomes, charges or governance arrangements will be a key consideration. I further note that FIL Life's considerations and review on the approach to the ACSs would be occurring regardless of whether the Transfer takes place. Therefore, in my opinion FIL Life's review of the approach to ACSs as set out in this section does not affect my considerations on the Transfer.

3.5. Service levels, administration and governance advisory arrangement update

3.5.1. In section 9 of the Main Report, I discussed matters related to service levels and administrative arrangements with respect to the Transfer.

3.5.2. I present my conclusions from the Main Report in paragraphs 3.5.3. to 3.5.5. below.

3.5.3. In my opinion, adequate provisions have been made under the terms of the Transfer to mitigate the risk of deterioration in service standards being experienced by transferring FIL Life and existing SF policyholders, as well as by non-transferring FIL Life policyholders, following the Transfer.

3.5.4. It is also my opinion that SF operates to a high level of service standards and has the necessary experience and ability to manage the transition of transferring FIL Life policies into SF.

3.5.5. Taking into account factors described in the Main Report, SF will have sufficient resources and IT capability to apply the service level it proposes for the Transfer.

3.5.6. In the Main Report, I indicated that I would provide a progress update on the following specific areas:

- SF's drawdown functionality
- SF's resourcing plan
- SF's pensions guidance

3.5.7. In addition to the above areas, I provide an update on the status of the following aspects of the Transfer:

- The migration plan
- Annuity administration
- Governance advisory arrangements

SF's drawdown functionality

3.5.8. As noted in section 9.2 of the Main Report, SF was in the process of configuring ***Sonata*** as the core system for the drawdown product. Progress towards drawdown readiness was also noted at that time.

3.5.9. I have reviewed the latest operational progress report. This document indicates that significant progress has been made on the Sonata configuration for the drawdown product, with the majority of tasks having been completed and any remaining tasks being on track for completion prior to the Effective Date.

3.5.10. In particular, the core builds of the Sonata functionality and the drawdown process are now complete and have been included in the latest user acceptance cycle.

3.5.11. Further, I understand that all key Sonata-related build requirements (including the configuration of overseas payments within the Sonata environment, the production of annual benefit statements and tax code maintenance) have been completed and have been included in the latest user acceptance cycle.

3.5.12. Overall, I retain the opinion that I expressed in the Main Report that I am satisfied that adequate plans are in place to mitigate any potential risks associated with the administration and management of the transferring drawdown policies.

SF's resourcing plan

3.5.13. The Main Report noted that SF was finalising plans to ensure sufficient additional resources are in place post-Transfer to support the ongoing administration of the enlarged business. At the time, SF expected that approximately 10 to 15 additional full-time equivalent employees would be required post-Transfer, with intentions of onboarding and fully training these employees prior to the Effective Date.

3.5.14. I understand that SF has now completed the assembly of the team dedicated to servicing the transferring policies. In particular, SF has transferred five existing members of staff to that team and has completed the external recruitment of seven additional employees. I also understand that these members of staff already possess Section 32 and drawdown product knowledge and will receive further Section 32 and drawdown training prior to the Effective Date, based on a programme that has already been developed by SF.

3.5.15. I further understand that the five transferred members of staff have been replaced in the wider SF team through a combination of backfilling and external recruitment and am therefore satisfied that existing SF policyholders will not be materially affected.

Pension guidance services

3.5.16. In the Main Report, I discussed the impact of the Transfer on the provision of pension retirement guidance to Section 32 policyholders.

3.5.17. In particular, I noted that FIL Life currently provides a telephone based pension retirement guidance service to Section 32 policyholders to assist with their retirement options. Post-Transfer, SF will offer the Section 32 policyholders an online guidance service as part of a multi-channel retirement journey support that includes telephone support by SF as required.

3.5.18. Policyholders who prefer telephone based guidance post-Transfer rather than the online guidance offered by SF will be directed to Pension Wise (a UK-government backed service offering free, impartial pension guidance, either by telephone or face-to-face). Under such circumstances, SF will offer the option of Pension Wise appointment booking support to policyholders.

3.5.19. I concluded that I do not consider the absence of insurer provided telephone guidance service post-Transfer to materially adversely affect the transferring Section 32 policyholders, taking into consideration, inter alia, the availability of telephone support by SF at any time during the online guidance journey, the availability of the Pension Wise telephone guidance service as an alternative to online guidance and FIL Life's likely eventual roll out of the online guidance approach for the Section 32 policyholders in the absence of the Transfer.

3.5.20. At the time of writing this report, there have been no changes to the planned pension guidance services which will be made available to transferring Section 32 policyholders. I am therefore satisfied that my opinion as set out in the Main Report on matters related to pension guidance services remains valid.

Migration plan

3.5.21. In section 9.2 of the Main Report, I set out the planned arrangements for the migration of the administration of the transferring policies, which I considered to be comprehensive and robust, with a sufficient time and resources buffer built in to accommodate any unanticipated problems.

3.5.22. Subsequent to the Main Report, SF has provided regular updates on its progress, which have broadly been in line with the plan. I note in particular that:

- The initial migration build was completed in line with expected timescales
- SF successfully completed a first data migration dress rehearsal in March 2026, with the full suite of data extracts loaded in line with expectations with no material issues identified. The second and third dress rehearsals were then completed in April and June 2026, respectively, which fixed some minor data and reconciliation improvements that were identified in the first dress rehearsal. A fourth dress rehearsal was successfully completed with data validations and reconciliations performed in full, as they will be for

production, with no significant issues being identified. A fifth dress rehearsal is planned ahead of the Effective Date to ensure a fully clean data run in advance of the Transfer.

- Three user acceptance testing cycles were conducted as planned between April and August 2026. The first cycle yielded satisfactory results, achieving 96% execution and 78% completion, with completion primarily affected by dependencies and process gaps rather than systemic issues. The second cycle achieved 100% execution and 93% completion. Of the tests which did not pass, these relate to known defects which are all in progress in terms of their resolution. The third user acceptance testing cycle was completed with substantial further progress being made**.**

3.5.23. Based on the information presented to me, it is my opinion that overall the migration work remains on track, and sufficient progress has been made to deliver a successful migration of administration on the Effective Date.

Annuity administration

3.5.24. As referenced in section 3.3.7 of this report, I stated in the Main Report that the administration of the in-payment annuities is subcontracted by Hannover Re to Equiniti.

3.5.25. Since the Main Report was completed, Hannover Re has notified FIL Life and SF that it intends to transition administration services from Equiniti to Aptia Insurance Services Group LLC ("***Aptia***"), with Aptia currently expected to assume administration responsibilities from November 2026.

3.5.26. The SF Chief Actuary has noted in his supplementary report on the Transfer that SF has established monthly meetings with Hannover Re to monitor progress as part of efforts to manage operational risks surrounding the transaction. Further, I note that this change in administration provider would proceed regardless of the Transfer.

3.5.27. As a result, I am satisfied that this change in administration provider will not materially adversely impact transferring policyholders.

Governance advisory arrangement

3.5.28. In section 9.3 of the Main Report, I discussed how the transferring Section 32 policies will be overseen by SF's Governance Advisory Arrangement ("***GAA***") post-Transfer.

3.5.29. Since the time the Main Report was written, Zedra Governance Ltd ("***Zedra***"), SF's current GAA provider, has been formally engaged to provide an independent assessment of value for money for the transferring Section 32 policyholders. This will include an annual review of key areas, including investment performance, charges, administration and governance.

3.5.30. In addition, Zedra will undertake a pre-launch assessment of the four investment pathway funds with respect to SF's drawdown offering, to provide feedback and allow SF to consider and address any concerns raised prior to launch.

3.5.31. In my opinion, Zedra is a capable and experienced provider of pension governance services and is well respected in the market.

3.5.32. Taking into account the points outlined above, I am satisfied that my opinion as set out in the Main Report on matters related to service levels, administrative arrangements and governance advisory arrangements remains valid.

3.6. FCA Consumer Duty update

3.6.1. In section 9.4 of the Main Report, I evaluated SF’s approach to complying with ***FCA Consumer Duty Rules*** post-Transfer. I concluded that the Transfer will not have any material adverse effect on SF’s ability to comply with FCA Consumer Duty Rules in respect of transferring FIL Life policies and existing SF policies, and that the existing SF and transferring FIL Life policyholders will not experience any material differences in their customer outcomes as a result of the Transfer. In arriving at that conclusion, I noted that each firm's approach to Consumer Duty is tailored to its business model, products and customers, and therefore the respective approaches of SF and FIL Life to their implementation of Consumer Duty requirements are not directly comparable given the differences in business model, products and customers. However, given that SF is still on a journey to improve the outcomes its customers receive, I committed to monitoring its progress towards these outcomes to enable me to be satisfied to a greater degree that there will be no material adverse effect on policyholders post-Transfer.

3.6.2. SF has recently provided me with the 2026 Annual Consumer Duty Report. I have discussed this paper with the SF Head of Compliance and Financial Crime and compared it with previous reports which formed the basis of my findings as set out in the Main Report. In addition, I have requested and received relevant extracts of recent draft ***Board*** minutes related to Consumer Duty to obtain a sense of the nature of the Board-level discussions on the topic.

3.6.3. I note that the Price and Value Consumer Duty outcome has retained its green Red-Amber-Green (“***RAG***”) status, and the Products and Services outcome has now improved from amber to green, which demonstrates SF's progress in strengthening product governance and aligning products to target market needs. I also note in particular that SF has been developing enhanced digital servicing capability in order to materially replicate that which is currently offered by FIL Life. Most core customer journeys have been fully tested with high completion rates, with remaining testing focused on outstanding scenarios rather than addressing fundamental build issues.

3.6.4. Below is an assessment of SF’s progress with respect to the remaining two Consumer Duty outcomes, Consumer Understanding and Consumer Support, which have both remained amber-rated.

Consumer Understanding

3.6.5. The amber RAG status for Consumer Understanding reflects a number of legacy issues which are in the process of being addressed. SF has demonstrated continued progress in resolving these matters, with improvements observed in relevant processes and controls.

3.6.6. I am satisfied that the transferring FIL Life policyholders will not be affected by these legacy issues.

Consumer Support

3.6.7. SF is currently addressing a number of operational and service-related issues which are driving the amber Consumer Support RAG status, through ongoing improvement initiatives with a focus on enhancing customer experience and service consistency.

3.6.8. In particular, I note that SF has delivered training to its contact centre and back-office teams to improve the identification and support of vulnerable customers, established a Vulnerable Customer Working Group and introduced regular reporting on the vulnerable customer position to its Customer and Conduct Committee. I also understand from SF that vulnerable customer markers in respect of the transferring policies will be migrated to SF and checked as part of regression testing, and that transferring policyholders will be subject to SF's existing vulnerable customer processes following the Transfer.

3.6.9. Key indicators of SF's progress with respect to the Consumer Support outcome include a circa 50% reduction in the number of complaints received by SF over the second quarter of 2026, relative to the second quarter of 2025 during which a notable rise in complaints was experienced. Similarly, there was a circa 70% reduction in redress payments made by SF to complainants over the second quarter of 2026, relative to the second quarter of 2025.

3.6.10. In addition, there has been continued improvement in SF's performance with respect to improving the rate of achievement of internal service level targets, supported by the establishment of an Intensive Care Team to address underperforming service measures. As noted in the Main Report, SF aims to match or exceed FIL Life's existing service level targets post-Transfer for the transferring policyholders. I remain satisfied that SF's service level targets are deliverable. Progress has also been made in bringing a number of high-priority risk events towards closure. I note that no new issues were identified in SF's latest Annual Consumer Duty Board report.

3.6.11. As described in the Main Report, I have reviewed SF's overall governance and approach to Consumer Duty, noting in particular that:

- Governance and oversight of good customer outcomes is through the Customer and Conduct Committee and sits within Conduct Risk in the risk universe
- This is an Executive committee that meets quarterly and is delegated by the Executive to ensure that appropriate action is being taken by the business to deliver good customer outcomes for SF's retail customers. Key duties of the committee are to:
  - Provide oversight in relation to SF's aim of ensuring customers, including those who may be considered vulnerable, do not incur foreseeable harm and receive good outcomes from SF's behaviours and the products and services it provides
  - Review management information and key measures relating to Good Customer Outcomes at each stage of the product lifecycle and customer journey and the actions being taken to address any gaps, identified trends and vulnerabilities, to ensure good customer outcomes are being delivered
  - Be satisfied that training and leadership is in place to foster a culture that customers are at the heart of everything SF does and receive good outcomes
  - Support the Conduct Executive Risk Owner in their assessment of the quarterly conduct position against risk appetite
- The Conduct Risk Executive Risk Owner (role performed by the Head of Compliance and Financial Crime) prepares the Consumer Duty Annual Report for approval

3.6.12. Taking into account the information and analysis set out above, I remain satisfied that the Transfer will not have any material adverse effect on SF's ability to comply with FCA Consumer Duty Rules in respect of the transferring FIL Life policies and existing SF policies, and that the existing SF and transferring policies will not experience any material differences in their customer outcomes as a result of the Transfer.

4. Updated financial position as at 31 December 2025

4.1.1. In this section, I consider and comment on the impact of the Transfer on the updated ***UK Solvency II Pillar 1*** financial positions of FIL Life and SF as at 31 December 2025. I also consider and comment on risk profiles of FIL Life and SF as at 31 December 2025.

4.2. Financial impact of the Transfer on FIL Life

4.2.1. The following table shows the ***Reported basis*** UK Solvency II Pillar 1 balance sheet of FIL Life as at 30 June 2025 and as at 31 December 2025, both pre-Transfer and post-Transfer:

	30 June 2025		31 December 2025	
£m	**Pre-Transfer (Reported Basis)**	**Pro-Forma Post-Transfer (Reported Basis)**	**Pre-Transfer (Reported Basis)**	**Pro-Forma Post-Transfer (Reported Basis)**
A. Own Funds	210.9	209.8	212.6	211.7
B. SCR	76.4	76.2	42.7	42.6
C. Surplus [A-B]	134.4	133.6	169.9	169.1
SCR Coverage Ratio [A / B]	**275.8%**	**275.3%**	**497.6%**	**497.3%**

Source: FIL Life Chief Actuary Supplementary Report on the Transfer

4.2.2. As noted in the Main Report, FIL Life has in recent years been injected with additional capital such that it is capable of undertaking large scale fund transitions and new business onboarding from time to time. During such transition or onboarding activity (which normally lasts just a few days and could involve funds up to £500m), a temporary counterparty default charge arises under the UK Solvency II capital rules which results in an increase in the Solvency Capital Requirement ("***SCR***") (for example, in the case of a £500m transition, the SCR would increase by £75m). As at 30 June 2025, a transition of £281.6m was in progress, which has been reflected in the above calculations.

4.2.3. When compared to the 30 June 2025 position shown in the Main Report, FIL Life's ***Own Funds*** have grown by £1.7m while the SCR has decreased by £33.7m, resulting in an increase in the ***SCR Coverage Ratio*** from 275.8% to 497.6% over the six month period. This movement is primarily driven by the reversal of a temporary increase in counterparty default risk due to the fund transition underway as at 30 June 2025 as explained above.

4.2.4. However, the Reported Basis position set out above is not fully reflective of FIL Life's underlying solvency coverage. For the purpose of my analysis, I have considered a solvency position that is more aligned with FIL Life's normal capital position, that is, the position that would be expected (referred to as the ***Pre-Funding basis*** in the FIL Life Chief Actuary supplementary report on the Transfer), assuming a full £500m transition was taking place as at 30 June 2025 and as at 31 December 2025.

4.2.5. The following table compares the Pre-Funding basis UK Solvency II Pillar 1 balance sheet position of FIL Life as at 30 June 2025 and as at 31 December 2025 with a full £500m transition taking place, both pre-Transfer and post-Transfer:

	30 June 2025		31 December 2025	
£m	**Pre-Transfer (Pre-Funding Basis)**	**Pro-Forma Post-Transfer (Pre-Funding Basis)**	**Pre-Transfer (Pre-Funding Basis)**	**Pro-Forma Post-Transfer (Pre-Funding Basis)**
Own Funds	208.5	207.5	207.9	207.1
SCR	109.1	108.8	112.9	112.7
Surplus	99.4	98.7	94.9	94.4
SCR Coverage Ratio	**191.1%**	**190.8%**	**184.1%**	**183.8%**

Source: FIL Life Chief Actuary Supplementary Report on the Transfer

4.2.6. FIL Life's SCR Coverage Ratio as at 31 December 2025 is broadly similar to that as at 30 June 2025, falling by seven percentage points between the two dates.

4.2.7. The impact of the Transfer on the Pre-Funding basis UK Solvency II Pillar 1 financial position of FIL Life has not materially changed between 30 June 2025 and 31 December 2025, namely:

- The Transfer results in a £0.8m reduction in FIL Life's Own Funds (or 0.4% in proportional terms) as at 31 December 2025 (£1.0m as at 30 June 2025), indicating that the Transfer has a limited impact on FIL Life's financial resources
- The Transfer results in a £0.3m reduction in FIL Life's SCR (or 0.2% in proportional terms) as at 31 December 2025 (£0.3m as at 30 June 2025), indicating that the Transfer has a limited impact on FIL Life's risk profile
- The Transfer also has a minimal impact on FIL Life's ***Surplus*** and SCR Coverage Ratio

4.2.8. Taking into account the information and analysis set out above, I remain satisfied that the Transfer will not have a material adverse effect on FIL Life's UK Solvency II Pillar 1 financial position.

4.3. Risk profile of FIL Life

4.3.1. In the Main Report, I stated my opinion that the Transfer will result in only minimal changes to the risk profile of FIL Life as at 30 June 2025 and therefore does not have a materially adverse effect on the non-transferring FIL Life policyholders.

4.3.2. The following table compares the impact of the Transfer on the components of the Pre-Funding basis UK Solvency II Pillar 1 diversified SCR for FIL Life as at 30 June 2025 and as at 31 December 2025, both pre- and post-Transfer:

	30 June 2025		31 December 2025	
£m	**Pre-Transfer (Pre-Funding Basis)**	**Pro-Forma Post-Transfer (Pre-Funding Basis)**	**Pre-Transfer (Pre-Funding Basis)**	**Pro-Forma Post-Transfer (Pre-Funding Basis)**
Market risk	6.8	6.2	14.6	14.2
Counterparty default risk	86.0	85.9	85.2	85.2
Life underwriting risk	2.1	1.9	1.9	1.7
Diversification benefits	(6.4)	(5.8)	(11.2)	(10.8)
Basic SCR	88.5	88.2	90.5	90.3
Operational risk	20.6	20.6	22.4	22.4
SCR	109.1	108.8	112.9	112.7

Source: FIL Life Chief Actuary Supplementary Report on the Transfer

4.3.3. The table shows that the market risk component of the SCR has increased significantly since 30 June 2025. This is driven by the renewal of an intragroup loan asset and consequently an increased sensitivity of the asset value to spread and interest rate risk.

4.3.4. FIL Life continues to have smaller levels of exposure to ***life underwriting risk***, which has marginally decreased from £2.1m as at 30 June 2025 to £1.9m as at 31 December 2025. The ***counterparty default risk*** component has remained broadly stable between the two dates, as would be expected on the Pre-Funding basis.

4.3.5. The table also shows that the SCR component with the most material reduction post-Transfer as at 31 December 2025 is market risk. This is as a result of the present value of future profits being lower post-Transfer, and hence the impact of a market shock is reduced. This reduction is offset by reduction in diversification benefits post-Transfer.

4.3.6. There have been no other material changes in the FIL Life risk profile since 30 June 2025 and the overall impact of the Transfer on the risk profile of FIL Life remains minimal as at 31 December 2025.

4.3.7. Therefore, I am satisfied that my opinion remains valid.

4.4. Financial impact of the Transfer on SF

4.4.1. The following table compares the UK Solvency II Pillar 1 balance sheet position of SF as at 30 June 2025 and as at 31 December 2025, both pre- and post-Transfer:

	30 June 2025		31 December 2025	
£m	**Pre-Transfer**	**Pro-Forma Post-Transfer**	**Pre-Transfer**	**Pro-Forma Post-Transfer**
Own Funds	141.7	156.9	126.6	145.7
SCR	62.7	87.6	64.4	90.2
Surplus	79.0	69.3	62.2	55.5
SCR Coverage Ratio	**226.0%**	**179.1%**	**196.6%**	**161.5%**

Source: SF Chief Actuary Supplementary Report on the Transfer

4.4.2. It is notable that SF's pre-Transfer SCR Coverage Ratio fell by 29 percentage points between the two dates. This was primarily driven by a £15.1m decrease in Own Funds attributable to a combination of a profit share distribution to policyholders, a change to a commercial distribution agreement, a one-off reduction in an accounting receivable, and project and marketing costs which are expected to be value generative in the long-term but which, due to restrictions arising from Solvency UK regulations, create a short-term strain on the solvency position. In addition, the SCR has increased by £1.7m, reflecting second order impacts from one-off changes to actuarial assumptions. I have discussed the pre-Transfer fall in SCR Coverage Ratio and the reasons for the fall with the SF Chief Actuary (who provided a detailed explanation covering the context and underlying rationales behind those key reasons for the fall), and I remain comfortable that the movement does not alter my conclusions with respect to the financial impact of the Transfer.

4.4.3. In the table below, I repeat the relevant observations and comments from the Main Report in relation to SF's financial position (which were based on the 30 June 2025 financial positions) and provide an updated assessment based on the 31 December 2025 financial positions:

Observations and comments from the Main Report based on 30 June 2025 financial positions	Updated assessment based on 31 December 2025 financial positions
The Transfer results in a £15.2m increase in SF's Own Funds (or 10.7% in proportional terms)	Corresponding figures as at 31 December 2025 have changed, however my comments remain valid. The Transfer results in a £19.1m increase in SF's Own Funds (or 15.1% in proportional terms). The greater impact on Own Funds as a result of the Transfer is due to the higher level of Transfer-related costs incurred as at 31 December 2025 compared with those incurred as at 30 June 2025. This reduces the pre-Transfer Own Funds and therefore increases the overall impact of the Transfer.
The Transfer results in a £24.9m increase in SF's SCR (or 39.7% in proportional terms)	Corresponding figures as at 31 December 2025 have changed slightly, however my comments remain valid. The Transfer results in a £25.8m increase in SF's SCR (or 40.1% in proportional terms).

Observations and comments from the Main Report based on 30 June 2025 financial positions	Updated assessment based on 31 December 2025 financial positions
The Transfer results in a fall in SF's SCR Coverage Ratio from 226.0% to 179.1%. I do not consider such a change in SCR Coverage Ratio in this range to be materially adverse. The post-Transfer SCR Coverage Ratio of 179.1% remains above the Pillar 1 trigger level of 150% as set out in SF's capital management policy, which is discussed further in section 8.7. Furthermore, 179.1% is significantly in excess of SF's Pillar 1 tolerance level of 130%, as defined in the Risk Appetite Framework as the point at which management is required to take action in order to bring the risk exposure back into appetite.	Corresponding figures as at 31 December 2025 have changed, however my comments remain valid. The Transfer results in a fall in SF's SCR Coverage Ratio from 196.6% to 161.5%, which I do not consider to be materially adverse. 161.5% remains above the trigger point of 150%, as set out in SF's capital management policy. I further note in section 4.4.4 that SF is in the process of implementing "unit matching" which if it had been implemented as at 31 December 2025 would have increased SF's post-Transfer SCR Coverage Ratio by up to 30 percentage points.
While SF does not currently use permitted adjustments to UK Solvency II calculations (including the ***TMTP, MA or VA***) to increase its reported Pillar 1 financial position, it has the option to do so in the future (subject to gaining regulatory permission)	My comments remain valid.

4.4.4. In addition to the above updates, I note that SF is currently in the process of implementing "unit matching" for its existing unit-linked business. This is an asset and liability management technique commonly deployed by life insurers in the UK, for the purpose of reducing exposure to market risks. It is my understanding that SF expects to extend this process to the transferring policies in due course. The impact of unit matching is to materially reduce the market risk component of the SCR, with no corresponding impact on Own Funds, thereby increasing the SCR Coverage Ratio. The SF Chief Actuary has stated in his supplementary report on the Transfer that if unit matching had been implemented as at 31 December 2025, SF's post-Transfer SCR Coverage Ratio would be improved by up to 30 percentage points. As unit matching will have no impact on the amounts received by policyholders, I am satisfied that its implementation will have no material adverse effect on transferring FIL Life policyholders and existing SF policyholders.

4.4.5. Taking into account the updated information and analysis set out above, I remain satisfied that the Transfer will not have a material adverse effect on SF's UK Solvency II Pillar 1 financial position.

4.5. Risk profile of SF

4.5.1. The table below compares the impact of the Transfer on the components of the SCR for SF as at 30 June 2025 and as at 31 December 2025.

	30 June 2025		31 December 2025	
Proportion of total undiversified SCR	**Pre-Transfer**	**Pro-Forma Post-Transfer**	**Pre-Transfer**	**Pro-Forma Post-Transfer**
Market risk	32.8%	36.9%	31.0%	35.6%
Counterparty default risk	6.8%	5.6%	7.4%	6.1%
Life underwriting risk	48.9%	48.4%	51.2%	49.9%
Health underwriting risk	1.0%	0.8%	0.8%	0.6%
Operational risk	10.5%	8.3%	9.6%	7.7%

Source: SF Chief Actuary Supplementary Report on the Transfer

4.5.2. The table shows that there have been no material changes in SF's risk profile since 30 June 2025. Furthermore, all my findings with respect to the impact of the Transfer on SF's risk profile as set out in paragraphs 8.6.8 to 8.6.13 of the Main Report remain valid, notwithstanding small changes to the corresponding figures stated in the Main Report.

4.5.3. I am therefore satisfied that my opinion as stated in the Main Report remains valid, namely that the Transfer will not have an adverse effect on the risk profile of SF.

4.6. Updated assessment of the financial effect of the Transfer on transferring FIL Life policyholders in terms of security of benefits

4.6.1. The following table compares the Pre-Funding basis UK Solvency II Pillar 1 financial position of FIL Life pre-Transfer with the financial position of SF post-Transfer, as at 30 June 2025 and as at 31 December 2025:

	30 June 2025		31 December 2025	
£m	**FIL Life Pre-Transfer (Pre-Funding Basis)**	**SF Pro-Forma Post-Transfer**	**FIL Life Pre-Transfer (Pre-Funding Basis)**	**SF Pro-Forma Post-Transfer**
Own Funds	208.5	156.9	207.9	145.7
SCR	109.1	87.6	112.9	90.2
Surplus	99.4	69.3	94.9	55.5
SCR Coverage Ratio	**191.1%**	**179.1%**	**184.1%**	**161.5%**

Source: FIL Life Chief Actuary Supplementary Report on the Transfer, SF Chief Actuary Supplementary Report on the Transfer

4.6.2. In the table below, I repeat the relevant observations and comments from the Main Report in relation to the financial effect of the Transfer on transferring FIL Life policyholders in terms of security of benefits (which are based on the 30 June 2025 position) and provide an updated assessment based on the 31 December 2025 financial position.

Observations and comments from the Main Report based on 30 June 2025 financial positions	Updated assessment based on 31 December 2025 financial positions
SF's SCR Coverage Ratio post-Transfer is lower than FIL Life's SCR Coverage Ratio pre-Transfer.	My comments remain valid.
SF's post-Transfer Surplus in absolute terms is significantly lower than FIL Life's pre-Transfer Surplus. Whilst this may appear at first sight to be a weakening of financial position, I have taken into account that FIL Life's Surplus pre-Transfer was intended to support all of FIL Life's business and not just the transferring policies. In addition, FIL Life has a significantly larger book of liabilities than SF, and adverse movements of an equal probability would result in a larger reduction in FIL Life's Surplus.	My comments remain valid.
I have taken into consideration that while there are differences in the risk profile of FIL Life pre-Transfer and SF post-Transfer (as discussed in section 6.6 of the Main Report), the Transfer will not have a materially adverse effect in relation to the profile of risks that transferring policyholders will be exposed to.	My comments remain valid.
I have reviewed stress testing carried out by SF as part of its most recent Own Risk and Solvency Assessment ("***ORSA***") which includes the FIL Life business. In my opinion, the methodologies and assumptions used appear reasonable, and the results provide additional reassurance that SF would remain adequately capitalised following the Transfer.	My comments remain valid.
When considering the security of benefits, I have also taken into account FIL Life's and SF's respective capital management policies.	My comments remain valid.

4.6.3. Taking into account the updated information and analysis set out above, I am satisfied that my explanations are valid, and my opinion remains unchanged that the security of benefits for transferring FIL Life policyholders will be not be materially adversely affected by the Transfer compared to the status quo.

4.7. Impact of the Transfer on transferring FIL Life policyholders in terms of risk profile

4.7.1. In the Main Report, I discussed the impact of the Transfer on transferring FIL Life policyholders in terms of risk profile.

4.7.2. I present my observations from the Main Report in paragraphs 4.7.3 to 4.7.6 below.

4.7.3. The risk profile in relation to transferring FIL Life policyholders will change following the Transfer as FIL Life and SF operate different business models and are therefore exposed to different types of risk.

4.7.4. The mix of FIL Life's risk exposure pre-Transfer differs significantly from that of SF post-Transfer. In particular, those risk categories which differ the most in terms of proportion of total undiversified Pillar 1 SCR are counterparty default risk and life underwriting risk.

4.7.5. In my opinion, neither risk profile is inherently superior to the other, as long as they are appropriately managed by the insurer and in line with the risk appetite as articulated by the Board in accordance with its governance process and are appropriately managed within the context of the capital management framework adopted by the insurer.

4.7.6. On balance, I am satisfied that while the profile of risks to which the transferring FIL Life policyholders will be exposed will change in several aspects, the Transfer will not have a materially adverse effect in relation to risk profile.

4.7.7. Based on updated information provided by FIL Life and SF as at 31 December 2025 (see sections 4.3 and 4.5), I am satisfied that my opinion remains valid.

4.8. Impact of the Transfer on transferring FIL Life policyholders in terms of capital management policy

4.8.1. In the Main Report, I discussed the impact of the Transfer on transferring FIL Life policyholders in terms of FIL Life's and SF's capital management policies.

4.8.2. I present my observations from the Main Report in paragraphs 4.8.3 to 4.8.6 below.

4.8.3. The impact of the Transfer on the capital management policy associated with the transferring policyholders is a nuanced consideration as it can be over simplistic to directly compare the capital management policy of two insurers.

4.8.4. This is because the capital management policy is only a single component of the overall risk management framework (including risk appetite and exposures as a result of each insurer's chosen business strategy) which is unique to each insurer.

4.8.5. I have compared FIL Life's and SF's capital management policies and trigger levels at a broad level, with due regard for both insurers' inherent financial position, group structures, risk management policies and business strategies.

4.8.6. I concluded from my review that:

- Both FIL Life's and SF's capital management policies are reasonable and appropriate for their respective businesses
- I am satisfied that SF's capital management policy is at least as strong as FIL Life's capital management policy

4.8.7. Based on updated information provided by FIL Life and SF for this report, I am satisfied that my opinion remains valid.

4.9. Movements since 31 December 2025

4.9.1. Since 31 December 2025, there has been considerable and continued volatility in long term interest rates as well as the wider financial markets. Both FIL Life and SF have confirmed to me that they will continue to closely and regularly monitor market movements and their effects on their respective financial positions (in line with their respective capital management policies) as well as their effects on the Transfer. I have requested (and both FIL Life and SF have agreed to provide) monthly updates on their respective estimated financial positions. Based on my review of the updated financial positions provided by FIL Life and SF, I am satisfied that there are no material changes since 31 December 2025 that affect my assessments, observations and opinions as set out in this section. I shall continue to monitor the situation and, if appropriate, will provide an update to the Court in the run up to the Sanction Hearing.

5. Policyholder communications, responses and objections

5.1. Introduction

5.1.1. This section considers any relevant updated information concerning the communication of the Transfer, including in particular the information provided to policyholders and any communications received from policyholders.

5.1.2. I noted in section 10.2 of the Main Report that FIL Life and SF planned to seek waivers from the Court in respect of communicating the Transfer to specific groups of policyholders. The Court has since granted the waiver applications sought by FIL Life and SF and they have now communicated with the relevant policyholders in good time ahead of the Sanction Hearing, in accordance with the plan discussed in the Main Report. FIL Life conducted the bulk mailing of policyholder packs between 21 April 2026 and 23 April 2026 with 32,290 policyholder packs issued to members. This has allowed sufficient time from the date of receipt of the mailing to the date of the Sanction Hearing for transferring policyholders to consider the impact of the Scheme and raise any questions or objections. Of the 32,290 policyholder packs despatched to transferring policyholders, 8,429 policyholder packs were despatched by mail and 23,861 policyholder packs were despatched by email. Of the 23,861 policyholder packs despatched by email, 379 email bounce-backs were received, of which 359 were issued a physical letter pack as a follow up and 20 did not have a valid address (and consequently were move to a “Gone Away” status and went into the contact tracing). Any physical mailing that is undelivered is classified as “return mail” (which includes other mailings such as annual statements and wake up packs). Once a policyholder’s contact details (address and email) are determined as no longer valid, they will move to a “Gone Away” status and enter FIL Life’s contact tracing. . A separate figure for physical policyholder packs returned specifically in connection with the Transfer cannot be identified, as all undelivered physical correspondence is recorded collectively as “Return Mail”, which also includes other correspondence such as annual statements and wake-up packs.

5.1.3. I also note that FIL Life (in conjunction with SF) placed notices of the Transfer in various newspapers in line with the communication plan. Further, information on the Transfer and the associated arrangements was made available for all FIL Life policyholders on its website, and there has been a helpline which all FIL Life policyholders have access to.

5.1.4. SF completed the mailing of information packs to its Delegates (who represent the interests of all policyholders), which included an operational readiness update, and posted all relevant communication materials on its website. Further, a Special General Meeting (“***SGM***”) was held by SF on 29 April 2026. A number of Delegates raised questions with SF on various aspects of the Transfer, which were resolved by SF in advance of the SGM. At the SGM, all attending Delegates voted unanimously to approve the Transfer.

5.1.5. As noted in section 10.3 of the Main Report, it is my opinion that FIL Life’s and SF’s communications strategies and materials for the Transfer have been reasonable, fair and not misleading.

5.2. Overview of consumer responses

5.2.1. Following the mailings, FIL Life has maintained a detailed log of all correspondence (including letters, emails, electronic enquiry forms, telephone calls) received from policyholders in relation to the Transfer. This information categorises the correspondence into document requests, general enquiries, technical enquiries, returns, objections and complaints.

5.2.2. The following table shows the summarised position as at 21 August 2026:

Document request	General enquiry	Technical enquiry	Returns	Objections	Complaints	Total
1	196	328	0	81	9	615

5.2.3. The log has been updated on a weekly basis since the start of the mailing exercise and has been provided on a regular basis to the PRA and the FCA. I have also had regular discussions with FIL Life to monitor the correspondence received from policyholders and in particular to understand the concerns and issues raised by the affected policyholders.

5.2.4. As at 21 August 2026, SF has received three general queries from policyholders by telephone, however there have been no objections to the Transfer from SF policyholders.

5.3. Objections raised by FIL Life policyholders

Overview

5.3.1. The PRA, FCA, any affected policyholder, reinsurer or any person (including an employee of FIL Life or SF) who alleges that the person would be adversely affected by the carrying out of the Transfer have the right to raise their objections to the Court. Communication materials for FIL Life and SF policyholders clearly set out those rights and the process by which policyholders can make their representations.

5.3.2. As at the date of this report, FIL Life has received 81 objections to the Transfer, of which two have been withdrawn. I have considered the remaining 79 objections in further detail below. All such objections were made by Section 32 policyholders, and no objections were made by transferring annuitants.

5.3.3. I have also noted that the number of objections represents only 0.2% of the total number of transferring policies. This indicates that the level of policyholder dissatisfaction with the Transfer is very low.

5.3.4. I have been provided with and have reviewed details of submissions made by policyholders and FIL Life's responses to those submissions. I also understand that copies of all objections (including submissions and FIL Life's written responses) have been shared with the PRA and FCA and will be submitted to the Court. As well as reviewing the content of FIL Life's responses to objections, I have considered the time taken by FIL Life to provide those responses.

5.3.5. FIL Life started receiving objections from late April 2026, and it initially issued standardised acknowledgement responses to all objections. As the nature of objections became varied and increasingly complex over time, the initial standardised approach did not meet my expectations in terms of adequately responding to specific points raised by each objecting policyholder.

5.3.6. FIL Life subsequently replaced its initial approach of issuing standardised acknowledgement responses with a revised approach of issuing more substantive and tailored responses to each objecting policyholder. This included sending appropriate additional tailored responses to objecting policyholder who had previously received the standardised acknowledgement responses. To summarise FIL Life's revised approach with respect to responding to the objections received, FIL Life has written to each individual objecting policyholder to:

- Confirm that a formal objection has been recorded

- Confirm that the objection will be submitted to the High Court for consideration
- Respond to specific points raised by the policyholder

5.3.7. I believe that this process and approach is appropriate for dealing with policyholder objections. As FIL Life has now looked at each individual objection separately and tailored each written response to address specific points made by the objector (including the provision of additional information and materials) in its revised approach, I am satisfied that it has appropriately addressed the concerns raised by the policyholders.

5.3.8. The revised substantive responses were subject to necessary internal reviews and governance processes, leading to significant time elapsed between the initial receipt of objections and the revised substantive responses being issued, particularly in the case of the early objections received. However, FIL Life had largely "caught up" on the speed of responses by mid-July 2026 and any objections received since then have been and continue to be responded to in a timely manner (typically within one week). I note that the delay in responses has been driven by a need for careful drafting of responses to properly address the issues raised by objectors. Further, the objectors have been provided with significant lead time ahead of the Sanction Hearing to consider FIL Life's responses and to make any further points of objections if deemed appropriate. I therefore believe that any delays have not had a detrimental effect on those policyholders.

5.3.9. I also understand from FIL Life that at the time this report was finalised, there are no outstanding objections or follow-on correspondence to which FIL Life has not yet responded in writing.

5.3.10. I note that a number of transferring policyholders (including some of the objectors) have either expressed interest in or initiated the process of transferring their Section 32 policy to either another provider or to another FIL Life product in advance of the Effective Date. In my view, this is a valid option available to the transferring Section 32 policyholders (subject to appropriate guidance and advice being obtained). I note however that there is a possibility that certain protected rights and options, such as Protected Tax-Free Cash (“***PTFC***”) and Protected Pension Age (“***PPA***”), may be lost if such an action is taken.

5.3.11. For the purpose of my review, I have classified the objections by types of reason or nature, and comment on each of these in turn below. Some of the objecting policyholders cited multiple reasons for their objection and the count of objections by category of reason below includes all cases where the reason was cited. As a result, the sum of the objections in each category below exceeds the number of policyholders who objected to the Transfer.

Concerns about SF

5.3.12. 32 policyholders have expressed general concerns regarding the Transfer to SF either without raising any specific areas of concerns, or due to a general lack of prior awareness of or familiarity with SF as a pensions provider.

5.3.13. This includes some policyholders who expressed concerns over uncertainty associated with changing providers (or having to change providers multiple times) and some policyholders who are close to retirement. Other policyholders indicated they have not provided consent for the Transfer to take place.

5.3.14. With respect to policyholders who are close to retirement, I note that all retirement options that are currently available to them will continue to be available to them post Transfer (including an income drawdown product offering by SF).

5.3.15. I note that, under Part VII of the FSMA 2000, FIL Life and SF are not required to seek consent from transferring policyholders to effect the Transfer. However, any Transfer must be sanctioned by the Court.

5.3.16. In my role as Independent Expert, I have evaluated the suitability of SF as a transferee as part of my overall assessment of the Transfer. I concluded in the Main Report that the Transfer will not have a material adverse effect on transferring FIL Life policyholders and stated the reasons for my conclusion. Based on a review of updated information as set out in this report, in my opinion the conclusion remains valid.

5.3.17. Policyholders with concerns over uncertainty associated with changing providers (or having to change providers multiple times) and policyholders who were not previously aware of or familiar with SF as a pensions provider should derive comfort from my work, as well as the overall Part VII Transfer process and relevant associated protections for policyholders (including evaluations undertaken by the PRA and FCA).

5.3.18. Finally, I set out in section 3.1 of the Main Report FIL Life's rationale for seeking to transfer the transferring portfolio (which is closed to new business and no longer core to its current strategy) to SF. I consider that rationale to be reasonable.

Lack of information on the Transfer

5.3.19. Seven policyholders were concerned about a perceived lack of information regarding the Transfer.

5.3.20. As noted in the Main Report, I have reviewed the communications plan to transferring FIL Life policyholders with respect to the Transfer and considered it to be reasonable and appropriate. I have also reviewed all communication materials issued to transferring FIL Life policyholders (which includes the Main Report and this report), which I consider to be appropriate and sufficiently detailed.

Lack of benefit to transferring policyholders

5.3.21. Seven policyholders objected on the basis of a lack benefit to the transferring policyholders arising from the Transfer.

5.3.22. In my role as Independent Expert, I have evaluated the suitability of SF as a transferee as part of my overall assessment of the Transfer. I concluded in the Main Report that the Transfer will not have a material adverse effect on transferring FIL Life policyholders, in relation to all factors I consider to be relevant including the financial effect of the Transfer (which covers security of benefits, investment strategy, charges and benefit expectations). It is however not a requirement under Part VII of the FSMA 2000 that the Transfer must benefit the transferring policyholders.

Online reviews

5.3.23. Ten policyholders were concerned about negative online reviews of SF. For example, as at 24 July 2026, SF had a review score of 3.8 out of 5 on Trustpilot UK (a well known online review website) based on more than 3,000 reviews, while Fidelity Group had a review score of 4.6 out 5 based on more than 7,000 reviews. Taken in isolation, it implies that customers of Fidelity Group (including customers of FIL Life) are somewhat happier with the service they received, relative to customers of SF.

5.3.24. Whilst online reviews can provide helpful information on some customers' experiences, I do not consider it appropriate to rely on online reviews to perform my assessment of the Transfer. This is because many reviews are unverifiable and can be prone to distortions and extreme bias, and may not be reflective of typical policyholder experience. In my view, online reviews have limited value for many of the factors that I have taken into account in my assessment. For example, online feedback provides little information on an insurer's financial strength or governance framework.

5.3.25. I also note that a number of these objections reference service levels as the main subject of the negative online reviews. I have provided a comprehensive analysis of matters related to service levels with respect to transferring policyholders in section 9 of the Main Report, noting that adequate provisions have been made under the terms of the Transfer to mitigate the risk of deterioration in service standards being experienced by transferring FIL Life policyholders following the Transfer. Considering the service level and administration updates outlined in section 3.5 of this report, I remain satisfied that SF will have sufficient resources and IT capability to apply the service level it proposes for the Transfer.

5.3.26. In forming my views as Independent Expert, I have taken into account all matters that I consider to be relevant and material in assessing the impact of the Transfer. I concluded in the Main Report that the Transfer will not have a material adverse effect on transferring FIL Life policyholders and stated the reasons for my conclusion. Based on a review of updated information as set out in this report, in my opinion the conclusion remains valid.

Fees

5.3.27. Eight policyholders have expressed concerns about potentially increased costs associated with the Transfer.

5.3.28. I have provided a comprehensive analysis of matters related to expenses and charges with respect to transferring policyholders in section 6.4 of the Main Report, noting that there will be no change to the charges on the relevant transferring FIL Life Section 32 policies as a result of the Transfer.

5.3.29. However, I also noted that the total charges are not formally guaranteed and may be increased in the future (although this would have also been the case in the absence of the Transfer). Any future reviews of charges by SF on Section 32 unit-linked policies post-Transfer will be subject to the same governance arrangements that apply to SF's other unit-linked policies. In addition, the transferring policies will be subject to oversight by SF's GAA and will be subject to an ongoing independent assessment of price and value by Zedra (as noted in section 3.5 of this report).

5.3.30. In addition, as discussed in section 3.6 of this report, SF is subject to the FCA's Consumer Duty requirements, including the obligations to ensure good customer outcomes in relation to price and value. These requirements provide an additional layer of regulatory protection with regard to the interests of transferring policyholders.

5.3.31. For reasons as described above, I remain of the opinion that transferring Section 32 unit-linked policyholders will not be materially adversely affected by the Transfer in relation to charges.

Fund choice and fund performance

5.3.32. 21 policyholders have expressed concerns about the choice of funds available to them post-Transfer and/or the relative fund performance post-Transfer.

5.3.33. As stated in section 6.3 of the Main Report, SF will maintain the current FutureWise approach and investment management arrangements for at least 10 years from the Effective Date and will maintain the current self-select funds for at least one year from the Effective Date, under the terms of the Transfer. Any future changes to the approach and investment management arrangements will be subject to appropriate governance.

5.3.34. In particular, and as noted in section 9.3 of the Main Report, transferring Section 32 policies will be overseen by SF's GAA, the primary role of which is to consider the level of charges, the investment performance achieved and the quality of service provided. I am satisfied that SF maintains an effective governance structure with respect to investment choices.

5.3.35. In addition, as discussed in section 3.6 of this report, SF is subject to the FCA's Consumer Duty requirements and is required to act to deliver good outcomes for customers. This includes ongoing consideration of whether policyholders will continue to receive products that meet their needs and objectives.

5.3.36. Lastly, in section 3.3 of this report I discussed the measures being taken such that the relevant reinsurance and fund link agreements, through which the Section 32 funds are accessed, will be in place post-Transfer. I concluded that there will be no material adverse effect on transferring FIL Life policyholders in this regard. Further, as noted in 5.3.31 above, transferring Section 32 unit-linked policyholders will not be materially adversely affected by the Transfer in relation to charges. Accordingly, and as the underlying funds and the arrangements through which they are accessed will remain unchanged, the underlying fund performance are expected to be identical pre- and post-Transfer.

5.3.37. Having considered the planned continuation of the current investment arrangements post-Transfer, the governance framework that will apply post-Transfer, SF's ongoing obligations to comply with FCA Consumer Duty and the measures in place to effectively ensure the relevant reinsurance and fund link agreements are in place post-Transfer, it is my opinion that transferring policyholders will not be materially adversely affected in terms of fund choice or fund performance at SF.

Protected rights and options associated with the Section 32 policies

5.3.38. Six policyholders have expressed concerns over the potential loss of certain protected rights and options associated with their Section 32 policies as a result of Transfer, particularly with respect to PTFC and PPA.

5.3.39. I noted in section 6.1 of the Main Report that any transferring Section 32 policy with PTFC and/or PPA will continue to receive this protection unchanged post-Transfer, and that all existing options will not be affected by the Transfer.

5.3.40. Therefore, I remain of the view that the Transfer will not give rise to materially adverse effects on the benefit expectations of Section 32 unit-linked policyholders.

Fidelity Wealth Management Services

5.3.41. Fidelity Group provides a Wealth Management service to those customers who have more than a certain amount invested with it across the various Fidelity 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 events and newsletters. The Wealth Management service is not a service which provides regulated investment advice. Although the transferring Section 32 business is in general outside of the scope of the Wealth Management service, Fidelity has identified that a number of the Section 32 policyholders do currently have access to this service as a result of past special agreements.

5.3.42. Three policyholders have objected to the Transfer on the basis that the transfer of their policy to SF would have an adverse impact on their access to, or the terms of, the Wealth Management service provided by Fidelity Group. 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 Hearing planned for 8 September 2026.

5.3.43. The FIL Life Chief Actuary explains in his supplementary report that 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.

5.3.44. FIL Life and Fidelity Group have identified that 299 of the transferring Section 32 policyholders have access to the Wealth Management service, however, for the majority (248) of these policyholders, 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.

5.3.45. For a further 18 policyholders, no specific action by FIL Life or Fidelity Group is again needed. These policyholders 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.

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

5.3.47. I am satisfied that FIL Life and Fidelity Group have investigated the impact of the Transfer on the affected transferring policyholders' access to the Wealth Management service aspect in a comprehensive manner. I am also satisfied that FIL Life and Fidelity Group have where necessary put in place special arrangements to ensure that no transferring 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.

Part VIII Merger

5.3.48. 14 policyholders objected to the Transfer due to concerns about the Part VIII Merger with OneFamily.

5.3.49. Section 3.2 of this report discusses the Part VIII Merger in detail and sets out the reasons why I remain of the opinion that the proposed Part VIII Merger does not give rise to any material adverse effect on transferring policyholders.

5.3.50. This group includes one policyholder who expressed concerns about whether, if the proposed Part VIII Merger is completed, OneFamily would continue to abide by SF's commitment to maintain the current FutureWise approach and investment management arrangements for at least 10 years from the Effective Date and to maintain the current self-select funds for at least one year from the Effective Date. I noted that this commitment is part of the formal terms of the Transfer and OneFamily would legally be required to continue to comply with the terms of the Transfer in the event that the proposed Part VIII Merger is completed.

Loss of access to FIL Life's online portal

5.3.51. One policyholder objected on the basis that SF does not offer provide an online application for managing pensions currently offered by FIL Life.

5.3.52. I note in section 3.6 of this report that SF has been developing enhanced digital servicing capability that will aim to materially replicate the functionalities which is currently offered by FIL Life. The digital offering is in the final stages of build and is expected to be available to transferring policyholders from the Effective Date.

5.3.53. As a result, it is my opinion that transferring policyholders will not be materially adversely affected in terms of access to digital tools.

Objections related to issues associated with policyholders who are non-UK residents

5.3.54. Three policyholders objected to the Transfer given their non-UK resident status.

5.3.55. In particular, two of these policyholders highlighted that FIL Life allows declarations to be signed digitally or by post prior to executing benefit choices, whereas SF requires declaration signings by post. It was noted that this would present a material practical deterioration to the policyholder, given the time and unreliability of international post for documents on which benefit access is dependent.

5.3.56. In addition, clarification was sought as to whether benefits can continue to be paid to non-UK bank accounts, and whether any cost or currency limitations will apply post-Transfer.

5.3.57. Lastly, clarification was sought as to whether SF and OneFamily's online portals and servicing channels will be fully accessible to overseas members without UK addresses.

5.3.58. SF has confirmed that scanned copies of identification and verification documents will be accepted over email, with secure document transfer options also available to policyholders.

5.3.59. SF has also confirmed that any transferring policyholders with non-UK resident status who are currently receiving pension payments to their international bank accounts will continue to do so post-Transfer, without cost or currency limitations post-Transfer. I understand that this arrangement applies to a small number of transferring policyholders (currently 11) and represents a legacy position that is not aligned with FIL Life's current operating approach. Notwithstanding this, SF has taken a conscious decision to continue servicing these existing arrangements to avoid any potential customer harm and to ensure fair treatment for this specific cohort.

5.3.60. However, any policyholders who have not yet entered into drawdown and wishing to enter drawdown post-Transfer will only be able to receive payment into a UK bank account, which is consistent with FIL Life's current operating approach.

5.3.61. Lastly, transferring policyholders with non-UK resident status will have access to the SF's digital functionality post-Transfer, in the same way that UK resident policyholders will.

5.3.62. Based on the points set out above, it is my opinion that the Transfer will not have a material adverse effect on transferring policyholders of non-UK resident status.

Other specific policyholder objections

5.3.63. In this sub-section, I discuss additional specific points of objections raised by individual policyholders that have not yet been discussed above but warrant commentary.

5.3.64. One policyholder raised concerns about retaining the option to liaise with SF by telephone post-Transfer, given their lack of internet access and a computer.

5.3.65. As noted in section 3.5 of this report, SF has established a dedicated team for servicing the transferring Section 32 policies, and will fully train these employees prior to the Effective Date, based on a training programme that has already been developed. In addition, SF maintains a dedicated call centre for its entire customer base, trained to respond to customer queries in a similar fashion to FIL Life.

5.3.66. Further, as discussed in section 9.2 of the Main Report, SF's multi-channel retirement journey will include additional telephone support by SF, and for policyholders who prefer telephone based guidance post-Transfer, there will be clear signposting to Pension Wise (a UK-government backed service offering free, impartial pension guidance, either by telephone or face-to-face).

5.3.67. Based on the points set out above, it is my opinion that there will be no material adverse effect on transferring FIL Life policyholders in terms of accessing telephone services.

5.3.68. One policyholder stated that SF does not meet three of the FCA Consumer Duty standards.

5.3.69. I provided an update on SF's progress with respect to FCA Consumer Duty in section 3.6 of this report. In particular, I noted that SF retains green ratings for both the Price and Value and Products and Services outcomes, whilst both the Consumer Understanding and Consumer Support outcomes are rated amber. I outlined SF's key areas of progress since the time the Main Report was completed and its key focus areas going forward. I remain satisfied that the Transfer will not have any material adverse effect on SF's ability to comply with FCA Consumer Duty Rules in respect of the transferring policies.

5.3.70. One policyholder objected on the basis of negative previous personal experience with SF when dealing with a family member's estate, citing a lack of online presence, SF's requirement for only physical mail correspondence, poor customer service and extended delays.

5.3.71. Whilst I have no information on the specifics of the situation that the policyholder faced with SF, and am therefore unable to comment on their individual circumstances, I note in section 3.6 of this report that SF has been developing enhanced digital servicing capability that will aim to materially replicate the functionalities which are currently offered by FIL Life. The digital offering is in the final stages of build and is expected to be available to transferring policyholders from the Effective Date. I further note in section 3.5 of this report that SF has put in place a dedicated customer service team to support the ongoing administration of the transferring business post-Transfer. Finally, I described in the Main Report the analysis that supports my opinion that SF operates to a high level of service standards and has the necessary experience and ability to manage the transition of transferring FIL Life policies into SF.

5.3.72. One policyholder expressed concerns that after the Transfer completes, there may be difficulties in pursuing FIL Life for any historic conduct-related failings that may be discovered post-Transfer or for any losses in the event that any of the companies were to fail.

5.3.73. I note that after the Transfer completes, SF will assume responsibility for any liabilities associated with the transferring policies and policyholders will retain the right to pursue SF for any historic conduct-related failings by FIL Life before the Transfer. Further, I have set out my assessment on the Transfer in the Main Report with respect to security of benefits and conducted an updated assessment of the financial effect of the Transfer on transferring FIL Life policyholders in terms of security of benefits in this report, and remain satisfied that the security of benefits of transferring FIL Life policyholders will not be materially adversely affected by the Transfer. Finally, I noted in the Main Report that it is not expected that there will be any change to Financial Services Compensation Scheme (“***FSCS***”) or Financial Ombudsman Service (“***FOS***”) cover to policyholders as a result of the Transfer, and this remains the case.

Right to opt out or to choose another provider

5.3.74. 20 policyholders either believe they have a right to individually opt out of the Transfer or expressed an interest in either transferring their Section 32 policy to another provider or to another FIL Life product in advance of the Effective Date.

5.3.75. Under Part VII of the FSMA 2000, transferring policyholders do not have a right to individually opt out of the Transfer. However, as discussed in 5.3.10, an individual transfer of a Section 32 policy is a valid option available to such policyholders (subject to appropriate guidance and advice being obtained). I note however that there is a possibility that certain protected rights and options, such as PTFC and PPA, may be lost if such an action is taken.

No reason provided

5.3.76. 11 policyholders have objected to the Transfer but did not initially provide a reason for doing so. I note that FIL Life has followed up their initial responses to these objections with further correspondence in an attempt to establish reasons for their objections. Two policyholders responded by providing additional reasons for their objections, which has been captured in my assessment above. I shall not comment further on the objections where no reason was provided.

Overall conclusions

5.3.77. Having reviewed the objections raised by policyholders, I am satisfied that there are no fresh points raised by those objections which would prompt me to change my conclusions as stated in the Main Report.

6. Other considerations

6.1. Updates to the Scheme

6.1.1. A small number of minor changes have been made to the Scheme since it was presented to the Court at the Directions Hearing on 27 March 2026.

6.1.2. In particular, the updated position with respect to the reinsurance agreements, as discussed in section 3.3 of this report, is now reflected in the Scheme.

6.1.3. In my opinion, the amendments are immaterial and do not affect my conclusions as set out in the Main Report.

6.2. Tax update

6.2.1. In section 12.2 of the Main Report, I noted that FIL Life and SF were seeking to obtain tax clearance from His Majesty's Revenue and Customs ("***HMRC***").

6.2.2. All relevant applications for tax clearances have been submitted to HMRC (and are expected to be received) and there have been no changes to the expected tax impact of the Transfer since the completion of the Main Report. Therefore, I remain satisfied that the Transfer is not expected to have any significant adverse tax impact on the policyholders of FIL Life and SF, and that no changes are expected to the tax status of transferring FIL Life policies as a result of the Transfer.

6.3. Emerging risk update

6.3.1. In section 12.4 of the Main Report, I discussed the subject of sanctions with respect to the Transfer.

6.3.2. At the time the Main Report was completed, no transferring FIL Life policyholders were identified as either sanctions targets or Politically Exposed Persons ("***PEPs***"). Based on the information provided to me by FIL Life, this remains to be the case.

6.3.3. In the Main Report, I further referenced the fact that FIL holds units in certain unitised mutual funds which in turn hold certain ***subject assets*** (assets subject to Ukraine-Russia sanctions). I noted that when the Transfer happens, neither the legal nor beneficial title to the subject assets will transfer, that FIL Life had received legal advice which supported the determination, and that this approach was similar to a process previously undertaken by SF. At the time of writing this report, there have been no changes to the status of sanctioned assets with respect to the Transfer.

6.3.4. I am therefore satisfied that my opinion as set out in the Main Report on matters related to sanctions remains valid.

Appendix A – Statement of compliance

I understand that it is my duty in preparing the Supplementary Report to help the Court on all matters within my expertise and that this duty overrides any obligations I have to those instructing me and/or paying my fee. I confirm that I have complied with this duty.

I confirm that I am aware of the requirements applicable to experts set out in Part 35 of the Civil Procedure Rules, the Practice Direction, and the Guidance for the Instruction of Experts in Civil Claims 2014. As required by Part 35 paragraph 10 of the Civil Procedure Rules, I hereby confirm that I have understood my duty to the Court and have complied with and will continue to comply with this duty.

I confirm that I have made clear which facts and matters referred to in the report are within my knowledge and which are not. Those that are within my own knowledge I confirm to be true. The opinions I have expressed represent my true and complete professional opinions on the matters to which they refer.

I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

……………………………………………………

Marc Loh

Dated: 24 August 2026

Appendix B – Data

Table B.1 Information provided by FIL Life

Item	Date received
FIL Life Chief Actuary Supplementary Report on the Transfer	24 August 2026
Policyholder objections to the Transfer	01 May 2026 to 21 August 2026
Solvency monitoring as at 31 May 2026	17 June 2026
Responses to objections	04 June 2026 to 21 August 2026
Draft FIL Life Second Witness Statement	24 August 2026
Section 32 objection handling timeline	27 July 2026
Signed FIL Life/Schroder reinsurance agreement	29 July 2026
Signed FIL/Schroder deed of charges	29 July 2026
Communications to transferring policyholders having their Wealth Management status maintained	17 August 2026
Updated number of transferring policyholders as at 14 August 2026	17 August 2026

Table B.2 Information provided by SF

Item	Date received
Reinsurance arrangement update	03 June 2026
Investment management arrangement update	03 June 2026
Operational readiness update	05 June 2026
Resourcing update	05 June 2026
Complaints statistics	05 June 2026
Pensions complaints statistics	05 June 2026
Pensions SLAs	05 June 2026
Updated Consumer Duty annual report	05 June 2026

Item	Date received
SF Chief Actuary Supplementary Report on the Transfer	24 August 2026
Solvency monitoring as at 31 May 2026	19 June 2026
SF WPA Supplementary Report on the Transfer	24 August 2026
Vulnerable customer identification update	23 June 2026
Non-pensions SLAs	23 June 2026
Non-pensions complaints statistics	23 June 2026
Extract from draft Board minutes on Consumer Duty	23 June 2026
Update on position with respect to overseas policyholders post-Transfer	23 June 2026
Summary of improvements to service levels with respect to Section 32 policyholders	06 July 2026
Updated complaints statistics	05 August 2026
Updated solvency position as at 30 June 2026	14 August 2026
UAT results summary	18 August 2026

Table B.3 Information provided jointly by FIL Life and SF

Item	Date received
Financial information as at 31 December 2025	07 May 2026
Updated draft of the Scheme	17 June 2026

Appendix C – Supplementary glossary

Term	Description
Aptia	Aptia Insurance Services Group LLC
SGM	Special General Meeting
Zedra	Zedra Governance Ltd