

Report from the With-Profits Actuary to the with-profits policyholders of Scottish Friendly Assurance Society Limited

As with-profits actuary for Scottish Friendly Assurance Society Limited (“Scottish Friendly”), I advise the Scottish Friendly Board on the management of with-profits business. The nature of with-profits business means that an element of discretion will be exercised in making any decision. The Scottish Friendly Board must consider any advice I provide when making decisions affecting with-profits policyholders.

The proposal to merge Family Assurance Friendly Society Limited (“OneFamily”) and Scottish Friendly is a significant change impacting you as a Scottish Friendly with-profits policyholder and requires the application of discretion by the Scottish Friendly Board.

This will mean all current with-profits policyholders in the Scottish Friendly Main Fund will move to a new ring-fenced with-profits sub-fund within OneFamily. The guaranteed benefits for all with-profits policyholders will not be changed, and your policy will continue to be managed in the same way as it was prior to the merger.

ProfitShare is how some of the profits made by Scottish Friendly are shared with eligible with-profits policyholders in the Scottish Friendly Main Fund. Following the merger, the current ProfitShare arrangement will be removed and will be replaced by a payment into the new ring-fenced with-profits sub-fund. This payment reflects the value of future profits that would have been shared if the merger did not take place. The full value of this payment and the other assets in the new ring-fenced sub-fund will be used solely to support future payments to policies in the new ring-fenced sub-fund.

I have been involved and have provided detailed written advice to the with-profits committee and Scottish Friendly Board throughout the decision-making process and have also been supported by formal legal advice.

In summary, the advice I provided to the with-profits committee and Scottish Friendly Board reflected my view that the merger:

- is not expected to result in a material worsening of the security of your policy benefits,
- has no detrimental impact to the rights or benefit expectations under your policy, specifically that the merger allocation proposed is commensurate with the value that would otherwise be provided to Scottish Friendly Main Fund with-profits policyholders through future ProfitShare payments, and;
- provides replacement membership rights and benefits in OneFamily that are aligned with the rights and benefits you already enjoy as a member of Scottish Friendly.

In my opinion, the discretion exercised by the Directors of Scottish Friendly during the merger decision-making process took your interests into account in a reasonable and proportionate manner and was consistent with the disclosures made to you and those set out in the Scottish Friendly PPFMs.

I have based my opinions on the information and explanations provided to me by the Directors and management of Scottish Friendly and on my own knowledge and investigations. In doing so, I have considered the relevant rules and guidance issued by the Financial Conduct Authority, the Financial Reporting Council and the Actuarial Profession.

A handwritten signature in black ink that reads "Callum Stuart".

Callum Stuart FFA
With-Profits Actuary, Scottish Friendly
September 2026

The Scottish Friendly Group consists of the following companies:
Scottish Friendly Assurance Society Limited.

The Society is an incorporated friendly society under the Friendly Societies Act 1992 (Registration No. 3COLS). Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered on the Financial Services Register, registration number 110002.

Scottish Friendly Asset Managers Limited - OEIC Managers, ISA Managers. Authorised and regulated by the Financial Conduct Authority. Registered on the Financial Services Register, registration number 188832. Registered in Scotland No. SC187215.

The registered office of each member of the Scottish Friendly Group is Galbraith House, 16 Blythswood Square, Glasgow G2 4HJ. Telephone: 0333 323 5433. www.scottishfriendly.co.uk.