Supplementary report on the proposed business transfer from Canada Life Limited to Countrywide Assured plc

Supplementary report of the Independent Expert

8 July 2026

Building a better working world

Contents

1 Introduction

1.1 Background

Canada Life Limited ("CLL") and Countrywide Assured plc ("CA") (together, the "Companies") have jointly appointed Mr Loic Bellettre ("me", "I", "my") of Ernst & Young LLP ("EY", "we", "us", "our") to act as the Independent Expert ("IE") for the proposed transfer of certain long-term insurance business (the "Scheme") from CLL to CA. The Companies are both proprietary insurance companies operating in the UK. The Scheme in question relates to a block of UK-based unit-linked bonds and pension business of 14,780 policies (“Transferring Policies”) as at 31 December 2025.

When an application is made to the High Court for an order to sanction the transfer of long-term insurance business from one insurance company to another, the application is subject to Part VII of the Financial Services and Markets Act 2000 (“FSMA”) and must be approved by the Court under Section 111 of FSMA. FSMA requires the application to be accompanied by a report on the terms of a scheme (the “Report”) by an IE.

This “Supplementary Report” provides an update based on more recent financial information and developments relevant to the Scheme since the issuance of my Report. This Supplementary Report should be read in conjunction with my Report and the Addendum to my Report, and all reports should be considered in their entirety.

My Report has been presented to the Court at an initial hearing (the “Directions Hearing”) which took place on 15 July 2025. The Scheme will be submitted to the Court for sanction at a hearing on 17 July 2026 (the “Sanction Hearing”). My Supplementary Report will be provided for the Court shortly in advance of the Sanction Hearing. If approved, the Scheme is expected to become effective on 27 July 2026 (the “Effective Date”).

1.2 Independent Expert

I have been appointed by the Companies pursuant to Section 109 of FSMA as IE in connection with the Scheme.

I am a Fellow of the Institute and Faculty of Actuaries (“IFoA”) and hold a Chief Actuary practising certificate issued by the IFoA. I am a Partner of EY, and I lead the EY Life Actuarial practice in the UK. I undertake a wide variety of consulting engagements for life insurance clients on topics including financial reporting, mergers and acquisitions, solvency and capital management, asset-liability management, business restructures such as through schemes, and policyholder fairness assessments. I also lead actuarial work on external audits in the role of Reviewing Actuary.

The Companies jointly appointed me as IE and will be jointly responsible for the payment of fees incurred by me in my capacity as IE for the proposed Scheme. My appointment as the IE has been approved by the Prudential Regulation Authority ("PRA") in a letter dated 23 April 2025 after consultation with the Financial Conduct Authority ("FCA").

1.3 Independence

The team that has supported me ("my team"), the peer reviewer and I maintain independence from the Companies. My team, the peer reviewer and I, and our immediate families, do not hold any policies (including insurance policies), investments, shareholdings or any other financial interests with any of the Companies that will affect our independence. Neither I, the peer reviewer, nor my team have performed any work for the Companies involved in the Scheme in the last 4 years.

EY, including other members of EY's global network of firms, has carried out and continues to carry out a number of different projects for the Companies. Partners and staff of EY have not acted for the

Companies in projects that would affect my conclusions and have not been involved in developing any aspects of the Scheme.

I do not believe that any of these engagements compromise my independence, create a conflict of interest, or compromise my ability to report on the Scheme.

1.4 Purpose of this Supplementary Report

In my Report and the Addendum to my Report, dated 8 and 9 July 2025 respectively, I considered the effect the proposed Scheme is expected to have on different groups of policyholders in CLL and CA, and whether the position of any group is, or is likely to be, materially adversely affected. My Report sets out my findings to assist the Court in deciding whether or not to allow the Scheme to proceed.

The purpose of this Supplementary Report is for me to provide an updated assessment of the impact of the proposed Scheme on policyholders. In reaching my conclusions, I have considered developments affecting the Scheme subsequent to the date of my Report, including updated financial information, and therefore assessed whether conclusions reached in my Report remain valid in light of subsequent developments. In addition to areas of subsequent development relevant to the Scheme, I have also considered the areas where work was still in progress at the date of my Report. These are:

- The migration of policy administration from Computations Life Office Administration System (“CLOAS”) to SS&C Technologies (“SS&C”);
- Completion of arrangements with third-party asset managers to set up fund link arrangements;
- Issuance of terms of business to, and onboarding of, relevant distributors in relation to the Transferring Policies;
- Tax implications; and
- Completion of the policyholder communications process, including consideration of any policyholder objections.

To the best of my knowledge, I have taken account of all material facts in assessing the impact of the Scheme. I also provide my conclusions on the Scheme, together with the reasons why I have reached these conclusions.

1.5 Scope of this Supplementary Report

As IE for the Scheme, I have considered the provisions of Part VII of FSMA and taken into account guidance issued by the PRA and FCA (see Section 1.7). Therefore, the Supplementary Report considers the consequences of the Scheme for all policyholders affected, including whether the Scheme provides sufficient protection for policyholders' interests in the changed circumstances which will apply following implementation. The policyholders in scope of this report include:

- Policyholders transferring from CLL to CA (“Transferring Policyholders”);
- Existing policyholders of CA (“Transferee Policyholders”);
- Policyholders remaining with CLL (“Remaining Policyholders”).

The scope of this Supplementary Report also considers, where relevant, other stakeholders, such as reinsurers. The key purpose of this report is to reflect any updated financial information or circumstances closer to the date of the Sanction Hearing.

Readers of my Supplementary Report may also find it helpful to read some of the other Scheme-related documents on CLL's and Chesnara plc's website, the parent company of CA. Where appropriate, I have considered these in coming to my opinions but have not relied on any opinions therein.

1.6 Peer review process

The contents of this Supplementary Report have been peer reviewed to check quality and completeness by Catherine Thorn. Catherine is a Fellow of the Institute and Faculty of Actuaries with over 30 years' experience of actuarial work in the life insurance industry and is a Partner in the EY Life Actuarial practice in the UK. For the avoidance of doubt, Catherine has not been part of my team working on this Supplementary Report. The peer review process has included both a review of the methodology I have used and discussion of the key elements of my analysis.

1.7 Regulatory and professional guidance

To reach my conclusions, I have applied the principles set out in the Technical Actuarial Standards ("TAS") and Actuarial Profession Standards ("APS"). Specifically, in writing this Supplementary Report, I have sought to:

- Exercise my judgement in a reasoned and justifiable manner;
- Describe the impact on the benefit expectations, level of service and security of rights for all classes of policyholders;
- Indicate the rationale for the proposal for the Scheme to proceed;
- Include (in summary) the most material information on which my opinion is based; and
- Describe the rationale for my opinion.

This Supplementary Report complies with Technical Actuarial Standard 100 ("TAS 100") and Technical Actuarial Standard 200 ("TAS 200") as issued by the Financial Reporting Council ("FRC"), which is responsible for setting UK actuarial standards. I believe that this compliance has been achieved with no major deviations from the guidelines.

This Supplementary Report complies with the applicable rules on expert evidence and with the guidance for the scheme reports set out by the PRA in its Statement of Policy, 'The Prudential Regulation Authority's approach to insurance business transfers', in the PRA Handbook and in accordance with the guidance contained in Chapter 18 of the supervision Manual in the FCA Handbook. Additionally, this Supplementary Report complies with the FCA's Final Guidance "FG221: The FCA's approach to the review of Part VII insurance business transfers".

This Supplementary Report has been prepared in accordance with Actuarial Profession Standard X2: Review of Actuarial Work ("APS-X2") and Actuarial Profession Standard X3: The Actuary as an Expert in Legal Proceedings ("APS-X3"), issued by the IFoA.

1.8 Statements of reliance and limitations

In preparing this Supplementary Report, I have been provided with all of the information I have requested and have relied on the accuracy and completeness of data and information provided to me by the Companies, the key items of which are listed in Appendix 8.2. I have reviewed the information for consistency and reasonableness, using my knowledge of the UK life insurance industry, but have not otherwise verified it. Where applicable, I have also relied on the audit opinion and work of the external auditors of the Companies to gain confidence in the financial information included within this Supplementary Report, noting that not all the financial information used in this report is subject to external audit.

Additionally, I have had access to, and discussions with, senior management of the Companies.

My analysis of the solvency position of the Companies under Solvency UK is based on estimates of the Companies' pre- and post-Scheme financial positions as at 31 December 2025. I have placed reliance on the Companies' own internal governance processes for their accuracy. A number of the processes, models and systems used to produce the financial information used in this Supplementary Report are subject to audit. Therefore, I am satisfied that the financial information is in compliance with applicable rules and guidance and can be relied on for the purpose of this Supplementary Report.

I note that the solvency position post-Scheme cannot be stated with certainty since this will depend, inter alia, on the economic conditions at that time. The actual solvency position post-Scheme will therefore differ from the estimated solvency position shown in this Supplementary Report. Similarly, the pre-Scheme financial position on the Effective Date will differ from that shown in this Supplementary Report. As a result, the estimated pre- to post-Scheme impact shown in this Supplementary Report will differ from the actual impact on the Effective Date. Nevertheless, I would not expect the impact of the Scheme to vary significantly from the estimates shown.

I have also had access to other materials such as the Own Risk and Solvency Assessment ("ORSA") reports of the Companies. These are not audited but have been approved by the Board. In view of this, I believe it to be reasonable for me to rely on the information provided to me without further verification.

I will continue to keep the financial position under review in the period leading up to the Sanction Hearing and will consider the most recent information in my Supplementary Report. The Companies have been advised by their own legal advisers in relation to the Scheme. For CLL this is Pinsent Masons LLP (“PM”) and for CA this is Slaughter and May ("SM"). I have reviewed the legal input provided where relevant and have considered this when forming my conclusions. PM and SM have no liability to me or EY in relation to the input provided.

This Supplementary Report, and any extract or summary thereof, has been prepared for the use of the bodies or persons listed below:

- The High Court;
- The Directors and senior management of CLL;
- The Directors and senior management of CA;
- The PRA, FCA, or any other governmental departments or agencies having responsibility for the regulation of insurance companies in the UK;
- Other insurance Regulators who have a legitimate interest in the Scheme;
- The policyholders of CLL and CA;
- The legal and tax advisers of the Companies.

This Supplementary Report must be considered in its entirety since individual sections, if viewed in isolation, may be misleading. Draft versions of this Supplementary Report and any other interim working papers must not be relied on by any person for any purpose.

This Supplementary Report has been prepared by EY on an agreed basis (as set out in our engagement letter dated 24 April 2025) for CLL and CA in respect of the Scheme and must not be relied on for any other purpose. No liability will be accepted by EY, or me, for any application of this Supplementary Report for a purpose for which it was not intended, nor for the results of any misunderstanding by any user of any aspect of this Supplementary Report. If other persons choose to rely in any way on the contents of this Supplementary Report, they do so entirely at their own risk.

For the avoidance of doubt, this Supplementary Report considers the Scheme presented to me and does not consider possible alternative schemes.

1.9 Tax

I have reviewed information provided to me by the Companies and taken advice, where appropriate, from EY tax specialists. I have discussed potential implications further in Section 5.4.

1.10 Legal jurisdiction

This Supplementary Report will be governed by and construed in accordance with the laws of England and Wales, and the High Court of Justice of England and Wales will have exclusive jurisdiction in connection with all disputes and differences arising out of, under, or in connection with this Supplementary Report.

1.11 Duty to the Court

I confirm that I am aware and have complied with the requirements of Part 35 of the Civil Procedure Rules and the relevant Practice Direction and the Guidance for the Instruction of Experts in Civil Claims.

In reporting on the Scheme as the IE, I recognise that I owe a duty to the High Court of Justice of England and Wales to assist it on matters within my expertise. This duty overrides any obligation to CLL and CA. I confirm that I have complied with this duty.

1.12 Statement of truth

I confirm that I have made clear which facts and matters referred to in this Supplementary Report are within my own 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.

1.13 Materiality

My Supplementary Report focuses on whether any policyholder could be materially adversely impacted by the Scheme.

The definition of what is "material" depends on the matter in hand, and so where there are adverse changes, I have provided context regarding their size and/or likelihood of them occurring, the relevance of the outcome to the Scheme and the impact (financial or otherwise) of the outcome to the policyholders. Unless explicitly stated, if the potential effect represents a small or very unlikely impact, I do not consider this to be material.

Further, I use the guidance provided by the Court of Appeal in 2020 following the initially refused sanction of the transfer of an £11.2 billion portfolio of annuities from The Prudential Assurance Company to Rothesay Life plc. In considering if a policyholder could be materially adversely affected by the Scheme, this guidance states that focus needs to be on adverse effects where:

- There are possibilities that cannot sensibly be ignored having regard to the nature and gravity of the feared harm in the particular case;
- They are a consequence of the scheme;

- They are material in the sense that there is the prospect of real or significant, as opposed to fanciful or insignificant, risk to the position of the stakeholder concerned.

2 Executive Summary

2.1 Developments since my Report

At the time of writing my Report, there were certain areas where work was still in progress, in particular:

- The migration of policy administration from CLOAS to SS&C;
- Completion of arrangements with third-party asset managers to set up fund link arrangements;
- Issuance of terms of business to, and onboarding of, relevant distributors in relation to the Transferring Policies;
- Tax implications; and
- Completion of the policyholder communications process, including consideration of any policyholder objections.

Furthermore, I have reviewed updated financial impacts and policyholder communications as described in Section 4 and 5 below. I have also considered the following additional developments since the time of writing my Report:

- The unit linked fund error discussed in the Addendum to my Report;
- Chesnara’s acquisition of HSBC Life (UK) Limited;
- Chesnara’s acquisition of Scottish Widows Europe;
- CLL’s transfer of its Hong Kong portfolio;
- CLL’s Investment Charter; and
- A chargeable event certificate error that was discovered within CLL.

I have set out and concluded on the developments identified since the completion of my Report in the relevant sub-sections of my Supplementary Report. Overall, having considered each of these matters, I am satisfied that the Scheme continues to have no material adverse impact on the security, level of service, or benefit expectations of Transferring, Transferee, and Remaining Policyholders.

Other than the matters discussed above, and qthe financial impacts and policyholder communications referred to below, I am not aware of any other material areas of development with the potential to impact my conclusions in relation to the Scheme.

2.2 Financial impacts

The tables below set out the estimated impacts of the Scheme on the Companies. I have also provided the financial impacts from my Report as a comparison point. All figures shown below are on a post-dividend basis.

Figure 2.1: CLL Pro-forma balance sheet as at 31 December 2024 and 31 December 2025

	YE24			YE25		
CLL (£m)	**Pre-Scheme**	**Post-Scheme**	**Scheme not sanctioned**	**Pre-Scheme**	**Post-Scheme**	**Scheme not sanctioned**
Own funds	3,446	3,447	3,444	3,224	3,224	3,222
Solvency Capital Requirement (“SCR”)	2,124	2,123	2,125	1,604	1,604	1,608
Excess assets	1,322	1,323	1,319	1,619	1,620	1,613
SCR coverage ratio %	**162%**	**162%**	**162%**	**201%**	**201%**	**200%**

Source: CLL

Figure 2.2: CA Pro-forma balance sheet as at 31 December 2024 and 31 December 2025

	YE24			YE25		
CA (£m)	**Pre-Scheme**	**Post-Scheme**	**Scheme not sanctioned**	**Pre-Scheme**	**Post-Scheme**	**Scheme not sanctioned**
Own funds	130	130	122	118	118	104
SCR	96	96	84	91	90	79
Excess assets	34	35	37	27	28	25
SCR coverage ratio %	**135%**	**136%**	**145%**	**130%**	**130%**	**132%**

Source: CA

Since the Report, CLL’s SCR coverage ratio has increased from 162% to 201% both pre- and post-Scheme, and to 200% in the scenario where the Scheme is not sanctioned. Over 2025 the Own Funds have fallen by approximately £222m. However, the SCR has fallen by a larger amount, c.£520m. Therefore, there has been an improvement in the SCR coverage ratio. The SCR coverage ratios in all positions remain above the level set out by CLL within its Capital Management Operating Policy, which has not changed since my Report. The proportion of risk modules within the SCR has remained broadly similar across YE24 to YE25. See section 4.2 for further details of the drivers of change in the SCR.

Since the Report, CA’s SCR coverage ratio has reduced in all positions, by 6% in the post-Scheme position and by 13% in the Scheme not sanctioned position. This is primarily driven by movements in own funds as a result of updates to operating assumptions, a foreseeable dividend, and positive economic experiences variances. The SCR coverage ratios in all positions remain above the green risk tolerance limit reviewed annually by the Board at CA, which has not changed since my Report. The gap between post-Scheme and Scheme not sanctioned from an SCR coverage ratio perspective has narrowed, this is due to an increase in the deferred tax attribute that would be recaptured by CLL from CA if the Scheme were not to proceed. The deferred tax attribute has grown as a result of a methodology change by CLL, which has been approved by the PRA. The proportion of risk modules within the SCR has remained broadly similar across YE24 to YE25. The exception to this is where there have been methodology changes to the SCR calculation.

I have assessed the financial impact of the Scheme on the Companies and compared it to that assessed in my Report. Whilst I note that the solvency ratios of the Companies have changed since my Report, notably that CLL's has risen c.40% and CA's has dropped c.5%, movements in solvency ratios are a normal part of the ongoing operation of insurance businesses. I have worked with the Companies to understand the drivers of these movements, that reflect developments that have taken place over the past year. Importantly for my conclusions, both Companies continue to maintain solvency ratios above their respective solvency monitoring standards. These ratios also remain well in excess of 100%, which reflects a company's ability to cover a 1-in-200-year event, whilst continuing to meet its obligations. I am therefore satisfied that my conclusions in relation to the financial impacts and financial strength of the Companies remain valid for the purpose of this Supplementary Report.

Since December 2025, escalating conflict in the Middle East has increased geopolitical uncertainty, disrupted trade, and driven heightened financial market volatility. This raises the potential for short-term movements in asset values and solvency positions that diverge from the figures shared above. Both Companies have confirmed robust and comparable frameworks for monitoring market risks, with enhanced monitoring and escalation if movements approach defined threshold. I note that recent volatility has not triggered any solvency threshold breaches, but I confirm the situation continues to be monitored. I am therefore satisfied that market risks are being managed consistently and there is no evidence that recent geopolitical uncertainty gives me reason to change the conclusions of this Supplementary Report.

Further details of my review of the financial impacts, including key drivers of these movements, and geopolitical uncertainty can be found in Section 4 below.

2.3 Policyholder communications and objections

In July 2025, CLL informed Transferring Policyholders about the Scheme through direct mailing. Policyholders were given the opportunity to make representations to the Companies in relation to the Scheme, such as raising queries or more formal objections. CLL has provided me with regular updates on the communications received from policyholders in relation to the Scheme including a breakdown of the types of communications received, details of objections and queries received, and copies of the responses sent to policyholders who objected to the Scheme.

Of the 14,780 Transferring Policies, there have been 1021 individual communications with CLL, representing c.7% of policies. Of these 1021 items, 15 individuals raised objections, representing c.0.1% of policies. I have reviewed all of the objections received and considered carefully any potential issues relating to the Scheme. CA has received no individual communications from any policyholders.

The objections can be sub-divided into the following categories:

- Policyholders' past personal experience with and views on CA;
- Effect on policyholder future benefits

Overall, I am satisfied with CLL's approach to contacting policyholders and responding to their representations. Additionally, I remain satisfied with CA's request to waive the direct mailing requirement for Transferee Policyholders. The results of the policyholder communications exercise, including the objections raised, do not give me any reason to change the conclusions set out in my Report or lead to a different conclusion in this Supplementary Report. Further details and my more detailed conclusions in this area can be found in Section 5 below.

2.4 Conclusion

Having taken into account the relevant developments affecting the Scheme, I can confirm that the conclusions set out in my Report continue to hold. Namely that:

- I believe that the implementation of the Scheme on the Effective Date will not lead to a materially adverse effect on:
  - The reasonable benefit expectations of policyholders;
  - The security of policyholders' contractual rights; or
  - The level of service provided to policyholders.
- Additionally, I am satisfied that the Scheme is equitable to all classes and generations of policyholders.

I note that I have reached the same "no material adverse effect" conclusions for each distinct policyholder group that I identified as needing separate consideration, specifically the Transferring Policyholders, Transferee Policyholders, and Remaining Policyholders. I therefore do not believe there is a reason that the Scheme should not proceed.

3 The Scheme

3.1 Introduction

In this section, I comment on the key developments affecting the Scheme since my Report, other than financial impacts and policyholder communications, which are considered in detail in Sections 4 and 5 respectively.

In Section 3.2, I have set out a summarised version of the overview of the Scheme that I presented in my Report, before stepping through in Section 3.3 the key developments affecting the Scheme since my Report.

3.2 Overview of the Scheme

3.2.1 Background and purpose of the Scheme

The purchase of CLL's UK unit-linked portfolio of bonds and pensions by CA was announced publicly on 23 December 2024, subject to Part VII court proceedings.

For CA, the transfer represents a continuation of its strategy of acquiring portfolios of closed life insurance policies and providing additional scale to the UK business of over 260k customers (over 1 million globally). CA has extensive experience with acquisitions and has successfully completed five Part VII transfers from 2006 to present.

For CLL, the transfer enables the company to focus on its core markets and growth in other strategic areas, including in the international bond market and its bulk annuity business.

The Companies considered alternative arrangements to the Scheme but concluded that the Scheme is the most appropriate option to align with both Companies' strategic objectives. For CA, the Scheme is able to provide additional scale to the UK operations and demonstrate the ability to undertake portfolio transactions that could be leveraged for future acquisitions. For CLL, an alternative considered was running off the book but sale to an experienced run-off provider was deemed to provide the optimum balance of outcomes for customers and advisers. For the avoidance of doubt, I am not required to consider alternative arrangements and have only considered the Scheme covered in this Supplementary Report.

Any policies which are part of the transferring closed UK unit-linked portfolios but that are not being transferred under this Part VII would be referred to as "Residual Policies". However, under this Scheme, all policies within the closed UK unit-linked portfolios, together with their associated assets and liabilities, are to be transferred. At the time of writing, no Transferring Policyholders have been identified as sanction targets. Six policyholders have been identified as Politically Exposed Persons (PEPs). Insurers are required to apply enhanced due diligence for PEPs to assess whether there is an increased risk of financial crime. CLL has raised no financial crime concerns in relation to these policyholders and confirmed that these policyholders are still transferring with the Scheme as expected. Therefore, for this Scheme there are no Residual Policies.

3.2.2 Description of the Scheme

The Scheme relates to the transfer of a portfolio of UK-based unit-linked bonds and pensions business, with c.£1.8bn Assets Under Management ("AUM") and 14,780 policies, from CLL to CA. A financial summary of the Scheme is shown below. AUM is the total value of assets held by CLL for each policy type.

Figure 3.1: Financial summary of the policies subject to the Scheme as at 31 December 2025

	Policy count	AUM (£m)
Unit-linked bond	13,907	1,447
Unit-linked pension	873	56
Total*	**14,780**	**1,505**

Source: CLL

**Total figures differ slightly due to rounding*

The table below shows the breakdown of CLL's products included in the Scheme. All products are now closed to new business, though top-ups are available for the Select Account, Flexible Investment Bond, Total Access Bond, and Trustee Investment Plan.

Figure 3.2: Breakdown of products as at 31 December 2025

	Policy count	AUM (£m)
Select Account	5,890	934
Flexible Investment Bond	6,582	
Select Investment Bond	1,363	514**
Total Access Bond	72	
Total bonds	**13,907**	**1,447**
Flexible Drawdown Plan	758	42
Trustee Investment Plan	115	15
Total pensions	**873**	**56**
Total*	**14,780**	**1,505**

Source: CLL

**Total figures differ slightly due to rounding*
***514 represents AUM across the Flexible Investment Bond, Select Investment Bond, and Total Access Bond combined*

Included within the Transferring Policies are the Flexible Drawdown Plan ("FDP") policies (shown in Figure 3.2). Each of these policies is written on the terms of a CLL product called 'CanRetire Flexible Drawdown Plan' ("CanRetire") and provides the individual with pension and lump sum benefits.

The FDP policies are currently held within the CanRetire Personal Pension Scheme. However, this pension scheme cannot be transferred as a whole as it also contains policies that are not transferring. Therefore, the FDP policyholders will have their membership transferred to the Countrywide Assured Personal Pension Scheme, which is a registered pension scheme owned and operated by CA. This ensures that the FDP policies will continue to be held within a registered pension scheme following the transfer.

As a result of the transfer, there are no changes to terms and conditions for FDP policies and there are no changes to the substance of FDP policies (e.g. product features). As such, my conclusions made throughout this Supplementary Report in respect of the impact of the Scheme on Transferring Policyholders apply equally to FDP policies.

3.3 Update to the Scheme document

I have reviewed the updated legal Scheme documentation dated 25 June 2026 and have noted no material changes to the Scheme since my Report.

4 Updated financial impact

4.1 Introduction

In my Report, I assessed the impact of the Scheme on the financial position of CA and CLL by considering the financial position of the separate Companies pre-Scheme, post-Scheme and if the Scheme were not to be sanctioned. The financial positions assessed in my Report were as at 31 December 2024.

The purpose of this section is to discuss the financial movements since my Report and whether this changes the conclusions I formed in my Report. At the time of writing, the actual financial impact at the Effective Date is unknown and so this section provides an estimate of what the financial impact could be on both the Companies if applied at 31 December 2025, in order to inform my considerations and conclusions in terms of policyholder impact. I acknowledge that the actual impacts and financial positions at the Effective Date will be different. Nevertheless, I would not expect the impact of the Scheme to vary significantly from the estimates shown.

There is a reinsurance agreement (“Reinsurance Agreement”) in place that covers the business transferring under the Scheme, transferring the majority of the insurance and economic risks ahead of the actual transfer of policies, excluding immaterial expense risk associated with policy administration. If the Scheme were not to be sanctioned, the Reinsurance Agreement would be recaptured and so the tables below provide this position in addition to the pre- and post-Scheme position.

I have not reviewed the numbers for accuracy, but I have considered the financials of the Scheme in order to make an assessment on the impact on policyholders. There are potential impacts on the security of policyholder benefits at both Companies if either company were to experience material negative financial impacts as a result of the transfer.

4.2 Financial impact on CLL

The table below shows the breakdown of the financial impact on CLL as at 31 December 2025 compared with the position as at 31 December 2024, as provided by CLL and summarised by EY.

Figure 4.1: CLL Pro-forma balance sheet as at 31 December 2024 and 31 December 2025

	YE24			YE25		
CLL (£m)	**Pre-Scheme**	**Post-Scheme**	**Scheme not sanctioned**	**Pre-Scheme**	**Post-Scheme**	**Scheme not sanctioned**
Own funds	3,446	3,447	3,444	3,224	3,224	3,222
SCR	2,124	2,123	2,125	1,604	1,604	1,608
Excess assets	1,322	1,323	1,319	1,619	1,620	1,613
SCR coverage ratio %	**162%**	**162%**	**162%**	**201%**	**201%**	**200%**

Source: CLL

Figures shown above are on a post-dividend basis. Since the Report, the SCR coverage ratio has increased from 162% to 201% for both pre- and post-Scheme, and to 200% in the scenario where the Scheme is not sanctioned. Over 2025 the Own Funds have fallen by approximately £222m. However, the SCR has fallen by a larger amount, c.£520m. Therefore, there has been an improvement in the SCR coverage ratio. Some of the key drivers of these movements are as follows:

- Completion of multiple reinsurance transactions, including recapture of an existing longevity swap and a recede of the same business under an internal funded reinsurance transaction (c.13% positive impact on SCR coverage ratio at YE25);

- Increases in the loss absorbing capacity of deferred tax ("LACDT") due to a change in the methodology allowing taxable future profits within the LACDT calculation (c.16% positive impact on SCR coverage ratio at YE25);

- Model and basis changes to the Partial Internal Model credit model (c.12% positive impact on SCR coverage ratio at YE25);

- Increase in Bulk Purchase Annuity new business (c.7% negative impact on SCR coverage ratio at YE25).

The SCR coverage ratios in all positions remain above the level set out by CLL within its Capital Management Operating Policy, which has not changed since my Report. The proportion of risk modules within the SCR has remained broadly similar across YE24 to YE25, such that the mix of risks that CLL policyholders are exposed to has remained similar.

4.3 Financial impact on CA

The table below shows the breakdown of the financial impact on CA as at 31 December 2025 compared with the position as at 31 December 2024, as provided by CA.

Figure 4.2: CA Pro-forma balance sheet as at 31 December 2024 and 31 December 2025

	YE24			YE25		
CA (£m)	**Pre-Scheme**	**Post-Scheme**	**Scheme not sanctioned**	**Pre-Scheme**	**Post-Scheme**	**Scheme not sanctioned**
Own funds	130	130	122	118	118	104
SCR	96	96	84	91	90	79
Excess assets	34	35	37	27	28	25
SCR coverage ratio %	**135%**	**136%**	**145%**	**130%**	**130%**	**132%**

Source: CA

Figures shown above are on a post-dividend basis. From a pre-dividend perspective, Own Funds grew over the year and the pre-dividend SCR coverage ratio as at 31 December 2025 was 155%.

On a post-dividend basis, since the Report, the SCR coverage ratio has reduced in all positions, by 6 percentage points in the post-Scheme position and by 13 percentage points in the Scheme not sanctioned position. This is largely driven by:

- Updates to the operating assumptions as a result of migration costs and demographic assumption changes. (c.£10m negative impact on Own Funds);

- A foreseeable dividend paid by CA to Chesnara (c.£23m negative impact on Own Funds);

- This is somewhat offset by positive economic experience variances due to increased unit prices on the UL and WP business, and a surplus on non-linked investments. (c.£18m positive impact on Own Funds).

Additionally, the difference from post-Scheme to the Scheme not sanctioned position has narrowed from YE24 to YE25. This is largely driven by an approved change to CLL's tax methodology, which has increased the size of the deferred tax attribute that would be recaptured by CLL from CA, if the Scheme were not sanctioned.

The SCR coverage ratios in all positions remain above the green risk tolerance limit reviewed annually by the Board at CA, which has not changed since my Report. The proportion of risk modules within the SCR has remained broadly similar across YE24 to YE25, such that the mix of risks that CLL policyholders are exposed to has remained similar. The exception to this is where there have been methodology changes to the SCR calculation, whereby the risk weighting within concentration risk was adjusted.

4.4 Considerations around recent market volatility and geopolitical risk

The financial impacts in this Supplementary Report are based on the positions for each Company at 31 December 2025. In assessing these positions, I have monitored market volatility since this date, up until the time of writing. My previous Report contained narrative on the potential impact of tariffs and market volatility on the financial positions.

Since December 2025, there has been escalation of military conflict in the Middle East which has heightened geopolitical uncertainty and disrupted trade. Financial markets have experienced increased volatility, including upward movements in interest rates and falls in equity markets. There is likely to be continued volatility in financial markets in the coming months. This increases the potential for short-term movements in asset values and solvency positions.

In light of this, I have sought confirmation from the Companies regarding their ongoing monitoring of market developments and the potential impact on solvency. I understand that both Companies operate similar frameworks for monitoring key market-related risks, with enhanced monitoring and escalation processes in place should market movements exceed defined tolerance thresholds. Both Companies actively monitor market movements on a frequent basis and, in response to the recent increase in volatility, monitoring has increased. For both CA and CLL, where market movements exceed specified thresholds, this would trigger additional analysis, including ad-hoc solvency assessments. I have confirmed at the time of my Supplementary Report, that the recent market volatility has not triggered any breaches in the respective solvency monitoring thresholds.

I am therefore satisfied that both Companies are managing market risks consistently, and at the time of writing, neither Company has raised a solvency concern that would suggest to me that they are disproportionately exposed to market volatility, compared with the other. I conclude that these movements do not alter the conclusions set out in my Report, or this section.

Should further geopolitical volatility give rise to market movements that result in a material change in the financial position of either company or could result in a change to the conclusions formed in this Supplementary Report, I will issue an addendum prior to the Sanction Hearing.

4.5 Conclusion

I have assessed the financial impact of the Scheme on the Companies and compared it to that assessed in my Report. Whilst I note that the solvency ratios of the Companies have changed since my Report, notably that CLL's has risen c.40% and CA's has dropped c.5%, movements in solvency ratios are a normal part of the ongoing operation of insurance businesses. I have worked with the Companies to understand the drivers of these movements, that reflect developments that have taken place over the past year. Importantly for my conclusions, both Companies continue to maintain solvency ratios above their respective solvency monitoring standards. These ratios also remain well in excess of 100%, which reflects a company's ability to cover a 1-in-200-year event, whilst continuing to meet its obligations. I am therefore satisfied that my conclusions in relation to the financial impacts and financial strength of the Company remain valid for the purpose of this Supplementary Report.

5 Other developments affecting the Scheme

At the time of writing my Report, there were certain areas where work was still in progress. I have set out and concluded on each of these developments, and any additional areas that have arisen, in the sub-sections below.

I am not aware of any additional regulatory or other matters that have arisen since my Report that may have a bearing on the Scheme.

5.1 SS&C migration

The Transferring Policies are currently administered by CLL's customer servicing team using the CLOAS system. Following the Scheme, the Transferring Policies will be administered by SS&C. This will require a migration from the CLOAS system to SS&C.

CA has confirmed to me that of CA's outsourcing providers, SS&C is currently the only provider open for new products. I note the choice of provider may reflect broader commercial considerations, and I focused my assessment on the servicing standards before and after the Scheme. In my Report, I compared the policy administration service standards across the two systems and concluded that they were broadly comparable. I also confirmed with the Companies that the level of service expected to be provided following the migration would be comparable across the systems, noting that SS&C is already used by CA for other products. On this basis, I therefore concluded in my Report that, should the migration proceed as planned ahead of the Effective Date, then the impact of migrating to SS&C for Transferring Policyholders was unlikely to be material.

I have continued to monitor the progress of the migration to SS&C since the issuance of my Report. I note that the hearing date has been deferred to allow sufficient time for the migration to be completed in a controlled and safe manner, and I provide further commentary on this in Section 6.1.1. Since my Report, I have received regular management information detailing key milestones, progress against those milestones, and performance against target timeframes. I have also held ongoing discussions with the Companies to review these updates.

At the time of writing, the design and build phases, along with certain testing cycles, have been completed. Final end-to-end testing, together with the associated sign-offs, including confirmation of operational readiness, remains in progress. CA has confirmed to me that, while testing remains in progress, testing and the second (and final) dress rehearsal is expected to be complete by the Sanction Hearing date. I have also confirmed with CA that the target go-live date of 27 July 2026 continues to be achievable, with any remaining matters expected to be resolved in advance of the Scheme Effective Date.

On the basis that final testing, sign-off, and defect resolution are expected to be completed ahead of the go-live date, my assessment of the relative service standards remains unchanged from that set out in my Report. I will, however, continue to monitor progress closely and will issue an addendum to this Supplementary Report confirming the situation and my conclusions prior to the Sanction Hearing.

5.2 Unit-linked funds

To ensure that Transferring Policyholders retain access to the same underlying unit-linked funds as at present, CA has been establishing new fund link agreements ("FLAs"). This process requires the creation of equivalent arrangements with approximately 20 asset managers. At the time of writing, CA has confirmed that 14 FLAs have been executed and CA has committed to completing all remaining agreements in advance of the Sanction Hearing scheduled for 17 July 2026. On this basis, I intend to submit an addendum to the Court ahead of the Sanction Hearing confirming that all required FLAs for Transferring Policyholders have been finalised.

In my Report, I referred to a fund link agreement between CLL and Coutts & Co ("Coutts Contract"). Under this contract a new agreement signed by Coutts & Co is not required, instead the existing contract is to be moved from CLL to CA. CA has confirmed to me there has been communication with Coutts on the Scheme and they are aware of the Scheme and associated timelines.

Additionally, in my Report, I commented that CLL's unit-linked property funds, in which Transferring Policyholders are invested, are currently in wind-up, and confirmed that I would comment further in my Supplementary Report. Since my Report, CLL has confirmed to me that the wind-up of the property funds is proceeding as part of business-as-usual activity. Further, the wind-up of CLL's property funds is expected to proceed irrespective of the Scheme. Whilst the date of the full closure is not yet known, it will continue to wind-up following the Scheme, if it has not already closed. Therefore, my conclusions in relation to the Scheme are unchanged in light of the wind-up of CLL's unit-linked property funds.

5.3 Terms of business

At the time of writing my Report, terms of business were in place between CLL and distributors in respect of the Transferring Policies. These agreements covered, amongst other things, commission payments specifically related to the Transferring Policies. At that time, CA planned to establish new terms of business with existing distributors to facilitate the normal administration and top-ups to policies to which Transferring Policyholders currently have access. However, these terms had not been established when I published my Report or Addendum. Accordingly, my conclusion that customer experience would not be materially adversely impacted by the Scheme, was subject to the establishment of these new terms of business.

Since my Report, I have been provided with the communication issued to advisers establishing these new terms, which is provided publicly on the CA website. I have reviewed the communication for advisors, and I am satisfied that they materially replicate the original terms.

5.4 Taxation

In my Report, I discussed the fact that the Scheme is not expected to cause any tax crystallisation events as the policies are merely transferring between UK entities with no changes to the terms and conditions of those policies. The Scheme is not expected to impact the UK tax status of either the life insurance policies (bonds) or pension policies being transferred.

In my Report, I stated that CA planned to seek confirmation from HM Revenue and Customs ("HMRC") that there would be no impacts to the UK tax status of the policies being transferred. However, since my Report, CA has confirmed there is no longer a formal process by which HMRC provides confirmation on the UK tax treatment of policy transfers of this nature, unless there is material uncertainty. Instead, insurance companies assess the situation internally and raise concerns with HMRC if they believe there are instances that might affect tax status. CA has confirmed that no such concerns have arisen and therefore no further confirmation from HMRC is required.

Additionally, CA has sought clearance under Section 133 of the Finance Act 2012 ('FA 2012') confirming that the HMRC Commissioners are satisfied that neither the main purpose nor one of the main purposes of entering into the insurance business transfer arrangements is an unallowable purpose as set out in Section 132 FA 2012. I confirm that CA has now received the aforementioned clearance from HMRC and therefore my conclusion in my Report that there is no material adverse impact to policyholder groups from a tax treatment perspective holds.

5.5 Unit pricing error

Following completion of my Report, CLL identified that a proportion of CLL units had been mispriced, due to an incorrect tax application, resulting in units being overvalued. On 8 July 2025, I issued an addendum to my Report discussing this error and stating that I would continue to monitor the ongoing investigation CLL was conducting.

Following the investigation, CLL has confirmed that the underlying issue has been corrected and that it has decided not to reprice the affected units, with the resulting loss being absorbed by CLL. This means that there will be no customer detriment to policyholders in scope of this Scheme as a result of the unit pricing error, and the Scheme remains unaffected by the issue.

I am therefore satisfied that this matter does not impact the conclusions formed in my Report, or Supplementary Report.

5.6 HSBC acquisition

On 3 July 2025, Chesnara announced that it had agreed to acquire HSBC Life UK Limited ("HSBC Life"), a specialist life protection and investment bond provider in the UK. The acquisition completed on 2 February 2026, resulting in approximately 454,000 policies and around £5bn in assets under administration being acquired by Chesnara.

The acquisition was undertaken by CA's parent company rather than CA itself and, as a result, does not impact the financial position of CA. I understand from CA the intention is for the business to transfer to CA at a future date, at which point it will be subject to a separate Part VII process.

I have reviewed the financial impact of the acquisition on the financial position of Chesnara, and I am satisfied that the comments I made in my Report in respect of the impact of parental support on policyholder security still hold.

Therefore, my conclusions with respect to any material adverse impact to policyholders are not impacted as a result of this acquisition at the time of my Supplementary Report.

5.7 Scottish Widows Europe acquisition

On 17 February 2026, Chesnara announced its agreement to acquire Scottish Widows Europe SA ("SWE"). The acquisition is expected to add approximately £1.5bn of assets under administration and c.46,000 policies to the Chesnara Group. The acquisition is expected to complete at the end of 2026, with the business sitting within Chesnara's European life and pensions consolidation platform.

I note that at the time of writing, this acquisition has not taken place. However, it is to be undertaken by CA's parent company rather than CA itself and, as a result, I do not expect it to impact the financial position of CA.

I have reviewed the expected financial impact of the acquisition on the financial position of Chesnara, and I am satisfied that the comments I made in my Report in respect of the impact of parental support on policyholder security still hold.

Therefore, my conclusions with respect to any material adverse impact to policyholders are not impacted as a result of this acquisition.

5.8 Hong Kong portfolio transfer

CLL transferred its Hong Kong long-term insurance business to MyPace Life Limited. The Scheme was sanctioned by the Hong Kong Court at a hearing on 13 February 2026 and was completed on 1 March 2026.

The transferred portfolio comprised approximately 170 policies and therefore, represented a small transaction with a negligible financial impact on the position of CLL. On this basis, I am satisfied that the conclusions formed in this Supplementary Report regarding the financial position and subsequent security of policyholder benefits at CLL have not been materially affected by this transfer.

5.9 Investment Charter

Since the publication of my Report, I have been made aware of an Investment Charter maintained by CLL in respect of the Transferring Policies. The Charter sets out non-contractual service standards and associated outcomes in circumstances where certain service levels are not met. I understand that the Charter was adviser-facing in nature, was not incorporated into policy terms and conditions, and was not routinely issued to policyholders, although it could be made available upon request.

The Investment Charter spans ten different elements of service standards, although I understand that not all of these have been applied in practice. Historical data, from 2024 to the time of writing, provided to me indicates compensation payments have only arisen in two areas of the Charter, with respect to delays to payments of regular withdrawals and surrenders (full or partial). Of the other eight areas, four relate to compensation payments made to advisers rather than the Transferring Policyholders in respect of whom I am providing an opinion. The remaining four areas applicable to the Transferring Policyholders have, over the past two and a half years, not given rise to financial compensation and, were compensation to be paid, would be limited to a fixed value of £50. I therefore consider these eight elements to be immaterial and do not have the potential to impact my conclusions.

By contrast, the compensation for the delays to payments of regular withdrawals and surrenders is calculated by reference to a 10% interest rate, which could result in more material payments. As such, I have focused my analysis on the two areas where payments have historically arisen and have the potential to be material.

The Companies have confirmed to me that the Investment Charter is not contractual in nature and does not form part of policy terms and conditions, such that it could possibly be amended or withdrawn as part of business-as-usual activity.

Following the Scheme, the Investment Charter will not be implemented by SS&C and will be removed for Transferring Policyholders. Post-Scheme service delivery will be governed by a combination of service level agreements (“SLAs”) with SS&C, which I discussed in my Report, and CA’s framework for dealing with distress and inconvenience (“D&I”) issues.

The SLAs that apply to SS&C commit to shorter delivery timeframes on average for surrender and withdrawal payments than those previously embedded for individuals within the Investment Charter. In circumstances where a policyholder experiences a material delay under SS&C’s SLA, they can raise a complaint and compensation will be assessed through CA’s D&I policy, which is aligned with Financial Ombudsman Service principles. In addition, given the removal of the Investment Charter, CA has confirmed that it will introduce a proactive D&I payment of £300 for Transferring Policyholders where a surrender or withdrawal payment is delayed by more than 20 days beyond the applicable SLA.

I am satisfied that the removal of the Investment Charter does not give rise to a material adverse impact on Transferring Policyholders’ reasonable benefit expectations or service outcomes. In the majority of cases, and for the majority of policyholders, the removal of the Charter should have no impact, as it would only have applied in limited circumstances where specified service standards were not met, specifically where there was a delay to a surrender or withdrawal payment following the Scheme. However, in reaching my conclusion, I have also considered both the likelihood of circumstances arising in which compensation might previously have been payable under the Investment Charter and the potential scale of any such payments.

Based on historical data provided to me, since the start of 2024, compensation has arisen in 22 cases relating to withdrawal and surrender payments, representing approximately 0.1% of the number of Transferring Policyholders. In addition, following the Scheme, these payments will be subject to a shorter contractual SLA than previously applied within the Investment Charter. I therefore believe that the likelihood of material delays beyond the SLA currently embedded in the Investment Charter is low.

Considering the size of payments that could be made under the Investment Charter, I note that the 10% interest rate applied under the charter is generous and could – in the unlikely event of a significantly delayed withdrawal for a large sum – result in a material payment under the Charter. It could be argued that such compensation is not in fact a policyholder's reasonable benefit expectation, particularly given the non-contractual nature of the Investment Charter, and that CA's D&I policy can still compensate policyholders that complain where they have been adversely affected by a delay. Nevertheless, I am pleased that CA has chosen to introduce a proactive £300 D&I payment for Transferring Policyholders in situations where a delay is 20 days more than the applicable SLA. This is an additional payment that addresses the specific situation of a long delay, which is the same situation that could trigger a material payment under the Investment Charter, and does not replace existing rectification payments that a policyholder may be entitled to. The extent to which any payment would be larger pre-Scheme (under the Investment Charter) or post-Scheme would depend on the size of any delayed withdrawal / surrender and how long the delay is, but with the introduction of the £300 payment it is possible that either could be higher than the other.

I have taken all these aspects into consideration, including the non-contractual nature of the Investment Charter as confirmed to me by the Companies, the Charter's limited historic application and low likelihood of being triggered, CA's existing D&I policy, and the introduction of the proactive £300 D&I payment for Transferring Policyholders experiencing long delays. Overall, I am satisfied that the removal of the Investment Charter does not impact my conclusions formed through this Supplementary Report.

5.10 Chargeable event certificate error

I have been made aware that, as part of data cleansing and migration testing, CLL and CA identified an error relating to the issuance of chargeable event certificates for certain CLL policies. This issue affected a limited number of Transferring Policyholders (approximately 30 to 40), and investigations remain ongoing at the time of my Supplementary Report.

I understand that this issue would have arisen irrespective of the Scheme, and that the same policyholders would have been affected in any event. Whilst the methodology for determining any remediation and compensation has not yet been finalised, the Companies have informed me that reviews are being undertaken at an individual policyholder level and that any rectification activity will be carried out in accordance with applicable legal and regulatory requirements.

The Companies have further confirmed that CLL will retain responsibility for overseeing and completing the remediation activity, with operational support provided by CA where required. This approach is consistent with the provisions of the Scheme, under which responsibility for any breach of applicable law or regulation by, or on behalf of, CLL prior to the Effective Date will remain with CLL, including responsibility for any resulting remediation and compensation.

In addition, the Companies have confirmed that a separate legal agreement will be put in place to govern the provision of support following implementation of the Scheme. This agreement will include arrangements relating to the ongoing administration of affected policies and the completion of any required rectification activity.

Accordingly, I am satisfied that appropriate arrangements are being established to ensure that responsibility for identifying, investigating and remediating the issue remains clearly defined following implementation of the Scheme.

6 Policyholder communications and objections

6.1 Introduction

Following the Directions Hearing on the 15 July 2025, correspondence was released to policyholders in accordance with the proposals put to the Court. I reviewed the approach taken to correspondence in my Report.

CLL informed Transferring Policyholders through direct mailing. Policyholders were given the opportunity to make representations to the Companies in relation to the Scheme, such as raising queries or more formal objections. CLL has provided me with regular updates on the communications received from policyholders in relation to the Scheme including a breakdown of the types of communications received, details of objections and queries received, and copies of the responses sent to policyholders who objected to the Scheme. I have relied on CLL to provide complete and accurate information to me.

6.1.1 Movement of Sanction Hearing

Due to delays in SS&C migration the Sanction Hearing was moved from November 2025 to July 2026. This movement occurred to ensure safe delivery of the migration and allow conclusion on any customer detriment ahead of the Hearing date. The movement of the Hearing was communicated through writing to policyholders who had already raised an objection and was posted on the Companies' websites for all other policyholders in November 2025. I am satisfied with this approach to communicating the delay. The postponement has resulted in a longer period between my Report and Supplementary Report than initially expected, which increases the potential for developments in the interim. However, I have considered the most recent information available to me and assessed any relevant developments and financial impacts in the appropriate sections of this Supplementary Report.

6.1.2 Returned Mail

Following initial customer communications in July 2025, CLL identified 84 instances of returned mail. Of this 84, 61 policyholders were located and had their mail reissued.

At the time of writing, there are 23 cases in which the policyholder has not been successfully contacted.

CLL has attempted to contact all policyholders where mail has been returned at least once, which has been led by CLL's Customer Tracing Team. I am satisfied that CLL has made appropriate effort to contact all Transferring Policyholders, and that the number of those who cannot be contacted makes up a small proportion of Transferring Policyholders (0.15%).

6.2 Summary of policyholder correspondence

Regular MI data has been provided to me, and a summary of policyholder communications is detailed below.

As at 25/06/2026	**Count**
Telephone contact	719
Written contact	302
Total individual communications	**1021**

Of the 14,780 transferring policies, there have been 1021 individual communications with CLL, representing c.7% of policies. Of these 1021 items, 15 individuals raised objections, representing c.0.1% of policies. I have reviewed all of the objections received and considered carefully any potential issues relating to the Scheme. I understand there were 11 additional instances where a customer contacted

CLL to issue a complaint, however when asked if they would like to raise an objection, declined to do so. As such, I have not reviewed these communications.

CA has confirmed to me that it has received no communication from policyholders about the transfer.

I have classified the objections into the following categories, and I discuss each of these in turn in the sub-sections below. Although I have assigned each objection to a category, I note that some objections can span multiple categories and I have considered each objection in its entirety to ensure I am aware of all concerns raised.

Figure 6.1: Policyholder objections as at 25 June 2026

	Count
Policyholders' past personal experience with and views on CA	13
Effect on policyholder future benefits	2
Total objections	**15**

6.2.1 Policyholders' past personal experience with and views on CA

Twelve policyholders have objected to the Scheme based on their views of CA or Chesnara plc. In particular, these policyholders have raised concerns that:

- Negative online reviews of the company suggest that the service provided by CA will not be of an equivalent standard to that provided by CLL.
- They believe CLL has a better reputation than CA, which is not as well known.
- Policyholders' advisers have relayed poorer experiences with CA compared with CLL.

Some policyholders have also expressed concerns that they originally selected and entered into their policy with CLL following their own assessment of that company and its reputation, and not of CA.

Additionally, one policyholder who is already a policyholder of CA through a separate policy, is unhappy with their current level of service provided by CA and therefore does not wish to transfer.

I note that, on two occasions, policyholders have referred to CA's Trustpilot rating and have incorrectly attributed reviews relating to an estate agency named "Countrywide". The estate agency has a Trustpilot rating of 1.4/5 based on 928 reviews, whereas CA's rating is 2.1/5 based on 11 reviews as at 22 June 2026 (representing fewer than 0.01% of CA's total policyholder base as at 31 December 2025). I am also aware of one Google review in the public domain.

Of the 11 Trustpilot reviews relating to CA, nine reflect negative experiences with service standards, with late payments identified as the primary driver. The remaining Trustpilot and Google reviews are positive. I therefore consider the objections in this category to relate primarily to policyholder concerns regarding service standards and payment timeliness.

I have set out in my Report the reasons why I do not consider service levels for policyholders to be materially adversely affected by the Scheme, and I reconfirm that conclusion in this Supplementary Report. To support this, I have considered additional information provided by CA and CLL regarding service standards, including headline SLA performance metrics, which are materially consistent across both Companies.

The online reviews reflect CA's historic performance. As noted in my Report, policy administration is to transfer from CLL's customer servicing team and the CLOAS system to CA's outsourced administration provider, SS&C. While CA has multiple outsourced service providers, only SS&C's Percana system is open for new products and it currently only services CA's onshore Long-term Individual Protection business, which transferred from CLL to CA in 2025. Accordingly, historic online reviews may not be fully representative of the servicing model that will apply to Transferring Policyholders. Further, given the short operation period and limited policy volume, I note there is insufficient experience specific to CA on the comparable SS&C system to draw statistically significant conclusions relative to CLL's service standards.

Based on an assessment of CA's online reviews at the time of writing, only one review appears to plausibly relate to SS&C. I have confirmed with CA that the review does not in fact relate to a policy administered by SS&C. Nevertheless, I have considered the substance of the review, and have not identified additional relevant concerns.

In assessing service standards, I have compared SLAs across both Companies and am satisfied that they are broadly comparable, such that policyholders can expect a similar level of service before and after the transfer. I note that policyholders affected by material delays under SS&C's SLA are also able to receive further compensation under CA's D&I policy, aligned with the Financial Ombudsman Service principles, and detailed further in Section 5.9 of this report. Access channels (including telephone, written correspondence, email, and online access) are expected to be maintained on a comparable basis. In addition, both Companies, as regulated insurers, are required to comply with the FCA's Principles for Businesses, including the obligation to treat customers fairly and maintain appropriate servicing standards.

In addition to the SLAs themselves, I have also considered the Companies' likely performance against those SLAs. SS&C has provided CA with servicing performance data for the platform that will administer Transferring Policyholders, including metrics relating to payment timeliness. Based on this information, I conclude that both CA (through SS&C) and CLL demonstrate comparably strong performance against SLA targets for payment processing. Further, I have considered the potential impact on policyholders in the case where service falls outside of SLA target levels. As discussed in Section 5.9, the analysis that I have been provided with by the Companies indicates that the duration of delays experienced outside SLA target levels is broadly comparable between the Companies. As per the above paragraph, I also note that policyholders affected by material delays under SS&C's SLA are able to receive further compensation under CA's D&I policy.

In my assessment of servicing standards, I have also considered the framework relating to governance and third-party oversight. Based on the information provided to me, I note the CA's existing governance framework for third-party oversight, including for SS&C, is broadly comparable with CLL.

From my continued monitoring of the progress of the migration to SS&C, as noted in Sections 5.1 and 6.1.1 of this report, I note at the time of writing, the design and build phases, along with certain testing cycles, have been completed. Based on the testing performed to date, there are no significant issues that remain open that would be expected to materially affect policyholder service.

Finally, both Companies are subject to the FCA's Consumer Duty, which came into force in July 2023 and sets clear, high standards for consumer protection, requiring firms to deliver good outcomes for retail customers. I have reviewed governance and oversight arrangements in place at both CA and CLL to support delivery of these standards. Based on this, I conclude that service standards are broadly comparable across both firms.

6.2.2 Effect on policyholders' future benefits

Two policyholders have objected to the Scheme based on their expectation of CA's performance with the transferred funds. The reasons cited were:

- A concern around performance motivation due to CA maintaining existing closed books of business, as opposed to focusing on new business.

- A lack of detail in the information provided to policyholders comparing past performance of the Companies for their policyholders.

Another objection also cited concerns arising from their perception of CA as a run-off provider.

It is important to note that the Scheme will not change the assets underlying the funds or the investment strategy of those funds. The same funds, with the same charges, are expected to remain available to policyholders following the Scheme. In addition, the asset managers currently responsible for managing the funds will remain unchanged. This is what drives my opinion in respect of policyholder benefit expectations, rather than a comparison of the historical performance of funds offered by CA and CLL, which may not be directly relevant to the Scheme.

CA’s business model as a subsidiary of a life and pensions consolidator involves a focus on the efficient run-off of acquired portfolios. I do not consider a focus on running off existing portfolios, rather than writing new business, to reduce a firm’s incentive to operate profitably or manage funds effectively for its policyholders. Nor do I believe that this business structure in and of itself results in any material adverse impact to policyholders.

I note that one of the objections within this category also raised a concern around the Part VII process and the independent role of the IE more generally as part of this process. The Part VII process, including the role of the IE, is well-established, and governed by legislation and regulatory guidance. I do not believe this matter falls within the scope of my role as IE, nor does it change my opinion in respect of the Scheme.

I therefore remain satisfied that policyholders’ benefit expectations are not materially adversely affected by the Scheme.

6.3 Conclusion

The results of the policyholder communications exercise, including the policyholder objections raised, do not give me any reason to change the conclusions in my Report or Supplementary Report. However, I will continue to consider any objections received following issuance of this Supplementary Report up until the Sanction Hearing and I will notify the court should these give me any reason to change my conclusions.

7 Conclusions

The conclusions in this Supplementary Report are based on analysis of financial data as at 31 December 2025, and non-financial data up until the time of writing. I have taken into account recent developments that may affect policyholders and their outcomes. I confirm that the conclusions set out in my Report continue to hold.

In particular:

- I believe that the implementation of the Scheme on the Effective Date will not lead to a materially adverse effect on:
  - The reasonable benefit expectations of policyholders;
  - The security of policyholders' contractual rights; or
  - The level of service provided to policyholders.
- Additionally, I am satisfied that the Scheme is equitable to all classes and generations of policyholders.

I note that I have reached the same "no material adverse effect" conclusions for each distinct policyholder group that I identified as needing separate consideration, specifically the Transferring Policyholders, Transferee Policyholders, and Remaining Policyholders. I therefore do not believe there is a reason that the Scheme should not proceed.

I confirm that I have made clear which facts and matters referred to in this Supplementary Report are within my own 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.

8 July 2026

Loic Bellettre

Fellow of the Institute and Faculty of Actuaries

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8 Appendices

8.1 Glossary of terms used in this report

APS	Actuarial Profession Standards
AUM	Assets Under Management
CA	Countrywide Assured PLC
Chief Actuary	The Chief Actuary function (SMF20) is the function of having responsibility for the actuarial function specified in PRA Rulebook.
CLL	Canada Life Limited
CLOAS	Computations Life Office Administration System - the primary in-house policy administration system for the transferred policies in CLL.
Companies	The collective term used in this Report for Canada Life Limited and Countrywide Assured plc
Directions Hearing	The initial hearing at the Court relating to the consideration of the Scheme and allowing it to proceed to the Sanction Hearing
Effective Date	The date on which the Scheme is expected to be implemented
Excess Assets	Excess of Own Funds over SCR
EY	Ernst & Young LLP
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
FSMA	Financial Services and Markets Act 2000
HMRC	HM Revenue & Customs
HSBC Life	HSBC Life UK Limited
IE	Independent Expert, the individual appointed to report on the terms of an insurance business transfer scheme and approved by the PRA (having consulted the FCA) pursuant to Section 109 of FSMA
IFoA	Institute and Faculty of Actuaries
LACDT	Loss absorbing capacity of deferred tax
ORSA	Own Risk and Self Assessment
Other Liabilities	Liabilities under SUK other than technical provisions
Own Funds	Amount of capital that is eligible to cover the regulatory capital requirements
Part VII Transfer	A court-sanctioned legal transfer of some or all of the policies of one company to another. It is governed by Part VII of the

	Financial Services and Markets Act 2000 (FSMA) with supplementary guidance set out in the FCA Handbook and the PRA’s Statement of Policy
PM	Pinsent Masons LLP, legal advisers of CLL in relation to the Scheme
post-Scheme	The post-Scheme position that is expected if the Scheme were to be sanctioned, with the Reinsurance Agreement falling away as it is no longer needed as the risk has been transferred
PRA	Prudential Regulation Authority
PRA's Statement of Policy	"The PRA's approach to insurance business transfers" dated January 2022
pre-Scheme	The pre-Scheme position, with the inclusion of the Reinsurance Agreement in place following a commercial agreement to transfer exposure in advance of the Scheme
Regulators	PRA and FCA
Reinsurance Agreement	A reinsurance agreement entered by CLL and CA on 20 December 2024 covering the Scheme, whereby the majority of the insurance and economic risks have been transferred from CLL to CA ahead of the actual transfer of policies
Remaining Policyholders	Policyholders remaining with CLL post-Scheme
Report	IE Report dated 8 July 2025
Residual Policies	Any CLL policies which are part of the closed UK unit-linked portfolios but that are not being transferred under this Part VII are excluded from the Scheme
Sanction Hearing	The hearing at the Court at which the final decision whether or not to approve the Scheme is made
Scheme	The proposed transfer of certain long-term insurance business
Scheme not sanctioned	The balance sheet position if the Scheme were not sanctioned and the Reinsurance Agreement were to fall away as the risk returns to CLL
Scheme Report	A report on the terms of a scheme
SCR	Solvency Capital Requirement
SM	Slaughter and May, legal advisers of CA in relation to the Scheme
Solvency UK	Solvency UK is the UK-wide insurance regulatory regime implemented in full since December 2024
SS&C	SS&C Technologies - a specialist third-party administration provider for CA
Supplementary Report	This report
SWE	Scottish Widows Europe SA
TAS	Technical Actuarial Standards
TAS 100	Technical Actuarial Standard 100: Principles for Technical Actuarial Work

TAS 200	Technical Actuarial Standard 200: Insurance
Transferee Policyholders	Existing policyholders of CA
Transferring Policyholders	Policyholders transferring from CLL to CA
Unit-linked funds	Funds where the assets are kept separately within a company and the value of these funds determine the value of the benefits for these policies
With-Profits Actuary	The With-Profits Actuary function (SMF20a) is the function of having responsibility for advising the governing body of a firm transacting with-profits insurance business on the exercise of discretion affecting part or all of that business as described in PRA Rulebook.
YE24	Year-end for calendar year 2024
YE25	Year-end for calendar year 2025

8.2 Key information considered

Updated legal Scheme document
Details of policyholder communications and correspondence, including CLL follow-up communications
Breakdown of balance sheets at 31 December 2025, including pro-formas showing the financial impact of the Scheme on both Companies' balance sheets and solvency positions
Updated solvency tolerance frameworks
Financial / solvency monitoring information in respect of recent market movements
Terms of business published for advisers by CA
SS&C migration management information packs
Responses to queries raised by EY in respect of the Scheme
Updated summary of book of business to be transferred
Pro-formas for Chesnara plc, showing the financial impact of the HSBC acquisition and SWE acquisition on the balance sheet and solvency position
Witness statements
Information relating to CLL's investment charter