

Forester Life Limited – Directors’ Annual Report to With Profit Fund Planholders – 2025

Introduction

The Principles and Practices of Financial Management (PPFM) is a document that we are required by law to produce and which sets out how the company will manage the fund.

Each year, the Forester Life Board considers whether the business has been managed in line with the PPFM and we report to our planholders on compliance, how we managed the business over the year and on the exercise of discretion.

This is the report for the With Profits Fund.

This annual report explains:

- if our operation of the With Profits Fund during 2025 complied with the fund’s Principles and Practices of Financial Management (PPFM);
- the way we have exercised management discretion in making key decisions during 2025 and whether this was consistent with the PPFM; and
- how we have addressed any competing or conflicting rights, interests or expectations of the fund’s planholders.

A copy of the latest PPFM can be found on our website www.foresters.com/wp

Governance

The Board is responsible for decisions that affect the with-profits business, after considering advice from the With-Profits Actuary and the Forester Life Funds Advisory Panel.

The With-Profits Actuary is required to produce an annual report to planholders and a copy of the report for 2025 is also available on our website.

The Advisory Panel, although not required to do so, can choose to write to planholders if it feels it appropriate. However, as the panel considers that this report provides a full and fair view of the fund’s operation in 2025, they do not intend to produce a separate report.

Statement of Compliance

Forester Life, having considered the advice of the panel and the With-Profits Actuary, believes that in respect of the calendar year 2025 it has complied with the PPFM. During the year we identified two items which did not impact customer outcomes and did not result in non-compliance with the PPFM. These items either have been or are being addressed and we expect to complete the remaining actions in 2026.

Discretion has been exercised appropriately and the competing or conflicting rights, interests or expectations of different groups of planholders have been taken into account.

Overview of 2025

In managing the fund, key areas of management discretion concern pay-outs, investment management, expenses, management of the fund's surplus assets and changes to the PPFM. Each of these areas is now considered below.

Pay-outs

Forester Life aims to provide the With Profit Fund's planholders with a fair return on their investment. This is achieved through the setting of bonuses, smoothing of returns and determining surrender values. To do this, we calculate a value known as an asset share.

An individual plan's asset share consists of the payments made into it, less management expenses, tax and other charges. These amounts are then built up at the rate of investment return allocated to the plan.

In addition, as the With Profit Fund is closed to new business, pay-outs will include a distribution of the fund's surplus assets. In order to distribute the surplus pay-outs are calculated as a proportion of the asset share, subject to any guaranteed values, to ensure that the entire assets of the fund are distributed to planholders over the remaining term of the liabilities.

There were no changes to the way we calculate pay-outs during 2025, and pay-outs were in line with the target ranges set out in the PPFM. This, together with the fact that the methodology uses individual asset shares to determine pay-outs, means that we consider pay-outs from the fund to be fair and reasonable.

Investment Management

Investment management of the With Profit Fund is undertaken by Schroders and we regularly monitor performance.

The aim of the investment strategy is to secure the guaranteed liabilities of the fund with a high degree of confidence. The investment style is that of active portfolio management, seeking superior investment returns by way of income and capital appreciation.

In 2025, the fund's investment strategy remained largely unchanged; however, adjustments were made to equity allocations between UK and international holdings, as well as to fixed interest allocations between gilts and corporate bonds.

Management of Expenses

Forester Life monitors the level of expenses charged to the Fund and to plans, to ensure they remain fair and in line with the PPFM. In 2025, we operated two protections for planholders: (i) we introduced a cap so that the 2025 expenses allocated to individual plans' asset shares were limited to 1% of asset share, with the estate meeting the cost of

this and (ii) where higher expense allocations were identified due to an error in the expense allocation process, we did not pass these through to planholders' asset shares while the issue is being investigated and corrected. Any necessary correction (true-up) will be made once the final 2025 expense allocation has been agreed.

Climate-related Disclosure Report

You can find the Climate-related Disclosure Report for the With Profits Fund at **foresters.com/TCFD**.

These reports contain climate metrics for your investments. They're produced in accordance with regulations from the Financial Conduct Authority (FCA) and recommendations from the Taskforce for Climate-related Financial Disclosures (TCFD).

Further Information

If you have any questions regarding this document, please write to the following:

Customer Services
Foresters House
2 Cromwell Avenue
Bromley
BR2 9BF

Email: service@foresters.co.uk

Dated: 1 May 2026