

2025 Climate-related financial disclosure

Foresters Financial UK

In line with the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD)

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Foresters Financial UK

This report comprises of both Forester Holdings (Europe) Limited and Forester Life Limited (FLL) companies, herein referred to as Foresters Financial UK. FLL is a wholly owned subsidiary of Forester Holdings (Europe) Limited ("FHE"), a company registered in England & Wales.

FHE is a wholly owned subsidiary of The Independent Order of Foresters ("IOF"), a fraternal benefit society, headquartered in Canada, owned by its members. IOF has branch and subsidiary operations in the US, Canada and the UK.

Our purpose is to enrich the well-being of members, their families and communities.

Governance

Board oversight

The Global IOF Board, has oversight of risk management, including climate-related risks, at a global level.

The UK Board has responsibility for sustainability and Environmental, Social and Governance activities from an investment, employee engagement, member engagement and regulatory perspective, in the UK business.

The UK Risk and Investment Committee has oversight of risk management, including climate-related risks and opportunities, in the UK business.

Our Boards and Committees meet quarterly and the IOF and UK Risk and Investment Committees review climate risk at least annually.



The diagram above is an illustration of climate risk governance, not an organization chart.

Management's role

Climate-related responsibilities are assigned to the UK Chief Risk and Compliance Officer (CRCO), supported by the Head of Sustainability.

The CRCO and Head of Sustainability identify and review climate risks in consultation with the Executive Leadership Team and other key stakeholders. Foresters Financial UK assesses risks in-line with the Risk Management Framework and reports the risks to the Board and senior management. Risks are managed as part of the strategic, financial and operational planning for Foresters Financial UK.

At a Group level, the Group Chief Risk Officer is responsible for climate and ESG risks.

Strategy

Climate risks and opportunities and how they shape strategy, and financial planning

Foresters Financial UK faces risks and opportunities from both the process of transitioning towards a low-carbon economy, and physical risks from more frequent and severe weather events and longer-term shifts in climate.

Qualitative scenarios considering a high physical risk scenario and a high transition risk scenario were used to identify the material areas of risk and opportunity facing our business. These risks are outlined, alongside the actions being taken to manage them, below.

The impacts of these risks on the business have been modelled, where relevant, through long-term climate scenario analysis and annually within the ORSA.

Time horizons have been set for each risk. For climate risk, the short-term horizon covers the next five years, the medium-term horizon extends up to 10 years, and the long-term horizon runs through to 2050.

Climate risks

Risk type	Transition / Physical	Potential impact	Time horizon	Management
Regulatory and policy risk	Transition	- Regulatory requirements linked to climate change and sustainability continue to evolve and could impact operational costs. Non-compliance may expose us to financial penalties or reputational damage.	Short / Medium	- Mitigated through monitoring of and compliance with upcoming legislation. The impact on expense risk has been modelled in the scenario analysis.
Strategic risk	Transition / Physical	- New business and encashments / persistency impacted by macro-economic trends due to systemic impacts of climate change.	Medium / Long	- Risks to encashments / persistency and new business are monitored and explored in the long-term scenario analysis.

Risk type	Transition / Physical	Potential impact	Time horizon	Management
Strategic risk	Transition	- Loss of market share due to not meeting changing demand from customers linked to climate change and/or sustainability.	Short / Medium / Long	- The Foresters Stakeholder (Schroders) Sustainable Future Managed Fund adopted the newly launched 'Sustainability Mixed Goals' label in 2025. The Head of Sustainability works with marketing and distribution teams to understand customer attitudes.
Reputational Risk	Transition	- Reputational damage if climate risks are not appropriately managed. Whilst difficult to model, reputational risk has the potential to impact new business, encashments / persistency and expense risks.	Short / Medium / Long	- In addition to other management actions, Foresters Financial UK has increased customer communications on sustainability on the website and reports on our purpose and sustainability impact.
Investment Market Risk	Transition / Physical	- Reduced returns due to transition risks, direct physical risks on assets or indirect physical risks impacting wider economy and returns.	Short / Medium / Long	- We manage climate risks in line with our fiduciary duty to act in the best long-term interests of our customers. - ESG and climate risks are addressed in our Investment Market Policy and our Credit Risk Policy. Our asset managers use Environmental, Social and Governance (ESG) factors as part of their investment analysis ensuring they invest in businesses which they expect to be more profitable in the long term. - Investment risks are explored in the scenario analysis and climate risk metrics are monitored.
Operational risk - Business disruption	Physical	- Disruption to our business operations and third parties from extreme weather.	Short / Medium / Long	- Climate risk considered in business continuity work, and examples of climate physical risk events have been assessed in the ORSA.
Operational risk - third party transition risk		- Operational challenges caused by third parties not managing transition risk effectively, which could lead to loss of service or reputational risk.		- We review the climate approaches of our asset managers on an annual basis. - We are developing our approach to assessing physical and transition risks for other third-parties.

Risk type	Transition / Physical	Potential impact	Time horizon	Management
Expense risk	Transition / Physical	<ul style="list-style-type: none"> - Transition: Regulatory requirements could lead to higher costs in staffing of vehicles. - Physical: Potential impact on staff productivity, and therefore staff costs. Risks to facilities, such as flooding, could impact insurance costs. Physical risks to our supply chain could also increase costs. 	Short / Medium / Long	- Expenses are modelled in the scenario analysis.

Climate opportunities

In addition to the risks identified above, climate change, particularly through the transition to a low-carbon economy, also presents opportunities.

Opportunity type	Transition / Physical	Potential impact	Time horizon	Management
Strategic	Transition	<ul style="list-style-type: none"> - Opportunity to provide products and solutions. 	Short / Medium / Long	- The Foresters Stakeholder (Schroders) Sustainable Future Managed Fund adopted the newly launched 'Sustainability Mixed Goals' label in 2025. The Head of Sustainability works with marketing and distribution teams to understand customer attitudes.
Investment Market	Transition / Physical	<ul style="list-style-type: none"> - Opportunity to invest in transition and/or climate resilient sectors. 	Short / Medium / Long	- Our asset managers use Environmental, Social and Governance (ESG) factors as part of their investment analysis ensuring they invest in businesses which they expect to be more profitable in the long term.
Expense	Transition	<ul style="list-style-type: none"> - Opportunity to reduce expenses through efficiencies 	Short / Medium / Long	- Energy efficiencies are identified through the Energy Savings Opportunities Scheme.

Scenario analysis

Long-term scenario analysis

In 2024, Foresters undertook scenario analysis to 2050 using the 2024 ORTEC Finance scenarios, replacing the Climate Change Biennial Exploratory Scenario (CBES) 2021 used in 2023. The assessment focuses on two key scenarios: High Warming and Net-Zero. This analysis was conducted in collaboration with Schroders, Foresters' asset manager for the open book. These are not forecasts, and the future will be dependent on government policy, technology developments, as well as supplier, customer, and societal responses.

Two ORTEC scenarios were used; 'Net-Zero' and 'High Warming'. According to the November 2025 climate action tracker, there is a 10% chance of being 3.5°C or higher in 2100 with current government policies. The High Warming scenario, which has warming of 3.7°C by 2100, is therefore an extreme one, but one that is useful to consider as high physical risk scenarios are of the greatest concern.

Overview of ORTEC scenarios

Net-Zero

In the Net-Zero scenario, global CO₂ emissions reach net zero by 2050, and global average temperatures stabilize at 1.5°C above pre-industrial levels by 2100. This scenario explores the risks and opportunities of an optimistic, ambitious but orderly transition to net zero by 2050.

A highly ambitious set of policies aimed at reducing emissions are introduced. These policies include global carbon pricing and energy taxation, a phase-out of coal and other fossil fuel technologies, energy efficiency regulations, and subsidies for renewable energy, electric vehicles, afforestation and reforestation. New power generation technologies, including hydrogen and carbon capture and storage (CCS) are assumed to be viable and there is significant adoption of afforestation and reforestation activities to offset hard-to-abate emissions.

The world experiences comparably low impacts from acute physical risk (extreme weather events) and chronic physical risk (gradual warming) as the world adapts to the effects of climate change. The financial market implications arising from transition and physical risks are not materially disruptive.

High Warming

In the High Warming scenario, the global average temperature is around 2°C warmer than pre-industrial levels by 2050 and 3.7°C warmer by 2100. This scenario explores the risks of a failed transition leading to very severe physical risks.

There are no new low-carbon policies enacted in this scenario and some existing ones are scaled back. Multiple climate tipping points are reached and many countries suffer from extreme drought and water shortages. The higher average temperatures affect human health and damage crop yields, driving a reduction in labour and agricultural productivity. In addition, infrastructure damage from extreme weather events leads to direct losses and indirect effects to the economy via supply chain disruption. The triggering of multiple climate tipping points drives an exponential increase in extreme weather events. The lost productivity and extreme weather events have large financial market implications in the 2020s and 2030s, due to lower expected performance.

Assumptions

Schroders calculates market risks for each of their funds, which make up most of FLL's UK assets under management. These calculations use the full range of data provided in the ORTEC scenarios. The 'High Warming' Scenario is expected to cause bigger stresses on assets over the next 40 years compared to other scenarios.

Insurance assumptions on encashments, expenses and new business sales were developed internally.

These assumptions are summarized below:

Net-Zero	High Warming
<ul style="list-style-type: none">• Market Risks: Minor reductions (<5%) due to transition risks, not materially disruptive.• Encashments: Generally align with the plan, with minor headwinds (<5%) before 2030 due to transition risks.• New Business: Experiences short-term challenges (<5%) before returning to best-estimate levels in the long term.• Expenses: Slightly higher (<5%) in the short term due to efforts to transition to green technologies, stabilising at best-estimate levels afterwards.	<ul style="list-style-type: none">• Market Risks: Significantly worse due to escalating physical risks negatively impacting the economy, especially beyond 2035.• Encashments: Due to squeezed household income encashments would worsen each year, exceeding planned levels slightly every year, reaching 140% of the best-estimate assumption by 2050.• New Business: A reduction in household disposable income causes a decline to best estimate of 1% per year, reaching 75% of planned levels by 2050.• Expenses: Reduced overall due to lower commissions tied to decreased new business volumes. However, this is partially offset by higher insurance costs and reduced staff productivity.

Results

We modelled the impact of these scenarios on own funds, capital requirements, solvency coverage and assets under management beyond the time frame of the business plan until 2050.

On a timescale of less than five years, we see marginally higher head winds in a Net-Zero scenario, due to transition risk impacting market performance and economic conditions. However, beyond a five-year timescale, the impacts are significantly worse in a High Warming scenario. The High Warming scenario showed economic stresses caused by physical risks, particularly impacts on equities and customers' inability to save, are the biggest threats to Foresters. This had the greatest impact on assets under management, and therefore fee income and our ability to cover expenses.

Limitations

Scenarios used in this exercise are illustrations of possible paths for climate policy and global warming, not forecasts, and the future will be dependent on government policy, technology developments, as well as supplier, customer, and societal responses.

Foresters Financial UK recognises expertise in modelling climate-related risks is in its infancy. The models we have used do not factor in other potential geopolitical impacts of severe climate change such as increases in migration and conflict, which alongside their enormous human costs, are likely also to result in further financial losses.

It is widely acknowledged that these risks are underestimated by many models, and the industry. While projections may seem extreme, they likely overlook the full extent of cascading impacts.

When calculating market and credit risk, the portfolio is assumed to stay fixed over the projection horizon of 30 years. Whilst this makes the interpretation of the results more straightforward, this ignores that Foresters Financial UK's asset allocation would likely change in response to climate policies.

ORSA

Both transition risks and physical risks have been explored in the 2025 ORSA.

Specifically, we have:

- Considered a long-term recession scenario as a proxy for economic stress linked to transition and physical risks to inform strategy. Foresters remains within its internal capital target, with the solvency ratio above 135% under this scenario.
- Updated our analysis of investment risk in the ORTEC Net-Zero and High Warming scenarios. In the 2025 ORSA, the High-Warming scenario posed the greatest risk to FLL, as this led to significant equity market falls and a period of high inflation. This would impact our fee income and could lead to actions being implemented to remain within appetite.

The transition to a low carbon economy

The Climate Change Act commits the UK government by law to reducing greenhouse gas emissions by at least 100% of 1990 levels (net zero) by 2050. The UK has set targets to reduce carbon emissions by 68% by 2030 compared to 1990 levels – and by 81% for 2035.

As set out in the scenario analysis section, Foresters Financial UK is more successful in the Net-Zero scenario compared to the High Warming scenario. This transition is dependent on timely and appropriate government policy, technology developments, as well as supplier, customer, and societal responses.

The Company applies the methodology set out in the Greenhouse Gas ('GHG') Protocol Corporate Accounting and Reporting Standard to calculate its emissions. Emissions-releasing activities are categorised into three groups as follows:

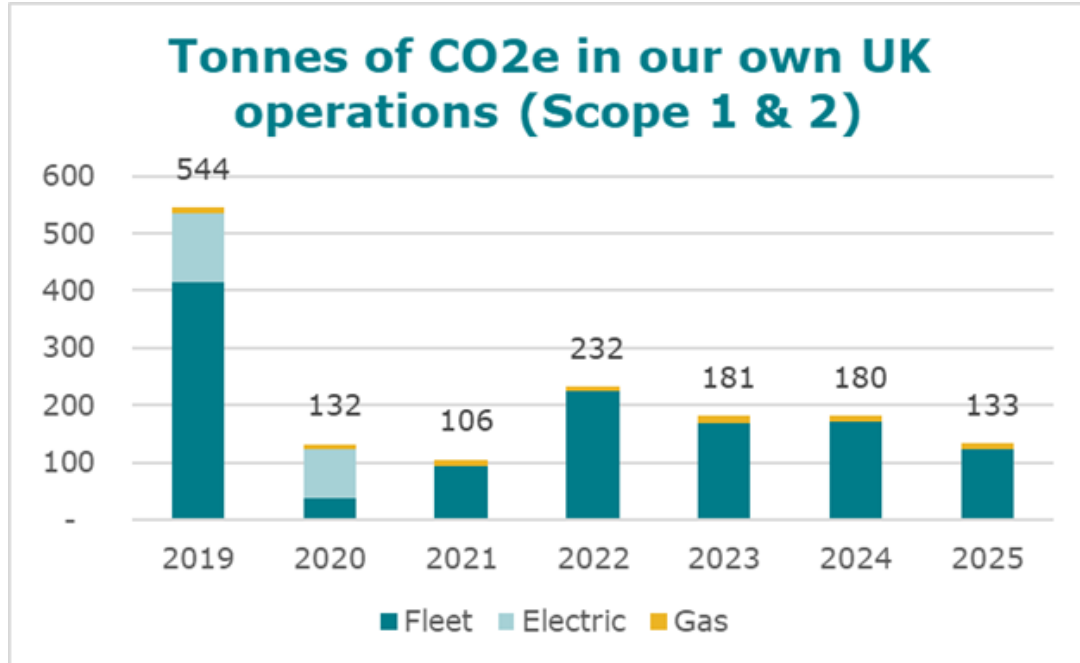
Scope 1 emissions are direct emissions from activities owned or controlled by the Company, for example gas and oil boilers used in buildings owned by the Company or fuel use in company cars.

Scope 2 emissions are indirect emissions released into the atmosphere as a consequence of the Company's consumption of electricity.

Scope 3 emissions are other indirect emissions. Examples include business travel, waste disposal or emissions released in the distribution of gas, oil and electricity purchased by the Company.

Scope 1 and 2 emissions

We are committed to reducing our greenhouse gas (GHG) emissions and have made significant progress in lowering our carbon footprint. Below, we outline our reductions in Scope 1 and 2 emissions.



Foresters Financial UK has reduced carbon emissions to less than 25% of our 2019 baseline. In 2025, we saw a total reduction in Scope 1 and 2 emissions compared to 2024, driven by lower fleet emissions. This is a result of a shift to more adviser appointments being virtual rather than face-to-face.

In addition, as of 31 December 2025, 97% of company vehicles were hybrid or electric.

Since November 2020, Foresters Financial UK has procured zero carbon electricity. We have also reduced energy usage through both facilities improvements and by engaging employees, for example through our Green Champions initiative.

Financed emissions

Foresters Financial UK seeks to partner with investment managers who are aligned with Foresters beliefs and actively engaged on Environmental, Social and Governance (ESG) factors. Our professional managers take climate change into consideration as they evaluate risk and opportunity across investments. We survey Schroders, our primary investment manager, on how they manage ESG risk on an annual basis, and review the approach of our other asset managers. We monitor the engagement and stewardship activities of our asset managers. Whilst we do not have a target covering our financed emissions, many of our asset managers do.

Our sustainable fund, the Foresters Stakeholder (Schroders) Sustainable Future Managed Fund, has a Sustainability Mixed Goals label and at least 70% of the fund is invested in companies and countries that are working to lower carbon emissions or are already producing low levels of carbon.

See the metrics section for more information on our investment climate metrics.

Other Scope 3 emissions

By the end of 2025, we had completed our first full year of monitoring UK business travel data, establishing a baseline for Scope 3, category 6 (business travel) emissions. Emissions were 70 tCO_{2e}, with the majority attributable to air travel and grey fleet usage.

Risk management

Identifying and assessing climate risks and opportunities

Climate risks are embedded into the processes for identifying and assessing risks in the short, medium and longer term:

Short term (less than five years):

- Less than one year

Risks are identified via engagement with key stakeholders across the business. The risks are assessed and recorded in the Executive Risk Register and the relevant business area risk registers.

The Executive Risk Register highlights risks such as investment market, regulatory change operational risks and strategic risk, which can all be shaped by climate risk. We explicitly highlight how climate physical risk can impact operational risks.

The opportunity to engage customers and employees through sustainability has been identified in the Purpose and Sustainability workstream of the strategy.

- Between one and five years

As part of the Forward Looking Assessment of Own Risk (FLAOR) within the ORSA, we have considered an economic slowdown scenario, which is a good proxy for tail risks lined to extreme climate impacts.

The risk review of our business plan identified sales, inflation, and interest rates as key risks within the one to five-year timeframe. In the ORTEC scenarios considered, the impact of climate on these risks is not material within this period.

Medium term (between five and ten years)

Both transition and physical climate risk are captured in the emerging risk register. These risks have also been explored through long-term scenario modelling.

The risk review of our business plan identified expense risk as a key risk on a five- to ten-year timeframe. The impact of climate scenarios on expenses was found to be less significant compared to other potential impacts on expenses during this period.

Long-term (more than ten years)

Longer term risks are modelled out to 2050 with physical risk in the High Warming scenario being of greatest concern. The modelling is reviewed at least annually.

Monitoring and managing climate risks and opportunities

Risk appetite

Risk appetite is defined as the amount of risk we are willing to take in the pursuit of our strategic objectives. Risk appetite is set by the Board and reviewed annually. Risk appetite is used to ensure that business decisions take account of our ability to accept and manage risks and to guide management actions. Through the risk management framework, which includes the risk appetite framework, the risk appetite is formally established and communicated.

Climate risk is addressed by risk appetite statements for areas such as regulatory risk, market exposure, persistency and operational risk.

Risk mitigation

Within the risk register, the risk owners provide details of any controls in place against each risk. Residual scores are then applied to each risk, to show the score once controls have been applied.

We have a climate risk register, and climate is reflected in other risk registers as appropriate.

Risk response

Actions are added to risks on registers where existing controls are not sufficient to mitigate the risk or are not effective. For some risks where additional mitigations are not cost effective, a risk acceptance procedure is in place.

Scenario analysis

Scenario analysis is used to help management understand the resilience of the business to potential future events, and more detail is provided in the [scenario analysis section](#).

Risk monitoring and reporting

The most significant risks faced by the business are reported to the executive including emerging risks and significant changes to the risk profile of existing risks. The risks on the business area risk registers are regularly reviewed and discussed with management. The CRCO will bring any significant changes to the attention of the executive. Significant risk events are also regularly discussed alongside consideration of their impact on risk profiles.

Committee updates

Effective risk management requires engagement and communication from the board level down, as well as from the executive to the board. The CRCO provides an update on risk matters to each Risk and Investment Committee meeting. The areas covered include the current risk profile, risk metrics to measure the business against risk appetite, emerging risks, updates on significant projects and a summary of events and potential losses. Ad-hoc reports are provided as required. The CRCO has access to members of the Risk and Investment Committee including the Chair of the Risk and Investment Committee and the Board Chair.

More detail on our climate risk indicators and how they are monitored and reported to the Board is set out in the metrics section.

Metrics and Targets

Metrics

Climate Value-at-Risk

For our open book funds, Climate Value at Risk metrics are monitored quarterly and reported to the Risk and Investment Committee by exception.

We monitor two Climate Value at Risk (VaR) metrics to assess the potential financial impact of climate related risks on our portfolios. The first estimates the potential loss under a disorderly scenario with high transition risks, reflecting the impact of abrupt policy changes, carbon pricing, and market shifts as the economy moves towards decarbonisation. The second metric captures physical risk under an extreme weather scenario, considering the potential financial effects of more frequent and severe climate events such as flooding, rising temperatures and storms.

We have set target exposures for these metrics, with the aim of reducing risk compared to their respective benchmarks. If this metric was significantly worse than the benchmark or we had concerns with the trend, we would raise this with Schroders and encourage appropriate action to reduce the fund's exposure to climate-related risks.

Climate Value-at-Risk metric is a relatively new concept for the industry. We expect to continue building our understanding of these measures over time and remain committed to improving climate risk monitoring across our investment portfolios.

Carbon intensity, carbon footprint and implied temperature rise

We monitor the total carbon intensity and carbon footprint of all our funds, which are shared with customers on an annual basis.

For our Schroders-managed funds, which cover the majority of our assets under management, we also provide the implied temperature rise of the fund.

Sustainable Fund

The Foresters Stakeholder (Schroders) Sustainable Future Managed Fund invests at least 70% of its portfolio in assets which the investment manager deems to be either:

- low carbon investments – companies or countries that are operating at a greenhouse gas (GHG) intensity below the level required to meet net zero GHG emissions by 2050 (net zero), based on their most recently reported or estimated emissions.

or

- decarbonising investments – companies or countries that have the potential to reduce their GHG intensity below the level required to meet net zero, based on the targets those issuers have publicly committed to and/or evidence of previous emissions reductions.

We monitor the percentage of new stakeholder business invested in this fund, to monitor how the fund is meeting customer demand and whether we are effectively promoting the fund to customers.

Scope 1 and 2 emissions

Whilst small compared to our financed emissions, we also measure and manage our Scope 1 and 2 emissions, as detailed earlier in this report. These are monitored quarterly as part of the Sustainability dashboard.

Targets

The transition to a low-carbon economy depends heavily on timely and effective government policy, technological developments, and the evolving responses of suppliers, customers, and society. Given this uncertainty, we have not set a formal net zero target at this stage. Instead, our focus remains on risk management. We monitor the percentage of new stakeholder business invested in the sustainable fund, we have established target exposures for Climate Value at Risk across our open book of business and we proactively monitor our Scope 1 and 2 emissions.