

**IN THE COURT OF SESSION, SCOTLAND**

**STANDARD LIFE ASSURANCE LIMITED**

and

**STANDARD LIFE INTERNATIONAL DAC**

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**SCHEME**

for the transfer to Standard Life International DAC of part of  
the long-term insurance business of Standard Life Assurance Limited  
(pursuant to Part VII of the Financial Services and Markets Act 2000)

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## PART A – DEFINITIONS AND INTERPRETATION

### 1 Definitions

- 1.1 In this Scheme, unless the subject or context requires otherwise, the following expressions shall bear the following meanings:

**2006 Scheme** means the scheme pursuant to Part VII of, and Schedule 12 to, FSMA, under which substantially all of the long-term insurance business of The Standard Life Assurance Company was transferred to SLAL, which was sanctioned by the Court on 9 June 2006 and became effective on 10 July 2006 (and as varied by supplementary orders of the Court in the original petition on 20 December 2011 (which took effect on 31 December 2011) and on 30 June 2016 (which took effect on 30 June 2016));

**2011 Scheme** means the scheme pursuant to Part VII of, and Schedule 12 to FSMA, under which all of the Long-Term Business of Standard Life Investment Funds Limited was transferred to SLAL, which was sanctioned by the Court of Session on 20 December 2011 and became effective on 31 December 2011, as amended from time to time;

**Austrian Local Business Transfer Agreement** means the agreement entitled “Business Transfer Agreement: Austria” between SLAL and SL Intl, entered into in accordance with paragraph 66;

**Board** means, in respect of a company, the board of directors of that company from time to time;

**Brexit** has the meaning given to it in paragraph 3.3;

**Business Transfer Agreements** means each of the Austrian Local Business Transfer Agreement, the German Local Business Transfer Agreement and the Irish Local Business Transfer Agreement;

**Capital Event** has the meaning given to it in paragraph 57.1;

**CBI** means the Central Bank of Ireland;

**Contract** means a contract, commitment, agreement, indenture, note, bond, Encumbrance, loan, instrument, lease, licence or equivalent arrangement, in each case, to which SLAL is a party (or in respect of which SLAL is an assignee or successor in title to a party);

**Court** means the Court of Session in Edinburgh;

**Day One Assets** means all Transferred Assets that are not Residual Assets;

**Day One Business** means together:

- (a) the Day One Policies;
- (b) the Day One Contracts;
- (c) the Day One Assets; and
- (d) the Day One Liabilities,

and all activities carried on in connection therewith;

**Day One Contracts** means all Transferred Contracts that are not Residual Contracts;

**Day One Liabilities** means all Transferred Liabilities that are not Residual Liabilities;

**Day One Policies** means all Transferred Policies that are not Residual Policies;

**Deed of Fixed Charge** means the agreement entitled “Deed of Fixed Charge” between SLAL and SL Intl, entered into in accordance with paragraph 66;

**Deed of Floating Charge** means the agreement entitled “Deed of Floating Charge” between SLAL and SL Intl, entered into in accordance with paragraph 66;

**EEA State** has the meaning set out in paragraph 8, Part 1 of Schedule 3 to FSMA;

**Effective Time** means the time and date on which this Scheme shall take effect in accordance with paragraph 55;

**Encumbrance** means any mortgage, charge, pledge, assignation in security, lien, option, restriction, right of first refusal, right of pre-emption, third party right or interest, any other encumbrance or security interest of any kind and any other type of preferential arrangement (including title transfer and retention arrangements) having a similar effect;

**Equivalent SLAL Fund** means:

- (a) in respect of the SL Intl Euro PBF, the SLAL PBF;
- (b) in respect of the SL Intl HWPF, the SLAL HWPF;
- (c) in respect of the SL Intl GWPF, the SLAL GWPF; and
- (d) in respect of the SL Intl GSMWPF, the SLAL GSMWPF;

**Excluded Assets** means:

- (a) all property of SLAL where SLAL and SL Intl agree in writing prior to the Effective Time that that property should not be transferred at all; and
- (b) all books, records, files and papers that SLAL is required by Regulatory Requirements to retain;

**Excluded Contracts** means all Contracts set out in Schedule 3;

**Excluded Liabilities** means:

- (a) all liabilities of SLAL which are attributable to Excluded Assets; and
- (b) all liabilities of SLAL arising as a consequence of the implementation of this Scheme, whenever incurred;

**Existing Schemes** means the 2011 Scheme and the 2006 Scheme;

**FCA** means the Financial Conduct Authority;

**FCA Glossary** means the Glossary of the FCA Handbook;

**FCA Handbook** means the Handbook of rules and guidance issued by the FCA from time to time pursuant to FSMA;

**Freedom of Establishment** means the right of an insurer in an EEA State to pursue business in an EEA State other than its Home State, pursuant to articles 145-146 of Directive 2009/138/EC;

**Freedom of Services** means the right of an insurer in an EEA State to pursue business in an EEA State other than its Home State, pursuant to articles 147-149 of Directive 2009/138/EC;

**FSMA** means the Financial Services and Markets Act 2000;

**German Annuity Benefit** means a non profit immediate annuity to be provided on vesting of a Policy where the WP Investment Element is allocated to the SL Intl GWPF or SL Intl GSMWPF (including where such vesting arises on retirement or death, or where a deferred annuity comes into payment);

**German Local Business Transfer Agreement** means the agreement entitled "Business Transfer Agreement: Germany" between SLAL and SL Intl, entered into in accordance with paragraph 66;

**Group** means in respect of any body corporate:

- (a) that body corporate;

- (b) its holding companies from time to time;
- (c) its subsidiaries from time to time; and
- (d) each of the subsidiaries from time to time of any such holding company;

**GSMWPF Deed Poll** means the deed poll entitled “Deed Poll: GSMWPF”, granted by SL Intl in accordance with paragraph 66;

**GSMWPF Reinsurance Agreement** means the agreement entitled “Reinsurance Agreement: GSMWPF” between SLAL and SL Intl, entered into in accordance with paragraph 66;

**GWPF Deed Poll** means the deed poll entitled “Deed Poll: GWPF”, granted by SL Intl in accordance with paragraph 66;

**GWPF Reinsurance Agreement** means the agreement entitled “Reinsurance Agreement: GWPF” between SLAL and SL Intl, entered into in accordance with paragraph 66;

**Hannover Scheme** means the scheme pursuant to Part VII of, and Schedule 12 to FSMA, under which all of the Long-Term Business of Hannover Standard Life Limited was transferred to The Standard Life Assurance Company, which was sanctioned by the Court of Session on 7 December 2004 and became effective on 12 December 2004;

**HSL Business** means the policies written by Hannover Standard Life Limited (as part of the joint venture between Hannoversche Lebensversicherung AG and The Standard Life Assurance Company) which were transferred to The Standard Life Assurance Company pursuant to the Hannover Scheme and subsequently transferred to SLAL pursuant to the 2006 Scheme (and any other business relating thereto);

**Home State** means, in relation to an insurance undertaking, the EEA State in which the registered office of the insurance undertaking is situated (if any);

**HWPF Annuity Benefit** means a non profit immediate annuity to be provided on vesting of a Policy written in, or allocated to, the SL Intl HWPF (including where such vesting arises on retirement or death, or where a deferred annuity comes into payment) where: (i) the principal benefits of the Policy are expressed in terms of an annuity; or (ii) the Policy contains an option and/or contains another term, which requires annuities to be issued at a guaranteed rate or for a guaranteed minimum amount per annum;

**HWPF Deed Poll** means the deed poll entitled “Deed Poll: HWPF”, granted by SL Intl in accordance with paragraph 66;

**HWPF Reinsurance Agreement** means the agreement entitled “Reinsurance Agreement: HWPF” between SLAL and SL Intl, entered into in accordance with paragraph 66;

**HWPF Reinsurance Termination Date** means the date of early termination of the HWPF Reinsurance Agreement (being the “Termination Date”, as such term is defined in the HWPF Reinsurance Agreement);

**IFRS** means the body of pronouncements issued or adopted by the International Accounting Standards Board, including International Financial Reporting Standards and associated interpretations issued by the International Accounting Standards Board and International Accounting Standards and associated interpretations adopted by the International Accounting Standards Board, in each case, as at the Effective Time;

**Independent Expert** means Mr. Tim Roff of Grant Thornton or any other person approved to act as independent expert in relation to this Scheme pursuant to section 109(2)(b) of FMSA;

**Intermediary** means a broker, agent, employee benefit consultant, independent financial adviser or other intermediary that is not an appointed representative (as defined in the FCA Glossary), and that has entered into an agreement with SLAL to distribute SLAL’s products in respect of the Transferred Business from time to time;

**Internal Annuities Reinsurance Arrangements** has the meaning given to it in paragraph 35;

**Internal PPFM** means each of the SL Intl HWPF Internal PPFM, the SL Intl GWPF Internal PPFM and the SL Intl GSMWPF Internal PPFM;

**Investment Element** means, in respect of a Policy, the WP Investment Element of that Policy and/or the UL Investment Element of that Policy (if applicable);

**IP Assets** means (i) patents, (ii) know-how, (iii) trademarks, (iv) domain names, (v) copyrights, (vi) rights in designs, (vii) database rights, and (viii) internally developed software and (ix) all rights or forms of protection, anywhere in the world, having equivalent or similar effect to the rights referred to in paragraphs (i) to (viii) above, in each case whether registered or unregistered and including applications for registration of any such thing;

**Irish Local Business Transfer Agreement** means the agreement entitled “Business Transfer Agreement: Republic of Ireland” between SLAL and SL Intl, entered into in accordance with paragraph 66;

**Irish Policyholder Principles** means the following general principles contained within Chapter 2 of the Central Bank of Ireland’s Consumer Protection Code 2012 (as updated with effect from 1 January 2015) which require that a regulated entity:

- (a) acts honestly, fairly and professionally in the best interests of its customers and the integrity of the market; and
- (b) acts with due skill, care and diligence in the best interests of its customers;

**Irish Tax Indemnity** has the meaning given to it in paragraph 11.6;

**Linked Fund** means an internal linked fund established and maintained for accounting purposes to enable benefits, other than benefits determined by reference to the value of WP Units, payable under Linked Policies to be calculated;

**Linked Policy** means any Policy which falls within paragraph III of Part II of Schedule I to the RAO, or Paragraph 3 of Schedule 2 to the European Communities (Insurance and Reinsurance) Regulations 2017, in respect of which the benefits payable are determined by reference to (i) the value of, or income from, property of any description, or (ii) an index of the value of property of any description;

**Net HWPF Back-Book Premium** means the “Back-Book Premium” (as that term is defined in the HWPF Reinsurance Agreement) payable from SL Intl to SLAL pursuant to the HWPF Reinsurance Agreement, less an amount equal to the “Initial Premium” (as that term is defined in the Property-Linked Funds Retrocession Agreement) payable from SLAL to SL Intl pursuant to the Property-Linked Funds Retrocession Agreement;

**New Policies** means all Policies that are issued by SL Intl after the Effective Time (including all Policies which come into force after the Effective Time as a result of an option, or right, contained in a Transferred Policy);

**New SL Intl Fund** means each of the SL Intl Euro PBF, SL Intl HWPF, SL Intl GWPF and SL Intl GSMWPF, and any other fund or sub-fund which may be established and maintained by SL Intl after the Effective Time;

**New SL Intl GSMWPF Business** means the transfer, or allocation, to the SL Intl GSMWPF after the Effective Time of the WP Investment Element of a Policy written by, or reinsured to, another SL Intl Fund;

**New SL Intl GWPF Business** means the transfer, or allocation, to the SL Intl GWPF after the Effective Time of the WP Investment Element of a Policy written by, or reinsured to, another SL Intl Fund;

**New SL Intl HWPF Business** means:

- (a) the allocation of Policies written after the Effective Time to the SL Intl HWPF; and
- (b) the transfer, or allocation, to the SL Intl HWPF after the Effective Time of the Investment Element of a Policy written by, or reinsured to, another SL Intl Fund;

**Ombudsman Proceedings** means proceedings falling within paragraph (b) of the definition of “Proceedings” in this Scheme;

**Operational Assets** means all office equipment owned by SLAL's branches in Germany and the Republic of Ireland;

**Order** means an order made by the Court pursuant to section 111 of FSMA sanctioning this Scheme (or any part of it) and any subsequent order in relation to this Scheme made by the Court;

**Policy** means:

- (a) any "policy" within the meaning set out in the Financial Services and Markets Act 2000 (Meaning of "Policy" and "Policyholder") Order 2001 (SI 2001/2361); and
- (b) any constituent part of such a policy which, in the reasonable opinion of SL Intl's Board, gives rise to any separately identifiable benefit and which SL Intl's Board determines is a Policy,

and "policyholder" shall be construed accordingly and any reference to a "holder" of a policy shall be construed as a reference to a "policyholder";

**Policy Income** has the meaning given to it in paragraph 60;

**Policy Outgoings** has the meaning given to it in paragraph 60;

**PRA** means the Prudential Regulation Authority;

**PRA Glossary** means the Glossary of the PRA Rulebook;

**PRA Rulebook** means the book of rules applicable to Solvency II firms issued by the PRA from time to time pursuant to FSMA;

**Proceedings** means an action or other legal or administrative proceedings or step (whether direct or indirect, by way of a claim, demand, legal proceedings, execution of judgement, arbitration, complaint or otherwise howsoever) whether pending, current or future, including:

- (a) all judicial, quasi-judicial, administrative and regulatory reviews and processes;
- (b) all complaints and claims to any ombudsman;
- (c) arbitration;
- (d) mediation; and
- (e) all other dispute resolution procedures (whether or not they involve submission to any court);

**Promise** means the mortgage endowment promise set out in Schedule 4 to the 2006 Scheme;

**Property-Linked Funds Retrocession Agreement** means the agreement entitled “Retrocession Agreement: Euro Denominated Property-Linked Funds” between SLAL and SL Intl, entered into in accordance with paragraph 66;

**Regulated Activities Order** or **RAO** means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544), as amended;

**Regulatory Requirements** means all applicable laws, statutes, regulations, rules, orders, directives, requirements, guidance, standards, guidelines and industry codes of practice, in each case having legal effect, which is stipulated by any legal, governmental or regulatory body with powers of direction over the relevant entity, including the rules of any stock exchange or listing authority, in each case existing and in force from time to time, wherever relevant in the context;

**Residual Assets** means:

- (a) all Transferred Assets where the Court has not sanctioned their transfer to SL Intl under section 112(2) of FSMA at the Effective Time;
- (b) all Transferred Assets where their transfer is outside the jurisdiction of the Court, or where their transfer pursuant to an order of the Court is not recognised under the laws of the jurisdiction in which the property is situated, or where further steps are necessary to effect their transfer pursuant to the laws of the jurisdiction in which that property is situated;
- (c) all Transferred Assets which cannot be transferred to, or vested in, SL Intl at the Effective Time for any other reason;
- (d) all Transferred Assets where SLAL and SL Intl agree in writing prior to the Effective Time that their transfer should be delayed; and
- (e) all proceeds of sale or income or other accrual or return whatsoever, whether or not in any case in the form of cash, earned or received from time to time after the Effective Time but prior to the relevant Subsequent Transfer Date in respect of any such property referred to in paragraphs (a) to (d) of this definition;

**Residual Business** means together:

- (a) the Residual Policies;
- (b) the Residual Contracts;
- (c) the Residual Assets; and

(d) the Residual Liabilities,

and all activities carried on in connection therewith;

**Residual Contracts** means:

- (a) all Transferred Contracts where the Court has not sanctioned their transfer to SL Intl under section 112(2) of FSMA at the Effective Time;
- (b) all Transferred Contracts where their transfer is outside the jurisdiction of the Court, or where their transfer pursuant to an order of the Court is not recognised under the laws of the jurisdiction which govern that Contract, or where further steps are necessary to effect their transfer pursuant to the laws of the jurisdiction which govern such Contract;
- (c) all Transferred Contracts the transfer of which would result in a third party having a right to terminate the Transferred Contract, or claim compensation in damages or otherwise;
- (d) all Transferred Contracts the transfer of which would require the consent of a third party, or the waiver by a third party of a contractual right under the Transferred Contract, and such consent or waiver (as the case may be) has not been obtained by the Effective Time;
- (e) all Transferred Contracts which cannot be transferred to, or vested in, SL Intl at the Effective Time for any other reason; and
- (f) all Transferred Contracts where SLAL and SL Intl agree in writing prior to the Effective Time that their transfer should be delayed;

**Residual Liabilities** means:

- (a) all Transferred Liabilities that are attributable to or connected with a Residual Asset, and arise at any time before the Subsequent Transfer Date applicable to that Residual Asset;
- (b) all Transferred Liabilities where the Court has not sanctioned their transfer to SL Intl under section 112(2) of FSMA at the Effective Time;
- (c) all Transferred Liabilities where their transfer is outside the jurisdiction of the Court, or where their transfer pursuant to an order of the Court is not recognised under the laws of the jurisdiction in which the liability is situated, or where further steps are necessary to effect their transfer pursuant to the laws of the jurisdiction in which such liability is situated;
- (d) all Transferred Liabilities which cannot be transferred to, or vested in, SL Intl at the Effective Time for any other reason; and

- (e) all Transferred Liabilities where SLAL and SL Intl agree in writing prior to the Effective Time that their transfer should be delayed;

**Residual Policies** means:

- (a) all Transferred Policies where, for the purpose of section 111(2)(a) of FSMA, the PRA has not provided the certificate referred to in paragraphs 1(1)(ba), 1(2A) and 3A of Schedule 12 to FSMA prior to the making of the Order;
- (b) all Transferred Policies where the Court has not sanctioned their transfer to SL Intl under section 112(2) of FSMA at the Effective Time;
- (c) all Transferred Policies where their transfer is outside the jurisdiction of the Court, or where their transfer pursuant to an order of the Court is not recognised under the laws of the jurisdiction which govern such Policy, or where further steps are necessary to effect their transfer pursuant to the laws of the jurisdiction which govern such Policy;
- (d) all Transferred Policies which cannot be transferred to, or vested in, SL Intl at the Effective Time for any other reason; and
- (e) all Transferred Assets where SLAL and SL Intl agree in writing prior to the Effective Time that their transfer should be delayed;

**Scheme** means this scheme in its original form or with or subject to any modification, addition or condition which may be approved, or imposed, in accordance with paragraph 63 or otherwise in accordance with this Scheme;

**Security Transfer Agreement** means an agreement entitled “Security Transfer Agreement” between SLAL and SL Intl;

**Service Agreement** means an agreement for services relating to the administration, or ongoing management, of Policies;

**SLAL** has the meaning given to it in paragraph 3.1;

**SLAL GSMWPF** means the “German Smoothed Managed With Profits Fund” maintained by SLAL;

**SLAL GWPF** means the “German With Profits Fund” maintained by SLAL;

**SLAL HWPf** means the “Heritage With Profits Fund” maintained by SLAL (and referred to in the 2006 Scheme as the “With Profits Fund”);

**SLAL PBF** means the “Proprietary Business Fund” maintained by SLAL (and referred to in the 2006 Scheme as the “Non Profit Fund”);

**SLAL-SL Intl Reinsurance Agreements** means, together, the HWPF Reinsurance Agreement, the GWPF Reinsurance Agreement, the GSMWPF Reinsurance Agreement and the Property-Linked Funds Retrocession Agreement;

**SL Intl** has the meaning given to it in paragraph 3.2;

**SL Intl Euro PBF** means the non profit fund named “SL Intl Euro Proprietary Business Fund”, as established and maintained by SL Intl pursuant to paragraph 12.1(a);

**SL Intl Fund** means any fund or sub-fund which may be established and maintained by SL Intl from time to time;

**SL Intl GBP PBF** means the non profit fund named “SL Intl GBP Proprietary Business Fund”;

**SL Intl GSMWPF** means the with profits fund named “SL Intl German Smoothed Managed With Profits Fund”, as established and maintained by SL Intl pursuant to paragraph 12.1(d);

**SL Intl GSMWPF Internal PPFM** means the principles and practices of financial management applicable to the SL Intl GSMWPF to be maintained in accordance with paragraph 46, as they may be amended from time to time in accordance with their terms, notwithstanding that they may be disclosed from time to time;

**SL Intl GSMWPF Transferred Policies** means all Transferred Policies in respect of which, immediately prior to the Effective Time, the Investment Element is allocated to the SLAL GSMWPF;

**SL Intl GSMWPF WP Policies** means:

- (a) all SL Intl GSMWPF Transferred Policies; and
- (b) all WP Investment Elements of Policies that are transferred, or allocated, to the SL Intl GSMWPF from time to time;

**SL Intl GWPF** means the with profits fund named “SL Intl German With Profits Fund”, as established and maintained by SL Intl pursuant to paragraph 12.1(c);

**SL Intl GWPF Internal PPFM** means the principles and practices of financial management applicable to the SL Intl GWPF to be maintained in accordance with paragraph 36, as they may be amended from time to time in accordance with their terms, notwithstanding that they may be disclosed from time to time;

**SL Intl GWPF Transferred Policies** means all Transferred Policies in respect of which, immediately prior to the Effective Time, the Investment Element is allocated to the SLAL GWPF;

**SL Intl GWPF WP Policies** means:

- (a) all SL Intl GWPF Transferred Policies; and
- (b) all WP Investment Elements of Policies that are transferred, or allocated, to the SL Intl GWPF from time to time;

**SL Intl Head of Actuarial** means SL Intl's head of actuarial function within the meaning of the CBI Domestic Actuarial Regime and Related Governance Requirements under Solvency II or, if those requirements are no longer in effect, the person appointed by SL Intl from time to time as head of the function described at Regulation 50 of the European Union (Insurance and Reinsurance) Regulations 2015 or, if SL Intl is no longer required to maintain such a function, a person possessing appropriate actuarial qualifications nominated for the purposes of this Scheme by SL Intl;

**SL Intl HWPF** means the with profits fund named "SL Intl Heritage With Profits Fund", as established and maintained by SL Intl pursuant to paragraph 12.1(b);

**SL Intl HWPF Internal PPFM** means the principles and practices of financial management applicable to the SL Intl HWPF to be maintained in accordance with paragraph 21, as they may be amended from time to time in accordance with their terms, notwithstanding that they may be disclosed from time to time;

**SL Intl HWPF Transferred Policies** means (i) all Transferred Policies that, immediately prior to the Effective Time, are allocated to the SLAL HWPF, and (ii) all Transferred Policies in respect of which, immediately prior to the Effective Time, the Investment Element is allocated in whole or part to the SLAL HWPF;

**SL Intl HWPF WP Policies** means:

- (a) all SL Intl HWPF Transferred Policies that are With Profits Policies (if, and to the extent, eligible to participate in any established surplus within the SL Intl HWPF);
- (b) all With Profits Policies allocated to, or written in, the SL Intl HWPF from time to time (if, and to the extent, eligible to participate in any established surplus within the SL Intl HWPF); and
- (c) all WP Investment Elements of Policies (other than Policies allocated to the SL Intl HWPF) that are transferred or allocated to the SL Intl HWPF from time to time;

**SL Intl WP Actuary** means the actuary appointed by the Transferee in accordance with paragraph 58.1 from time to time;

**SL Intl WP Committee** means the committee appointed by the Transferee in accordance with paragraph 58.2 from time to time;

**Solvency Capital Requirement** has the meaning given to it in the Solvency II Directive (2009/138/EC);

**Subsequent Transfer Date** means, in relation to a Residual Policy, Residual Contract, Residual Asset or Residual Liability, the date after the Effective Time on which it is or is to be transferred to SL Intl, namely:

- (a) the date on which all impediments to its transfer shall have been removed or overcome;
  - (b) the date on which SLAL and SL Intl agree in writing that the transfer should take effect; or
  - (c) the date on which such Residual Asset is received or earned by SLAL,
- (as applicable);

**Tax** means:

- (a) all forms of tax, levy, duty, charge, impost, withholding or other amount whenever created or imposed and whether of the United Kingdom, Republic of Ireland, Germany, Austria or elsewhere, payable to or imposed by any authority responsible for the collection or management of any such tax, levy, duty, charge, impost, withholding or other amount; and
- (b) all charges, interest, penalties and fines incidental or relating to any sum falling within (a) above or which arise as a result of the failure to pay that sum on the due date or to comply with any obligation relating to it;

**Third Party Right** has the meaning given to it in paragraph 11.2(a);

**Total Net Back-Book Premium** means:

- (a) the Net HWPF Back-Book Premium; plus
- (b) the “Back-Book Premium”, as that term is defined in the GWPF Reinsurance Agreement; plus
- (c) the “Back-Book Premium”, as that term is defined in the GSMWPF Reinsurance Agreement;

**Transferred Assets** means:

- (a) all rights, benefits and powers of SLAL under the Transferred Policies and all goodwill relating thereto;

- (b) all rights, benefits and powers of SLAL under the Transferred Contracts and all goodwill relating thereto;
- (c) all rights and claims (in contemplation, present or future, actual or contingent) against any third party to the extent that such right or claim relates to any of the Transferred Policies or the Transferred Contracts, or arises as a result of the Transferred Policies or the Transferred Contracts;
- (d) all property, including all assets backing IFRS liabilities, attributable or allocated to the Transferred Policies or the Transferred Contracts as at the Effective Time;
- (e) all Operational Assets;
- (f) all Tax assets of SLAL to the extent attributable to the Transferred Policies or Transferred Contracts or any other category of Transferred Assets (pursuant to this Scheme or otherwise);
- (g) all books, records, files and papers, whether in hard copy or computer format, relating to the Transferred Policies and the Transferred Contracts, including claims and underwriting files, sales and promotional literature, manuals and data, sales and purchase correspondence and lists of present and former customers; and
- (h) all other property of SLAL (not falling under limbs (a) to (g) of this definition) in respect of, or attributable to, the business and undertaking of SLAL's branches in Ireland and Germany (including the HSL Business) or its business in Austria (including all activities carried on in connection with or for the purposes of such business),

but excluding any Excluded Assets;

**Transferred Business** means, together:

- (a) the Transferred Policies;
- (b) the Transferred Contracts;
- (c) the Transferred Assets; and
- (d) the Transferred Liabilities,

and all activities carried on in connection therewith;

**Transferred Contracts** means:

- (a) all Contracts set out in Schedule 2; and

- (b) all Contracts (and any constituent and identifiable parts of Contracts) which are not set out in Schedule 2 to the extent that such Contracts (or such parts of such Contracts) relate to a Transferred Policy or any activity carried on in connection therewith,

but excluding (i) any Transferred Policies and (ii) any Excluded Contracts;

**Transferred Liabilities** means:

- (a) all liabilities of SLAL under the Transferred Policies;
- (b) all liabilities of SLAL under the Transferred Contracts;
- (c) all third party rights and claims (present or future, actual or contingent) against SLAL to the extent that such rights and claims relate to the Transferred Assets, Transferred Policies or Transferred Contracts, or arise as a result of the Transferred Assets, Transferred Policies or Transferred Contracts;
- (d) all liabilities of SLAL in respect of Tax to the extent attributable to the Transferred Assets, Transferred Policies or Transferred Contracts (pursuant to this Scheme or otherwise);
- (e) all liabilities of SLAL to the extent connected with the sale of the Transferred Policies, including any that may arise in relation to mis-selling; and
- (f) all other liabilities of SLAL (not falling under limbs (a) to (e) of this definition) in respect of, or attributable to, the business and undertaking of SLAL's branches in Ireland and Germany (including the HSL Business) or its business in Austria (including all activities carried on in connection with or for the purposes of such business),

but excluding any Excluded Liabilities;

**Transferred Policies** means:

- (a) all Policies effected and/or carried out by SLAL and in respect of which payments are (or would be) denominated in euros (€) as at the Effective Time (including, for the avoidance of doubt, all Policies effected under any of the product lines set out in Schedule 1);
- (b) all Policies which: (i) have lapsed before the Effective Time; (ii) would, had they not lapsed prior to the Effective Time, have fallen within limb (a) of this definition; and (iii) are reinstated by SL Intl after the Effective Time; and
- (c) all proposals for insurance received by or on behalf of SLAL before the Effective Time which: (i) have not become Policies in force at the Effective Time; (ii) would, had the proposals become Policies in force at the Effective Time, have fallen within limb (a) of this definition; and (iii) become Policies after the Effective Time,

including (for the avoidance of doubt) any such Policies that are contracts of reinsurance;

**UL Investment Element** means, in relation to a Policy that is, or becomes, a Linked Policy, that part of any premium (including any amount derived from a rebate of charges) as has been applied or is applicable to the allocation of UL Units, after any adjustment in accordance with the terms of the relevant Policy (including any policy charges or bid/offer spread), and all property and liabilities attributable to such UL Units;

**UL Units** means notional units, excluding WP Units, whose value or number vary by reference to the value of a Linked Fund (or the value of directly held assets) for the purpose of calculating benefits payable under Linked Policies;

**Units** mean WP Units and/or UL Units;

**Unitised With Profits Policy** means any Policy, or that part of any Policy, in each case in relation to which the value of the benefits is measured by reference to WP Units allocated to that Policy;

**With Profits Policy** means any Policy (i) in respect of which the relevant policyholder is eligible to participate in any part of any established surplus (but excluding any Policies in respect of which such eligibility arises solely as a result of the application of the Promise), or (ii) to which WP Units are allocated and which can receive a smoothed price on cancellation;

**WP Investment Element** means, in relation to a Policy that is or becomes a Unitised With Profits Policy, that part of any premium (including any amount derived from a rebate of charges) as has been applied or is applicable to the allocation of WP Units, after any adjustment in accordance with the terms of the relevant Policy (including any policy charges or bid/offer spread), and all property and liabilities attributable to such WP Units (other than in respect of costs of guarantees); and

**WP Units** means notional units (i) whose value or number vary, by reference to premiums paid and bonuses declared or surpluses distributed, for the purposes of calculating benefits payable under Policies, or (ii) which can have a smoothed price on cancellation.

## **2 Interpretation**

### **2.1 In this Scheme:**

- (a) **“appropriate actuarial advice”** shall mean (in addition to any other relevant appropriate advice) such actuarial advice as SL Intl’s Board may determine in the context of the relevant matter;
- (b) **“holding company”** and **“subsidiary”** shall have the same meanings as in the Companies Act 2006;

- (c) “**liabilities**” shall include all liabilities, claims, damages, proceedings, demands, orders, suits, costs, losses and expenses of every description, whether deriving from contract, common law, statute or otherwise, whether present or future, actual or contingent, ascertained or unascertained or disputed and whether owed or incurred severally or jointly or as principal or surety;
- (d) “**property**” shall include (without limitation) property, assets, rights and powers of every description (whether present or future, actual or contingent) and includes (i) property held on trust, (ii) benefits and powers of any description, and (iii) any interest whatsoever in any of the foregoing;
- (e) “**transfer**” shall include (as the context may require) “**vest**”, “**assign**”, “**assignment**” or “**assignment**”, “**dispose**”, “**disposition**” or “**disposal**”, or “**convey**” or “**conveyance**”;
- (f) “**variation**” shall include any variation, supplement, deletion, restatement, replacement or termination, however effected;
- (g) any reference to the singular shall include a reference to the plural and vice versa and any reference to the masculine shall include a reference to the feminine and neuter and vice versa;
- (h) any reference in this Scheme to an enactment, a directive, a statutory provision or any subordinate legislation shall be deemed to include a reference to that enactment, directive, statutory provision or subordinate legislation as amended, replaced or re-enacted from time to time and to any instrument or order made from time to time under such enactment, directive, statutory provision or subordinate legislation. Where such reference is to an enactment, a directive, a statutory provision or any subordinate legislation that has been repealed and not amended, replaced or re-enacted, then SL Intl’s Board shall (having taken appropriate advice) determine the most appropriate replacement provision (if any);
- (i) any reference to any rules, regulations or guidance made by the PRA, FCA and/or CBI (as applicable) shall be deemed to include a reference to such rules or regulations as amended or replaced from time to time. Where such reference is to any rules, regulations or guidance that have been repealed and not amended, replaced or re-enacted, then SL Intl’s Board shall (having taken appropriate advice) determine the most appropriate replacement provision (if any);
- (j) any reference to any regulator (including the PRA, FCA and CBI) shall be deemed to include a reference to any successor regulators;

- (k) any reference to this Scheme shall include the Schedules to it and references to paragraphs, sub-paragraphs, Parts or Schedules are to paragraphs, sub-paragraphs or Parts of or Schedules to this Scheme;
- (l) headings are inserted for convenience only and shall not affect the construction of this Scheme;
- (m) any reference to a person shall include a reference to a body corporate, a partnership, an unincorporated association or to a person's executors or administrators, and for the avoidance of doubt, shall include a trustee;
- (n) unless otherwise specified, if a period of time is specified from a given day or date or from the day or date of an actual event, it shall be calculated exclusive of that day or date;
- (o) any reference to writing shall include any modes of reproducing words in a legible and non-transitory form;
- (p) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;
- (q) any reference to an amount shall be exclusive of any applicable value added tax or other Tax;
- (r) references to "indemnify" and "indemnifying" any person against any circumstance include indemnifying and keeping him harmless on an after-Tax basis from all actions, claims and proceedings from time to time made against that person and all loss or damage and all payments, costs or expenses made or incurred by that person as a consequence of or which would not have arisen but for that circumstance;
- (s) any indemnity or obligation to pay (the "**Payment Obligation**") being given or assumed on an "after-Tax basis" or expressed to be "calculated on an after-Tax basis" means that the amount payable pursuant to such Payment Obligation (the "**Payment**") shall be calculated in such a manner as will ensure that, after taking into account:
  - (i) any Tax required to be deducted or withheld from the Payment;
  - (ii) the amount and timing of any additional Tax which becomes payable as a result of the Payment's being subject to Tax; and
  - (iii) the amount and timing of any Tax benefit which is obtained, to the extent that such Tax benefit is attributable to the matter giving rise to the Payment Obligation,

the recipient of the Payment is in the same position as that in which it would have been if the matter giving rise to the Payment Obligation had not occurred (or, in the case of a

Payment Obligation arising by reference to a matter affecting a person other than the recipient of the Payment, the recipient of the Payment and that other person are, taken together, in the same position as that in which they would have been had the matter giving rise to the Payment Obligation not occurred), provided that the amount of the Payment shall not exceed that which it would have been if it had been regarded for all Tax purposes as received solely by the recipient and not any other person; and

- (t) any reference to pounds or £ shall be to pounds sterling in the currency of the United Kingdom.

## PART B – INTRODUCTORY PROVISIONS

### 3 Parties and background

- 3.1 Standard Life Assurance Limited (“**SLAL**”) is a company incorporated in Scotland with registered number SC286833. The registered office of SLAL is at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH. SLAL is a “UK authorised person” as defined in section 105(8) of FSMA, with permissions to effect and to carry out contracts of long-term insurance in the UK under classes 1, 3, 4, 6 and 7 in Part II of Schedule 1 of the RAO.
- 3.2 Standard Life International DAC (“**SL Intl**”) is a designated activity company incorporated in the Republic of Ireland with registered number 408507. The registered office of SL Intl is at 90 St. Stephen’s Green, Dublin 2, Ireland. SL Intl is an insurance undertaking authorised to conduct life insurance business under classes 1, 3, 4, 6 and 7 in Schedule 2 to the European Communities (Insurance and Reinsurance) Regulations 2015.
- 3.3 Following the invocation of Article 50 of the Treaty on European Union by the United Kingdom on 29 March 2017, the United Kingdom has commenced negotiations for the terms of its withdrawal from the European Union (“**Brexit**”). The legal terms of Brexit are not yet known, but there is a risk that, upon or shortly following Brexit, SLAL will lose its rights under the single market directives, including the EU Solvency II Directive (Directive 2009/138/EC, as amended), to carry out long-term insurance business in other EEA States on a Freedom of Services or Freedom of Establishment basis.
- 3.4 It is therefore proposed that, subject to the sanction of the Scheme by the Court, the Transferred Business carried on by SLAL shall, in accordance with this Scheme (and, where applicable, the relevant Business Transfer Agreement), be transferred to SL Intl.
- 3.5 SLAL and SL Intl have each agreed to appear jointly by Counsel on the hearing of the petition to sanction the Scheme.
- 3.6 This Scheme shall take effect alongside, and be conditional upon, the amendments to the 2006 Scheme and the 2011 Scheme that are set out in Schedule 4 to this Scheme.

## **PART C – TRANSFER**

### **4 Transfer of the Transferred Business**

- 4.1 Subject to paragraph 4.2, each part of the Transferred Business shall be transferred to and be vested in SL Intl in accordance with this Scheme, so that:
- (a) with effect from the Effective Time, each Day One Asset and all the interest of SLAL in it shall, by the Order and without any further act or instrument, be transferred to and be vested in SL Intl, subject to all applicable Encumbrances affecting such property and shall cease to be the property of SLAL;
  - (b) with effect from the Effective Time, each Day One Liability shall, by the Order and without any further act or instrument, be transferred to and become a liability of SL Intl in accordance with this Scheme and shall cease to be a liability of SLAL;
  - (c) with effect from each Subsequent Transfer Date, each Residual Asset to which such Subsequent Transfer Date applies and all the interest of SLAL in it shall, by the Order and without further act or instrument, be transferred to and be vested in SL Intl, subject to all applicable Encumbrances affecting such property in accordance with this Scheme and shall cease to be the property of SLAL; and
  - (d) with effect from each Subsequent Transfer Date, each Residual Liability to which such Subsequent Transfer Date applies shall, by the Order and without any further act or instrument, be transferred to and become a liability of SL Intl in accordance with this Scheme and shall cease to be a liability of SLAL.
- 4.2 The obligation of SLAL to transfer the Transferred Assets to SL Intl pursuant to this Scheme shall be set off against the obligation of SL Intl to pay the Total Net Back-Book Premium to SLAL pursuant to the SLAL-SL Intl Reinsurance Agreements (other than the Property-Linked Funds Retrocession Agreement) such that:
- (a) a proportion of the Transferred Assets which SLAL determines is equal in value to the Total Net Back-Book Premium shall be used to settle the Total Net Back-Book Premium; and
  - (b) the payment of the Total Net Back-Book Premium shall be satisfied by the retention of such proportion of the Transferred Assets which SLAL determines is equal in value to the Total Net Back-Book Premium by SLAL.
- 4.3 SL Intl shall accept without investigation or requisition such title as SLAL shall have at the Effective Time to the Day One Assets and, at any Subsequent Transfer Date, to each Residual Asset then transferred, and SLAL shall not be liable for any charges, expenses, costs, claims,

losses or any other liabilities in connection thereto that arise after the Effective Time, save as otherwise agreed between the parties in writing (including under any existing agreement between SLAL and SL Intl) or as set out in this Scheme.

4.4 SLAL and SL Intl shall take all such steps, and execute all such documents, as may be necessary or desirable:

- (a) to effect or perfect the transfer to, and vesting in, SL Intl of any Transferred Asset pursuant to this Scheme;
- (b) to effect or perfect the transfer to, and assumption by, SL Intl of any Transferred Liability pursuant to this Scheme; and
- (c) to correct any errors in the identity or amount of any property or liability so transferred.

4.5 With effect from the Effective Time, SL Intl shall succeed to all rights, liabilities and obligations of SLAL in respect of any personal data which relate to the Transferred Business, and in any consent given by a data subject in respect of such data, any reference to SLAL (or to any members of SLAL's Group) shall be deemed to include a reference to SL Intl (and to any members of SL Intl's Group). For the avoidance of doubt, this paragraph shall override any statutory or contractual requirements in relation to such personal data.

4.6 Following the transfer of a Transferred Policy to SL Intl pursuant to this Scheme:

- (a) if such Policy was, prior to such transfer, effected and carried out by SLAL out of its branch in the Republic of Ireland on a Freedom of Establishment basis, then such Policy shall be carried out by SL Intl in the Republic of Ireland as its Home State, on neither a Freedom of Services basis nor a Freedom of Establishment basis;
- (b) if such Policy was, prior to such transfer, effected and carried out by SLAL out of its branch in Germany on a Freedom of Establishment basis, then such Policy shall be carried out by SL Intl out of SL Intl's branch in Germany on a Freedom of Establishment basis; and
- (c) in the case of all other Policies, such Policy shall be carried out by SL Intl in the relevant EEA State on a Freedom of Services basis.

4.7 For the avoidance of doubt, and without prejudice to the generality of paragraph 4.1:

- (a) an offer or invitation to treat made to or by SLAL prior to the Effective Time in relation to the Transferred Business shall be construed and have effect after the Effective Time as an offer or invitation to treat made to or by SL Intl;

- (b) any existing indemnity, power of attorney, authority, declaration or consent given to or by SLAL to the extent relating to any part of the Transferred Business (including, for the avoidance of doubt, the Transferred Policies) shall have effect from the Effective Time as if given to or by SL Intl;
- (c) any Transferred Asset (or part thereof) which was held by SLAL (whether alone or jointly with others) as a trustee, custodian or in a similar fiduciary capacity shall, with effect from the Effective Time (or relevant Subsequent Transfer Date, as the case may be), be held by SL Intl (alone or jointly, as the case may be, and in the capacity of a trustee, custodian or in a similar fiduciary capacity, as the case may be) subject to the rights, powers and duties previously applicable to the relevant trust, custodian or other fiduciary arrangement in question;
- (d) any security in respect of the Transferred Business held immediately prior to the Effective Time by SLAL, or by a nominee or agent of or a trustee for SLAL, as security for the payment or discharge of any liability shall, on and from that day be held by SL Intl (or by that nominee, agent or trustee for SL Intl, as the case may be) and be available to SL Intl (whether for its own benefit or for the benefit of any other person) as security for the payment or discharge of that liability; and
- (e) SL Intl shall be entitled to rely on and enforce any consent, waiver, representation, statement or estoppel given or made to SLAL by a person in relation to the Transferred Business prior to the Effective Time as though such consent, waiver, representation, statement or estoppel had been given or made to SL Intl and to the same extent that SLAL would have been able to rely on or enforce the same.

## **5 Continuity of Proceedings**

5.1 At and with effect from the Effective Time, any Proceedings which:

- (a) have been commenced prior to the Effective Time, or which are commenced after the Effective Time in respect of acts or omissions of SLAL prior to the Effective Time, by or against SLAL; and
- (b) may give rise to a Transferred Asset or Transferred Liability,

shall be continued or commenced against SL Intl and SL Intl shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off, rights of subrogation and any other rights that would have been available to SLAL in relation to such Proceedings.

5.2 At and with effect from the Effective Time, any Ombudsman Proceedings which:

- (a) are in respect of acts or omissions of SLAL prior to the Effective Time;

- (b) have been commenced prior to the Effective Time and transferred to SL Intl pursuant to paragraph 5.1, or are commenced after the Effective Time against SL Intl; and
- (c) were brought to the UK Financial Ombudsman Service prior to the Effective Time or which could have been brought to the UK Financial Ombudsman Service had the Effective Time not occurred;

may be brought to, or continued to be handled by, the UK Financial Ombudsman Service. Notwithstanding paragraph 65.1, holders of Transferred Policies may enforce the provisions of this paragraph 5.2 against SL Intl. Neither SLAL nor SL Intl will require the consent of any such holder of a Transferred Policy to amend this Scheme pursuant to paragraph 63.

- 5.3 Any judgment, settlement, order or award obtained by or against SLAL whether before or after the Effective Time to the extent that it relates to any part of the Transferred Business and which is not fully satisfied before the Effective Time shall, on that date and to the extent to which it was enforceable by or against SLAL immediately prior to such date (or, if later, the date on which the judgment, settlement, or award is obtained), become enforceable by or against SL Intl (to the exclusion of SLAL).
- 5.4 SLAL and SL Intl regard the provisions of paragraphs 5.1 and 5.3 as an integral part of the transfer of the Transferred Business and shall use their best endeavours to take all steps and do all things to necessary or desirable in accordance with local law requirements to effect the actions contemplated by paragraphs 5.1 and 5.3. Where local law requires the consent in writing of either SLAL or SL Intl to effect the actions contemplated by paragraphs 5.1 and 5.3, SLAL and SL Intl shall provide such consent promptly.
- 5.5 To the extent that SLAL remains as the named party to any Proceedings, judgment, settlement, order or award (in respect of which it is contemplated that SL Intl become the named party pursuant to any of paragraphs 5.1, 5.3, 5.9, or 5.10) on or after the Effective Time, SL Intl shall be entitled to take over the sole conduct of such Proceedings or matters related to such judgment, settlement, order or award after the Effective Time and shall be entitled to the benefit of and obliged to discharge all costs or liabilities incurred in respect of such Proceedings or such judgment, settlement, order or award. SL Intl shall indemnify SLAL for any costs or liabilities SLAL incurs in respect of such Proceedings or such judgment, settlement, order or award after the Effective Time pursuant to paragraph 11.
- 5.6 SLAL agrees to take no action which would prejudice SL Intl's sole conduct of the Proceedings or matters related to such judgment, settlement, order or award as contemplated by paragraph 5.5 and insofar as SLAL remains as the named party to any such Proceedings or such judgment, settlement, order or award at the Effective Time, SLAL agrees to maintain all rights, defences, counterclaims, rights of set off and all other remedies in respect of such Proceedings or such judgment, settlement, order or award and to hold these for the benefit of SL Intl and will

furnish to SL Intl all documentation and information requested by SL Intl in respect of such Proceedings or such judgment, settlement, order or award.

- 5.7 All documents which would before the Effective Time have been evidence in respect of any matter forming part of, related to or connected with the Transferred Business for or against SLAL shall from the Effective Time be evidence in respect of the same matter for or against SL Intl.
- 5.8 With effect from the Effective Time, SL Intl shall owe to the policyholders of the Transferred Business and/or to any other relevant person(s) the same duties of confidentiality and privacy (whether pursuant to Regulatory Requirements or Contract) as those which SLAL owed in respect of the Transferred Business immediately prior to the Effective Time.
- 5.9 With effect from the Effective Time, any Proceedings in respect of any part of the Day One Business that are commenced in error against SLAL shall be deemed to have been commenced and shall continue against SL Intl without the need for any further order, whether for substitution of the parties or otherwise.
- 5.10 With effect from the relevant Subsequent Transfer Date, any Proceedings in respect of any part of the Residual Business that are commenced in error against SLAL shall be deemed to have been commenced and shall continue against SL Intl without the need for any further order, whether for substitution of the parties or otherwise.
- 5.11 In respect of any Proceedings under paragraphs 5.1, 5.2, 5.9, or 5.10, SL Intl undertakes, in so far as such Proceedings relate to rights to which a policyholder may be entitled in respect of the UK Financial Ombudsman Service, to comply with:
- (a) the relevant provisions of the Dispute Resolution (“**DISP**”) rules of the FCA Handbook that would apply to the handling of any complaints brought to the UK Financial Ombudsman Service that fall under its jurisdiction as such rules apply at the Effective Time; and
  - (b) any valid judgment, settlement, order or award (or relevant part thereof) of the UK Financial Ombudsman Service, made under its jurisdiction as set out in DISP 2 of the FCA Handbook,

to the extent that such compliance is compatible with any rules or regulations issued by the CBI that are applicable to SL Intl.

## **6 Treatment of Transferred Policies**

- 6.1 At and with effect from the Effective Time, SL Intl shall become entitled to all the rights, benefits and powers, and subject to all the obligations, of SLAL under or by virtue of the Day One Policies.
- 6.2 Without prejudice to the generality of paragraph 6.1, where the benefits of any Transferred Policy (or part thereof) are held under the terms of a trust, such terms (together with the terms of any rules applicable to any pension scheme in the case of any pension scheme under which benefits are referable to a Day One Policy) shall operate and be construed at and from the Effective Time on a basis which is consistent with the transfer of such Day One Policy in accordance with the provisions of this Scheme. For the avoidance of doubt:
- (a) where the consent of SLAL is required under any such terms, the consent of SL Intl shall, with effect from the Effective Time, instead be treated as required; and
  - (b) where a power to appoint trustees under such terms is conferred on SLAL, that power shall, with effect from the Effective Time, instead be treated as conferred on SL Intl.
- 6.3 Any person who is a policyholder of any of the Day One Policies shall at and with effect from the Effective Time become entitled, in succession to, and to the exclusion of, any rights which he may have had against SLAL under any of the Day One Policies to the same rights against SL Intl subject to the terms of this Scheme as were available to him against SLAL under such Policies and (as regards Day One Policies under which premiums or other sums attributable or referable thereto continue to be payable) shall at and with effect from the Effective Time account to SL Intl for any further or additional premiums or other sums attributable or referable thereto as and when the same become due and payable.
- 6.4 If any person entitled to do so with respect to a Day One Policy exercises any right or option granted at law or under the terms of that Policy and either:
- (a) the right or option provides for a new, additional or replacement Policy to be issued; or
  - (b) it is appropriate, in the opinion of SL Intl, to issue a new Policy in order to comply with that right or option,

such person shall be entitled to require that the obligation thereby arising shall be satisfied by the issue by SL Intl of a Policy which complies with the terms of such right or option. Without prejudice to the right of such person to have the right or option satisfied by the issue by SL Intl of such a Policy, if SL Intl is not at the time of the exercise of such right or option writing Policies complying exactly with the Policy to which the right or option refers, SL Intl shall be entitled to offer to such person as an alternative (and, if accepted, in lieu thereof) a Policy commonly offered by SL Intl (or any other member of SL Intl's Group). Any such alternative Policy shall be

a Policy which SL Intl considers to be the nearest equivalent Policy by reference to the terms and conditions applicable to Policies of SL Intl at that time, provided that where the issue of such alternative Policy would, in the opinion of SL Intl's Board (having taken appropriate actuarial advice) either: (i) result in a liability; (ii) result in an increase in liability to Tax of the holder of such Policy or (iii) otherwise fail to satisfy the reasonable expectations of the holder of such Policy, SL Intl shall indemnify the policyholder in full for any such: (a) liability; (b) increase in liability to Tax or (c) failure to satisfy the reasonable expectations of the holder of such policy and issue, or procure the issue by another member of SL Intl's Group of another Policy pursuant to this paragraph 6.4.

- 6.5 All references in any Day One Policy to SLAL or any officers, employees, committees, function holders or agents of SLAL shall from and after the Effective Time be read as references to SL Intl or any officers, employees, committees or function holders of SL Intl or agents of SL Intl to which the administration of the relevant part of the business carried on by SL Intl has been delegated (as appropriate). In particular, but without limitation, all rights and duties exercisable or expressed to be exercisable or responsibilities to be performed by SLAL or any officers, employees, committees, function holders or agents of SLAL in relation to any of the Day One Policies shall, from and after the Effective Time, be exercisable or required to be performed by SL Intl or any officers, employees, committees, function holders or agents of SL Intl.
- 6.6 The transfer of any rights, benefits, liabilities and obligations under or in connection with any Day One Policy pursuant to this Scheme shall take effect and shall be valid and binding on all parties having any interest in the same notwithstanding any restriction howsoever arising (including but not limited to, at law, in equity, delict, tort or by Contract) on transferring, assigning or otherwise dealing with the same and (subject to Regulatory Requirements) such transfer shall take effect on the basis that it does not contravene any such restriction and does not give rise to any right to terminate, modify, acquire or claim an interest or right, or to treat an interest or right as terminated or modified or to treat any obligations or liabilities as discharged, modified or released.
- 6.7 Save as may otherwise be agreed between SLAL and SL Intl from time to time, SL Intl shall at and from the Effective Time, as principal, take over from SLAL the administration and negotiation of proposals for insurance which would become Day One Policies if SL Intl determined to accept them (but whether or not SL Intl does so determine). SL Intl shall bear all expenses and liabilities in relation thereto. Nothing contained herein shall oblige SL Intl to accept any proposal for insurance received by or on behalf of SLAL before the Effective Time but not accepted by SLAL by the Effective Time.
- 6.8 All references in a Day One Policy to the group of companies of which SLAL is or has been a member shall, where the context requires, be (or continue to be) read and construed with effect from the Effective Time as references to the group of companies of which SL Intl is a member from time to time.

- 6.9 SL Intl shall be entitled to any and all defences, claims, counterclaims and rights of set-off under the Day One Policies which would have been available to SLAL.
- 6.10 The provisions of paragraphs 6.1 to 6.9 shall also apply *mutatis mutandis* to all Residual Policies (with references to the Effective Time amended to the relevant Subsequent Transfer Date).
- 6.11 SL Intl undertakes to comply with the rules of chapter 21 of the FCA's Conduct of Business Sourcebook as they stand at the Effective Time in respect of Transferred Policies, insofar as those rules were applied by SLAL for the benefit of policyholders of Transferred Policies immediately prior to the Effective Time and to the extent that such compliance is compatible with any Regulatory Requirements and consistent with appropriate actuarial advice.

## **7 Treatment of Transferred Contracts**

- 7.1 At and with effect from the Effective Time, SL Intl shall become entitled to all the rights, benefits and powers, and subject to all the obligations, of SLAL under or by virtue of the Day One Contracts.
- 7.2 Any person who is a counterparty of any of the Day One Contracts shall with effect from the Effective Time (but subject to the terms of this Scheme) become entitled, in succession to, and to the exclusion of, any rights which he may have had against SLAL under any of the Day One Contracts to the same rights against SL Intl as were available to him against SLAL under such Day One Contracts.
- 7.3 All references in any Day One Contract to SLAL or any officers, employees or agents of SLAL shall from and after the Effective Time be read as references to SL Intl or any officers or employees of SL Intl or agents of SL Intl to which the administration of the relevant part of the business carried on by SL Intl has been delegated (as appropriate). In particular, but without limitation, all rights and duties exercisable or expressed to be exercisable or responsibilities to be performed by SLAL or any officers, employees or agents of SLAL in relation to any of the Day One Contracts shall, from and after the Effective Time, be exercisable or required to be performed by SL Intl or any officers, employees or agents of SL Intl.
- 7.4 The transfer of any rights, benefits, liabilities and obligations under or in connection with any Day One Contract pursuant to this Scheme shall take effect and shall be valid and binding on all parties having any interest in the same notwithstanding any restriction howsoever arising (including at law, in equity, delict, tort or by Contract) on transferring, assigning or otherwise dealing with the same and such transfer shall be deemed to take effect on the basis that it does not contravene any such restriction and does not give rise to any right to terminate, modify, acquire or claim an interest or right, or to treat an interest or right as terminated or modified or to treat any obligations or liabilities as discharged, modified or released.

- 7.5 All references in a Day One Contract to the group of companies of which SLAL is or has been a member shall, where the context requires, be (or continue to be) read and construed with effect from the Effective Time as references to the group of companies of which SL Intl is a member from time to time.
- 7.6 SL Intl shall be entitled to any and all defences, claims, counterclaims and rights of set-off under the Day One Contracts which would have been available to SLAL.
- 7.7 The provisions of paragraphs 7.1 to 7.6 shall also apply *mutatis mutandis* to all Residual Contracts (with references to the Effective Time amended to the relevant Subsequent Transfer Date).

## **8 Reinsurance of Residual Policies**

- 8.1 Subject always to compliance with Regulatory Requirements, SL Intl shall reinsure SLAL from and after the Effective Time against all liabilities of SLAL under, and all other amounts paid or payable by SLAL in respect of, any Residual Policy until the applicable Subsequent Transfer Date.
- 8.2 SL Intl shall discharge its reinsurance obligation pursuant to clause 8.1 by discharging such liabilities on behalf of SLAL or, failing that, by indemnifying SLAL in respect of such liabilities.
- 8.3 SL Intl shall not indemnify SLAL against, and shall not be obliged to discharge any liability of SLAL referred to in clause 8.1, to the extent that SLAL is entitled to recover the same from any third party (including under any applicable guarantee, contract of insurance or contract of reinsurance) unless, and only to the extent that, SLAL has failed to recover, or SL Intl has instructed SLAL in writing not to attempt to recover, any such amount.

## **9 Premiums, mandates and other payments**

- 9.1 All premiums payable to SLAL in respect of the Day One Policies shall at and with effect from the Effective Time be payable to SL Intl.
- 9.2 Any mandate, or other instruction, in force at the Effective Time (including any instruction given to a bank, building society, credit institution or other intermediary (for the purposes of this paragraph 9.2, a “**Bank**”) by its customer in the form of a direct debit, standing order or SEPA mandate) and providing for the payment by a Bank of premiums payable to SLAL under or in respect of any of the Day One Policies or Day One Contracts shall thereafter take effect as if it had provided for and authorised such payment to SL Intl. In the event that such mandate or instruction cannot take effect as if it had provided for and authorised such payment to SL Intl, then SLAL shall act in accordance with the terms of such mandate or instruction as agent for SL Intl, until such time as an appropriate mandate or instruction is obtained in favour of SL Intl.

- 9.3 Any mandate, or other instruction, in force at the Effective Time as to the manner of payment of any sum payable by SLAL under any of the Day One Policies or Day One Contracts shall, at and with effect from the Effective Time, continue in force as an effective authority to SL Intl in place of SLAL.
- 9.4 The provisions of this paragraph 9 shall also apply *mutatis mutandis* to all Residual Policies and Residual Contracts (with references to the Effective Time amended to the relevant Subsequent Transfer Date).

## **10 Declaration of trust and wrong pocket**

- 10.1 SLAL shall, from the Effective Time until the relevant Subsequent Transfer Date and subject to Regulatory Requirements, hold the Residual Business as trustee for SL Intl. SLAL shall be subject to SL Intl's directions in respect of the Residual Business, until such part of the Residual Business is transferred to or otherwise vested in SL Intl (or is disposed of, whereupon SLAL shall account to SL Intl for the proceeds of sale thereof). SL Intl shall have the authority (with authority to sub-delegate) to act as the attorney of SLAL in respect of the Residual Business for all such purposes.
- 10.2 In the event of any property being received by SLAL after the Effective Time in respect of the Transferred Business, SLAL shall, as soon as is reasonably practicable after its receipt and to the extent to which it is able to do so, transfer such property to, or in accordance with the directions of, SL Intl.
- 10.3 SL Intl shall indemnify SLAL against any reasonable out-of-pocket charges, costs, expenses, claims and other liabilities arising in respect of any obligation under or in connection with this paragraph 10.

## **11 Indemnities**

- 11.1 At and with effect from the Effective Time, SL Intl shall discharge on SLAL's behalf or, failing that, shall indemnify SLAL against:
- (a) any charges, costs, expenses, claims and other liabilities arising in respect of the Transferred Business; and
  - (b) any charges, costs, expenses and claims arising in respect of any relevant Third Party Rights continued by SLAL in accordance with the instructions of SL Intl (subject to which SLAL shall take such steps as SL Intl shall require in order to pursue such Third Party Rights).
- 11.2 For the avoidance of doubt, SL Intl shall not be required under paragraph 11.1 to discharge or indemnify SLAL for:

- (a) any liability if, and to the extent, that such liability is the subject of an indemnity from any third party in favour of SLAL (including by way of insurance) or a claim or right against any third party which has not transferred to SL Intl as part of the Transferred Business (a **“Third Party Right”**), unless, and then only to the extent that, SLAL shall have failed to recover any such amount pursuant to such Third Party Right;
  - (b) any Excluded Liabilities; or
  - (c) any charges, costs, expenses and claims or any other liabilities arising in respect of any Excluded Liabilities.
- 11.3 Where SLAL is entitled to receive an amount pursuant to an indemnity contained in paragraph 10.3 or 11.1, it shall be entitled to receive such amount as, after payment of or provision for any liability to Tax in respect of the amount receivable, will result in the receipt of an amount equal to the value of the liability to be indemnified against.
- 11.4 The costs incurred by SL Intl in discharging on SLAL’s behalf, or indemnifying SLAL against, liabilities in accordance with paragraph 10.3 or 11.1 shall be allocated to and discharged out of the property of the relevant New SL Intl Fund to which the liability giving rise to the payment of the indemnity has been, or will be, allocated in accordance with Part D of this Scheme.
- 11.5 SLAL shall indemnify SL Intl against all liabilities, losses, claims and expenses in respect of the Transferred Liabilities:
- (a) to the extent that they are otherwise recoverable by SLAL pursuant to a Third Party Right; or
  - (b) in connection with any defect (whether in title or otherwise) in relation to, or any diminution in the value of, any property transferred to SL Intl to the extent that the loss resulting therefrom is recoverable pursuant to a Third Party Right,
- provided that the indemnity in this paragraph 11.5 shall be limited to such amounts as SLAL shall recover pursuant to such Third Party Right (net of the costs of any such recovery, including as to Tax).
- 11.6 After the Effective Time, SL Intl shall indemnify any Transferred Policyholder in respect of any and all amounts of tax in Ireland incurred and paid by or on behalf of the Transferred Policyholder under section 730K of the Taxes Consolidation Act 1997 but only to the extent that such amount is payable as a direct consequence of the transfer of the Transferred Business pursuant to this Scheme and would not have been payable by or on behalf of the Transferred Policyholder had the disposal giving rise to tax occurred immediately prior to the Effective Time (the **“Irish Tax Indemnity”**).

11.7 Without prejudice to paragraph 11.6:

- (a) any Transferred Policyholder who reasonably considers that SL Intl may be liable to him or her under the Irish Tax Indemnity shall contact SL Intl at such address specified by SL Intl and within the timescales SL Intl, acting reasonably, shall prescribe, in such form and with such details as SL Intl may reasonably require to establish whether the Transferred Policyholder has any entitlement in respect of the Irish Tax Indemnity. SL Intl shall respond in writing no later than 30 days following receipt of a claim from a Transferred Policyholder and SL Intl may request such additional information from the Transferred Policyholder as it may reasonably require in order to assess whether SL Intl is liable to the Transferred Policyholder under the Irish Tax Indemnity; and
- (b) SL Intl shall notify in writing the Transferred Policyholder as soon as reasonably practicable whether SL Intl believes it is liable or not to the Transferred Policyholder under the Irish Tax Indemnity and if SL Intl believes that it is liable to the Transferred Policyholder, it shall indemnify the Transferred Policyholder no later than 30 days following such notification.

## **PART D – FUND ALLOCATION**

### **12 Establishment of the New SL Intl Funds**

- 12.1 At and with effect from the Effective Time, SL Intl shall establish and maintain as separate funds:
- (a) the SL Intl Euro PBF as a new non profit fund;
  - (b) the SL Intl HWPF as a new with profits fund;
  - (c) the SL Intl GWPF as a new with profits fund; and
  - (d) the SL Intl GSMWPF as a new with profits fund.
- 12.2 SL Intl shall procure that separate accounting records for each New SL Intl Fund are maintained which are sufficient to enable the separate identification of the property and liabilities respectively allocated or attributable to each New SL Intl Fund.
- 12.3 Subject to compliance with Regulatory Requirements, nothing in this Scheme shall prevent SL Intl from establishing further New SL Intl Funds at any time after the Effective Time as SL Intl's Board may determine and, subject to any restrictions in this Scheme, allocating new Policies or re-allocating Day One Policies or Residual Policies to such New SL Intl Funds, in each case, as approved by the Board of SL Intl, having taken appropriate actuarial advice, provided that where the relevant matter to be approved would impact the holders of any Transferred Policies and fail to satisfy the reasonable expectations of those holders of Transferred Policies, the Board of SL Intl shall not provide such approval.

### **13 Specific allocations**

- 13.1 Notwithstanding paragraphs 14, 15, and 16, the following shall be allocated to the SL Intl Euro PBF (either at the Effective Time or, if applicable, at the relevant Subsequent Transfer Date):
- (a) the HWPF Reinsurance Agreement, to the extent that it relates to policies allocated to the SL Intl Euro PBF;
  - (b) the GWPF Reinsurance Agreement;
  - (c) the GSMWPF Reinsurance Agreement;
  - (d) the Property-Linked Funds Retrocession Agreement;
  - (e) the Business Transfer Agreements;
  - (f) the Operational Assets;

- (g) any Transferred Asset that is an IP Asset;
  - (h) any Transferred Contract that is a Service Agreement;
  - (i) any Transferred Contract that is a contract of employment; and
  - (j) subject to paragraph 13.2(b), any Transferred Liabilities that are liabilities for mis-selling.
- 13.2 Notwithstanding paragraphs 14, 15, and 16, the following shall be allocated to the SL Intl HWPF (either at the Effective Time or, if applicable, at the relevant Subsequent Transfer Date):
- (a) the HWPF Reinsurance Agreement, to the extent that it relates to policies allocated to the SL Intl HWPF; and
  - (b) any Transferred Liabilities that are liabilities for mis-selling and which were allocated to the SLAL HWPF pursuant to paragraph 17.2 of the 2006 Scheme.

#### **14 Allocation of Day One Policies and Day One Contracts**

- 14.1 At and with effect from the Effective Time, and subject to paragraphs 13 and 14.2:
- (a) all of the Day One Policies and Day One Contracts which were, immediately prior to the Effective Time, allocated to the SLAL HWPF shall be allocated to the SL Intl HWPF;
  - (b) all of the Day One Contracts which were, immediately prior to the Effective Time, allocated to the SLAL GWPF shall be allocated to the SL Intl GWPF;
  - (c) all of the Day One Contracts which were, immediately prior to the Effective Time, allocated to the SLAL GSMWPF shall be allocated to the SL Intl GSMWPF; and
  - (d) all of the Day One Policies and Day One Contracts not otherwise allocated to the SL Intl HWPF under paragraph 14.1(a), the SL Intl GWPF under paragraph 14.1(b) or the SL Intl GSMWPF under paragraph 14.1(c), shall be allocated to the SL Intl Euro PBF.
- 14.2 At and with effect from the Effective Time, and subject to paragraph 13:
- (a) all of the Day One Policies which were, immediately prior to the Effective Time, allocated to the SLAL PBF and where the Investment Element was allocated in whole or part to the SLAL HWPF, shall be allocated to the SL Intl Euro PBF and the Investment Element shall be allocated in such proportion to the SL Intl HWPF;
  - (b) all of the Day One Policies which were, immediately prior to the Effective Time, allocated to the SLAL PBF and where the WP Investment Element was allocated to the SLAL GWPF, shall be allocated to the SL Intl Euro PBF and the WP Investment Element shall be allocated to the SL Intl GWPF; and

- (c) all of the Day One Policies which were, immediately prior to the Effective Time, allocated to the SLAL PBF and where the WP Investment Element was allocated to the SLAL GSMWPF, shall be allocated to the SL Intl Euro PBF and the WP Investment Element shall be allocated to the SL Intl GSMWPF.

## **15 Allocation of Day One Assets**

- 15.1 At and with effect from the Effective Time, and subject to paragraphs 4.2 and 13, the following shall be allocated to the SL Intl HWPF:
  - (a) all of the Day One Assets which, immediately prior to the Effective Time, were allocated to the SLAL HWPF; and
  - (b) the beneficial interest in all Residual Assets held on trust pursuant to paragraph 10.1 which, immediately prior to the Effective Time, were allocated to the SLAL HWPF.
- 15.2 At and with effect from the Effective Time, and subject to paragraphs 4.2 and 13, the following shall be allocated to the SL Intl GWPF:
  - (a) all of the Day One Assets which, immediately prior to the Effective Time, were allocated to the SLAL GWPF; and
  - (b) the beneficial interest in all Residual Assets held on trust pursuant to paragraph 10.1 which, immediately prior to the Effective Time, were allocated to the SLAL GWPF.
- 15.3 At and with effect from the Effective Time, and subject to paragraphs 4.2 and 13, the following shall be allocated to the SL Intl GSMWPF:
  - (a) all of the Day One Assets which, immediately prior to the Effective Time, were allocated to the SLAL GSMWPF; and
  - (b) the beneficial interest in all Residual Assets held on trust pursuant to paragraph 10.1 which, immediately prior to the Effective Time, were allocated to the SLAL GSMWPF.
- 15.4 At and with effect from the Effective Time, and subject to paragraphs 4.2 and 13, the following shall be allocated to the SL Intl Euro PBF:
  - (a) all of the Day One Assets not otherwise allocated to the SL Intl HWPF under paragraph 15.1(a), the SL Intl GWPF under paragraph 15.2(a) or the SL Intl GSMWPF under paragraph 15.3(a); and
  - (b) the beneficial interest in all Residual Assets held on trust pursuant to paragraph 10.1 which are not otherwise allocated to the SL Intl HWPF under paragraph 15.1(b), the SL Intl GWPF under paragraph 15.2(b) or the SL Intl GSMWPF under paragraph 15.3(b).

## **16 Allocation of Day One Liabilities**

- 16.1 At and with effect from the Effective Time, and subject to paragraph 13, the following shall be allocated to the SL Intl HWPF:
- (a) all of the Day One Liabilities which, immediately prior to the Effective Time, were allocated to the SLAL HWPF; and
  - (b) the liability to indemnify SLAL pursuant to paragraph 10.3 or 11.1 to the extent that the liability or asset to which such indemnity relates is allocated to the SL Intl HWPF pursuant to this Scheme.
- 16.2 At and with effect from the Effective Time, and subject to paragraph 13, the following shall be allocated to the SL Intl GWPF:
- (a) all of the Day One Liabilities which, immediately prior to the Effective Time, were allocated to the SLAL GWPF; and
  - (b) the liability to indemnify SLAL pursuant to paragraph 10.3 or 11.1 to the extent that the liability or asset to which such indemnity relates is allocated to the SL Intl GWPF pursuant to this Scheme.
- 16.3 At and with effect from the Effective Time, and subject to paragraph 13, the following shall be allocated to the SL Intl GSMWPF:
- (a) all of the Day One Liabilities which, immediately prior to the Effective Time, were allocated to the SLAL GSMWPF; and
  - (b) the liability to indemnify SLAL pursuant to paragraph 10.3 or 11.1 to the extent that the liability or asset to which such indemnity relates is allocated to the SL Intl GSMWPF pursuant to this Scheme.
- 16.4 At and with effect from the Effective Time, and subject to paragraph 13, the following shall be allocated to the SL Intl Euro PBF:
- (a) all of the Day One Liabilities not otherwise allocated to the SL Intl HWPF under paragraph 16.1(a), the SL Intl GWPF under paragraph 16.2(a) or the SL Intl GSMWPF under paragraph 16.3(a); and
  - (b) the liability to indemnify SLAL pursuant to paragraph 10.3 or 11.1 to the extent not otherwise allocated to the SL Intl HWPF under paragraph 16.1(b), the SL Intl GWPF under paragraph 16.2(b) or the SL Intl GSMWPF under paragraph 16.3(b).

## **17 Allocation of Residual Business**

17.1 On and with effect from each Subsequent Transfer Date:

- (a) each Residual Policy and Residual Contract to which such Subsequent Transfer Date applies shall be allocated to the New SL Intl Fund to which it would have been allocated at the Effective Time in accordance with paragraph 13 or 14, had it been a Day One Policy or Day One Contract;
- (b) each Residual Asset to which such Subsequent Transfer Date applies shall be allocated to the New SL Intl Fund to which it would have been allocated at the Effective Time in accordance with paragraph 13 or 15, had it been a Day One Asset; and
- (c) each Residual Liability to which such Subsequent Transfer Date applies shall be allocated to the New SL Intl Fund to which it would have been allocated at the Effective Time in accordance with paragraph 13 or 16, had it been a Day One Liability.

## **18 Establishment of Linked Funds**

18.1 At and with effect from the Effective Time, any Day One Assets or Day One Liabilities which have been allocated to a New SL Intl Fund pursuant to paragraph 13, 14, 15, 16 or 17 and which, immediately prior to the Effective Time, were allocated to a Linked Fund maintained by SLAL, shall:

- (a) be allocated to, and comprised in, a new Linked Fund established by SL Intl within the New SL Intl Fund to which such Day One Assets or Day One Liabilities were allocated; and
- (b) immediately following the Effective Time, comprise the same number of units as were comprised within the relevant Linked Fund of SLAL immediately prior to the Effective Time.

18.2 At and with effect from the Effective Time:

- (a) any policyholder rights, powers or benefits under any Day One Policy which, immediately prior to the Effective Time, were linked to any one or more Linked Fund(s) of SLAL shall become linked to the corresponding Linked Fund(s) of SL Intl;
- (b) SL Intl shall, as at the Effective Time, allocate to each such Day One Policy the same number and classes of units in the corresponding new Linked Fund(s) of SL Intl as the number and classes of units in the relevant Linked Fund(s) of SLAL as were allocated to such Day One Policy immediately prior to the Effective Time; and

- (c) in respect of any such Day One Policies, SL Intl shall become entitled to the same rights, powers and benefits and be subject to the same duties and liabilities as applied to SLAL in relation to the corresponding Linked Fund(s) immediately prior to the Effective Time.
- 18.3 On and with effect from each Subsequent Transfer Date, each Residual Asset or Residual Liability to which such Subsequent Transfer Date applies shall (if applicable) be allocated to the Linked Fund(s) to which it would have been allocated at the Effective Time in accordance with paragraph 18.1, had it been a Day One Asset or Day One Liability.
- 18.4 The Board of SL Intl may, having taken appropriate actuarial advice and subject to Regulatory Requirements and having regard to the terms and conditions of any Policy impacted by such action:
  - (a) open new Linked Funds;
  - (b) close existing Linked Funds;
  - (c) amalgamate, reinsure or transfer any Linked Fund or any part thereof with or to (as the context requires) any other Linked Fund or any part thereof (whether established and maintained by SL Intl or another member of SL Intl's Group);
  - (d) divide any Linked Fund into one or more Linked Funds; or
  - (e) effect any combination of the foresaid.

## **19 General provisions in respect of New SL Intl Fund allocation**

- 19.1 If, in the opinion of SL Intl's Board (having taken appropriate actuarial advice), the allocation of any property or liability is uncertain, then such property or liability shall be allocated to such New SL Intl Fund (or New SL Intl Funds) in such manner as SL Intl's Board shall determine.
- 19.2 Any allocation of property or liabilities to a New SL Intl Fund from time to time, and any re-allocation or re-attribution of the same, is for the purpose of establishing or recognising respective policyholder and shareholder entitlements from time to time and shall not be taken to affect the availability of all the property from time to time of SL Intl to meet its liabilities to policyholders and other third parties to the extent required by Regulatory Requirements from time to time.
- 19.3 The allocation(s) of property and liabilities pursuant to this Scheme are subject to any contrary Regulatory Requirements and SL Intl shall comply with the provisions of this Scheme insofar as is possible within the constraints imposed by such Regulatory Requirements.

- 19.4 SL Intl's Board may, at any time, change the name of any of the New SL Intl Funds to such other name as it thinks fit, and the provisions of this Scheme shall automatically be modified to take account of any such change.

## **PART E – ADDITIONAL PROVISIONS RELATING TO THE SL INTL HWPF**

### **20 Cessation of the SLAL HWPF and SL Intl HWPF**

20.1 If the approval of the “Regulator” (as that term is defined in the 2006 Scheme) is obtained pursuant to paragraph 25.1(A) of the 2006 Scheme, or SLAL elects to be released from its obligation to maintain the SLAL HWPF pursuant to paragraph 25.1(B) of the 2006 Scheme, then SL Intl shall take such steps as are required in accordance with the terms and governing law of each With Profits Policy allocated to the SL Intl HWPF such that:

- (a) the guaranteed benefits payable in respect of each With Profits Policy allocated to the SL Intl HWPF shall be amended such that they are:
  - (i) compliant with Regulatory Requirements; and
  - (ii) without prejudice to the generality of paragraph 20.1(a)(i), of an amount with a present value (determined assuming that appropriate matching assets are held in respect of the guaranteed liabilities), having regard to future premiums payable, at least equal to the “Benefit Value” (as that term is defined in the 2006 Scheme, and as may be varied or replaced in accordance with Paragraph 25.5 of the 2006 Scheme) that would have applied to such Policy had it been a “WPF With Profits Policy” (as that term is defined in the 2006 Scheme), adjusted to reflect any expenses which would have been incurred, or charges (excluding deductions for guarantees) which would have been made, had SL Intl not ceased to maintain the SL Intl HWPF pursuant to this paragraph 20;
- (b) all With Profits Policies allocated to the SL Intl HWPF shall cease to carry any right to participate in the profits of SL Intl or any fund or sub-fund of SL Intl;
- (c) (i) the property and liabilities of the SL Intl HWPF, (ii) all Policies written in, or allocated to, the SL Intl HWPF, and (iii) all amounts which would under any other provision of this Scheme fall to be allocated to the SL Intl HWPF, shall each be transferred or allocated to an alternative fund or sub-fund of SL Intl (to be determined by SL Intl’s Board); and
- (d) all provisions of this Scheme which:
  - (i) relate solely to the establishment or operation of the SL Intl HWPF; or
  - (ii) relate partially to the establishment or operation of the SL Intl HWPF (but only to the extent that such provisions relate to the establishment or operation of the SL Intl HWPF),

shall cease to have effect and, in particular but without limitation, the obligation to maintain the SL Intl HWPF shall no longer apply.

- 20.2 SL Intl's Board must take appropriate actuarial advice when making any decision, determination or calculation pursuant to this paragraph 20.

## **21 SL Intl HWPF Internal PPFM**

- 21.1 With effect from the Effective Time, the SL Intl HWPF shall be managed and operated in accordance with the SL Intl HWPF Internal PPFM and any other practices, procedures, policies, frameworks, agreements or similar arrangements put in place under, or in accordance with, the SL Intl HWPF Internal PPFM.
- 21.2 SL Intl shall maintain the SL Intl HWPF Internal PPFM unless SL Intl's Board, having taken appropriate actuarial advice, determines that some other materially equivalent form of protection is to be put in place, in which case the references in this Scheme to the SL Intl HWPF Internal PPFM shall be deemed to refer to that alternative form of protection.
- 21.3 The SL Intl HWPF Internal PPFM shall comply with the principles set out in Schedule 6 to this Scheme.

## **22 Writing of New SL Intl HWPF Business**

- 22.1 The only New SL Intl HWPF Business which may be written in, or allocated to, the SL Intl HWPF after the Effective Time shall be:
- (a) Residual Policies in accordance with Part D of this Scheme;
  - (b) New Policies issued as replacements for SL Intl HWPF Transferred Policies;
  - (c) increases to premiums or benefits in respect of SL Intl HWPF Transferred Policies;
  - (d) Policies which would, had they been written at or prior to the Effective Time, have been administered as increments to SL Intl HWPF Transferred Policies;
  - (e) Policies issued on the exercise of options or rights under SL Intl HWPF Transferred Policies (other than non profit immediate annuities issued on the vesting of Policies, to which paragraph 31 applies);
  - (f) Policies written in substitution of SL Intl HWPF Transferred Policies that are cancelled; and
  - (g) new business arising in respect of new members of group policies which are allocated to the SL Intl HWPF and which were, as at the Effective Time:
    - (i) administered on SLAL's CIRVIE system;

- (ii) administered on other systems used by SLAL where the benefits and/or premiums attributable to such new members are not separately identifiable at the time such business is written; or
- (iii) written by SLAL pursuant to paragraph 28.1 of the 2006 Scheme.

## **23 SL Intl HWPF costs**

- 23.1 There shall be debited from the SL Intl HWPF all expenses (including investment management expenses) and commissions which, in the reasonable opinion of SL Intl's Board (having regard to appropriate actuarial advice) have been incurred or will be incurred in the operation of the SL Intl HWPF.

## **24 Surplus arising in the SL Intl HWPF**

- 24.1 Except as expressly permitted or required by this Scheme:
- (a) no part of any surplus in the SL Intl HWPF shall be applied over time other than as bonus on, or reduction, rebate or suspension of premiums to, or otherwise applied for the benefit of, any Policy which is written in, reinsured or allocated to the SL Intl HWPF (including to meet liabilities of the same). The manner and timing of the distribution of such surplus shall be determined by SL Intl's Board and shall be as fair and equitable as is practicable, subject to the need to ensure a prudent amount is retained in respect of any amounts which may be charged to the SL Intl HWPF in accordance with this Scheme; and
  - (b) no SL Intl Fund other than the SL Intl HWPF shall be entitled to any surplus arising in the SL Intl HWPF.

## **25 Transactions in the SL Intl HWPF**

- 25.1 After the Effective Time, SL Intl may enter into any Related Transaction provided that it is on terms which, in the opinion of SL Intl's Board (having taken appropriate actuarial advice), are unlikely to have a material adverse effect on the interests of the holders of SL Intl HWPF WP Policies.
- 25.2 Without prejudice to the generality of paragraph 25.1, if a Related Transaction includes the making of a loan to a connected person using assets in the SL Intl HWPF, or the giving of a guarantee to, or for the benefit of, a connected person, where the guarantee will be backed using assets in the SL Intl HWPF, such Related Transaction may be effected if the loan or guarantee:
- (a) is on commercial terms;

- (b) is, in the reasonable opinion of SL Intl's Board, beneficial to the holders of SL Intl HWPF WP Policies; and
- (c) will not, in the reasonable opinion of SL Intl's Board, expose the holders of SL Intl HWPF WP Policies to undue credit or group risk.

25.3 For the purposes of this paragraph 25 and paragraph 26, "**Related Transaction**" means a material transaction or arrangement entered into by SL Intl (on behalf of and to the account of the SL Intl HWPF):

- (a) with any other SL Intl Fund;
- (b) with any other person; or
- (c) which otherwise affects the property or liabilities of the SL Intl HWPF.

25.4 This paragraph 25 shall not in any way restrict, or prohibit, SL Intl from entering into any transaction or arrangement which is required to be entered into, or which is expressly contemplated by, this Scheme or the 2006 Scheme.

## **26 Contingent Financing Arrangements (SL Intl HWPF)**

26.1 SL Intl's Board may require the SL Intl HWPF to enter into a Contingent Financing Arrangement which is a Related Transaction provided that it satisfies the requirements of paragraph 25.1 and, if relevant, paragraph 25.2 are satisfied in the basis of the provisions of this paragraph 26.

26.2 For the purposes of paragraph 25.1 (if, and to the extent, that it is applicable to the Contingent Financing Arrangement being contemplated), any Contingent Financing Arrangement shall not be considered to have a material adverse effect on the interests of the holders of SL Intl HWPF WP Policies if SL Intl's Board is reasonably satisfied (having taken appropriate actuarial advice) that the obligations undertaken by the SL Intl HWPF under the Contingent Financing Arrangement will not be likely to materially and adversely affect:

- (a) the quantum of the residual estate in the SL Intl HWPF (or to impose a material constraint on the manner and timing of its distribution);
- (b) the contractual rights of the holders of such Policies; or
- (c) their reasonable expectations regarding non-contractual benefits under such Policies,

whether or not the holders of such Policies have any right or expectation to participate in any of the cashflows which are to be used to repay any such Contingent Financing Arrangement.

26.3 For the purposes of paragraph 25.2 (if, and to the extent, that is applicable to the Contingent Financing Arrangement being contemplated), SL Intl's Board shall determine at its sole and

absolute discretion what form of benefit is appropriate to be provided to the SL Intl HWPF and may otherwise implement the Contingent Financing Arrangement on terms which it deems appropriate.

## **27 Tax (SL Intl HWPF)**

- 27.1 In respect of any period commencing on or after the Effective Time, there shall be debited from or credited to (as appropriate) the SL Intl HWPF an amount in respect of Tax calculated on the basis of the following assumptions:
- (a) The SL Intl HWPF constitutes the whole of the long term fund of a mutual life assurance company (for the purposes of this paragraph 27, the “**HWPF Notional Life Company**”) carrying on business in the Republic of Ireland and elsewhere with no business other than the business carried on in the SL Intl HWPF.
  - (b) All Tax allowances, reliefs and rights to repayment that would reasonably be expected to be claimed or received by the HWPF Notional Life Company are successfully claimed and received, but excluding (for the avoidance of doubt) any carried-forward trading losses available for utilisation in SL Intl in accordance with s.396 Taxes Consolidation Act 1997 prior to the Effective Time.
  - (c) The HWPF Notional Life Company has the benefit of all reliefs and other credits in respect of Tax available for carry forward:
    - (i) which arose in SLAL in periods commencing before the Effective Time and which were transferred to SL Intl under applicable legislation in any of the jurisdictions in which SLAL operated immediately before the Effective Time, or
    - (ii) which arose in the HWPF Notional Life Company after the Effective Time.
- 27.2 The amounts calculated pursuant to paragraph 27.1 shall be calculated by SL Intl’s Board (having taken such advice as it deems appropriate) on the basis of Tax law and practice prevailing in respect of the period of calculation.
- 27.3 The amounts debited from, or credited to, the SL Intl HWPF pursuant to paragraph 27.1 shall be debited, or credited, on the latest due date on which they would have been paid, or received, by the HWPF Notional Life Company. If, and to the extent, that they are not actually debited or credited on such date, the amounts debited or credited shall be adjusted to reflect the delay between the time when they were due and the time when they are actually made.
- 27.4 If, and to the extent, that any amount debited from, or credited to, the SL Intl HWPF pursuant to paragraph 27.1 is subsequently shown to have been incorrect, an appropriate credit to, or debit from, the SL Intl HWPF in respect of such amount shall be made. Any amount credited or

debited under this paragraph 27.4 shall be adjusted to reflect the delay between the time when the adjusting credit or debit is made and the time when the original credit or debit was made, or the time when the last correcting credit or debit in respect of the same period was made, whichever is the later.

- 27.5 If there is a material change in the basis on which life assurance companies are subject to Tax in the Republic of Ireland or elsewhere, paragraph 27.1 shall be amended to the extent that SL Intl's Board (having taken such advice as it deems appropriate) considers necessary or desirable to ensure that the effect of paragraph 27.1 is that the SL Intl HWPF will be debited, or credited, in respect of any liability to Tax with the amount with which it would have been debited or credited had it been a separate mutual life assurance company carrying on business under the changed basis of Tax.
- 27.6 The allocation of credits and debits in respect of Tax to the SL Intl HWPF under this Scheme, including pursuant to paragraph 27.1, shall be made on a fair and arm's length basis and, notwithstanding the terms of any assessment, agreement or settlement submitted to, or made with, any Tax authority by any member of SL Intl's Group, no amounts in respect of Tax shall be debited from, or credited to, the SL Intl HWPF in excess of the amounts which would have been so debited or credited on a fair and arm's length basis.
- 27.7 No amounts in respect of Tax shall be debited from the SL Intl HWPF if, and to the extent that, such amounts represent penalties which have arisen because of any act or omission occurring after the Effective Time.

## **28 Credits to and debits from the SL Intl HWPF**

- 28.1 The following shall be credited to the SL Intl HWPF with effect from the Effective Time:
- (a) all property transferred or allocated to the SL Intl HWPF in accordance with Parts C and D of this Scheme (including any Residual Assets transferred or allocated to the SL Intl HWPF on a Subsequent Transfer Date);
  - (b) all premiums and other amounts received by SL Intl and attributable to SL Intl HWPF Transferred Policies if, and for so long as, such Policies are attributed to, and included within, the SL Intl HWPF;
  - (c) all amounts paid, and all property transferred, from SLAL to SL Intl pursuant to paragraph 11.5 if, and to the extent that, such amounts or property fall to be allocated to the SL Intl HWPF pursuant to Part D of this Scheme;
  - (d) all payments from third parties arising from any Proceedings continued by, or against, SL Intl to the extent that such Proceedings relate to Policies, property or liabilities allocated to the SL Intl HWPF;

- (e) subject to paragraph 60, all amounts received by SL Intl in respect of SL Intl HWPF Transferred Policies or other Policies written in, or allocated to, the SL Intl HWPF;
- (f) all amounts received by SL Intl pursuant to:
  - (i) the HWPF Reinsurance Agreement; and
  - (ii) other reinsurance agreements, Contracts or arrangements in respect of any Policies written in, or allocated to, the SL Intl HWPF;
- (g) all amounts payable to the SL Intl HWPF in respect of New SL Intl HWPF Business;
- (h) any amount to be credited to the SL Intl HWPF pursuant to paragraph 27;
- (i) all commission clawback (or similar amounts) payable by intermediaries and other sales agents after the Effective Time in respect of Policies written in, or allocated to, the SL Intl HWPF;
- (j) all investment gains, earnings, income and profits arising from the property and business allocated to, or written in, the SL Intl HWPF;
- (k) all amounts resulting from the sale of any property allocated to the SL Intl HWPF; and
- (l) any other amounts which are:
  - (i) required by this Scheme to be credited to or received by the SL Intl HWPF; or
  - (ii) determined by SL Intl's Board (having taken appropriate actuarial advice) in accordance with the principles underlying this Scheme to be properly attributable to or properly received by the SL Intl HWPF.

28.2 The following shall be debited from the SL Intl HWPF with effect from the Effective Time:

- (a) all amounts paid by SL Intl in respect of those liabilities which are transferred or allocated to the SL Intl HWPF in accordance with Part D of this Scheme (including any Residual Liabilities transferred or allocated to the SL Intl HWPF on a Subsequent Transfer Date);
- (b) all amounts paid by SL Intl in respect of the Promise pursuant to paragraph 30;
- (c) all amounts paid by SL Intl to SLAL pursuant to the indemnities contained in paragraphs 10.3 and 11.1, if, and to the extent, that such amounts relate to Transferred Liabilities which are allocated to the SL Intl HWPF pursuant to Part D of this Scheme;

- (d) all payments to third parties arising from any Proceedings continued by or against SL Intl to the extent that such Proceedings relate to Policies, property or liabilities allocated to the SL Intl HWPF;
- (e) any costs incurred by SL Intl pursuant to paragraph 4.4 in respect of the transfer of any property or liability to the SL Intl HWPF;
- (f) subject to paragraph 60, all amounts paid by SL Intl in respect of Policies written in, or allocated to, the SL Intl HWPF;
- (g) all amounts paid by SL Intl in respect of the HWPF Deed Poll;
- (h) all amounts paid by SL Intl pursuant to:
  - (i) the HWPF Reinsurance Agreement; and
  - (ii) other reinsurance agreements, Contracts of arrangements in respect of Policies written in, or allocated to, the SL Intl HWPF;
- (i) all amounts payable by the SL Intl HWPF in respect of New SL Intl HWPF Business;
- (j) all amounts to be debited from or charged to the SL Intl HWPF pursuant to paragraph 23;
- (k) such property as is transferred out of the SL Intl HWPF pursuant to paragraph 60;
- (l) any amount to be debited from the SL Intl HWPF pursuant to paragraph 27;
- (m) any commission (or similar amounts payable to intermediaries or other sales agents) in respect of SL Intl HWPF Transferred Policies and other Policies written or allocated to the SL Intl HWPF;
- (n) any amount written-off in respect of commission clawback payable by intermediaries or other sales agents where SL Intl's Board has determined that such amounts are properly attributable to SL Intl HWPF Transferred Policies or other Policies written in, or allocated to, the SL Intl HWPF;
- (o) all amounts payable in respect of SL Intl HWPF Transferred Policies and other Policies written in, or allocated to, the SL Intl HWPF arising by reason of surrender, death, disability, maturity or other event giving rise to a claim (including amounts payable because of any guarantee or option in any such Policy or the payment or vesting of an annuity);
- (p) all costs, liabilities, losses and declines in value of investments arising from the property allocated to the SL Intl HWPF;

- (q) all costs, expenses, charges, losses and liabilities resulting from the purchase, holding, valuation or sale of any property allocated to the SL Intl HWPF; and
- (r) any other amounts which are:
  - (i) required by this Scheme to be debited from or charged to the SL Intl HWPF; or
  - (ii) determined by SL Intl's Board (having taken appropriate actuarial advice) in accordance with the principles underlying this Scheme to be properly debited from, or properly charged to, the SL Intl HWPF.

## **29 Miscellaneous provisions (SL Intl HWPF)**

- 29.1 None of the provisions of this Part E shall prevent the exchange of property between the SL Intl HWPF and other SL Intl Funds at fair market value. In such circumstances, any liabilities attributable to the property which is being exchanged shall also be transferred.
- 29.2 From the Effective Time:
  - (a) until the termination of the HWPF Reinsurance Agreement, all provisions in SL Intl HWPF Transferred Policies addressing with profit investments, returns and benefits shall refer to the SLAL HWPF; and
  - (b) following the termination of the HWPF Reinsurance Agreement, all provisions in SL Intl HWPF Transferred Policies addressing with profit investments, returns and benefits shall refer to the SL Intl HWPF.

## **30 Mortgage Endowment Promise**

- 30.1 At and with effect from the Effective Time:
  - (a) SLAL shall calculate the value of payment obligations arising in respect of the Promise in so far as they relate to Transferred Policies, and shall inform SL Intl of that value as soon as reasonably practicable;
  - (b) SL Intl shall, so far as they relate to Transferred Policies, assume the payment obligations of SLAL arising in respect of the Promise; and
  - (c) SL Intl's payment obligations in respect of the Promise shall be allocated to the SL Intl HWPF.
- 30.2 Every person who is a holder of an MEP Policy (as that term is defined in the 2006 Scheme) that is also a Transferred Policy shall, at and with effect from the Effective Time, become entitled as against SL Intl to the same rights, benefits and powers in respect of the Promise as

they had against SLAL immediately prior to the Effective Time. Such entitlement shall be in substitution of any rights, benefits and powers which the relevant person may have had against SLAL if and to the extent arising in respect of, or otherwise attributable to or connected with, the Promise.

### **31 Annuity benefits (SL Intl HWPF)**

31.1 If an HWPF Annuity Benefit is to be provided on the vesting of a Policy written in, or allocated to, the SL Intl HWPF, then the following shall apply:

- (a) Subject to paragraph 31.1(c), SL Intl shall provide the HWPF Annuity Benefit and allocate the same to a SL Intl Fund (other than the SL Intl HWPF), or procure its provision by another member of SL Intl's Group, and an amount equal to the cost of such HWPF Annuity Benefit, as determined in accordance with paragraph 31.1(b) (for the purposes of this paragraph 31, the **"Annuity Benefit Cost"**), shall be debited from the SL Intl HWPF and credited to the relevant SL Intl Fund or paid to the relevant member of SL Intl's Group (as appropriate).
- (b) The Annuity Benefit Cost is to be determined by SL Intl's Board on the basis of:
  - (i) the most favourable annuity rates being offered to purchasers of annuities of a similar type and in the same country as the relevant HWPF Annuity Benefit by members of SL Intl's Group and SL Intl Funds (other than the SL Intl HWPF) at the time at which such HWPF Annuity Benefit is to be provided; or
  - (ii) if such rates are unavailable, such rates as are determined by SL Intl's Board.
- (c) If the SLAL WP Actuary (as that term is defined in the 2006 Scheme) or the SLAL Board (having regard to the advice of the SLAL Actuary (as that term is defined in the 2006 Scheme)) considers that the Annuity Benefit Cost exceeds that which is reasonable, then he or it (as applicable) may require that SL Intl shall provide such HWPF Annuity Benefit and allocate the same to the SL Intl HWPF (which shall in turn be reinsured to the SLAL HWPF pursuant to the HWPF Reinsurance Agreement). Where the SLAL WP Actuary (as that term is defined in the 2006 Scheme) has given advice or made a determination, SL Intl's Board shall be informed as to how the SLAL WP Actuary (as that term is defined in the 2006 Scheme) has reached his conclusion under this paragraph 31.1(c).
- (d) All costs and liabilities relating to the provision of the HWPF Annuity Benefit will be reassured by, transferred to, or remain in, as the case may be, the SL Intl Fund or member of SL Intl's Group from which the HWPF Annuity Benefit is to be provided. This paragraph 31.1(d) shall not prevent the liabilities in respect of any HWPF Annuity Benefit from being reinsured with a third party, such reinsurance to be on terms acceptable to the

SL Intl Head of Actuarial where the HWPF Annuity Benefit is to be provided from the SL Intl HWPF.

- 31.2 If, in the event of vesting of a Policy written in, or allocated to, the SL Intl HWPF in respect of which the principal benefits are expressed in terms of cash (otherwise than where an annuity arises under an option in respect of a Policy which requires annuities to be issued at a guaranteed rate), the policyholder elects to take all or part of the benefits as an annuity, SL Intl shall transfer the cash (or relevant proportion of the cash) from the SL Intl HWPF:
- (a) where the annuity is to be provided by another SL Intl Fund, to the SL Intl Fund which is to provide the annuity, and the annuity shall be provided on the basis of the annuity rate determined by SL Intl's Board; or
  - (b) where the annuity is to be provided by another member of SL Intl's Group, to the relevant member of SL Intl's Group, and the annuity shall be provided on the basis of the annuity rate being offered by the relevant member of SL Intl's Group.

## **32 Unitised With Profits Policies (SL Intl HWPF)**

- 32.1 This paragraph 32 applies to any Unitised With Profits Policy written in, allocated to, or reinsured by any SL Intl Fund (for the purposes of this paragraph only, the "**Primary Fund**") other than the SL Intl HWPF but only if, and to the extent, that the WP Investment Element is transferred or allocated to, or reinsured by, the SL Intl HWPF. Such transfer, allocation or reinsurance shall be subject to the limitations in paragraph 22.
- 32.2 Any premium received by SL Intl on or after the Effective Time in respect of a Unitised With Profits Policy to which this paragraph 32 applies (for the purposes of this paragraph only, a "**UWP Primary Fund Policy**") shall be credited to the relevant Primary Fund and WP Investment Element in respect thereof shall be debited from the relevant Primary Fund and credited to the SL Intl HWPF and applied in allocating WP Units in respect of such UWP Primary Fund Policy.
- 32.3 Any amounts in respect of a UWP Primary Fund Policy to be allocated to WP Units on or after the Effective Time as a result of a switch from UL Units to WP Units, or otherwise, in accordance with the terms of the relevant Policy shall be debited from the relevant Primary Fund and credited to the SL Intl HWPF and applied in allocating WP Units in respect of the relevant Policy.
- 32.4 If any event occurs (other than an event pursuant to paragraph 31.1) which, under the terms of a UWP Primary Fund Policy, gives rise to the cancellation of WP Units attaching to such UWP Primary Fund Policy (other than switches to other types of WP Units in the SL Intl HWPF), an amount shall be debited from the SL Intl HWPF and credited to the relevant Primary Fund equal

to the amount which the terms of the relevant UWP Primary Fund Policy provide shall be payable, or transferable, on cancellation of WP Units in such circumstances.

- 32.5 Any transfer pursuant to paragraph 32.4 shall take account of any applicable final bonus or unit price adjustment (and other charges and deductions properly attributable to the SL Intl HWPF in accordance with the SL Intl HWPF Internal PPFM) required by the terms of the relevant Policy, but shall disregard any charges and deductions applicable under the terms of the Policy which are properly attributable to the relevant Primary Fund.
- 32.6 From time to time there shall be debited from the SL Intl HWPF and credited to the relevant Primary Fund in accordance with the terms of the relevant UWP Primary Fund Policies all charges levied on asset shares (other than in respect of guarantees met by the SL Intl HWPF) less investment management fees debited from the SL Intl HWPF pursuant to paragraph 23 in respect of such asset shares.
- 32.7 The liability of the SL Intl HWPF in respect of the UWP Primary Fund Policies shall cease at the same time as the liability of the relevant Primary Fund ceases in respect of each such UWP Primary Fund Policy.
- 32.8 In substitution of the arrangements described in this paragraph 32, SL Intl's Board may at any time effect such alternative arrangements between the SL Intl HWPF and the relevant Primary Fund as it determines is appropriate, provided that any such alternative arrangements (and any consequential transfers which are effected in order to implement such alternative arrangements) are compliant with Regulatory Requirements and the Irish Policyholder Principles.

### **33 New Investment Funds (SL Intl HWPF)**

- 33.1 Following the termination of the HWPF Reinsurance Agreement, this paragraph 33 shall apply to any Policy written in, allocated to, or reinsured by the SL Intl HWPF but only if, and to the extent, that the Investment Element is transferred or allocated to, or reinsured by, a SL Intl Fund other than the SL Intl HWPF (for the purposes of this paragraph only, a "**New Investment Fund**").
- 33.2 Any premium received by SL Intl in respect of a Policy to which this paragraph 33 applies (for the purposes of this paragraph only, a "**New Investment Policy**") shall be credited to the SL Intl HWPF and the Investment Element in respect thereof, to the extent that it is transferred or allocated to, or reinsured by, a New Investment Fund, shall be debited from the SL Intl HWPF and credited to the relevant New Investment Fund and applied by allocating Units (as appropriate) to such New Investment Policy in the relevant New Investment Fund (for the purposes of this paragraph only, the "**New Investment Fund Units**").
- 33.3 Any amounts to be allocated to New Investment Fund Units as a result of a switch from Units in the SL Intl HWPF to New Investment Fund Units, or otherwise, in accordance with the terms of

the relevant Policy shall be debited from the SL Intl HWPF and credited to the relevant New Investment Fund and applied in allocating New Investment Fund Units in respect of the relevant New Investment Policy.

- 33.4 Any amounts debited from the SL Intl HWPF in accordance with paragraph 33.3 shall take account of any applicable final bonus or unit price adjustment (and other charges and deductions made in accordance with the SL Intl HWPF Internal PPFM) required by the terms of the relevant Policy.
- 33.5 If any event occurs which, under the terms of a New Investment Policy, gives rise to the cancellation of New Investment Fund Units attaching to such New Investment Policy (other than switches to other New Investment Fund Units), an amount shall be debited from the relevant New Investment Fund and credited to the SL Intl HWPF equal to the amount which the terms of the relevant New Investment Policy (and, if applicable, the principles and practices of financial management applicable to the relevant New Investment Fund) provide shall be payable or transferrable on cancellation of New Investment Fund Units in such circumstances and, if applicable, the relevant portion of such amount shall be applied in allocating Units in accordance with the terms of the relevant New Investment Policy.
- 33.6 From time to time there shall be debited from the relevant New Investment Fund and credited to the SL Intl HWPF all charges levied on the New Investment Fund Units allocated to the New Investment Policy (including as a result of any switch) in accordance with the terms of the relevant New Investment Policy, less any investment management expenses incurred by the New Investment Fund in respect of such Investment Fund Units.
- 33.7 In substitution for the arrangements described in this paragraph 33, SL Intl's Board may at any time effect such alternative arrangements between the SL Intl HWPF and the relevant New Investment Fund as it determines is appropriate, provided that any such alternative arrangements (and any consequential transfers which are effected in order to implement such arrangements) are compliant with Regulatory Requirements and the Irish Policyholder Principles.

### **34 Termination of the HWPF Reinsurance Agreement**

- 34.1 In the event of the termination of the HWPF Reinsurance Agreement:
- (a) paragraphs 20 and 29.2(a) of this Scheme shall be deleted;
  - (b) paragraph 31 of this Scheme shall be replaced with the alternative version of paragraph 31 set out in Schedule 8 Part A;
  - (c) any other provision of this Scheme that applies to the SL Intl HWPF and/or the Policies allocated to the SL Intl HWPF shall be immediately suspended, provided that:

- (i) SL Intl's board has determined, having taken appropriate actuarial advice, that the suspension of such provision is reasonable and appropriate in the circumstances to protect the rights and reasonable expectations of the holders of any Policies written in, or reinsured or allocated to, the SL Intl HWPF; and
- (ii) such suspension shall last for a maximum of 2 years following the termination of the HWPF Reinsurance Agreement,

it being understood that the permanent variation, or removal, of any such provision shall require the approval of the Court; and

- (d) SL Intl's Board shall take such steps as it regards as reasonable and appropriate in the circumstances to protect the rights and reasonable expectations of the holders of any Policies written in, or reinsured or allocated to, the SL Intl HWPF.

34.2 Without prejudice to the generality of paragraph 34.1(d), the steps taken by SL Intl's Board pursuant to paragraph 34.1(d) may include:

- (a) the closure, merger or amalgamation of the SL Intl HWPF with other SL Intl Funds;
- (b) the conversion of the SL Intl HWPF into a non profit fund; and/or
- (c) the introduction of capital support arrangements (if appropriate).

34.3 In exercising any steps pursuant to paragraph 34.1(d), SL Intl's Board shall:

- (a) comply with the principles set out in Part A of Schedule 5;
- (b) consult with, and obtain the prior approval of, an independent actuary;
- (c) consult with, and obtain the prior approval of, the CBI (or, in the absence of such approval, obtain confirmation that the CBI does not object to such steps, or receive no objections from the CBI within a period of 3 months from the date of first notification);
- (d) comply with all Regulatory Requirements;
- (e) comply with the Irish Policyholder Principles; and
- (f) comply with the SL Intl HWPF Internal PPFM.

## **35 Internal Annuities Reinsurance Arrangements**

35.1 In the event of the termination of the HWPF Reinsurance Agreement, SL Intl shall comply with the provisions of Schedule 7 (the "**Internal Annuities Reinsurance Arrangements**").

- 35.2 Following the termination of the HWPF Reinsurance Agreement, if the Internal Annuities Reinsurance Arrangements are terminated in accordance with their terms:
- (a) SL Intl's Board shall procure that, no later than the date on which the Internal Annuities Reinsurance Arrangements are terminated, an alternative arrangement is implemented to provide reinsurance of the "Reinsured Liabilities" (as that term is defined in the Internal Annuities Reinsurance Arrangements). Such alternative arrangement shall be on terms determined by SL Intl's Board which are not materially less beneficial to the SL Intl HWPF than the Internal Annuities Reinsurance Arrangements and may, at the discretion of SL Intl's Board, be provided by either a SL Intl Fund (other than the SL Intl HWPF), another member of SL Intl's Group and/or any other person; and
  - (b) at the discretion of SL Intl's Board, any entitlement of SL Intl to an "Interim Refund Amount" or an "Adjustment Amount" (as those terms are defined in the Internal Annuities Reinsurance Arrangements) or any other amount payable because of the termination of the Internal Annuities Reinsurance Arrangements shall be:
    - (i) attributed to the SL Intl Fund (other than the SL Intl HWPF) which is assuming the reinsurance obligations of the SL Intl Euro PBF in the manner contemplated by paragraph 35.2(a); or
    - (ii) transferred to the other member of SL Intl's Group, or other person, who is assuming such reinsurance.
- 35.3 Any decision or determination to be made by SL Intl's Board pursuant to paragraph 35.2 must be made having regard to appropriate actuarial advice.

## **PART F – ADDITIONAL PROVISIONS RELATING TO THE SL INTL GWPF**

### **36 SL Intl GWPF Internal PPFM**

- 36.1 With effect from the Effective Time, the SL Intl GWPF shall be managed and operated in accordance with the SL Intl GWPF Internal PPFM and any other practices, procedures, policies, frameworks, agreements or similar arrangements put in place under, or in accordance with, the SL Intl GWPF Internal PPFM.
- 36.2 SL Intl shall maintain the SL Intl GWPF Internal PPFM unless SL Intl's Board, having taken appropriate actuarial advice, determines that some other materially equivalent form of protection is to be put in place, in which case the references in this Scheme to the SL Intl GWPF Internal PPFM shall be deemed to refer to that alternative form of protection.
- 36.3 The SL Intl GWPF Internal PPFM shall comply with the principles set out in Schedule 6 to this Scheme.

### **37 Writing of New SL Intl GWPF Business**

- 37.1 The only New SL Intl GWPF Business which may be allocated to the SL Intl GWPF after the Effective Time shall be the Investment Element of:
- (a) Residual Policies in accordance with Part D of this Scheme;
  - (b) New Policies issued as replacements for SL Intl GWPF Transferred Policies;
  - (c) increases to premiums or benefits in respect SL Intl GWPF Transferred Policies;
  - (d) Policies which would, had they been written at or prior to the Effective Time, have been administered as increments to SL Intl GWPF Transferred Policies;
  - (e) Policies issued on the exercise of options or rights under SL Intl GWPF Transferred Policies (other than non profit immediate annuities issued on the vesting of Policies, to which paragraph 43 applies); and
  - (f) Policies written in substitution of SL Intl GWPF Transferred Policies that are cancelled.
- 37.2 No Policies written after the Effective Time may be allocated to the SL Intl GWPF.

### **38 SL Intl GWPF costs**

- 38.1 There shall be debited from the SL Intl GWPF those investment management expenses which, in the reasonable opinion of SL Intl's Board (having regard to appropriate actuarial advice) have been incurred or will be incurred in the operation of the SL Intl GWPF.

### **39 Use of the SL Intl GWPF**

- 39.1 Except as expressly permitted or required by this Scheme, no part of the SL Intl GWPF shall be applied over time other than as bonus on, or reduction, rebate or suspension of premiums to, or otherwise applied for the benefit of, any Policy which is written in, reinsured or allocated to the SL Intl GWPF (including to meet liabilities of the same).

### **40 Transactions in the SL Intl GWPF**

- 40.1 After the Effective Time, SL Intl may enter into any Related Transaction provided that it is on terms which, in the opinion of SL Intl's Board (having taken appropriate actuarial advice), are unlikely to have a material adverse effect on the interests of the holders of SL Intl GWPF WP Policies.
- 40.2 Without prejudice to the generality of paragraph 40.1, if a Related Transaction includes the making of a loan to a connected person using assets in the SL Intl GWPF, or the giving of a guarantee to, or for the benefit of, a connected person, where the guarantee will be backed using assets in the SL Intl GWPF, such Related Transaction may be effected if the loan or guarantee:
- (a) is on commercial terms;
  - (b) is, in the reasonable opinion of SL Intl's Board, beneficial to the holders of SL Intl GWPF WP Policies; and
  - (c) will not, in the reasonable opinion of SL Intl's Board, expose the holders of SL Intl GWPF WP Policies to undue credit or group risk.
- 40.3 For the purposes of this paragraph 40, "**Related Transaction**" means a material transaction or arrangement entered into by SL Intl (on behalf of and to the account of the SL Intl GWPF):
- (a) with any other SL Intl Fund;
  - (b) with any other person; or
  - (c) which otherwise affects the property or liabilities of the SL Intl GWPF.
- 40.4 This paragraph 40 shall not in any way restrict or prohibit SL Intl from entering into any transaction or arrangement which is required to be entered into, or which is expressly contemplated by, this Scheme.

## **41 Tax (SL Intl GWPF)**

- 41.1 In respect of any period commencing on or after the Effective Time, there shall be debited from or credited to (as appropriate) the SL Intl GWPF an amount in respect of Tax calculated on the basis of the following assumptions:
- (a) The SL Intl GWPF constitutes the whole of the long term fund of a mutual life assurance company (for the purposes of this paragraph 41, the “**GWPF Notional Life Company**”) carrying on business in the Republic of Ireland and elsewhere with no business other than the business carried on in the SL Intl GWPF.
  - (b) All Tax allowances, reliefs and rights to repayment that would reasonably be expected to be claimed or received by the GWPF Notional Life Company are successfully claimed and received.
  - (c) The GWPF Notional Life Company has the benefit of all reliefs and other credits in respect of Tax available for carry forward in relation to the Transferred Business from periods commencing before the Effective Time, other than in respect of reliefs and other credits not transferred to SL Intl under applicable legislation in each of the jurisdictions in which SLAL operated immediately before the Effective Time.
- 41.2 The amounts calculated pursuant to paragraph 41.1 shall be calculated by SL Intl’s Board (having taken such advice as it deems appropriate) on the basis of Tax law and practice prevailing in respect of the period of calculation.
- 41.3 The amounts debited from, or credited to, the SL Intl GWPF pursuant to paragraph 41.1 shall be debited, or credited, on the latest due date on which they would have been paid or received by the GWPF Notional Life Company. If, and to the extent, that they are not actually debited or credited on such date, the amounts debited or credited shall be adjusted to reflect the delay between the time when they were due and the time when they are actually made.
- 41.4 If, and to the extent, that any amount debited from, or credited to, the SL Intl GWPF pursuant to paragraph 41.1 is subsequently shown to have been incorrect, an appropriate credit to, or debit from, the SL Intl GWPF in respect of such amount shall be made. Any amount credited or debited under this paragraph 41.4 shall be adjusted to reflect the delay between the time when the adjusting credit or debit is made and the time when the original credit or debit was made, or the time when the last correcting credit or debit in respect of the same period was made, whichever is the later.
- 41.5 If there is a material change in the basis on which life assurance companies are subject to Tax in the Republic of Ireland or elsewhere, paragraph 41.1 shall be amended to the extent that SL Intl’s Board (having taken such advice as it deems appropriate) considers necessary or desirable to ensure that the effect of paragraph 41.1 is that the SL Intl GWPF will be debited or

credited in respect of any liability to Tax with the amount with which it would have been debited or credited had it been a separate mutual life assurance company carrying on business under the changed basis of Tax.

- 41.6 The allocation of credits and debits in respect of Tax to the SL Intl GWPF under this Scheme, including pursuant to paragraph 41.1, shall be made on a fair and arm's length basis and, notwithstanding the terms of any assessment, agreement or settlement submitted to, or made with, any Tax authority by any member of SL Intl's Group, no amounts in respect of Tax shall be debited from, or credited to, the SL Intl GWPF in excess of the amounts which would have been so debited or credited on a fair and arm's length basis.
- 41.7 No amounts in respect of Tax shall be debited from the SL Intl GWPF if, and to the extent, that such amounts represent penalties which have arisen because of any act or omission occurring after the Effective Time.

## **42 Miscellaneous provisions (SL Intl GWPF)**

- 42.1 None of the provisions of this Part F shall prevent the exchange of property between the SL Intl GWPF and other SL Intl Funds at fair market value. In such circumstances, any liabilities attributable to the property which is being exchanged shall also be transferred.
- 42.2 From the Effective Time:
- (a) until the termination of the GWPF Reinsurance Agreement, all provisions in SL Intl GWPF Transferred Policies addressing with profit investments, returns and benefits shall refer to the SLAL GWPF; and
  - (b) following the termination of the GWPF Reinsurance Agreement, all provisions in SL Intl GWPF Transferred Policies addressing with profit investments, returns and benefits shall refer to the SL Intl GWPF.

## **43 Annuity benefits (SL Intl GWPF)**

- 43.1 If a German Annuity Benefit is to be provided on the vesting of a Policy where the WP Investment Element is allocated to the SL Intl GWPF, then:
- (a) if the Policy contains a guarantee and the value of the German Annuity Benefit is higher than would have been the case had the Policy not contained that guarantee, then paragraph 43.2 shall apply; and
  - (b) if the Policy does not contain a guarantee, or if the Policy contains a guarantee and the value of the German Annuity Benefit is the same as would have been the case had the Policy not contained that guarantee, then paragraph 43.3 shall apply.

43.2 Where this paragraph 43.2 applies:

- (a) Subject to paragraph 43.2(c), SL Intl shall provide the German Annuity Benefit and allocate the same to a SL Intl Fund (other than the SL Intl GWPF) or procure its provision by another member of SL Intl's Group, and an amount equal to the cost of such German Annuity Benefit, as determined in accordance with paragraph 43.2(b) (for the purposes of this paragraph 43, the "**Annuity Benefit Cost**"), shall be debited from the SL Intl GWPF and credited to the relevant SL Intl Fund or paid to the relevant member of SL Intl's Group (as appropriate).
- (b) The Annuity Benefit Cost is to be determined by SL Intl's Board on the basis of:
  - (i) the most favourable annuity rates being offered to purchasers of annuities of a similar type and in the same country as the relevant German Annuity Benefit by members of SL Intl's Group and SL Intl Funds (other than the SL Intl GWPF) at the time at which such German Annuity Benefit is to be provided; or
  - (ii) if such rates are unavailable, such rates as are determined by SL Intl's Board.
- (c) If SLAL's Board (having consulted with the "SLAL WP Actuary" and the "SLAL Actuary", as those terms are defined in the 2006 Scheme) considers that the Annuity Benefit Cost for a German Annuity Benefit exceeds that which is reasonable, then SLAL's Board may require that SL Intl shall provide such German Annuity Benefit (which shall in turn be reinsured to SLAL pursuant to the GWPF Reinsurance Agreement). In such circumstances, SL Intl's Board shall be informed as to how SLAL's Board has reached its conclusion under this paragraph 43.2(c).
- (d) All costs and liabilities relating to the provision of the German Annuity Benefit will be reassured by, transferred to, or remain in, as the case may be, the SL Intl Fund or member of SL Intl's Group from which the German Annuity Benefit is to be provided. This paragraph 43.2(d) shall not prevent the liabilities in respect of any German Annuity Benefit from being reinsured with a third party, such reinsurance to be on terms acceptable to the SL Intl Head of Actuarial.

43.3 Where this paragraph 43.3 applies, SL Intl shall provide the German Annuity Benefit from within a SL Intl Fund (other than the SL Intl GWPF) at:

- (a) the most favourable annuity rates being offered to purchasers of annuities of a similar type and in the same country as the relevant Annuity Benefit by members of SL Intl's Group and SL Intl Funds (other than the SL Intl GWPF) at the time at which such German Annuity Benefit is to be provided; or
- (b) if such rates are unavailable, such rates as are determined by SL Intl's Board,

and, in each case, transfer the cash from the SL Intl GWPF to that SL Intl Fund.

#### **44 Unitised With Profits Policies (SL Intl GWPF)**

- 44.1 This paragraph 44 applies to any Unitised With Profits Policy written in, allocated to, or reinsured by any SL Intl Fund (for the purposes of this paragraph only, the “**Primary Fund**”) other than the SL Intl GWPF but only if the WP Investment Element is transferred or allocated to, or reinsured by, the SL Intl GWPF. Such transfer, allocation or reinsurance shall be subject to the limitations in paragraph 37.
- 44.2 Any premium received by SL Intl on or after the Effective Time in respect of a Unitised With Profits Policy to which this paragraph 44 applies (for the purposes of this paragraph only, a “**UWP Primary Fund Policy**”) shall be credited to the relevant Primary Fund and the WP Investment Element in respect thereof shall be debited from the relevant Primary Fund and credited to the SL Intl GWPF and applied in allocating WP Units in respect of such UWP Primary Fund Policy.
- 44.3 Subject to paragraph 43.2(a), if any event occurs (other than an event pursuant to paragraph 43) which, under the terms of a UWP Primary Fund Policy, gives rise to the cancellation of WP Units attaching to such UWP Primary Fund Policy, an amount shall be debited from the SL Intl GWPF and credited to the relevant Primary Fund equal to the amount which the terms of the relevant UWP Primary Fund Policy provide shall be payable, or transferable, on cancellation of WP Units in such circumstances.
- 44.4 Any transfer pursuant to paragraph 44.3 shall take account of any applicable final bonus or unit price adjustment (and other charges and deductions properly attributable to the SL Intl GWPF in accordance with the SL Intl GWPF Internal PPFM) required by the terms of the relevant Policy, but shall disregard any charges and deductions applicable under the terms of the Policy which are properly attributable to the relevant Primary Fund.
- 44.5 From time to time there shall be debited from the SL Intl GWPF and credited to the relevant Primary Fund in accordance with the terms of the relevant UWP Primary Fund Policies all charges levied on asset shares (other than in respect of guarantees met by the SL Intl GWPF) less investment management fees debited from the SL Intl GWPF pursuant to paragraph 38 in respect of such asset shares.
- 44.6 The liability of the SL Intl GWPF in respect of the UWP Primary Fund Policies shall cease at the same time as the liability of the relevant Primary Fund ceases in respect of each such UWP Primary Fund Policy.
- 44.7 In substitution of the arrangements described in this paragraph 44, SL Intl’s Board may at any time effect such alternative arrangements between the SL Intl GWPF and the relevant Primary Fund as it determines is appropriate, provided that any such alternative arrangements (and any

consequential transfers which are effected in order to implement such alternative arrangements) are compliant with Regulatory Requirements and the Irish Policyholder Principles.

## **45 Termination of the GWPF Reinsurance Agreement**

45.1 In the event of the termination of the GWPF Reinsurance Agreement:

- (a) paragraph 42.2(a) of this Scheme shall be deleted and paragraph 43 of this Scheme shall be replaced with the alternative version of paragraph 43 set out in Schedule 8 Part B;
- (b) provided that the SL Intl GWPF is not closed, merged or amalgamated with other SL Intl Funds pursuant to paragraphs 45.1(c) and 45.2(a), SL Intl's Board shall introduce capital support arrangements equivalent to those in force in respect of the SLAL GWPF at the time of the termination of the GWPF Reinsurance Agreement; and
- (c) SL Intl's Board shall take such steps as it regards as reasonable and appropriate in the circumstances to protect the rights and reasonable expectations of the holders of any Policies reinsured or allocated to the SL Intl GWPF.

45.2 Without prejudice to the generality of paragraph 45.1(c), the steps taken by SL Intl's Board pursuant to paragraph 45.1(c) may include:

- (a) the closure, merger or amalgamation of the SL Intl GWPF with other SL Intl Funds; and/or
- (b) the conversion of the SL Intl GWPF into a non profit fund.

45.3 In exercising any steps pursuant to paragraphs 45.1(b) and 45.1(c), SL Intl's Board shall:

- (a) comply with the principles set out in Part B of Schedule 5;
- (b) consult with, and obtain the prior approval of, an independent actuary;
- (c) consult with, and obtain the prior approval of, the CBI (or, in the absence of such approval, obtain confirmation that the CBI does not object to such steps, or receive no objections from the CBI within a period of three months from the date of first notification);
- (d) comply with all Regulatory Requirements;
- (e) comply with the Irish Policyholder Principles; and
- (f) comply with the SL Intl GWPF Internal PPFM.

## **PART G – ADDITIONAL PROVISIONS RELATING TO THE SL INTL GSMWPF**

### **46 SL Intl GSMWPF Internal PPFM**

- 46.1 With effect from the Effective Time, the SL Intl GSMWPF shall be managed and operated in accordance with the SL Intl GSMWPF Internal PPFM and any other practices, procedures, policies, frameworks, agreements or similar arrangements put in place under, or in accordance with, the SL Intl GSMWPF Internal PPFM.
- 46.2 SL Intl shall maintain the SL Intl GSMWPF Internal PPFM unless SL Intl's Board, having taken appropriate actuarial advice, determines that some other materially equivalent form of protection is to be put in place, in which case the references in this Scheme to the SL Intl GSMWPF Internal PPFM shall be deemed to refer to that alternative form of protection.
- 46.3 The SL Intl GSMWPF Internal PPFM shall comply with the principles set out in Schedule 6 to this Scheme.

### **47 Writing of New SL Intl GSMWPF Business**

- 47.1 The only New SL Intl GSMWPF Business which may be allocated to the SL Intl GSMWPF after the Effective Time shall be the Investment Element of:
- (a) Residual Policies in accordance with Part D of this Scheme;
  - (b) New Policies issued as replacements for SL Intl GSMWPF Transferred Policies;
  - (c) increases to premiums or benefits in respect SL Intl GSMWPF Transferred Policies;
  - (d) Policies which would, had they been written at or prior to the Effective Time, have been administered as increments to SL Intl GSMWPF Transferred Policies;
  - (e) Policies issued on the exercise of options or rights under SL Intl GSMWPF Transferred Policies (other than non profit immediate annuities issued on the vesting of Policies, to which paragraph 52 applies); and
  - (f) Policies written in substitution of SL Intl GSMWPF Transferred Policies that are cancelled.

- 47.2 No Policies written after the Effective Time may be allocated to the SL Intl GSMWPF.

### **48 SL Intl GSMWPF costs**

- 48.1 There shall be debited from the SL Intl GSMWPF those investment management expenses which, in the reasonable opinion of SL Intl's Board (having regard to appropriate actuarial advice) have been incurred or will be incurred in the operation of the SL Intl GSMWPF.

## **49 Transactions in the SL Intl GSMWPF**

- 49.1 After the Effective Time, SL Intl may enter into any Related Transaction provided that it is on terms which, in the opinion of SL Intl's Board (having taken appropriate actuarial advice), are unlikely to have a material adverse effect on the interests of the holders of SL Intl GSMWPF WP Policies.
- 49.2 Without prejudice to the generality of paragraph 49.1, if a Related Transaction includes the making of a loan to a connected person using assets in the SL Intl GSMWPF, or the giving of a guarantee to, or for the benefit of, a connected person, where the guarantee will be backed using assets in the SL Intl GSMWPF, such Related Transaction may be effected if the loan or guarantee:
- (a) is on commercial terms;
  - (b) is, in the reasonable opinion of SL Intl's Board, beneficial to the holders of SL Intl GSMWPF WP Policies; and
  - (c) will not, in the reasonable opinion of SL Intl's Board, expose the holders of SL Intl GSMWPF WP Policies to undue credit or group risk.
- 49.3 For the purposes of this paragraph 49, "**Related Transaction**" means a material transaction or arrangement entered into by SL Intl (on behalf of and to the account of the SL Intl GSMWPF):
- (a) with any other SL Intl Fund;
  - (b) with any other person; or
  - (c) which otherwise affects the property or liabilities of the SL Intl GSMWPF.
- 49.4 This paragraph 49 shall not in any way restrict or prohibit SL Intl from entering into any transaction or arrangement which is required to be entered into, or which is expressly contemplated by, this Scheme.

## **50 Tax (SL Intl GSMWPF)**

- 50.1 In respect of any period commencing on or after the Effective Time, there shall be debited from or credited to (as appropriate) the SL Intl GSMWPF an amount in respect of Tax calculated on the basis of the following assumptions:
- (a) The SL Intl GSMWPF constitutes the whole of the long term fund of a mutual life assurance company (for the purposes of this paragraph 50, the "**GSMWPF Notional Life Company**") carrying on business in the Republic of Ireland and elsewhere with no business other than the business carried on in the SL Intl GSMWPF.

- (b) All Tax allowances, reliefs and rights to repayment that would reasonably be expected to be claimed or received by the GSMWPF Notional Life Company are successfully claimed and received.
  - (c) The GSMWPF Notional Life Company has the benefit of all reliefs and other credits in respect of Tax available for carry forward in relation to the Transferred Business from periods commencing before the Effective Time, other than in respect of reliefs and other credits not transferred to SL Intl under applicable legislation in each of the jurisdictions in which SLAL operated immediately before the Effective Time.
- 50.2 The amounts calculated pursuant to paragraph 50.1 shall be calculated by SL Intl's Board (having taken such advice as it deems appropriate) on the basis of Tax law and practice prevailing in respect of the period of calculation.
- 50.3 The amounts debited from, or credited to, the SL Intl GSMWPF pursuant to paragraph 50.1 shall be debited, or credited, on the latest due date on which they would have been paid or received by the GSMWPF Notional Life Company. If, and to the extent, that they are not actually debited or credited on such date, the amounts debited or credited shall be adjusted to reflect the delay between the time when they were due and the time when they are actually made.
- 50.4 If, and to the extent, that any amount debited from, or credited to, the SL Intl GSMWPF pursuant to paragraph 50.1 is subsequently shown to have been incorrect, an appropriate credit to, or debit from, the SL Intl GSMWPF in respect of such amount shall be made. Any amount credited or debited under this paragraph 50.4 shall be adjusted to reflect the delay between the time when the adjusting credit or debit is made and the time when the original credit or debit was made, or the time when the last correcting credit or debit in respect of the same period was made, whichever is the later.
- 50.5 If there is a material change in the basis on which life assurance companies are subject to Tax in the Republic of Ireland or elsewhere, paragraph 50.1 shall be amended to the extent that SL Intl's Board (having taken such advice as it deems appropriate) considers necessary or desirable to ensure that the effect of paragraph 50.1 is that the SL Intl GSMWPF will be debited or credited in respect of any liability to Tax with the amount with which it would have been debited or credited had it been a separate mutual life assurance company carrying on business under the changed basis of Tax.
- 50.6 The allocation of credits and debits in respect of Tax to the SL Intl GSMWPF under this Scheme, including pursuant to paragraph 50.1, shall be made on a fair and arm's length basis and, notwithstanding the terms of any assessment, agreement or settlement submitted to, or made with, any Tax authority by any member of SL Intl's Group, no amounts in respect of Tax

shall be debited from, or credited to, the SL Intl GSMWPF in excess of the amounts which would have been so debited or credited on a fair and arm's length basis.

- 50.7 No amounts in respect of Tax shall be debited from the SL Intl GSMWPF if, and to the extent, that such amounts represent penalties which have arisen because of any act or omission occurring after the Effective Time.

## **51 Miscellaneous provisions (SL Intl GSMWPF)**

- 51.1 None of the provisions of this Part G shall prevent the exchange of property between the SL Intl GSMWPF and other SL Intl Funds at fair market value. In such circumstances, any liabilities attributable to the property which is being exchanged shall also be transferred.

- 51.2 From the Effective Time:

- (a) until the termination of the GSMWPF Reinsurance Agreement, all provisions in SL Intl GSMWPF Transferred Policies addressing with profit investments, returns and benefits shall refer to the SLAL GSMWPF; and
- (b) following the termination of the GSMWPF Reinsurance Agreement, all provisions in SL Intl GSMWPF Transferred Policies addressing with profit investments, returns and benefits shall refer to the SL Intl GSMWPF.

## **52 Annuity benefits (SL Intl GSMWPF)**

- 52.1 If a German Annuity Benefit is to be provided on the vesting of a Policy where the WP Investment Element is allocated to the SL Intl GSMWPF, then:

- (a) if the Policy contains a guarantee and the value of the German Annuity Benefit is higher than would have been the case had the Policy not contained that guarantee, then paragraph 52.2 shall apply; and
- (b) if the Policy does not contain a guarantee, or if the Policy contains a guarantee and the value of the German Annuity Benefit is the same as would have been the case had the Policy not contained that guarantee, then paragraph 52.3 shall apply.

- 52.2 Where this paragraph 52.2 applies:

- (a) Subject to paragraph 52.2(c), SL Intl shall provide the German Annuity Benefit:
  - (i) from the SL Intl Euro PBF; or
  - (ii) by allocating the same to another SL Intl Fund (other than the SL Intl Euro PBF or the SL Intl GSMWPF) or procuring its provision by another member of SL Intl's

Group, and an amount equal to the cost of such German Annuity Benefit, as determined in accordance with paragraph 52.2(b) (for the purposes of this paragraph 52, the “**Annuity Benefit Cost**”), shall be debited from the SL Intl Euro PBF and credited to the relevant SL Intl Fund or paid to the relevant member of SL Intl’s Group (as appropriate).

- (b) The Annuity Benefit Cost is to be determined by SL Intl’s Board on the basis of:
  - (i) the most favourable annuity rates being offered to purchasers of annuities of a similar type and in the same country as the relevant German Annuity Benefit by members of SL Intl’s Group and SL Intl Funds (other than the SL Intl GSMWPF) at the time at which such German Annuity Benefit is to be provided; or
  - (ii) if such rates are unavailable, such rates as are determined by SL Intl’s Board.
- (c) If SLAL’s Board (having consulted with the “SLAL WP Actuary” and the “SLAL Actuary”, as those terms are defined in the 2006 Scheme) considers that the Annuity Benefit Cost exceeds that which is reasonable, then SLAL’s Board may require that SL Intl shall provide such German Annuity Benefit and allocate the same to the SL Intl Euro PBF (which shall in turn be reinsured to the SLAL PBF pursuant to the GSMWPF Reinsurance Agreement). In such circumstances, SL Intl’s Board shall be informed as to how SLAL’s Board has reached its conclusion under this paragraph 52.2(c).
- (d) All costs and liabilities relating to the provision of the German Annuity Benefit will be reassured by, transferred to, or remain in, as the case may be, the SL Intl Fund or member of SL Intl’s Group from which the German Annuity Benefit is to be provided. This paragraph 43.2(d) shall not prevent the liabilities in respect of any German Annuity Benefit from being reinsured with a third party, such reinsurance to be on terms acceptable to the SL Intl Head of Actuarial.

52.3 Where this paragraph 52.3 applies, SL Intl shall provide the German Annuity Benefit from within a SL Intl Fund (other than the SL Intl GSMWPF) at:

- (a) the most favourable annuity rates being offered to purchasers of annuities of a similar type and in the same country as the relevant German Annuity Benefit by members of SL Intl’s Group and SL Intl Funds (other than the SL Intl GSMWPF) at the time at which such German Annuity Benefit is to be provided; or
- (b) if such rates are unavailable, such rates as are determined by SL Intl’s Board.

### **53 Unitised With Profits Policies (SL Intl GSMWPF)**

- 53.1 This paragraph 53 applies to any Unitised With Profits Policy written in, allocated to, or reinsured by any SL Intl Fund (for the purposes of this paragraph only, the “**Primary Fund**”) other than the SL Intl GSMWPF but only if the WP Investment Element is transferred or allocated to, or reinsured by, the SL Intl GSMWPF. Such transfer, allocation or reinsurance shall be subject to the limitations in paragraph 47.
- 53.2 Any premium received by SL Intl on or after the Effective Time in respect of a Unitised With Profits Policy to which this paragraph 53 applies (for the purposes of this paragraph only, a “**UWP Primary Fund Policy**”) shall be credited to the relevant Primary Fund and the WP Investment Element in respect thereof shall be debited from the relevant Primary Fund and credited to the SL Intl GSMWPF and applied in allocating WP Units in respect of such UWP Primary Fund Policy.
- 53.3 If any event occurs which, under the terms of a UWP Primary Fund Policy, gives rise to the cancellation of WP Units attaching to such UWP Primary Fund Policy, an amount shall be debited from the SL Intl GSMWPF and credited to the relevant Primary Fund equal to the amount which the terms of the relevant UWP Primary Fund Policy provide shall be payable, or transferable, on cancellation of WP Units in such circumstances.
- 53.4 Any transfer pursuant to paragraph 53.3 shall take account of any applicable final bonus or unit price adjustment (and other charges and deductions properly attributable to the SL Intl GSMWPF in accordance with the SL Intl GSMWPF Internal PPFM) required by the terms of the relevant Policy, but shall disregard any charges and deductions applicable under the terms of the Policy which are properly attributable to the relevant Primary Fund.
- 53.5 From time to time there shall be debited from the SL Intl GSMWPF and credited to the relevant Primary Fund in accordance with the terms of the relevant UWP Primary Fund Policies all charges levied on asset shares (other than in respect of guarantees met by the SL Intl GSMWPF) less investment management fees debited from the SL Intl GSMWPF pursuant to paragraph 48 in respect of such asset shares.
- 53.6 The liability of the SL Intl GSMWPF in respect of the UWP Primary Fund Policies shall cease at the same time as the liability of the relevant Primary Fund ceases in respect of each such UWP Primary Fund Policy.
- 53.7 In substitution of the arrangements described in this paragraph 53, SL Intl’s Board may at any time effect such alternative arrangements between the SL Intl GSMWPF and the relevant Primary Fund as it determines is appropriate, provided that any such alternative arrangements (and any consequential transfers which are effected in order to implement such alternative

arrangements) are compliant with Regulatory Requirements and the Irish Policyholder Principles.

## **54 Termination of the GSMWPF Reinsurance Agreement**

54.1 In the event of the termination of the GSMWPF Reinsurance Agreement:

- (a) paragraph 51.2(a) of this Scheme shall be deleted and paragraph 52 of this Scheme shall be replaced with the alternative version of paragraph 52 set out in Schedule 8 Part C; and
- (b) SL Intl's Board shall take such steps as it regards as reasonable and appropriate in the circumstances to protect the rights and reasonable expectations of the holders of any Policies reinsured or allocated to the SL Intl GSMWPF.

54.2 Without prejudice to the generality of paragraph 54.1(b), the steps taken by SL Intl's Board pursuant to paragraph 54.1(b) may include:

- (a) the closure, merger or amalgamation of the SL Intl GSMWPF with other SL Intl Funds;
- (b) the conversion of the SL Intl GSMWPF into a non profit fund; and/or
- (c) the introduction of capital support arrangements (if applicable).

54.3 In exercising any steps pursuant to paragraphs 54.1(a) and 54.1(b), SL Intl's Board shall:

- (a) comply with the principles set out in Part C of Schedule 5;
- (b) consult with, and obtain the prior approval of, an independent actuary;
- (c) consult with, and obtain the prior approval of, the CBI (or, in the absence of such approval, obtain confirmation that the CBI does not object to such steps, or receive no objections from the CBI within a period of three months from the date of first notification);
- (d) comply with all Regulatory Requirements;
- (e) comply with the Irish Policyholder Principles; and
- (f) comply with the SL Intl GSMWPF Internal PPFM.

## **PART H – GENERAL PROVISIONS**

### **55 Effective Time**

- 55.1 Subject to paragraph 55.2, this Scheme shall become effective at 22:59 GMT on 29 March 2019 or such other time and date as the SLAL Board and the SL Intl Board may agree in writing and to which the Court and the FCA and the PRA may agree, such other effective time and date to be no later than three months following 22:59 GMT on 29 March 2019.
- 55.2 This Scheme may not become effective unless and until:
- (a) any condition, modification or addition to this Scheme imposed by the Court (or recommended by the Court with a view to it being imposed) has been consented to by SLAL and SL Intl; and
  - (b) the Order has been made.

### **56 Effect of transfer**

- 56.1 The transfer and vesting of an asset or liability relating to any part of the Transferred Business shall not:
- (a) invalidate or discharge any Contract, security or other thing;
  - (b) require further registration in respect of any security or charge;
  - (c) constitute a breach of, or default under, or require any obligation to be performed sooner or later than would otherwise be the case under any instrument or Contract or arrangement to which SLAL is bound;
  - (d) entitle any party to or beneficiary under a Policy, Contract or arrangement to which SLAL is a party to vary, amend, disclaim, repudiate or terminate such Policy, Contract or arrangement when, in the absence of this transfer, that party would not otherwise be entitled to vary, amend, disclaim, repudiate or terminate it;
  - (e) save as provided elsewhere in this Scheme, confer any greater or lesser rights or benefits, or impose any greater or lesser obligations, under a Contract on any party to such Contract to which SLAL is a party where such greater or lesser rights, benefits or obligations would not otherwise have been conferred or imposed; or
  - (f) affect the enforceability, priority or ranking of any Encumbrance.

## **57 Capital Events**

- 57.1 If SL Intl is at any time, in the reasonable opinion of SL Intl's Board (having taken appropriate actuarial advice), unduly exposed to a risk that SL Intl will be unable to meet its Solvency Capital Requirement, or its capital needs (as determined in accordance with Regulatory Requirements to be adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due) (a "**Capital Event**"), SL Intl shall carry on its business in a manner which:
- (a) ensures that, in the reasonable opinion of SL Intl's Board (having taken appropriate actuarial advice) it does not unduly expose SL Intl to a risk that SL Intl will be unable to meet its Solvency Capital Requirement, or its capital needs (as determined in accordance with Regulatory Requirements to be adequate, both as to amount and quality, to ensure that there is no significant risk that its liabilities cannot be met as they fall due); and
  - (b) subject to satisfying paragraph 57.1(a), enables SL Intl to conduct the business of:
    - (i) the SL Intl HWPF in accordance with the SL Intl HWPF Internal PPFM;
    - (ii) the SL Intl GWPF in accordance with the SL Intl GWPF Internal PPFM; and
    - (iii) the SL Intl GSMWPF in accordance with the SL Intl GSMWPF Internal PPFM.
- 57.2 SL Intl shall, to the extent reasonably practicable, carry on its business so that there is no significant foreseeable risk that a Capital Event arises.
- 57.3 SL Intl shall notify the CBI as soon as reasonably practicable after it has determined that a Capital Event has occurred or is reasonably likely to occur.

## **58 SL Intl WP Actuary and SL Intl WP Committee**

- 58.1 At and from the earliest of:
- (a) the termination of the HWPF Reinsurance Agreement;
  - (b) the termination of the GWPF Reinsurance Agreement; and
  - (c) the termination of the GSMWPF Reinsurance Agreement,
- SL Intl shall appoint and maintain a "**SL Intl WP Actuary**" with the roles and responsibilities described in Part B of Schedule 9 to this Scheme.
- 58.2 At and from the earliest of:
- (a) the termination of the HWPF Reinsurance Agreement;

- (b) the termination of the GWPF Reinsurance Agreement; and
- (c) the termination of the GSMWPF Reinsurance Agreement,

SL Intl shall appoint and maintain a “**SL Intl WP Committee**” with the roles and responsibilities described in Part A of Schedule 9 to this Scheme.

58.3 The SL Intl WP Actuary and the SL Intl WP Committee shall exercise powers and oversight in relation to:

- (a) from the termination of the HWPF Reinsurance Agreement, the SL Intl HWPF;
- (b) from the termination of the GWPF Reinsurance Agreement, the SL Intl GWPF;
- (c) from the termination of the GSMWPF Reinsurance Agreement, the SL Intl GSMWPF; and
- (d) any other with profits SL Intl Fund maintained by SL Intl from time to time.

## 59 Provision of information

59.1 From the Effective Time:

- (a) SL Intl shall promptly make available (or procure to be made available) to SLAL such information and records as SLAL reasonably requires in order to comply with its obligations, or to exercise any rights, powers or discretions, under the 2006 Scheme, the 2011 Scheme and this Scheme; and
- (b) SLAL shall promptly make available (or procure to be made available) to SL Intl such information and records as SL Intl reasonably requires in order to comply with its obligations, or to exercise any rights, powers or discretions, under this Scheme.

## 60 Policy Income and Policy Outgoings

60.1 SL Intl may credit all premium receipts (or a proportion thereof), together with all other income, consideration or proceeds attributable to a Transferred Policy (together, “**Policy Income**”) to a bank account within any SL Intl Fund and account for such Policy Income on this basis. Where Policy Income (or a proportion thereof) is accounted for in a different SL Intl Fund from that to which the relevant Transferred Policy is allocated or written in, SL Intl shall, subject to paragraph 28.1:

- (a) calculate the amount of the Policy Income which is properly attributable to each SL Intl Fund and adjust its accounting records accordingly; and
- (b) if there is a delay between the receipt of the Policy Income and conducting the calculation and adjustments referred to in paragraph 60.1(a), make an appropriate adjustment in

respect of the interest accrued on the relevant Policy Income, such adjustment to be made on a fair and reasonable basis and in accordance with appropriate actuarial advice.

60.2 SL Intl may debit or charge all amounts (including in respect of any commission and claims) payable in respect of any Transferred Policy (together, “**Policy Outgoings**”) from a bank account within any SL Intl Fund and account for such Policy Outgoings on this basis. Where Policy Outgoings (or a proportion thereof) are accounted for in a different SL Intl Fund from that which the relevant Transferred Policy is allocated to or written in, SL Intl shall, subject to paragraph 28.2:

- (a) calculate the amount of the Policy Outgoings which is properly attributable to each SL Intl Fund and adjust its accounting records accordingly; and
- (b) if there is a delay between the payment of such Policy Outgoings and conducting the calculation and adjustments referred to in paragraph 60.2(a), make an appropriate adjustment in respect of interest, such adjustment to be made on a fair and reasonable basis and in accordance with appropriate actuarial advice.

60.3 If there is, for any reason, any doubt as to the proper attribution of any Policy Income or Policy Outgoings to any SL Intl Fund, SL Intl’s Board shall (having taken appropriate actuarial advice) determine a fair and equitable attribution of the relevant Policy Income or Policy Outgoings (as the case may be) between the SL Intl Funds.

60.4 If there is, for any reason, any delay (for which provision is not expressly made in this Scheme) in the allocation of any receipt, payment or other item to or from any SL Intl Fund in accordance with this Scheme, SL Intl’s Board may (having taken appropriate actuarial advice) make such adjustments between the SL Intl Funds as it considers appropriate in accordance with the principles underlying this Scheme to take account of such delay.

60.5 In allocating property between SL Intl Funds, SL Intl’s Board may allocate any such property to more than one SL Intl Fund provided that, in such circumstances, the proportion of the value of each asset attributable to each such SL Intl Fund is calculated and accounted for on this basis.

## **61 Netting of transfers or re-allocations**

61.1 Where pursuant to the Scheme a transfer or re-allocation of assets is due from one SL Intl Fund to another, SL Intl may set off such transfer or re-allocation against any transfer or re-allocation of assets due from the latter to the former.

## **62 Costs and expenses**

62.1 Except as may otherwise be agreed in writing:

- (a) SLAL shall bear its own costs and expenses in relation to the preparation and carrying into effect of this Scheme; and
- (b) SL Intl shall bear its own costs and expenses in relation to the preparation and carrying into effect of this Scheme.

## **63 Variations**

- 63.1 Prior to the grant of the Order, SLAL and SL Intl together may consent for and on behalf of the persons bound by this Scheme, and all other persons concerned, to any variation of this Scheme.
- 63.2 Subject to paragraph 63.3, any variation of this Scheme must:
- (a) be approved by the Court;
  - (b) be notified, with SLAL and SL Intl providing such notice at a time that they determine (acting reasonably and in good faith) is sufficiently in advance of any hearing of the Court at which such application is considered (if applicable), to the CBI, who shall have the right to attend and be heard at such hearing of the Court (if applicable);
  - (c) be notified, with SLAL and SL Intl providing such notice at a time that they determine (acting reasonably and in good faith) is sufficiently in advance of any hearing of the Court at which such application is considered (if applicable), to the FCA and PRA, who shall have the right to attend and be heard at such hearing of the Court (if applicable), provided that if either of the FCA or the PRA provides notice to SLAL and SL Intl in writing that it shall no longer require such right, SLAL and SL Intl shall no longer be obliged to comply with such obligation in respect of the FCA and/or the PRA, as applicable; and
  - (d) be accompanied by a certificate from an independent expert (such independent expert to be selected and appointed by the Board of SL Intl with the approval of the CBI) to the effect that, in his or her opinion, the proposed variation will not materially and adversely affect the interests (including the security or reasonable expectations) of the holders of Transferred Policies or other policyholders of SLAL or SL Intl.
- 63.3 Notwithstanding paragraph 63.2, SL Intl may vary this Scheme without Court approval if:
- (a) the variation is of a minor nature;
  - (b) the variation is necessary to correct a manifest error;
  - (c) the variation is necessary to ensure that the provisions of this Scheme operate in the intended manner in circumstances where the provision to which the proposed variation

applies will, or is likely to, be materially affected by variation or proposed variation to any Regulatory Requirement with which SL Intl is obliged to comply;

- (d) the variation is necessary to protect the rights and reasonable expectations of the holders of Transferred Policies; or
- (e) specific provision for such variation is made elsewhere in this Scheme (provided that such specific provision is fully complied with),

provided that:

- (i) each of the CBI, the FCA and the PRA has been notified in writing of the same and has not objected thereto within a period of three (3) months commencing from the date of the relevant notification, save where either of the FCA or the PRA provides notice to SLAL and SL Intl in writing that it shall no longer require such right, in which case SLAL and SL Intl shall no longer be obliged to comply with such obligation in respect of the FCA and/or the PRA, as applicable;
- (ii) SL Intl has taken appropriate actuarial advice; and
- (iii) in the case of the variations listed in (c) to (e) inclusive, where such variation involves the exercise of discretion or judgment by the Board of SL Intl, SL Intl takes the advice of an independent expert, as appropriate.

63.4 With effect from the Effective Time:

- (a) the 2006 Scheme shall be subject to the variations and additions set out in the form of marked-up excerpts of the 2006 Scheme in Part A of Schedule 4 to this Scheme;
- (b) the 2011 Scheme shall be subject to the variations and additions set out in the form of marked-up excerpts of the 2011 Scheme in Part B of Schedule 4 to this Scheme; and
- (c) the Property-Linked Floating Charge (as defined in the 2011 Scheme) shall be amended and restated in the form set out (in the form of marked-up excerpts of the 2011 Scheme) in Part B of Schedule 4 to this Scheme, and thereafter every person's rights, powers, benefits, obligations and liabilities thereunder or with respect thereto shall be determined solely by reference to the relevant provisions of the Property-Linked Floating Charge as so amended and restated. SLAL shall take all such steps and do all such things (including the filing, execution and delivery of any document) in each case which may be necessary or desirable to effect or perfect such amended and restated Property-Linked Floating Charge.

## **64 Evidence of transfer**

- 64.1 The production of a copy of the Order with any modification, addition or condition which may be approved or imposed in accordance with paragraph 63 or otherwise in accordance with this Scheme, and a copy of a certificate by a director of SL Intl that the Scheme has taken effect shall for all purposes be evidence of the transfer to, and vesting in, SL Intl:
- (a) at and with effect from the Effective Time, of the Day One Business; and
  - (b) on and with effect from each Subsequent Transfer Date, of the relevant Residual Business.

## **65 Third party rights**

- 65.1 Subject to paragraph 65.2, it is not intended that any person who is not a party to this Scheme may enforce any of its terms, whether by virtue of the Contracts (Rights of Third Parties) Act 1999, the Contract (Third Party Rights) (Scotland) Act 2017, or otherwise.
- 65.2 A Transferred Policyholder may enforce the terms of this Scheme but only to the extent that the Transferred Policyholder shall be bound by its terms.
- 65.3 The right of a Transferred Policyholder under paragraph 65.2 shall not in any way or at any time prevent SLAL or SL Intl from varying the provisions of this Scheme.

## **66 Ancillary documents**

- 66.1 At the Effective Time:
- (a) the Irish Local Business Transfer Agreement between SLAL and SL Intl dated on or before the Effective Time shall take effect;
  - (b) the German Local Business Transfer Agreement between SLAL and SL Intl dated on or before the Effective Time shall take effect;
  - (c) the Austrian Local Business Transfer Agreement between SLAL and SL Intl dated on or before the Effective Time shall take effect;
  - (d) the HWPF Reinsurance Agreement between SLAL and SL Intl dated on or before the Effective Time shall take effect;
  - (e) the GWPF Reinsurance Agreement between SLAL and SL Intl dated on or before the Effective Time shall take effect;
  - (f) the GSMWPF Reinsurance Agreement between SLAL and SL Intl dated on or before the Effective Time shall take effect;

- (g) the Property-Linked Funds Retrocession Agreement between SLAL and SL Intl dated on or before the Effective Time shall take effect;
- (h) the Deed of Fixed Charge between SLAL and SL Intl dated on or before the Effective Time shall take effect;
- (i) the Deed of Floating Charge between SLAL and SL Intl dated on or before the Effective Time shall take effect;
- (j) the Security Transfer Agreement between SLAL and SL Intl dated on or before the Effective Time shall take effect;
- (k) the HWPF Deed Poll granted by SL Intl dated on or before the Effective Time shall take effect;
- (l) the GWPF Deed Poll granted by SL Intl dated on or before the Effective Time shall take effect; and
- (m) the GSMWPF Deed Poll granted by SL Intl dated on or before the Effective Time shall take effect.

## **67 Successors and assignees**

- 67.1 This Scheme will bind and endure to the benefit of the successors and assignees of each of SLAL and SL Intl.

## **68 Governing law**

- 68.1 This Scheme is governed by and shall be construed in accordance with Scots law.

Dated this            day of            .

**Schedule 1**  
**List of Transferred Policy products**

**PART A: Republic of Ireland**

<b>PRODUCT NAME</b>	<b>PRODUCT TYPE</b>	<b>COUNTRY</b>	<b>PRODUCT CODE</b>
<b>Endowment Assurance</b>	Conventional life	Ireland	EA(P)
<b>Business Man's Policy</b>	Conventional life	Ireland	BM'S
<b>Whole of Life</b>	Conventional life	Ireland	WL
<b>Endowment Assurance</b>	Conventional life	Ireland	EA
<b>Whole of Life</b>	Conventional life	Ireland	WLLP
<b>Early Maturity Endowment</b>	Conventional life	Ireland	EMP
<b>Early Maturity Endowment</b>	Conventional life	Ireland	JEMP
<b>Establishment</b>	Conventional life	Ireland	EST
<b>Early Maturity Endowment</b>	Conventional life	Ireland	EMO
<b>Endowment Assurance</b>	Conventional life	Ireland	JLEA
<b>Endowment Assurance</b>	Conventional life	Ireland	EALP
<b>Whole of Life</b>	Conventional life	Ireland	WL(LP)
<b>Whole of Life</b>	Conventional life	Ireland	JLWL
<b>Pure Endowment PPP</b>	Conventional pensions	Ireland	PPLP
<b>Pure Endowment PPP</b>	Conventional pensions	Ireland	SPALP
<b>Pure Endowment PPP</b>	Conventional pensions	Ireland	PP(P)
<b>Pure Endowment PPP</b>	Conventional pensions	Ireland	PPSP
<b>Synergy BOB</b>	Executive pension	Ireland	EBOB
<b>Synergy EPP</b>	Executive pension	Ireland	EEPP
<b>Tower</b>	Executive pension	Ireland	EPLB
<b>Tower</b>	Executive pension	Ireland	EPLA
<b>Corporate Pension - Non premium paying</b>	Executive pension	Ireland	SPA
<b>CPS Pension Plan</b>	Executive pension	Ireland	CPP
<b>EPPlus</b>	Executive pension	Ireland	EPP
<b>CPS BOB</b>	Executive pension	Ireland	BOB
<b>CPS - AVC</b>	Executive pension	Ireland	AVC
<b>Synergy Investment Bond (LPAS)</b>	Life bond	Ireland	EIB
<b>Synergy Portfolio Bond (LPAS)</b>	Life bond	Ireland	PEIB
<b>WPBond</b>	Life bond	Ireland	BWP
<b>Synergy Investment Bond (Cirvie)</b>	Life bond	Ireland	SIB
<b>MoneyWorks Bond Net</b>	Life bond	Ireland	MPC
<b>MoneyWorks Bond Gross</b>	Life bond	Ireland	MWB
<b>Prosperity Bond Gross</b>	Life bond	Ireland	PRB
<b>Prosperity Bond Net</b>	Life bond	Ireland	FIB
<b>Synergy Portfolio Bond (Cirvie)</b>	Life bond	Ireland	SPB
<b>Global Secure Bond</b>	Life bond	Ireland	GSB
<b>Synergy Regular Invest</b>	Life regular premium	Ireland	RSP
<b>SSIA</b>	Life regular premium	Ireland	SSI
<b>MoneyWorks Plan Net</b>	Life regular premium	Ireland	CIP

PRODUCT NAME	PRODUCT TYPE	COUNTRY	PRODUCT CODE
MoneyWorks Plan Gross	Life regular premium	Ireland	MWP
Synergy PPP	Personal pension	Ireland	EP PP
Synergy PRSA	Personal pension	Ireland	PRSA
Synergy PRSA	Personal pension	Ireland	APRSA
Mainframe PPP	Personal pension	Ireland	PPL
Mainframe PPP	Personal pension	Ireland	PPLS
Cirvie PPPlan	Personal pension	Ireland	PPP
Mainframe PPP	Personal pension	Ireland	PL(P)
Cirvie PPPlan	Personal pension	Ireland	PPP
PRSA (Full)	Personal pension	Ireland	PRF
Cirvie PPPlan	Personal pension	Ireland	PPPI
PRSA (nil)	Personal pension	Ireland	PRN
PRSA (Partial)	Personal pension	Ireland	PRS
Synergy ARF (LPAS)	Post retirement drawdown	Ireland	NARF
Synergy AMRF (LPAS)	Post retirement drawdown	Ireland	NAMRF
Synergy Portfolio ARF (LPAS)	Post retirement drawdown	Ireland	PARF
Synergy Portfolio AMRF (LPAS)	Post retirement drawdown	Ireland	PAMRF
Non-Synergy ARF	Post retirement drawdown	Ireland	ARF
Synergy ARF (Cirvie)	Post retirement drawdown	Ireland	AR2
Non-Synergy AMRF	Post retirement drawdown	Ireland	AMF
Synergy AMRF (Cirvie)	Post retirement drawdown	Ireland	AM2
Synergy Portfolio ARF (Cirvie)	Post retirement drawdown	Ireland	SPA
Synergy Portfolio AMRF (Cirvie)	Post retirement drawdown	Ireland	SPM
Level Term Ass	Protection	Ireland	LTAS
Level Term Ass	Protection	Ireland	LTAJ
Level Term Ass	Protection	Ireland	LTA
Critical Illness	Protection	Ireland	LCI
Family Income Protection Plan	Protection	Ireland	FIB
Convertible Term Assce.	Protection	Ireland	CTA
Critical Illness	Protection	Ireland	LCIJ
Family Income Benefit	Protection	Ireland	FIBJ
Capital Savings Plan	Unit-linked life	Ireland	CSS
Capital Investment Bond	Unit-linked life	Ireland	CIB
Capital Savings Plan	Unit-linked life	Ireland	CSSP
Mortgage Protection Plan	Unit-linked life	Ireland	MPPJ
Variable Protection Plan	Unit-linked life	Ireland	JV(P)
Mortgage Protection Plan	Unit-linked life	Ireland	MPP

PRODUCT NAME	PRODUCT TYPE	COUNTRY	PRODUCT CODE
Irish Universal Life	Unit-linked life	Ireland	ULS
Flexible Life Plan	Unit-linked life	Ireland	FLJ
Capital Savings Plan	Unit-linked life	Ireland	CSJ
Irish Universal Life	Unit-linked life	Ireland	ULJ
Capital Savings Plan	Unit-linked life	Ireland	CSL
Flexible Life Plan	Unit-linked life	Ireland	FLSP
Variable Protection Plan	Unit-linked life	Ireland	VPLS
Capital Investment Bond	Unit-linked life	Ireland	PIB
Mortgage Protection Plan	Unit-linked life	Ireland	MPPA
Variable Investment Bond	Unit-linked life	Ireland	VBEA
Capital Savings Plan	Unit-linked life	Ireland	CSJP
Capital Savings Plan	Unit-linked life	Ireland	CSLP
Mortgage Plan	Unit-linked life	Ireland	MPJ
Flexible Life Plan	Unit-linked life	Ireland	FLJP
Variable Investment Bond	Unit-linked life	Ireland	VBJL
Irish Universal Life	Unit-linked life	Ireland	ULL
Flexible Life Plan	Unit-linked life	Ireland	FLL
Irish Universal Life	Unit-linked life	Ireland	ULSP
Flexible Life Plan	Unit-linked life	Ireland	FLS
Mortgage Plan	Unit-linked life	Ireland	MPS
Variable Protection Plan	Unit-linked life	Ireland	VP(P)
Mortgage Plan	Unit-linked life	Ireland	MPSP
Mortgage Plan	Unit-linked life	Ireland	MPJP
Variable Investment Bond	Unit-linked life	Ireland	VI(P)
Irish Universal Life	Unit-linked life	Ireland	ULJP
Variable Protection Plan	Unit-linked life	Ireland	VPPW
Variable Investment Bond	Unit-linked life	Ireland	JI(P)
Variable Protection Plan	Unit-linked life	Ireland	VPJL
Trustee Investment Plan	Unit-linked pension	Ireland	ITIP
Flexible Life Plan	Unit-linked life	Ireland	FLLP
Permanent Health Insurance (PHI)	Protection	Ireland	PHI
Purchased Life Annuity	Annuity	Ireland	PLA
Compulsory Purchase Annuity	Annuity	Ireland	CPA
Compulsory Purchase Annuity	Annuity	Ireland	CPA
With Profit Annuity	Annuity	Ireland	WPA
Deferred Annuity WP	Annuity	Ireland	APW
Deferred Annuity NP	Annuity	Ireland	APN

#### **PART B: Germany and Austria**

PRODUCT NAME	PRODUCT TYPE	COUNTRY	PRODUCT ID
Airbag III	Non-UL	Germany	13
Airbag III Österreich	Non-UL	Austria	15
Freelax I	Non-UL	Germany	16

PRODUCT NAME	PRODUCT TYPE	COUNTRY	PRODUCT ID
Freelax I Österreich	Non-UL	Austria	18
Freelax I Österreich ohne Risiko	Non-UL	Austria	20
Swing I	Non-UL	Germany	21
Freelax I ohne Risiko	Non-UL	Germany	22
Vorsorgemanagement	Non-UL	Germany	59
Airbag III Direkt	Non-UL	Germany	60
Airbag I	Non-UL	Germany	61
Airbag II	Non-UL	Germany	62
Swing I Direkt	Non-UL	Germany	63
Freelax I Direkt	Non-UL	Germany	64
IFM Swing	Non-UL	Germany	65
IFM Freelax	Non-UL	Germany	66
IFM Freelax Österreich	Non-UL	Austria	67
Go! Kinderversicherung	Non-UL	Germany	68
CIM	Non-UL	Germany	69
Airbag III RDV	Non-UL	Germany	70
Freelax I RDV	Non-UL	Germany	71
Swing I RDV	Non-UL	Germany	72
Airbag I Direkt	Non-UL	Germany	73
Airbag I RDV	Non-UL	Germany	74
Airbag II Direkt	Non-UL	Germany	75
Airbag II RDV	Non-UL	Germany	76
Airbag IV Österreich	Non-UL	Austria	81
Airbag IV Direkt	Non-UL	Germany	82
Airbag IV	Non-UL	Germany	83
Airbag IV RDV	Non-UL	Germany	84
Freelax II Österreich	Non-UL	Austria	85
Freelax II Österreich ohne Risiko	Non-UL	Austria	86
Freelax II Direkt	Non-UL	Germany	87
Freelax II	Non-UL	Germany	88
Freelax II ohne Risiko	Non-UL	Germany	89
Freelax II RDV	Non-UL	Germany	90
Swing II Direkt	Non-UL	Germany	91
Swing II	Non-UL	Germany	92
Swing II RDV	Non-UL	Germany	93
Indax Allegro	Non-UL	Germany	94
Indax Andante	Non-UL	Germany	95
Freelax Sofort I Vollgarantiert	Annuity	Germany	96
Freelax Sofort I Überschußbeteiligt	Annuity	Germany	97
GDV Scheme	Non-UL	Germany	121
Freelax II GDV	Non-UL	Germany	139
Freelax III Österreich	Non-UL	Austria	140
Freelax III Österreich ohne Risiko	Non-UL	Austria	141
Freelax IV 2005	Non-UL	Germany	144

PRODUCT NAME	PRODUCT TYPE	COUNTRY	PRODUCT ID
Suxxess I	Non-UL	Germany	145
Support I	Non-UL	Austria	146
M-Ploy I One/Group	Non-UL	Germany	147
Best Basic I	Non-UL	Germany	148
Freelax IV Österreich	Non-UL	Austria	149
M-Ploy I Select/RDV	Non-UL	Germany	150
Suxxess I Österreich	Non-UL	Austria	151
Freelax V	Non-UL	Germany	162
Suxxess II	Non-UL	Germany	163
M-Ploy II One/Group	Non-UL	Germany	164
Best Basic II	Non-UL	Germany	165
Freelax V Österreich	Non-UL	Austria	166
M-Ploy II Select/RDV	Non-UL	Germany	167
Suxxess II Österreich	Non-UL	Austria	168
Maxxellence I	UL	Germany	170
Maxxellence I Österreich	UL	Austria	171
Freelax Sofort II Vollgarantiert	Annuity	Germany	172
Freelax Sofort II Vollgarantiert	Annuity	Austria	173
Freelax Sofort II Überschußbeteiligt	Annuity	Germany	174
Freelax Sofort II Überschußbeteiligt Ö	Annuity	Austria	175
Freelax VI Österreich	Non-UL	Austria	176
Suxxess III Österreich	Non-UL	Austria	177
Maxxellence I Basic	UL	Germany	178
Freelax VI	Non-UL	Germany	180
Suxxess III	Non-UL	Germany	181
Freelax VI DV/Group DV	Non-UL	Germany	182
Freelax VI Basic	Non-UL	Germany	183
Freelax VI RDV	Non-UL	Germany	184
Maxxellence II	UL	Germany	185
Maxxellence II Basic	UL	Germany	186
Freelax VI DV/Group DV Exxtra	Non-UL	Germany	188
Freelax VI RDV Exxtra	Non-UL	Germany	189
Freelax VI Exxtra	Non-UL	Germany	191
Freelax RDV SLUK VI	Non-UL	Germany	195
Freelax RDV EXXTRA SLUK VI	Non-UL	Germany	196
Suxxess IV	Non-UL	Germany	197
Maxxellence III	UL	Germany	198
Maxxellence III Basic	UL	Germany	199
Freelax VII	Non-UL	Germany	200
Freelax VII DV/Group DV	Non-UL	Germany	201
Freelax VII Basic	Non-UL	Germany	202
Freelax VII RDV	Non-UL	Germany	203
Freelax VII DV/Group DV Exxtra	Non-UL	Germany	204

PRODUCT NAME	PRODUCT TYPE	COUNTRY	PRODUCT ID
Freelax VII RDV Exxtra	Non-UL	Germany	205
Freelax VII Exxtra	Non-UL	Germany	206
Freelax RDV SLUK VII	Non-UL	Germany	207
Freelax RDV EXXTRA SLUK VII	Non-UL	Germany	208
GARSPension	UL	Germany	209
Freelax VIII GROUP DV	Non-UL	Germany	211
Maxxellence IV Invest Österreich	UL	Austria	213
Maxxellence IV Invest	UL	Germany	214
Maxxellence IV Invest Basic	UL	Germany	215
Freelax IX Basic	Non-UL	Germany	218
Maxxellence Invest II Basic	UL	Germany	219
Freelax IX	Non-UL	Germany	220
Maxxellence Invest II	UL	Germany	221
Freelax Sofort III Vollgarantiert	Annuity	Germany	222
Freelax IX Österreich	Non-UL	Austria	223
Maxxellence Invest II Österreich	UL	Austria	224
Freelax Sofort III Vollgarantiert Ö	Annuity	Austria	225
Freelax IX DV	Non-UL	Germany	226
Freelax IX GROUP DV	Non-UL	Germany	227
Freelax IX RDV	Non-UL	Germany	228
Freelax RDV SLUK IX	Non-UL	Germany	229
GARSPension II	UL	Germany	230
ParkAllee aktiv Standard	UL	Germany	238
ParkAllee aktiv Standard Österreich	UL	Austria	239
ParkAllee aktiv MA	UL	Germany	240
ParkAllee aktiv MA Österreich	UL	Austria	241
ParkAllee aktiv Netto	UL	Germany	242
ParkAllee aktiv Netto Österreich	UL	Austria	243
ParkAllee komfort Standard	UL	Germany	244
ParkAllee komfort Standard Österreich	UL	Austria	245
ParkAllee komfort MA	UL	Germany	246
ParkAllee komfort MA Österreich	UL	Austria	247
ParkAllee komfort Netto	UL	Germany	248
ParkAllee komfort Netto Österreich	UL	Austria	249
Maxxellence Invest Standard III Basic	UL	Germany	254
Maxxellence Invest MA III Basic	UL	Germany	255
Maxxellence Invest Netto III Basic	UL	Germany	256
Maxxellence Invest Standard III	UL	Germany	257
Maxxellence Invest MA III	UL	Germany	258
Maxxellence Invest Netto III	UL	Germany	259
Maxxellence Invest Standard III Österreich	UL	Austria	260
Maxxellence Invest MA III Österreich	UL	Austria	261
Maxxellence Invest Netto III	UL	Austria	262

PRODUCT NAME	PRODUCT TYPE	COUNTRY	PRODUCT ID
<b>Österreich</b>			
<b>ParkAllee aktiv Standard II Österreich</b>	UL	Austria	263
<b>ParkAllee aktiv MA II Österreich</b>	UL	Austria	264
<b>ParkAllee aktiv Netto II Österreich</b>	UL	Austria	265
<b>ParkAllee komfort Standard II Österreich</b>	UL	Austria	266
<b>ParkAllee komfort MA II Österreich</b>	UL	Austria	267
<b>ParkAllee komfort Netto II Österreich</b>	UL	Austria	268
<b>ParkAllee aktiv Standard III</b>	UL	Germany	270
<b>ParkAllee aktiv MA III</b>	UL	Germany	271
<b>ParkAllee aktiv Netto III</b>	UL	Germany	272
<b>ParkAllee komfort Standard III</b>	UL	Germany	273
<b>ParkAllee komfort MA III</b>	UL	Germany	274
<b>ParkAllee komfort Netto III</b>	UL	Germany	275
<b>ParkAllee aktiv Variabel III</b>	UL	Germany	276
<b>ParkAllee komfort Variabel III</b>	UL	Germany	277
<b>ParkAllee aktiv Standard III Österreich</b>	UL	Austria	278
<b>ParkAllee aktiv MA III Österreich</b>	UL	Austria	279
<b>ParkAllee aktiv Netto III Österreich</b>	UL	Austria	280
<b>ParkAllee komfort Standard III Österreich</b>	UL	Austria	281
<b>ParkAllee komfort MA III Österreich</b>	UL	Austria	282
<b>ParkAllee komfort Netto III Österreich</b>	UL	Austria	283
<b>Maxxellence Invest Standard IV Basic</b>	UL	Germany	286
<b>Maxxellence Invest MA IV Basic</b>	UL	Germany	287
<b>Maxxellence Invest Netto IV Basic</b>	UL	Germany	288
<b>Weitblick Standard</b>	UL	Germany	289
<b>Weitblick MA</b>	UL	Germany	290
<b>Weitblick Netto</b>	UL	Germany	291
<b>Weitblick Variabel</b>	UL	Germany	292
<b>B-Smart Invest</b>	UL	Austria	293
<b>Aktienrente</b>	Non-UL	Germany (HSL)	N/A
<b>Aktienrente Group</b>	Non-UL	Germany (HSL)	N/A
<b>Private Plus</b>	Non-UL	Germany (HSL)	N/A
<b>Job Plus</b>	Non-UL	Germany (HSL)	N/A
<b>Private Plus Group</b>	Non-UL	Germany (HSL)	N/A
<b>Job Plus Group DV</b>	Non-UL	Germany (HSL)	N/A
<b>Klassik Plus</b>	Non-UL	Germany (HSL)	N/A

PRODUCT NAME	PRODUCT TYPE	COUNTRY	PRODUCT ID
Klassik Plus Group	Non-UL	Germany (HSL)	N/A

**Schedule 2**  
**List of Transferred Contracts**

The Transferred Contracts shall include: (i) Contracts listed in this Schedule 2; and (ii) any Contract in force as at the Effective Time which amends, novates, supplements or restates from time to time any Contract listed in this Schedule 2.

The lists below are non-exhaustive.

**PART A: UK REAL ESTATE**

Real Estate located in England

<b>Address</b>	<b>Title Number</b>
45 Arcadian, Hurst Street, Birmingham B5 4TD	WM921867
28 Arcadian, Hurst Street, Birmingham B5 4TD	WM921866
2 Bauhaus, Arcadian, Birmingham B5 4TD	WM921861
13 Arcadian, Hurst Street, Birmingham B5 4TD	WM921865
59 Bauhaus, Arcadian, Birmingham B5 4TD	WM921869
Apt. 19, (Plot 49) Arena View, 26 Clement Street, Birmingham B1 2SL	WM940545
Apt. 8, (Plot 21) Arena View, 26 Clement Street, Birmingham B1 2SL	WM940558
Apt 54 Arena View, 26 Clement Street, Birmingham B1 2SL	WM932870
Apt 50 Arena View, 26 Clement Street, Birmingham B1 2SL	WM932754
Kingsway Square E1, Battersea, London	TGL317987
Kingsway Square E4, Battersea, London	TGL317993
Kingsway Square E3, Battersea, London	TGL317991
Kingsway Square E8, Battersea, London	TGL317951
Kingsway Square E9, Battersea, London	TGL317944
Kingsway Square E10, Battersea, London	TGL317941
Kingsway Square E11, Battersea, London	TGL317935
Kingsway Square E12, Battersea, London	TGL317978
404 Wenlock, 56 Wharf Road, London N1 3DB	EGL550704
Unit 20, Block C, Ducaine Apartments, London E3 4PG	EGL561678
Flat 1, 39 Morton Road, London N1 3 GF	EGL553038
Unit 26 (Flat 112) Derwent Foundry, Birmingham, B3 1BG	WM939612
17 Maskelyne Close London SW11 4AA	TGL164422
130 Wharfside, Heritage Way, Wigan WN3 4AW	MAN109335
Apartment 109, Block 3 Spectrum, Blackfriars Road, Salford, M3 7BP	MAN97655

119 South Stand Apartments, Highbury, Stadium Square, N5 1FB	EGL565556
Unit 195, Block C, NV Buildings, Salford Quays, Manchester M50 3BE	MAN60332
Apt 23 St Thomas Place, 30-38 Thomas Street, Bristol BS1 6JZ	BL103621
16 Cuckoo Point, 44 De Grey, Colchester, Essex CO4 5YE	EX848938
1 Parkside, Granville St. Birmingham B1 1RY	WM926413
Apt. 10, (Plot 40, Block A) Cutlass Court, Granville St., Birmingham B1 2LJ	WM923978

Real Estate located in Northern Ireland

Address	Title Number
10 Castlereagh Parade Belfast BT5 5GT	DN131556L

The non-exhaustive lists of Transferred Contracts in Parts B (Reinsurance Contracts), C (Republic of Ireland), D (Germany) and E (Austria) of Schedule 2 are set out in the annex to this Schedule 2 which is contained on an accompanying memory stick.

**Schedule 3**  
**List of Excluded Contracts**

The Excluded Contracts shall include: (i) Contracts listed in this Schedule 3; and (ii) any Contract in force as at the Effective Time which amends, novates, supplements or restates from time to time any Contract listed in this Schedule 3.

The list of Excluded Contracts is not exhaustive.

**The non-exhaustive list of Excluded Contracts is set out in the annex to this Schedule 3 which is contained on an accompanying memory stick.**

**Schedule 4**  
**Amendments and additions to Existing Schemes**

**Part A: Amendments and additions to the 2006 Scheme**

## COURT OF SESSION, SCOTLAND

**Scheme pursuant to Part VII of, and Schedule 12 to, the Financial Services and Markets Act 2000 under which substantially all of the long-term business of The Standard Life Assurance Company is to be transferred to Standard Life Assurance Limited**

### Part A1 – Interpretation and Background

#### 1. Definitions

1.1 In this Scheme (unless inconsistent with the subject or context), the following definitions apply:

<b>“Act”</b>	means the Financial Services and Markets Act 2000;
<b>“Additional NPF Contracts”</b>	means the contracts, agreements and arrangements set out in <u>Schedule 6 (Additional NPF Contracts)</u> ;
<b>“Admission”</b>	means the SL plc Shares have been officially listed on the London Stock Exchange (as such expression is defined in the Listing Rules);
<b>“Agreed Form Documents”</b>	means the documents which are referred to in <u>Part I9</u> ;
<b>“Asset Shares”</b>	has the meaning given in the PPFM, <u><a href="#">the SLAL GWPF Internal PPFM or the SLAL GSMWPF Internal PPFM (as the context requires)</a></u> ;
<b>“Austrian Business”</b>	means the Long Term Business of SLAC carried on in Austria through its German branch pursuant to the exercise of its EEA rights to provide cross-border services into Austria;
<b>“Austrian Policies”</b>	means all Transferred Policies written by, and all proposals for insurance (falling within <u>paragraph (B)</u> of the definition of Transferred Policies) received by, the German branch of SLAC in respect of the Austrian Business;
<b>“Austrian Transfer Agreement”</b>	means the asset transfer agreement in respect of certain property attributable to the Austrian Business to be entered into between SLAC (as transferor) and SLAL (as transferee) in the form agreed between them;

<b>“Bermudan Assets”</b>	means the Transferred Bermuda Assets (as defined in the Bermudan Scheme);
<b>“Bermudan Business”</b>	means the whole of the long-term business of SLAC carried on from Bermuda pursuant to its permit issued by the Minister of Finance under sections 134 and 136 of the Companies Act 1981 (Bermuda);
<b>“Bermudan Policies”</b>	means the Transferred Bermuda Policies (as defined in the Bermudan Scheme);
<b>“Bermudan Scheme”</b>	means a scheme of transfer for the transfer of the Bermudan Business from SLAC to SL Bermuda pursuant to The Insurance Act 1978 (Bermuda);
<b><u>“Brexit Scheme”</u></b>	<u>means the Scottish scheme of transfer between SLAL and SL Intl. as sanctioned by the Court of Session on or around 19 March 2019 and effective on 29 March 2019;</u>
<b><u>“Brexit Scheme Effective Time”</u></b>	<u>means the “Effective Time” as defined in the Brexit Scheme;</u>
<b>“Business Day”</b>	means a day (other than a Saturday or a Sunday) on which banks are open for business (other than solely for trading and settlement in Euros) in London and Edinburgh;
<b>“Calculation Manual”</b>	has the meaning given in <u>Part E5</u> ;
<b>“Canada Holdco”</b>	means Standard Life Financial Inc.;
<b>“Canadian Domesticated Assets”</b>	means the assets of the Canadian branch of SLAC transferred by SLAC to SCDA pursuant to the Canadian Domestication Documents;
<b>“Canadian Domesticated Business”</b>	means that part of the business and undertaking forming part of the Canadian branch of SLAC as at 31 December 2004 that was transferred to and assumed by SCDA in accordance with the terms and subject to the conditions of the Canadian Domestication Documents;
<b>“Canadian Domesticated Policies”</b>	means the life, accident and health insurance policies, annuities and pensions (including all amendments, endorsements, riders and waivers thereto, and guarantees, options and promises relating thereto), both individual and group, written, issued or assumed by SLAC in Canada, all as described in, and assumed by SCDA pursuant to, the Canadian Domestication Documents;

<b><u>“German WP Investment Element”</u></b>	<u>means, in relation to a Policy that is or becomes a Unitised With Profits Policy, that part of any Premium (including any amount derived from a rebate of charges) as has been applied or is applicable to the allocation of With Profits Units in the SLAL GWPF or the SLAL GSMWPF, after any adjustment in accordance with the terms of the relevant Policy (including any policy charges or bid/offer spread), and all property and liabilities attributable to such With Profits Units (including in respect of costs of guarantees);</u>
<b><u>“GSMWPF Reinsurance Agreement”</u></b>	<u>means the agreement entitled “Reinsurance Agreement: GSMWPF” between SLAL and SL Intl entered into in accordance with paragraph 66 of the Brexit Scheme;</u>
<b>“Guernsey Assets”</b>	means the Transferred Guernsey Assets (as defined in the Guernsey Scheme);
<b>“Guernsey Business”</b>	means the whole of the long-term insurance business of SLAC written under Guernsey law or issued to a person resident in the Bailiwick of Guernsey and which the Royal Court of Guernsey has jurisdiction to transfer pursuant to section 44(1) of the Guernsey Law (including all activities carried on in connection with or for the purposes of such long-term insurance business);
<b>“Guernsey Effective Time”</b>	means the time on the date at which the Guernsey Scheme shall become effective in accordance with its terms;
<b>“Guernsey Law”</b>	means the Insurance Business (Bailiwick of Guernsey) Law, 2002 as from time to time amended;
<b>“Guernsey Liabilities”</b>	means the Transferred Guernsey Liabilities (as defined in the Guernsey Scheme);
<b>“Guernsey Policies”</b>	means the Transferred Guernsey Policies (as defined in the Guernsey Scheme);
<b>“Guernsey Scheme”</b>	means a scheme for the transfer of the Guernsey Business from SLAC to SLAL pursuant to the Guernsey Law;
<b><u>“GWPF Reinsurance Agreement”</u></b>	<u>means the agreement entitled “Reinsurance Agreement: GWPF” between SLAL and SL Intl entered into in accordance with paragraph 66 of the Brexit Scheme;</u>
<b>“Holding Company”</b>	has the meaning given in section 736 of the Companies Act 1985;

<b><u>"HWPF Reinsurance Agreement"</u></b>	<u>means the agreement entitled "Reinsurance Agreement: HWPF" between SLAL and SL Intl entered into in accordance with paragraph 66 of the Brexit Scheme;</u>
<b>"Independent Expert"</b>	means Mr Michael Arnold FIA, being the person nominated by SLAC and approved by the FSA pursuant to section 109(2) of the Act and appointed in connection with this Scheme, or any person so nominated, approved and appointed in substitution of Mr Michael Arnold FIA in the event of a vacancy occurring by reason of death, incapacity or resignation;
<b>"Index-Linked Policy"</b>	means any Policy which falls within paragraph III of Part II of Schedule I to the Regulated Activities Order in respect of which the benefits payable are determined by reference to an index of the value of property of any description (whether specified in the Policy or not);
<b>"Intellectual Property Rights"</b>	<p>means each of the following, if and to the extent beneficially owned by SLAC at the Effective Time:</p> <ul style="list-style-type: none"> <li>(A) all goodwill relating to the Transferred Business;</li> <li>(B) trade or business names, services marks and trade marks, rights in databases, patents, design rights, copyrights, the goodwill in relation to the foregoing (whether or not any of these is registered and including applications for registration of any such thing) and any other rights or forms of protection of a similar nature and having equivalent or similar effect to any of them which may subsist anywhere in the world; and</li> <li>(C) all rights to, and the exclusive ownership of, all information, know-how and techniques (whether or not confidential and in whatever form held) including, without limitation, all client lists and customer databases relating to the Transferred Business;</li> </ul>
<b>"IPP Policies"</b>	means all Income Protection Plan Policies;
<b>"IPRU(INS)"</b>	means the Interim Prudential Sourcebook for Insurers issued by the Regulator;
<b>"Irish Business"</b>	means the Long Term Business of SLAC carried on through its branch established in the Republic of Ireland pursuant to the exercise of its EEA rights;

<b>“Newco”</b>	means SL (Newco) Limited (registered in Scotland number 297006);
<b>“New SL Group”</b>	means the Holding Company of SLAL from time to time and each of the Subsidiaries from time to time of such Holding Company and <b>“New SL Group Member”</b> shall be construed accordingly;
<b>“Non Profit Fund”</b>	means the separate fund established and maintained by SLAL pursuant to <del>paragraph 15(B)</del> <u>15.1(B)</u> ;
<b>“NPF Policies”</b>	means: <ul style="list-style-type: none"> <li>(A) all Transferred Policies which are: (i) PCI Policies; (ii) IPP Policies; (iii) SIPP Policies; or (iv) SIPP Class VII Contracts; and</li> <li>(B) all other Transferred Policies falling within <u>paragraph (B)</u> of the definition thereof;</li> </ul>
<b>“NPF Working Capital Amount”</b>	means £20,000,000.00 (twenty million Sterling);
<b>“Optionholder”</b>	means a person who holds either an Excluded Policy or a Transferred Policy and who is entitled to exercise a Replacement Right;
<b>“Oversea Holdings Limited”</b>	means Standard Life Oversea Holdings Limited (registered in Scotland number SC299660);
<b>“Overseas Infrastructure Assets”</b>	means all of the property transferred to SLAL pursuant to: <ul style="list-style-type: none"> <li>(A) the Austrian Transfer Agreement;</li> <li>(B) the German Transfer Agreement; and</li> <li>(C) the Irish Transfer Agreement,</li> </ul> <p>except in each case if and to the extent that such property is directly referable to an Austrian Policy, a German Policy or an Irish Policy (as the case may be) which is allocated to the With Profits Fund;</p>
<b>“Participating Policy”</b>	has the meaning given in <u>Part E5</u> ;
<b>“PCI Policies”</b>	means all Pension Contribution Insurance Policies;

<b><u>"PGMSL"</u></b>	<u>means Pearl Group Management Services Limited (registered in England and Wales number 03588063);</u>
<b><u>"PGSL"</u></b>	<u>means Pearl Group Services Limited (registered in England and Wales number 05549998);</u>
<b>"Policy"</b>	<p>means (except for the purposes of <u>Part E5</u> and <u>Schedule 3</u> (<i>Reference Period Transfer Amount</i>)) as the context requires:</p> <p>(A) any "policy" within the meaning of the Financial Services and Markets Act (Meaning of "Policy" and "Policyholder") Order 2001 (SI 2001/2361); and</p> <p>(B) any constituent part of such a policy which, in the reasonable opinion of the SLAL Board, gives rise to any separately identifiable benefit and which the SLAL Board determines is a Policy,</p> <p><del>and</del> including any other contract or agreement analogous to a Policy;</p>
<b>"Policyholder"</b>	means any "policyholder" within the meaning of the Financial Services and Markets Act (meaning of "Policy" and "Policyholder") Order 2001 (SI 2001/2361) and any reference to the <b>"holder of a Policy"</b> shall be construed accordingly;
<b>"PPFM"</b>	means the Principles and Practices of Financial Management of SLAL in effect from time to time in respect of the With Profits Fund, as established and maintained pursuant to <u>paragraph 27</u> ;
<b>"PRA Rulebook"</b>	means the PRA Rulebook issued by the Regulator;
<b>"Preferential Offer"</b>	has the meaning given in <u>Part E5</u> ;
<b>"Premiums"</b>	<p>means premiums of every description including:</p> <p>(A) increases to premiums (whether by way of regular premium or single premium and whether contractual or otherwise); and</p> <p>(B) all other sums (including payments <i>in specie</i>),</p> <p>in each case which are referable or attributable to any Transferred Policy, any Excluded Policy or, in the case of <u>Schedule 3</u> (<i>Reference Period Transfer Amount</i>) to any Defined Block Policy (as defined in that Schedule);</p>

<b>“PRIN 6”</b>	means Principle 6 in the Principles for Businesses set out in the FCA Handbook at PRIN 2.1;
<b>“Proceedings”</b>	means proceedings of every description, including all judicial, quasi-judicial, administrative and arbitration proceedings;
<b><u>“Property-Linked Funds Retrocession Agreement”</u></b>	<u>means the agreement entitled “Retrocession Agreement: Euro Denominated Property-Linked Funds” between SI AL and SI Intl. entered into in accordance with paragraph 66 of the Brexit Scheme;</u>
<b>“Property-Linked Liabilities”</b>	means the liabilities in respect of Property-Linked Policies which are directly referable to the value of assets in a Linked Fund;
<b>“Property-Linked Policy”</b>	means any Policy which falls within paragraph III of Part II of Schedule 1 to the Regulated Activities Order in respect of which the benefits payable are determined by reference to the value of, or the income from, property of any description (whether or not specified in the Policy) but excluding any Index-Linked Policy;
<b>“Proposed Transfer Amount”</b>	has the meaning given in <u>paragraph 30.10</u> ;
<b>“PRU”</b>	means the Integrated Prudential Sourcebook issued by the Regulator;
<b>“Rate Fixing Date”</b>	means, in relation to LIBOR, the day on which quotes are customarily taken for the relevant period for deposits in Sterling in the London inter-bank market for delivery on the first Business Day of the relevant Valuation Period;
<b>“Recourse Cashflows”</b>	has the meaning given in <u>Schedule 3 (Reference Period Transfer Amount)</u> ;
<b>“Reference Period Securitisation Receipt”</b>	has the meaning given in <u>Schedule 3 (Reference Period Transfer Amount)</u> ;
<b>“Reference Period Transfer Amount”</b>	means the amount to be calculated in respect of each Valuation Period pursuant to <u>paragraph 30.4(A)</u> and in accordance with <u>Schedule 3 (Reference Period Transfer Amount)</u> ;
<b>“Reference Valuation Date”</b>	has the meaning given in <u>paragraph 30.4</u> ;
<b>“Reference Valuation Period”</b>	has the meaning given in <u>paragraph 30.4(A)</u> ;

- (H) the power of attorney entered into by SLAC on 1 May, 2006 and the Documents defined therein;
- (I) the Deed of Assignment and Indemnity relating to properties held on trust for the Standard Life Investments UK Retail Park Trust and the Standard Life Investments UK Shopping Centre Trust entered into between SLAC, Kleinwort Benson (Channel Islands) Corporate Services Limited and Kleinwort Benson (Jersey) Trustees Limited on 25 April, 2005 and the Contracts as defined herein;
- (J) the power of attorney relating to property held on trust for the Standard Life Investments UK Retail Park Trust and the Standard Life Investments UK Shopping Centre Trust entered into by SLAC on 25 April, 2005 and the Documents as defined therein;
- (K) the Deed of Assignment and Indemnity relating to properties held on trust for the Standard Life UK Property Trust entered into between SLAC and J.P. Morgan Trustee and Depositary Company Limited on 11 October, 2005 and the Contracts as defined therein;
- (L) the two powers of attorney relating to property held on trust for the Standard Life UK Property Trust entered into by SLAC on 11 October, 2005 and the Documents as defined therein;
- (M) the Deed relating to construction documents in respect of properties in the Standard Life Main Fund to be entered into between SLAC and SLAL prior to the Effective Time and the Documents as defined therein; and
- (N) the power of attorney relating to construction documents in respect of properties in the Standard Life Main Fund to be entered into by SLAC prior to the Effective Time and the Documents as defined therein;

**“SLAC WP Actuary”**

means the person appointed from time to time to perform the duties set out in SUP 4.3.16R in respect of SLAC;

**“SLAESL”**

means Standard Life Assets and Employee Services Limited (registered in Scotland number SC593510);

**“SLAL”**

means SLLC Limited (to be renamed Standard Life Assurance Limited) (registered in Scotland number SC286833);

<b>"SLAL Actuary"</b>	means the person appointed from time to time to perform the duties set out in SUP 4.3.13R in respect of SLAL;
<b>"SLAL Board"</b>	means the board of directors of SLAL from time to time;
<b>"SLAL (Canada Branch) Services Agreement"</b>	means the services agreement to be entered into by SLAL and SLESL on or before the Effective Date in respect of certain services to be provided to the Canadian branch of SLAL by SLESL;
<b>"SLAL Funds"</b>	means the funds and sub-funds maintained by SLAL from time to time, including the Non Profit Fund, the With Profits Fund and the Shareholder Fund;
<b>"SLAL <del>Personnel</del> <u>GSMWPF</u>"</b>	<p><u>means the "German Smoothed Managed With Profits Fund" established and maintained by SLAL which (i) before the Brexit Scheme Effective Time, contained the German WP Investment Element of certain Policies written in the Non Profit Fund, and (ii) following the Brexit Scheme Effective Time, reinsures certain liabilities of SL Intl pursuant to the GSMWPF Reinsurance Agreement;</u><del>means:</del></p> <p>(A) <del>the directors, officers and employees of SLAL from time to time;</del></p> <p>(B) <del>the SLAL Actuary; and</del></p> <p>(C) <del>the SLAL WP Actuary;</del></p>
<b><u>"SLAL GSMWPF Internal PPFM"</u></b>	<u>means the principles and practices of financial management applicable to the SLAL GSMWPF to be maintained in accordance with paragraph 75, as they may be amended from time to time in accordance with their terms;</u>
<b><u>"SLAL GWPF"</u></b>	<u>means the "German With Profits Fund" established and maintained by SLAL which (i) before the Brexit Scheme Effective Time, contained the German WP Investment Element of certain Policies written in the Non Profit Fund, and (ii) following the Brexit Scheme Effective Time, reinsures certain liabilities of SL Intl pursuant to the GWPF Reinsurance Agreement;</u>
<b><u>"SLAL GWPF Internal PPFM"</u></b>	<u>means the principles and practices of financial management applicable to the SLAL GWPF to be maintained in accordance with paragraph 74, as they may be amended from time to time in accordance with their terms;</u>
<b><u>"SLAL Personnel"</u></b>	<u>means:</u>

	<p><u>(A) the directors, officers and employees of SLAL from time to time;</u></p> <p><u>(B) the SLAL Actuary; and</u></p> <p><u>(C) the SLAL WP Actuary;</u></p>
<b>“SLAL WP Actuary”</b>	means the person appointed from time to time to perform the duties set out in SUP 4.3.16R in respect of the With Profits Fund;
<b>“SL Bermuda”</b>	means Standard Life Assurance Company Bermuda Limited (registered in Bermuda number 38074);
<b>“SL China”</b>	means Heng-An Standard Life Insurance Company Limited, a limited liability Sino-foreign equity joint venture company established in China in accordance with the relevant Chinese laws and regulations;
<b>“SL Direct”</b>	means Standard Life Direct Limited (registered in Scotland number SC193444);
<b>“SLESL”</b>	means Standard Life Employee Services Limited (registered in Scotland number SC271355);
<b>“SLIF”</b>	means Standard Life Investment Funds Limited (registered in Scotland number SC068442);
<b>“SLIF EB Annuities Reinsurance Agreement”</b>	means the agreement entitled “Reinsurance Agreement (Existing Business: Annuities)” to be entered into between SLIF and SLAL on or before the Effective Date in the form, or substantially the form, set out in <u>Appendix A (SLIF EB Annuities Reinsurance Agreement)</u> ;
<b>“SLIF EB ULL Reinsurance Agreement”</b>	means the agreement entitled “Reinsurance Agreement (UK and Republic of Ireland Unit Linked Life)” entered into between SLIF and SLAC on or before the Effective Date;
<b>“SLIF EB ULP Reinsurance Agreement”</b>	means the agreement entitled “Reinsurance Agreement (UK and Republic of Ireland Unit Linked Pensions)” entered into between SLIF and SLAC on or before the Effective Date;
<b>“SLIF NB Reinsurance Agreement”</b>	means the agreement entitled “Reinsurance Agreement: New Business” to be entered into between SLIF and SLAL on or before the Effective Date in the form agreed between them;

<b>“SLIF Reinsurance Agreement (SIPP Business)”</b>	means the agreement entitled “Reinsurance Agreement: UK SIPPs - Unit Linked Funds” entered into between SLIF and SLAC on or before the Effective Date;
<b>“SLIF Stop Loss Retrocession Agreement”</b>	means the agreement entitled “Stop-Loss Retrocession Agreement” to be entered into between SLIF and SLAL on or before the Effective Date in the form agreed between them;
<b>“SL India”</b>	means HDFC Standard Life Insurance Company Limited, a company incorporated in India under the Indian Companies Act 1956;
<b>“SLI Investment Management Agreement”</b>	means the investment management agreement entered into between Standard Life Investments Limited and SLAC on 18 January, 2006;

<b><u>“SL Intl”</u></b>	<u>means Standard Life International DAC, a designated activity company incorporated in the Republic of Ireland with registered number 408507;</u>
<b><u>“SL Intl Euro PBF”</u></b>	<u>means the “SL Intl Euro PBF” established and maintained by SL Intl in accordance with the terms of the Brexit Scheme;</u>
<b><u>“SL Intl HWPF”</u></b>	<u>means the “SL Intl HWPF” established and maintained by SL Intl in accordance with the terms of the Brexit Scheme;</u>
<b><u>“SL Intl HWPF Policy”</u></b>	<u>means a Policy transferred from SLAL to SL Intl pursuant to the Brexit Scheme and (i) allocated to the SL Intl HWPF or (ii) allocated to the SL Intl Euro PBF and invested in the SL Intl HWPF;</u>
<b><u>“SL Intl HWPF Reinsured Policy”</u></b>	<u>means any SL Intl HWPF Policy (or other Policy of SL Intl from time to time) that is reinsured to SLAL pursuant to the HWPF Reinsurance Agreement;</u>
<b><u>“SL Intl Unitised With Profits Policy”</u></b>	<u>means: (i) any Policy; or (ii) that part of any Policy, in each case in relation to which the value of the benefits is measured by reference to SL Intl With Profits Units allocated to that Policy;</u>
<b><u>“SL Intl With Profits Units”</u></b>	<u>means notional units (i) whose value or number vary by reference to premiums paid and bonuses declared or surpluses distributed, as determined by SLAL (before the Brexit Scheme Effective Time) or SL Intl (after the Brexit Scheme Effective Time), for the purposes of calculating benefits payable under SL Intl WPF Policies, or (ii) which can have a smoothed price on cancellation of a SL Intl WPF Policy;</u>

<b><u>“SL Intl WPF Policies”</u></b>	<u>means all Policies allocated to the SL Intl HWPF from time to time;</u>
<b><u>“SL Intl WPF With Profits Policies”</u></b>	<u>means:</u>  <u>(A) all SL Intl WPF Policies which are With Profits Policies;</u> <u>and</u>  <u>(B) any SL Intl WP Investment Element transferred or allocated to the SL Intl HWPF;</u>
<b><u>“SL Intl WP Investment Element”</u></b>	<u>means, in relation to a Policy that is or becomes a SL Intl Unitised With Profits Policy, that part of any Premium (including any amount derived from a rebate of charges) as has been applied or is applicable to the allocation of SL Intl With Profits Units, after any adjustment in accordance with the terms of the relevant Policy (including any policy charges or bid/offer spread), and all property and liabilities attributable to such SL Intl With Profits Units (other than in respect of costs of guarantees);</u>
<b>“SL (MH) 2006”</b>	means Standard Life (Mauritius Holdings) 2006 Limited, a company incorporated in the Republic of Mauritius (registered number 62011);
<b>“SLPF”</b>	means Standard Life Pensions Funds Limited (registered in Scotland number SC046447);
<b>“SL plc”</b>	means SLGC Limited (to be re-registered as Standard Life plc) (registered in Scotland number SC286832);
<b>“SL plc Shares”</b>	means the ordinary shares of £0.10 each in the capital of SL plc to be issued on the Effective Date in accordance with <u>Part E5</u> ;
<b>“Solvency II”</b>	means the regulatory regime introduced by directive 2009/138/EC, as amended from time to time including by the “Omnibus II Directive” (2014/51/EU);
<b>“SSC”</b>	means Standard Life SSC Limited (registered in Scotland number SC271356);
<b>“Sterling Subordinated Members Account Agreement”</b>	has the meaning given in <u>paragraph 3.22(A)(vi)</u> ;

- (E) the Bermudan Business;
- (F) the Guernsey Business if and for so long as the Guernsey Scheme has not become effective in accordance with its terms;
- (G) the Jersey Business if and for so long as the Jersey Scheme has not become effective in accordance with its terms;
- (H) the Canadian SLAC Retained Agreements;
- (I) the SLAC Retained Construction Agreements;
- (K) the Excluded Services Contracts; and
- (L) if SLAC and SLAL so agree in each case prior to the Effective Time, the shares (or equivalent equity interests) held by SLAC in SL India, SL China and SL (MH) 2006 and, in the case of SL India and SL China, the agreements relating to SL India and SL China to which SLAC is party;

**“Transferred Liabilities”**

means all liabilities whatsoever of SLAC as at the Effective Time in respect of or attributable to the Transferred Business, including:

- (A) all liabilities under or in respect of the Transferred Policies (including those under or in respect of the Promise);
- (B) all liabilities attributable to any reinsurance agreements, contracts or treaties in respect of the Transferred Business, and
- (C) the Canadian Transferred Liability;

but excluding: (i) the Residual Liabilities; (ii) the Excluded Liabilities; (iii) any liabilities attributable to the Canadian Domesticated Business, the Canadian Structured Settlements Business, the Canadian SCDA Business and the Bermudan Business (including liabilities attributable to the Canadian Domesticated Policies, the Canadian Structured Settlements, the Canadian SCDA Policies and the Bermudan Policies); (iv) the Canadian Stacking Policies Liabilities if and for so long as the Canadian Scheme Agreement (insofar as it relates to the transfer of the Canadian Stacking Policies Business) has not become effective in accordance with its terms; (v) the Guernsey Liabilities if and for so long as such liabilities have not been

	from a rebate of charges) as has been applied or is applicable to the allocation of Unit-Linked Units, after any adjustment in accordance with the terms of the relevant Policy (including any policy charges or bid/offer spread), and all property and liabilities attributable to such Unit-Linked Units;
<b>“Unclaimed Assets Trust”</b>	has the meaning given in <u>Part E5</u> ;
<b>“Unitised With Profit Policy”</b>	means: (i) any Policy; or (ii) that part of any Policy, in each case in relation to which the value of the benefits is measured by reference to With Profits Units allocated to that Policy;
<b>“Unit Linked Units”</b>	means notional units, excluding With Profits Units, whose value or number vary by reference to the value of a Linked Fund (or the value of directly held assets) for the purpose of calculating benefits payable under Linked Policies;
<b>“Valuation Date”</b>	means the date on which each Valuation Period ends;
<b>“Valuation Period”</b>	means each period selected by the SLAL Board for the purposes of determining, amongst other things, the with-profits fund surplus of the With Profits Fund;
<b>“Variable Allocation”</b>	has the meaning given in <u>Part E5</u> ;
<b>“Withheld Transfer Amount”</b>	has the meaning given in <u>paragraph 30.7(B)</u> ;
<b>“With Profits Fund”</b>	means the fund established and maintained by SLAL pursuant to <u>paragraph <del>15(A)</del> 15.1(A) and, if the context requires, having regard to the rights and/or (as appropriate) obligations of SLAL under the HWPF Reinsurance Agreement</u> ;
<b>“With Profits Policy”</b>	means any Policy <u>(i) in respect of which the relevant Policyholder is eligible to participate in any part of any established surplus (and, in the case of a SL Intl HWPF Reinsured Policy, to the extent that the relevant Policyholder is eligible to participate in the established surplus of the With Profits Fund in accordance with the terms of the HWPF Reinsurance Agreement), or (ii) to which With Profits Units are allocated and which can receive a smoothed price on cancellation</u> (but excluding any Policies in respect of which such eligibility arises solely as a result of the application of the Promise);
<b>“With Profits Units”</b>	means notional units <u>(i)</u> whose value or number vary by reference to premiums paid, <del>and</del> <u>and</u> bonuses declared or surpluses distributed, as determined by SLAC (before the Effective Time) or SLAL (after the Effective Time), for the purposes of

calculating benefits payable under Policies or (ii) which can have a smoothed price on cancellation;

**“WPF Policies”** means (A) all of the Transferred Policies other than the NPF Policies and (B) the HWPF Reinsurance Agreement;

**“WPF With Profits Policies”** means:

(A) in respect of Policies falling within limb (A) of the definition of WPF Policies only; (i) all WPF Policies which are With Profits Policies; and (ii) any With Profits Policies allocated to, or written in, the With Profits Fund from time to time (in the case of paragraphs (i) and (ii) if and to the extent eligible to participate in any established surplus within the With Profits Fund); ~~and~~

(B) any WP Investment Element transferred or allocated to the With Profits Fund; and

(C) in respect of Policies falling within limb (B) of the definition of WPF Policies only: all SL Intl WPF With Profits Policies, but only to the extent that such Policies are reinsured to SLAL under the HWPF Reinsurance Agreement; and

**“WP Investment Element”** means, in relation to a Policy that is or becomes a Unitised With Profits Policy, that part of any Premium (including any amount derived from a rebate of charges) as has been applied or is applicable to the allocation of With Profits Units, after any adjustment in accordance with the terms of the relevant Policy (including any policy charges or bid/offer spread), and all property and liabilities attributable to such With Profits Units (other than in respect of costs of guarantees).

## 2. Interpretation

### 2.1 In this Scheme:

- (A) **“admissible asset”** has the meaning given in PRU;
- (B) **“admissible value”** means the value of an asset determined in accordance with PRU 1.3;
- (C) **“best estimate”** (when used in Schedule 3 (*Reference Period Transfer Amount*)) has the meaning given in the Glossary of the PRA Rulebook;
- (D) **“costs”** includes costs, charges and expenses;
- (E) **“deficit reduction amount”** has the meaning given in the FSA Handbook;

- (F) **“established surplus”** has the meaning given in IPRU(INS) 3.3(4);
- (G) **“future policy-related liabilities”**, in relation to the With Profits Fund, shall have the meaning given in the Glossary of the PRA Rulebook;
- (H) **“liabilities”** includes liabilities, obligations and duties of every description (in each case whether present or future, actual or contingent);
- (I) **“mathematical reserves”** has the meaning given in PRU;
- (J) **“property”** includes property, assets, rights, benefits and powers of every description (in each case whether present or future, actual or contingent) and any interest in any of the foregoing;
- (K) **“residual estate”** means the surplus funds (as defined at (M) below) (and, in calculating the quantum of the residual estate, any liability to distribute the residual estate in the future shall be disregarded);
- (L) **“risk margin”** has the meaning given in the Glossary of the PRA Rulebook;
- (M) **“surplus funds”** means the surplus funds of the With Profits Fund calculated in accordance with 3.1 of the Surplus Funds section of the PRA Rulebook;
- (N) **“technical provisions”** shall have the meaning given in the Glossary of the PRA Rulebook;
- (O) **“tier 1 own funds”** shall have the meaning given in the Glossary of the PRA Rulebook;
- (P) **“tier 2 own funds”** shall have the meaning given in the Glossary of the PRA Rulebook;
- (Q) **“transfer”** includes (as the context requires) **“vest”**, **“assign”**, **“dispose”** or **“convey”** and grammatical variations of such terms shall be construed accordingly;
- (R) **“value of with-profits assets”** has the meaning given in 3.1 of the Surplus Funds section of the PRA Rulebook;
- (S) ~~“with-profits~~**with-profits fund surplus**” has the meaning given in the Glossary of the FCA Handbook; and
- (T) **“with-profit policy liabilities (other than future policy-related liabilities)”** shall be calculated in accordance with 3.2 of the Surplus Funds section of the PRA Rulebook.

2.2 In this Scheme, unless inconsistent with the subject or context:

- (A) references to the singular shall include the plural and *vice versa*;

- (J) any reference to writing shall include any modes or reproducing words in legible and non-transitory form;
- (K) the expression “**variation**” shall include any amendment, modification, variation, supplement, deletion, replacement or termination (as the context requires), however effected;
- (L) any reference to “£” or “**Sterling**” shall be to pounds sterling in the currency of the United Kingdom;
- (M) any reference to “€” or “**Euros**” shall be to euros in the currency of the member states of the European Monetary Union;
- (N) any reference to “**Canadian dollars**” shall be to Canadian dollars in the currency of Canada;

~~(+)~~

- (O)
  - (i) the rule known as the *ejusdem generis* rule shall not apply and accordingly general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things; and
  - (ii) general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words; and
- (P) any reference to a “**calculation**”, “**decision**”, “**determination**” or “**opinion**” of the SLAL Board or the SLAC Board (or any similar expression) shall be deemed to include a calculation, decision, determination or opinion of a duly constituted committee or a duly authorised representative of the SLAL Board or the SLAC Board (as appropriate). Any such calculation, decision, determination or opinion shall only be made or reached after the SLAC Board or the SLAL Board (or a duly constituted committee or a duly authorised representative thereof) (as appropriate) has obtained and had regard to the advice of either or both of:
  - (i) in the case of a calculation, decision, determination or opinion of the SLAL Board, the SLAL Actuary and/or the SLAL WP Actuary; or
  - (ii) in the case of a calculation, decision, determination or opinion of the SLAC Board, the SLAC Actuary and/or the SLAC WP Actuary,

in each case if and to the extent required by Regulation.

- 2.3 All headings and titles in this Scheme are inserted for convenience only and are to be ignored in the interpretation of this Scheme.

- 3.24 It is proposed that at and with effect from the Effective Time subject to and in accordance with the provisions of:
- (A) the German Transfer Agreement, certain property attributable to the German Business (except the German Policies which shall be transferred under this Scheme) shall be transferred to SLAL;
  - (B) the Austrian Transfer Agreement, certain property attributable to the Austrian Business (except the Austrian Policies which shall be transferred under this Scheme) shall be transferred to SLAL; and
  - (C) the Irish Transfer Agreement, certain property attributable to the Irish Business (except the Irish Policies which shall be transferred under this Scheme) shall be transferred to SLAL.
- 3.25 It is proposed that following the Effective Time SLAL shall seek the sanction of the Court to a capital reduction by means of a cancellation of its share premium account (insofar as such share premium account has arisen as a result of the issue of the SLAL Shares to SL plc in consideration of the transfer contemplated by this Scheme from SLAC to SLAL pursuant to this Scheme).
- 3.26 Each of SLAC, SLAL and SL plc has agreed to appear by Counsel on the hearing of the petition to sanction this Scheme, to undertake to be bound thereby and to execute all such documents and to do all such acts and things as may be necessary or expedient to be done by them respectively for the purposes of giving effect to this Scheme.
- 3.27 This Scheme has been amended subsequent to the Effective Time, including:
- (A) by a previous order of the Court under paragraph 70.2(D) in connection with the transfer of insurance business from SLIF to SLAL on 31 December 2011 (which transfer was effected pursuant to a scheme dated 20 December 2011 as amended from time to time, including pursuant to a deed of variation dated 7 August 2014 relating to Schedule 2 of that scheme as such deed of variation was subsequently amended from time to time);
  - (B) as a result of the implementation of the Solvency II regulatory regime, which became effective on 1 January 2016:
    - (i) under paragraph 70.2(C), pursuant to a deed of amendment dated 23 December 2015 that made changes (primarily to paragraphs 27.1, 31.3 and 31.4) that were considered to be necessary to ensure that the provisions of the Scheme operate in the intended manner following the implementation of Solvency II; and
    - (ii) under paragraph 70.2(D), with the consent of the Court to make further changes (with an effective date of 30 June 2016) that were deemed appropriate following the implementation of Solvency II ~~:- and~~ and
  - (C) in connection with, and in accordance with the terms of, the Brexit Scheme.

respect of the Promise as are specified in Schedule 4 (Mortgage Endowment Promise). Such entitlement shall be in substitution of any rights, benefits and powers which the relevant person may have had against SLAC if and to the extent arising in respect of, or otherwise attributable to or connected with, the Promise.

9.3     [The provisions of paragraphs 9.1 and 9.2 shall be subject to, and read in conjunction with, the provisions of paragraph 30 of the Brexit Scheme.](#)

**10.     Premiums; Mandates**

- 10.1     Subject to paragraph 42, all Premiums attributable to a Transferred Policy shall, with effect from the Effective Time, be payable to SLAL and shall be credited: (i) in the case of any Premiums which are attributable to a Transferred Policy which is allocated to the With Profits Fund, to the With Profits Fund; and (ii) in the case of all other such Premiums, to the Non Profit Fund, if and for so long as such Policy is attributed to, and included within, the With Profits Fund or the Non Profit Fund (as appropriate).
- 10.2     Any mandate or other instruction in force at the Effective Time (including any instruction given to a bank or other intermediary by its customer in the form of a direct debit or standing order) and providing for the payment by a banker or other intermediary of any Premium shall, with effect from the Effective Time, take effect as if it had provided for and authorised such payment to SLAL.
- 10.3     Any mandate or other instruction as to the manner of payment of any sum in respect of a Policy which is given to SLAC and which is in force at the Effective Time shall, with effect from the Effective Time, continue in force as an effective authority to SLAL.
- 10.4     Any mandate or other instruction either: (i) in favour of SLAC; or (ii) given by SLAC, which is in force at the Effective Time and not provided for by paragraph 10.2 or 10.3 shall continue in force as an effective authority to or by SLAL from the date on which such property or liability is transferred to SLAL.

**11.     Declaration of trust**

- 11.1     If:
- (A)     any property proposed to be transferred to SLAL by this Scheme (or which is otherwise proposed to be transferred to SLAL pursuant to documentation referred to in this Scheme) is not, or is not capable of being, transferred to SLAL at the Effective Time, whether because such property is a Residual Asset or such property is outside the jurisdiction of the Court or otherwise (and including: (i) the Canadian Stacking Policies Assets if and until such assets are transferred to SLAL pursuant to the Canadian Scheme Agreement; (ii) the Guernsey Assets if and until such assets are transferred to SLAL pursuant to the Guernsey Scheme; and (iii) the Jersey Assets if and until such assets are transferred to SLAL pursuant to the Jersey Scheme);
- (B)     the shares (or equivalent equity interests) held by SLAC in SL China or in SL India (or SLAC's rights, benefits and powers under the agreements relating to

## Part C3 – Constitution of Funds; Allocation to Funds

### 15. Establishment of SLAL Funds

15.1 SLAL shall, on and from the Effective Time, establish and maintain:

- (A) the With Profits Fund; and
- (B) the Non Profit Fund,

as separate funds.

15.2 SLAL shall, on and from the Brexit Scheme Effective Time, continue to maintain:

(A) the SLAL GWPF; and

(B) the SLAL GSMWPF.

as separate funds.

### 16. Allocation of assets

16.1 At and with effect from the Effective Time, the following property shall be allocated to the With Profits Fund:

- (A) all Transferred Assets excluding those Transferred Assets allocated to the Non Profit Fund or the Shareholder Fund pursuant to paragraphs 16.3 and 16.4 respectively; and
- (B) all Trust Property, and the right to receive any payment, property, right, benefit or power pursuant to paragraph 11.2, if and to the extent that such Trust Property (or the right to receive any payment, property, right, benefit or power in respect of such Trust Property) would have been allocated to the With Profits Fund if it had been, or had been capable of being, transferred at the Effective Time.

16.2 Without prejudice to the provisions of paragraph 16.1, the property allocated to the With Profits Fund shall include the following Transferred Assets:

- (A) subject to paragraph 16.3(I), all rights, benefits and powers attributable to the WPF Policies and any other Policies written in or allocated to the With Profits Fund, including all rights, benefits and powers arising under contracts, agreements or arrangements in respect of any WPF Policy (or any other Policy written in or allocated to the With Profits Fund); and
- (B) all rights, benefits and powers arising under:
  - (i) the SLIF EB ULL Reinsurance Agreement;

shares (equity, preference or otherwise) held by SLAC immediately prior to the Effective Time in the capital of the Shareholder Subsidiaries;

- (D) all rights, benefits and powers arising under Subsidiary Contracts;
- (E) all Intellectual Property Rights comprised within the Transferred Assets;
- (F) all Trust Property, and the right to receive any payment, property, right, benefit or power pursuant to paragraph 11.2, if and to the extent that:
  - (i) such Trust Property (or the right to receive any payment, property, right, benefit or power in respect of such Trust Property) would have been allocated to the Shareholder Fund if it had been, or had been capable of being, transferred at the Effective Time; or
  - (ii) such Trust Property (or the right to receive any payment, property, right, benefit or power in respect of such Trust Property) is in respect of any Residual Asset falling within paragraph (F), (G), (H) or (I) of the definition thereof (until such time as it is transferred to SL plc or a Shareholder Subsidiary (as the case may be)).

16.5 On and with effect from the applicable Subsequent Transfer Date, each Residual Asset (other than any Residual Asset falling within paragraph (B)(ii), (F), (G) or (H) of the definition thereof) shall be allocated to the SLAL Fund to which it would have been allocated pursuant to the preceding provisions of this paragraph 16 had it been a Transferred Asset.

16.6 On and with effect from the Brexit Scheme Effective Time:

- (A) all rights, benefits, property and powers arising under the HWPF Reinsurance Agreement shall be allocated to the With Profits Fund;
- (B) all rights, benefits, property and powers arising under the Property-Linked Funds Retrocession Agreement shall be allocated to the With Profits Fund;
- (C) all rights, benefits, property and powers arising in relation to the German WP Investment Element of the GWPF Reinsurance Agreement shall be allocated to the SLAL GWPF;
- (D) subject to paragraph (C), all rights, benefits, property and powers arising under the GWPF Reinsurance Agreement shall be allocated to the Non Profit Fund;
- (E) all rights, benefits, property and powers arising in relation to the German WP Investment Element of the GSMWPF Reinsurance Agreement shall be allocated to the SLAL GSMWPF; and
- (F) subject to paragraph (E), all rights, benefits, property and powers arising under the GSMWPF Reinsurance Agreement shall be allocated to the Non Profit Fund.

profits, including capital gains computed in accordance with The Taxation of Chargeable Gains Act 1992 and Taxation in respect of debits or credits of Loan Relationships (as defined by the Finance Act 1996) or Derivative Contracts (as defined by the Finance Act 2002);

- (E) the liability to indemnify SLAC pursuant to paragraph 11.3 if and to the extent that the payment, property, right, benefit or power to which such indemnity relates is allocated by paragraph 16.4 to the Shareholder Fund; and
- (F) the liability to discharge liabilities on SLAC's behalf, or failing that to indemnify SLAC, pursuant to paragraph 12, if and to the extent that such liability relates to:
  - (i) a Transferred Liability which is (or, in respect of a Residual Liability, would have been) allocated to the Shareholder Fund; or
  - (ii) any liability of SLAC attributable to the shares (or equivalent equity interests) held by SLAC in SL India, SL China or SL (MH) 2006 or the agreements relating to SL India or SL China to which SLAC is party (in each case whether or not as a Residual Liability) but excluding the liabilities referred to in paragraph 17.2(L)(ii).

17.5 On and with effect from the applicable Subsequent Transfer Date, each Residual Liability shall be allocated to the SLAL Fund to which it would have been allocated pursuant to the preceding provisions of this paragraph 17 had it been a Transferred Liability.

17.6 At and with effect from the Effective Time, the liability of SLAL to discharge liabilities on SLAC's behalf, or failing that to indemnify SLAC, pursuant to paragraph 12.2(F) or paragraph 12.2(H) shall (subject to paragraph 17.2(L)(ii)) be allocated to the Shareholder Fund.

17.7 On and with effect from the Brexit Scheme Effective Time:

- (A) subject to paragraph 30.11, all liabilities under the HWPF Reinsurance Agreement shall be allocated to the With Profits Fund;
- (B) all liabilities under the Property-Linked Funds Retrocession Agreement shall be allocated to the With Profits Fund;
- (C) subject to paragraph 72.5, all liabilities arising in relation to the German WP Investment Element of the GWPF Reinsurance Agreement shall be allocated to the SLAL GWPF;
- (D) subject to paragraph (C), all liabilities under the GWPF Reinsurance Agreement shall be allocated to the Non Profit Fund;

(E) all liabilities arising in relation to the German WP Investment Element of the GSMWPF Reinsurance Agreement shall be allocated to the SLAL GSMWPF; and

(F) subject to paragraph (E), all liabilities under the GSMWPF Reinsurance Agreement shall be allocated to the Non Profit Fund.

## **18. Allocation of policies**

18.1 At and with effect from the Effective Time:

- (A) all the Transferred Policies, other than the NPF Policies, shall be allocated to the With Profits Fund; and
- (B) all the NPF Policies shall be allocated to the Non Profit Fund.

18.2 At and with effect from the Canadian Stacking Policies Effective Time, all the Canadian Stacking Policies shall be allocated to the Non Profit Fund.

18.3 If, in the opinion of the SLAL Board, any Transferred Policy should not be allocated in accordance with paragraph 18.1, then the SLAL Board may, in its discretion but subject to PRIN 6 and having regard to the advice of the SLAL WP Actuary, allocate such Transferred Policy to such SLAL Fund (other than the Shareholder Fund) as it shall determine. If any Transferred Policy is allocated pursuant to this paragraph 18.3 it shall thereafter be treated in all respects as if it were a Policy allocated to such other SLAL Fund.

## **19. Allocation: general provisions**

19.1 If any New SL Group Member, other than SLAL or a Subsidiary of SLAL the shares of which are allocated to the With Profits Fund, makes any payment in respect of any liability allocated to the With Profits Fund, an appropriate amount (as determined by the SLAL Board) shall be recovered from the With Profits Fund.

19.2 If: (i) any reinsurance agreement, contract or treaty (whether in respect of reinsurances ceded or reinsurances accepted); or (ii) any other contract, agreement or arrangement relates to:

- (A) both WPF Policies (or other Policies written in or allocated to the With Profits Fund) and NPF Policies (or other Policies written in or allocated to the Non Profit Fund); and/or
- (B) rights, benefits, powers or liabilities transferred or allocated to both the With Profits Fund and the Non Profit Fund,

the SLAL Board shall, having regard to the advice of the SLAL WP Actuary and subject to paragraph 28, determine an appropriate apportionment between the With Profits Fund and the Non Profit Fund of the rights, benefits, powers arising under, and liabilities attributable to, such agreement, contract, treaty or arrangement.

## Part D4 – Operation of Funds

### 21. Fund maintenance

21.1 Subject to paragraph 25, SLAL shall procure that:

(A) the With Profits Fund, the Non Profit Fund and the Shareholder Fund are separately maintained; ~~and~~

(B) the SLAL GWPF and SLAL GSMWPF are separately maintained; and

(C) ~~(B)~~ separate accounting records for each such fund are maintained which are sufficient to enable the separate identification of the property and liabilities respectively allocated or attributable to each such fund.

21.2 Nothing in this Scheme shall prevent SLAL from establishing and maintaining additional funds or sub-funds in respect of any part of its Long Term Business from time to time.

### 22. Reinsurance arrangements: SLIF EB Annuities Reinsurance Agreement

22.1 If the SLIF EB Annuities Reinsurance Agreement: (i) is terminated in accordance with its terms; or (ii) otherwise ceases to have effect as a result of a scheme of transfer pursuant to Part VII of the Act under which all or substantially all of the business of SLIF is transferred to SLAL:

(A) the SLAL Board shall procure that, no later than the date on which the SLIF EB Annuities Reinsurance Agreement is terminated or otherwise ceases to have effect (as the case may be), an alternative arrangement is implemented to provide reinsurance of the Reinsured Liabilities (as defined in the SLIF EB Annuities Reinsurance Agreement). Such alternative arrangement shall be on terms determined by the SLAL Board which are not materially less beneficial to the With Profits Fund than the SLIF EB Annuities Reinsurance Agreement and may, at the discretion of the SLAL Board, be provided either by a SLAL Fund (other than the With Profits Fund), a New SL Group Member and/or any other person; and

(B) notwithstanding paragraph 16.2(B)(iii), at the discretion of the SLAL Board:

(i) where the SLIF EB Annuities Reinsurance Agreement is terminated in accordance with its terms, any entitlement of SLAL to an Interim Recapture Amount, a Final Recapture Amount (in each case as defined in the SLIF EB Annuities Reinsurance Agreement) or any other amount payable because of the termination of the SLIF EB Annuities Reinsurance Agreement; or

(ii) where the SLIF EB Annuities Reinsurance Agreement ceases to have effect as a result of a scheme of transfer pursuant to Part VII of the Act under which all or substantially all of the business of SLIF is transferred to SLAL, such assets (and/or rights to such assets) as are agreed

- 23.6 From time to time there shall be debited from the With Profits Fund and credited to the relevant Primary Fund in accordance with the terms of the relevant UWP Primary Fund Policies all charges levied on Asset Shares (other than in respect of guarantees met by the With Profits Fund) less investment management fees debited from the With Profits Fund pursuant to paragraph 34 in respect of such Asset Shares.
- 23.7 The liability of the With Profits Fund in respect of the UWP Primary Funds Policies shall cease at the same time as the liability of the relevant Primary Fund ceases in respect of each such UWP Primary Funds Policies.
- 23.8 In substitution of the arrangements described in this paragraph 23, the SLAL Board may at any time effect such alternative arrangements between the With Profits Fund and the relevant Primary Fund as it determines is appropriate, provided that any such alternative arrangements (and any consequential transfers which are effected in order to implement such alternative arrangements) are: (i) compliant with PRIN 6 and the limitations set out in paragraph 28; and (ii) undertaken having regard to the advice of the SLAL WPActuary.

#### **24. Reinsurance arrangements: New Investment Funds**

- 24.1 This paragraph 24 applies to any Policy [or SL Intl HWPF Reinsured Policy](#) written in, allocated to, or reinsured by the With Profits Fund but only if and to the extent that the WP Investment Element or UL Investment Element (together, the “**Investment Element**”) is transferred or allocated to, or reinsured by, a SLAL Fund other than the With Profits Fund (a “**New Investment Fund**”).
- 24.2 Any Premium received by SLAL on or after the Effective Time in respect of a Policy [or SL Intl HWPF Reinsured Policy](#) to which this paragraph 24 applies (a “**New Investment Policy**”) shall be credited to the With Profits Fund and the Investment Element in respect thereof, to the extent that it is transferred or allocated to, or reinsured by, a New Investment Fund, shall be debited from the With Profits Fund and credited to the relevant New Investment Fund and applied by allocating With Profits Units or Unit-Linked Units (as appropriate) (together, “**Units**”) to such New Investment Policy in the relevant New Investment Fund (“**New Investment Fund Units**”).
- 24.3 Any amounts to be allocated to New Investment Fund Units on or after the Effective Time as a result of a switch from Units in the With Profits Fund (“**With Profits Fund Units**”) to New Investment Fund Units, or otherwise, in accordance with the terms of the relevant Policy shall be debited from the With Profits Fund and credited to the relevant New Investment Fund and applied in allocating New Investment Fund Units in respect of the relevant New Investment Policy.
- 24.4 Any amounts debited from the With Profits Fund pursuant to paragraph 24.3 shall take account of any applicable final bonus or unit price adjustment (and other charges and deductions made in accordance with the PPFM) required by the terms of the relevant Policy [or SL Intl HWPF Reinsured Policy](#).
- 24.5 If any event occurs which, under the terms of a New Investment Policy, gives rise to the cancellation of New Investment Fund Units attaching to such New Investment Policy

(other than switches to other New Investment Fund Units), an amount shall be debited from the relevant New Investment Fund and credited to the With Profits Fund equal to the amount which the terms of the relevant New Investment Policy and, if applicable, the Principles and Practices of Financial Management applicable to the relevant New Investment Fund provide shall be payable or transferable on cancellation of New Investment Fund Units in such circumstances and, if applicable, the relevant portion of such amount shall be applied in allocating Units in accordance with the terms of the relevant New Investment Policy.

- 24.6 From time to time there shall be debited from the relevant New Investment Fund and credited to the With Profits Fund all charges levied on the New Investment Fund Units allocated to the New Investment Policy (including as a result of any switch) in accordance with the terms of the relevant New Investment Policy, less any investment management expenses incurred by the New Investment Fund in respect of such New Investment Fund Units.
- 24.7 In substitution of the arrangements described in this paragraph 24, the SLAL Board may at any time effect such alternative arrangements between the With Profits Fund and the relevant New Investment Fund as it determines is appropriate, provided that any such alternative arrangements (and any consequential transfers which are effected in order to implement such alternative arrangements) are: (i) compliant with PRIN 6; and (ii) undertaken having regard to the advice of the SLAL WP Actuary.

## **25. Cessation of the With Profits Fund**

- 25.1 At any time after the Final Adjustment Date (as defined in Schedule 4 (Mortgage Endowment Promise)), if the level of the ~~with profits~~with-profit policy liabilities (other than future policy-related liabilities) on the relevant Valuation Date in respect of the With Profits Fund falls below:

- (A) £0.5 billion (adjusted annually from the Effective Date to reflect the change in the RPI over each relevant year), the SLAL Board may apply to the Regulator for its approval to be released from its obligation to maintain the With Profits Fund; or
- (B) £0.1 billion (adjusted annually from the Effective Date to reflect the change in RPI over each relevant year), SLAL shall be, if the SLAL Board so elects, released from its obligation to maintain the With Profits Fund.

If SLAL: (i) applies to be released from its obligations to maintain the With Profits Fund under paragraph 25.1(A) and the relevant approval is obtained from the Regulator; or (ii) elects to be released from its obligation to maintain the With Profits Fund under paragraph 25.1(B), then the following provisions of this paragraph 25 shall apply.

- 25.2 The SLAL Board shall calculate:

- (A) the “**WPF Policy Assets**” comprising:
  - (i) the value of with-profits assets of the With Profits Fund;

less

- (ii) the value of the liabilities attributable to the obligations of the With Profits Fund in respect of all potential transfers of Reference Period Transfer Amounts to a Surplus Transfer Fund pursuant to paragraph 30; and
- (iii) the future policy-related liabilities of the With Profits Fund, but only to the extent that such liabilities constitute: (a) future costs of financial options; (b) financing costs; or (c) other future costs which liabilities are included as items 4, 6 and 7 respectively of the definition of future policy-related ~~liabilities~~liabilities in the Glossary of the PRA Rulebook,

such calculation to be made on a basis which is consistent with 4.1 of the Surplus Funds section of the PRA Rulebook and which the SLAL Board considers appropriate by reference to the recent financial and operating experience of the With Profits Fund and the SLAL Board's best estimate of the likely future financial and other operating experience of the With Profits Fund;

- (B) in respect of each WPF With Profits Policy (or, at the sole and absolute discretion of the SLAL Board, and to the extent permitted by Regulation, each group of WPF With Profits Policies):
  - (i) the gross premium valuation of such Policy or Policies (allowing for guaranteed surrender values and paid up values but disregarding future bonuses), such calculation to be made on the basis that the With Profits Fund holds appropriate matching assets for the liabilities in respect of such guaranteed benefits (the "**Guaranteed Value**") provided that any of the future policy-related liabilities referred to in paragraph 25.2(A)(iii) shall be excluded from the assessment under this paragraph 25.2(B)(i); and
  - (ii) the corresponding ~~with profits~~with-profit policy liabilities (other than future policy-related liabilities) (the "**WPAS**");
- (C) any "**Guarantee Cost**" in respect of each WPF With Profits Policy (or group of WPF With Profits Policies, as the case may be), being an amount equal to the Guaranteed Value less the WPAS, subject to a minimum of zero; and
- (D) the "**Benefit Value**" attributable to each WPF With Profits Policy (or group of WPF With Profits Policies, as the case may be). For this purpose, if the aggregate of: (i) the WPAS; and (ii) the Guarantee Cost (if any), in respect of all WPF With Profits Policies is:
  - (i) greater than the WPF Policy Assets, the Benefit Value of each WPF With Profits Policy shall be the greater of the relevant WPAS and the Guaranteed Value; or

- (ii) less than the WPF Policy Assets, then the corresponding excess shall be applied to the WPAS in respect of each WPF With Profits Policy (or group of WPF With Profits Policies, as the case may be) on a basis which, in the opinion of the SLAL Board (having regard to the PPFM), is consistent with the manner in which such excess would have been allocated to the WPAS over the remaining lifetime in force of the corresponding WPF With Profits Policies had paragraph 25.1 not applied, and the Benefit Value shall be the WPAS as adjusted pursuant to this paragraph 25.2(D)(ii). If and to the extent that, by virtue of an adjustment being made to the WPAS pursuant to this paragraph 25.2(D)(ii), the Guaranteed Value is altered, the provisions of paragraphs 25.2(B) to (D) shall be applied *mutatis mutandis* until the WPF Policy Assets do not exceed the aggregate of (1) the WPAS and (2) the Guarantee Cost (if any).

25.3 If the approval of the Regulator is obtained pursuant to paragraph 25.1(A), or SLAL elects to be released from its obligation to maintain the With Profits Fund pursuant to paragraph 25.1(B):

- (A) the guaranteed benefits payable in respect of each WPF With Profits Policy shall be amended such that they are:
  - (i) compliant with the requirements of PRIN 6; and
  - (ii) without prejudice to the generality of paragraph 25.3(A)(i) above, of an amount with a present value (determined assuming that appropriate matching assets are held in respect of the guaranteed liabilities), having regard to future premiums payable, at least equal to the relevant Benefit Value, adjusted to reflect any expenses which would have been incurred, or charges (excluding deductions for guarantees) which would have been made, had SLAL not ceased to maintain the With Profits Fund pursuant to this paragraph 25;
- (B) the WPF With Profits Policies shall cease to carry any right to participate in the profits of SLAL or any SLAL Fund;
- (C) (i) the property and liabilities of the With Profits Fund, (ii) the WPF With Profits Policies (and all other Policies written in or allocated to the With Profits Fund) and (iii) all amounts which would under any other provision of this Scheme fall to be allocated to the With Profits Fund shall each be transferred or allocated to the appropriate SLAL Fund; ~~and~~
- (D) all provisions of this Scheme which solely relate to the establishment or operation of the With Profits Fund shall cease to have effect and, in particular but without limitation, the obligation to maintain the With Profits Fund shall no longer apply ~~:-~~ and
- (E) the provisions of paragraph 20 of the Brexit Scheme shall apply.

- (C) increases to Premiums or benefits in respect of WPF Policies, including Annuity Augmentations (as defined in the SLIF EB Annuities Reinsurance Agreement);
- (D) any new business arising in respect of the application of Earmarked Amounts and PSC Amounts towards the allocation of With Profits Units under Unitised With Profit Policies or the securing of benefits under Conventional Participating Policies or with profit annuities pursuant to Part E5;
- (E) Policies which would, had they been written at or prior to the Effective Time, have been administered as increments to WPF Policies;
- (F) Policies issued on the exercise of options or rights under WPF Policies, other than non-profit immediate annuities issued on the vesting of Policies to which paragraph 29 applies;
- (G) new business arising in respect of new members of group policies which are allocated to the With Profits Fund and which are, as at the Effective Time, administered on:
  - (i) SLAC's CIRVIE system; or
  - (ii) other systems used by SLAC where the benefits and/or premiums attributable to such new members are not separately identifiable at the time such business is written;
- (H) Policies written in substitution of WPF Policies that are cancelled;
- (I) new business comprised of reinsurances accepted by SLAL after the Effective Time pursuant to reinsurance treaties entered into between SLAC and any other person prior to the Effective Time where the corresponding liability would, had it been accepted at or prior to the Effective Time, have been administered as an increment; and
- (J) any amounts transferred or allocated from a SLAL Fund other than the With Profits Fund to the With Profits Fund pursuant to paragraph 24.5.

28.3 For the purposes of this paragraph 28, "**new business**" shall include:

- (A) the allocation of Policies written after the Effective Time to the With Profits Fund; and
- (B) the transfer or allocation to the With Profits Fund of any liability in respect of:
  - (i) a Policy written after the Effective Time in another SLAL Fund or by another New SL Group Member; or
  - (ii) a reinsurance accepted by SLAL after the Effective Time, whether or not from another New SL Group Member; other than the HWPF Reinsurance Agreement, which shall not constitute new business for the

purposes of this paragraph 28 and which shall be allocated to the With Profits Fund pursuant to paragraphs 16.6 and 17.7).

including the transfer or allocation to the With Profits Fund from another SLAL Fund of the WP Investment Element of any Unitised With Profits Policies written by, or reinsured to, such other SLAL Fund (including any amounts transferred into the With Profits Fund from another SLAL Fund in respect of switches from Unit Linked Units to With Profits Units) in each case pursuant to paragraph 23.

## **29. Annuity benefits**

29.1 If a non-profit immediate annuity (an “**Annuity Benefit**”) is to be provided on vesting (including where such vesting arises on retirement or death) of a Transferred Policy (or other Policy written in or allocated to the With Profits Fund) or SL Intl HWPF Reinsured Policy in respect of which: (i) the principal benefits are expressed in terms of an annuity; or (ii) such Policy contains an option and/or contains another term, which requires annuities to be issued at a guaranteed rate or for a guaranteed minimum amount per annum, then the following shall apply:

(A) Subject to paragraph 29.1(C), SLAL shall provide the Annuity Benefit from within a SLAL Fund (other than the With Profits Fund) or procure its provision by another New SL Group Member and an amount equal to the cost of such Annuity Benefit, as determined in accordance with paragraph 29.1(B) (the “**Annuity Benefit Cost**”), shall be debited from the With Profits Fund and credited to the relevant SLAL Fund or paid to the relevant New SL Group Member (as appropriate). In respect of a SL Intl HWPF Reinsured Policy, the Annuity Benefit Cost shall be debited from the With Profits Fund and transferred to SL Intl pursuant to the HWPF Reinsurance Agreement, unless paragraph 31.1(c) of the Brexit Scheme applies.

(B) The Annuity Benefit Cost is to be determined by the SLAL Board on the basis of:

- (i) the most favourable annuity rates being offered to purchasers of annuities of a similar type and in the same country as the relevant Annuity Benefit by New SL Group Members (including SL Intl in respect of any SL Intl HWPF Reinsured Policy) and SLAL Funds (other than the With Profits Fund) at the time at which such Annuity Benefit is to be provided; or
- (ii) if such rates are unavailable, such rates as are determined by the SLAL Board.

(C)

- (i) If the SLAL WP Actuary considers that the Annuity Benefit Cost exceeds that which is reasonable then he may require that SLAL shall provide such Annuity Benefit from within the With Profits Fund (including, in the case of a SL Intl HWPF Reinsured Policy, by continuing to provide

reinsurance under the HWPF Reinsurance Agreement in respect of such Policy including where the circumstances in paragraph 31.1(C) of the Brexit Scheme arise). In such circumstances, the SLAL Board shall be informed as to how the SLAL WP Actuary has reached his conclusion under this paragraph 29.1(C).

(ii) If the SLAL Board considers pursuant to paragraph 31.1(C) of the Brexit Scheme that the Annuity Benefit Cost exceeds that which is reasonable and requires that SLAL shall provide such Annuity Benefit from within the With Profits Fund by continuing to provide reinsurance under the HWPF Reinsurance Agreement in respect of the relevant SL Intl HWPF Reinsured Policy the liability of the With Profits Fund in respect of that SL Intl HWPF Reinsured Policy pursuant to the HWPF Reinsurance Agreement shall, unless the SLAL WP Actuary agrees otherwise in writing or that liability is reassured by a person other than SLAL, and subject to paragraph 29.1(C)(i), be allocated to the Non Profit Fund.

(D) All costs and liabilities relating to the provision of the Annuity Benefit will be reassured by transferred to, or remain in, as the case may be, the SLAL Fund or New SL Group Member (including SL Intl in respect of any SL Intl HWPF Reinsured Policy) from which the Annuity Benefit is to be provided. This paragraph 29.1(D) shall not prevent the liabilities in respect of any Annuity Benefit from being reassured with a third party, such reinsurance to be on terms acceptable to the SLAL WP Actuary if the Annuity Benefit is to be provided from the With Profits Fund.

29.2 If, in the event of vesting of a Transferred Policy (or other Policy written in or allocated to the With Profits Fund) or SL Intl HWPF Reinsured Policy in respect of which the principal benefits are expressed in terms of cash (otherwise than where an annuity arises under an option in respect of a Policy which requires annuities to be issued at a guaranteed rate), the Policyholder elects to take all or part of the benefits as an annuity, SLAL shall transfer the cash (or relevant proportion of the cash) from the With Profits Fund:

- (A) where the annuity is to be provided by another SLAL Fund, to the SLAL Fund which is to provide the annuity, in which case the annuity shall be provided on the basis of the annuity rate determined by the SLAL Board; or
- (B) where the annuity is to be provided by a New SL Group Member, to the relevant New SL Group Member, in which case the annuity shall be provided on the basis of the annuity rate being offered by the relevant New SL Group Member. In respect of a SL Intl HWPF Reinsured Policy, the cash (or relevant proportion of the cash) shall be transferred from the With Profits Fund to SL Intl, and the annuity shall be provided by SL Intl on the basis of the annuity rate being offered by SL Intl.

30. **Allocation of surplus arising in the With Profits Fund; Transfers out of the With Profits Fund and Termination of HWPF Reinsurance Agreement**
- 30.1 Except as expressly permitted or required by this Scheme (including pursuant to this paragraph 30 and paragraph 16, 35, 36 or 37):
- (A) no part of any surplus in the With Profits Fund shall be applied over time other than as bonus on, or reduction, rebate or suspension of premiums to, or otherwise applied for the benefit of, any With Profits Policy which is written in, or reassured or allocated to, the With Profits Fund (including to meet liabilities of the same). The manner and timing of the distribution of such surplus shall be determined by the SLAL Board in accordance with the PPFM and shall be as fair and equitable as is practicable, subject to the need to ensure a prudent amount is retained in respect of any amounts which may be charged to the With Profits Fund in accordance with this Scheme; and
  - (B) neither the Shareholder Fund nor the Non Profit Fund shall be entitled to any surplus arising in the With Profits Fund.
- 30.2 The SLAL Board may, subject to the provisions of this Scheme, carry forward to the next Valuation Period any surplus arising in the With Profits Fund as unappropriated.
- 30.3 Bonuses declared on Policies (including in respect of SL Intl HWPF Reinsured Policies) written in, or allocated to or reassured to, the With Profits Fund shall have regard to the interests and reasonable expectations (as varied by this Scheme) of the holders of such Policies and be determined in accordance with the Core Principles (or, if there has been a Capital Event, in accordance with SLAL's conduct pursuant to paragraph 27.1(C)(ii)) and the PPFM.
- 30.4 On each Valuation Date (each, a **"Reference Valuation Date"**), the SLAL Board (having regard to the advice of the SLAL Actuary and the SLAL WP Actuary) shall determine:
- (A) in respect of the Valuation Period which ends on that Reference Valuation Date (the **"Reference Valuation Period"**), the Reference Period Transfer Amount; and
  - (B) the amount which can be transferred out of the With Profits Fund (in respect of each Reference Valuation Period, the **"Transferable Amount"**) without any of the following occurring (each a **"Transferable Amount Event"**):
    - (i) the elimination of the with-profits fund surplus in the With Profits Fund;
    - (ii) SLAL ceasing to be able to demonstrate that it is reasonable to expect continued compliance with the requirements in COBS 20.1A.5R in respect of the With Profits Fund; and
    - (iii) (unless there is a current Capital Event) the Notional Company having insufficient assets to cover its technical provisions.

- 30.9 The obligations of SLAL under this paragraph 30 shall continue until the With Profits Fund ceases to be maintained pursuant to paragraph 25.
- 30.10 For the purposes of this paragraph 30, the “**Proposed Transfer Amount**” for each Reference Valuation Period means the sum of:
- (A) the Reference Period Transfer Amount determined in respect of the Reference Valuation Period pursuant to paragraph 30.4;
  - (B) any amounts recorded in the Surplus Support Account on the immediately preceding Reference Valuation Date; and
  - (C) an amount equal to the notional interest which would have accrued at LIBOR (net of Tax) on all amounts recorded in the Surplus Support Account in the Reference Valuation Period, the amount of such interest being determined by the SLAL Board.

30.11 Following the termination of the HWPF Reinsurance Agreement any amount which is payable by SLAL to SL Intl in accordance with:

- (A) Clauses 17 and 21 of that agreement can only be transferred out of the With Profits Fund to the extent it does not result in any of the following occurring:
  - (i) the elimination of the with-profits fund surplus in the With Profits Fund;
  - (ii) SLAL ceasing to be able to demonstrate that it is reasonable to expect continued compliance with the requirements in COBS 20.1A.5R in respect of the With Profits Fund; and
  - (iii) (unless there is a current Capital Event) the Notional Company having insufficient assets to cover its technical provisions.
- (B) If the provisions of paragraph 30.11(A) would result in SLAL paying less than it would have paid SL Intl under Clauses 17 and 21 of the HWPF Reinsurance Agreement had the provisions of paragraph 30.11(A) not applied (the difference between the amount it would have paid and the lesser amount, the “**Termination Amount Shortfall**”) then the Shareholder Fund shall transfer the Termination Amount Shortfall to SL Intl in accordance with the provisions of the HWPF Reinsurance Agreement; and
- (C) Clause 17 of that agreement to the extent it relates to the Cost of Capital or Estimated Cost of Capital (each as defined in the HWPF Reinsurance Agreement) may not be transferred out of the With Profits Fund but shall be transferred by the Shareholder Fund to SL Intl in accordance with the provisions of that agreement.

30.12 The only assets allocated to the With Profits Fund, which can be posted as collateral pursuant to clause 23.2 of the HWPF Reinsurance Agreement, are the assets backing:

- (A) the Current WP Liability (as defined in the HWPF Reinsurance Agreement) in respect of the HWPF Reinsured Liabilities (as defined in the HWPF Reinsurance Agreement);
- (B) the Non-Profit BEL (as defined in the HWPF Reinsurance Agreement) in respect of the HWPF Reinsured Liabilities;
- (C) reserves held for outstanding claims in respect of the HWPF Reinsured Liabilities; and
- (D) reserves held for Accounting Liabilities held in respect of the HWPF Reinsured Liabilities.

### 31. Further Capital Support Account

- 31.1 At and from the Effective Time SLAL shall maintain a memorandum account designated the further capital support account (the “**Further Capital Support Account**”). The amount recorded in the Further Capital Support Account (the “**Further Capital Support Amount**”) as at the Effective Time shall be zero.
- 31.2 If, in respect of the calculation of a Reference Period Transfer Amount pursuant to paragraph 30, there is a Reference Period Securitisation Receipt, the Further Capital Support Amount shall be adjusted so that it is equal to the value of the liabilities of the With Profits Fund (as used in the calculation of the with-profits fund surplus) in respect of the relevant Contingent RCF Loan on the relevant Reference Valuation Date. The Further Capital Support Amount shall subsequently be adjusted periodically (and, in any event, no less frequently than on each Valuation Date) so that it is equal to the value of the liabilities of the With Profits Fund (as calculated as a component of the with-profits fund surplus) in respect of the relevant Contingent RCF Loan on the date of such adjustment. This paragraph 31.2 is without prejudice to the provisions of paragraph 31.5.
- 31.3 Subject to paragraph 31.4, no amount may be transferred (whether by way of dividend or otherwise) from the Shareholder Fund if the effect of such transfer would be to reduce the excess of the value of the assets of the Non Profit Fund and the Shareholder Fund over the value of the liabilities of the Non Profit Fund and the Shareholder Fund, below the Further Capital Support Amount from time to time.
- 31.4 For the purposes of paragraph 31.3, the following shall apply:
  - (A) Subject to paragraphs 31.4(B) and 31.4(C), the value of the assets and the value of the liabilities of the Non Profit Fund and the Shareholder Fund shall be calculated by the SLAL Board in a consistent manner to the calculation of the ~~with-profits~~with-profits fund surplus.
  - (B) The outstanding balance:

- (A) all property transferred or allocated to the With Profits Fund in accordance with Part B2 and Part C3 (including any Residual Assets transferred or allocated to the With Profits Fund on a Subsequent Transfer Date);
- (B) all amounts received by SLAL in respect of the Excluded Policies Reinsurance in respect of any Excluded Policy which, had it been a Transferred Policy, would have been allocated to the With Profits Fund;
- (C) all amounts paid to SLAL in consideration of or in connection with the transfer or novation to SLAL at any time on or after the Effective Time of any Excluded Policy which is allocated to the With Profits Fund pursuant to Part C3;
- (D) subject to paragraph 42, all Premiums and other amounts attributable to WPF Policies if and for so long as such Policies are attributed to, and included within, the With Profits Fund;
- (E) all amounts paid, and all property transferred, by SLAC to SLAL pursuant to paragraph 11.2 if and to the extent that such amounts or property fall to be allocated to the With Profits Fund pursuant to Part C3;
- (F) all payments from third parties arising from any Proceedings continued by or against SLAL to the extent that such Proceedings relate to Policies, property or liabilities allocated to the With Profits Fund;
- (G) subject to paragraph 42, all amounts received by SLAL in respect of WPF Policies or other Policies written in or allocated to the With Profits Fund;
- (H) all amounts received by SLAL pursuant to:
  - (i) the SLIF EB ULL Reinsurance Agreement;
  - (ii) the SLIF EB ULP Reinsurance Agreement;
  - (iii) subject to paragraph 22.1(B), the SLIF EB Annuities Reinsurance Agreement; ~~and~~
  - (iv) the HWPE Reinsurance Agreement; and
  - (v) ~~(iv)~~ subject to paragraph 19, other reinsurance ~~agreements~~, contracts-  
of agreements or arrangements in respect of WPF Policies or other Policies written in or allocated to the With Profits Fund;
- (I) all amounts payable to the With Profits Fund in accordance with paragraph 23;
- (J) all amounts payable to the With Profits Fund in accordance with paragraph 24;
- (K) all amounts payable to the With Profits Fund in respect of new business written in the With Profits Fund in accordance with paragraph 28;

- (D) all amounts paid to SLAC by SLAL pursuant to the indemnities contained in paragraph 12, if and to the extent that such amounts relate to Transferred Liabilities, Residual Liabilities, costs and any other liabilities which are allocated to the With Profits Fund pursuant to Part C3;
- (E) all payments to third parties arising from any Proceedings continued by or against SLAL to the extent that such Proceedings relate to Policies, property or liabilities allocated to the With Profits Fund;
- (F) any costs incurred by SLAL pursuant to paragraph 14 in respect of the transfer of any property or liability to the With Profits Fund in accordance with Part B2 or Part C3;
- (G) subject to paragraph 42, all amounts paid by SLAL in respect of WPF Policies or other Policies written in or allocated to the With Profits Fund;
- (H) all amounts paid by SLAL pursuant to:
  - (i) the SLIF EB ULL Reinsurance Agreement;
  - (ii) the SLIF EB ULP Reinsurance Agreement;
  - (iii) the SLIF EB Annuities Reinsurance Agreement; ~~and~~
  - (iv) subject to paragraph 30.11. the HWPF Reinsurance Agreement;
  - (v) the Property-Linked Funds Retrocession Agreement; and
  - (vi) ~~(iv)~~ subject to paragraph 19, other reinsurance contracts, agreements or arrangements in respect of WPF Policies or other Policies written in or allocated to the With Profits Fund;
- (I) all amounts paid or payable by the With Profits Fund pursuant to paragraph 17.2;
- (J) all amounts payable by the With Profits Fund in accordance with paragraph 23;
- (K) any amounts transferred or allocated from a SLAL Fund other than the With Profits Fund to the With Profits Fund pursuant to paragraph 24;
- (L) all amounts payable by the With Profits Fund in respect of new business written in the With Profits Fund in accordance with paragraph 28;
- (M) any amount transferred out of the With Profits Fund (whether in respect of a Proposed Transfer Amount, the repayment of a contingent loan or otherwise) pursuant to paragraph 30 or 32;
- (N) all amounts to be debited from or charged to the With Profits Fund pursuant to paragraph 34 and Schedule 2 (Additional Expenses);

the relevant number of SL plc Shares forming their demutualisation entitlement (in each case the “**Default Sale Shares**”) shall be allotted and issued to or to the order of the Sale Nominee to be held for and on behalf of that Eligible Member (each a “**Share Sale Recipient**”) in accordance with paragraph 48; and

- (C) an Eligible Member who is a Canadian Member is a Late Validator, the relevant number of SL plc Shares forming their demutualisation entitlement (in each case the “**Unclaimed Sale Shares**”) shall be allotted and issued to or to the order of the Sale Nominee to be held for and on behalf of that Late Validator (each a “**Canadian Late Validator**”) in accordance with paragraph 48.

#### 47.4 Elections available to Occupational Pension Scheme Trustees

- (A) In each case where a Permitted Country Member is the Eligible Member in respect of at least one Non-Earmarked Policy and:

(i) that Eligible Member has Validated in a Timely Manner; and

(ii) ~~(iii)~~

(a) ~~(a)~~ (if that Eligible Member is not a Canadian Member) the Eligible Member does not make an election to sell OPS Shares determined by reference to one or more Non-Earmarked Policies in respect of which that person is the Eligible Member as part of the IPO Sale or (where applicable) under paragraph 52 by using the Pension Scheme Election Form in the Required Manner; or

(b) (if that Eligible Member is a Canadian Member) the Eligible Member makes an election that OPS Shares determined by reference to one or more Non-Earmarked Policies in respect of which that person is the Eligible Member shall not be sold as part of the IPO Sale or (where applicable) under paragraph 52 by using the Pension Scheme Election Form in the Required Manner,

the relevant OPS Shares (in each case the “**Non-Earmarked Shares**”) shall be allotted and issued to or to the order of the Eligible Member (each a “**Non-Earmarked Share Recipient**”) or (except in the case of a Canadian Member) to or to the order of the Share Nominee to be held for and on behalf of that Non-Earmarked Share Recipient in accordance with paragraph 48.

- (B) In each case where a Permitted Country Member is the Eligible Member in respect of at least one Non-Earmarked Policy and:

(i) that Eligible Member has Validated in a Timely Manner; and

(ii)

- ~~(a)~~ ~~(ii)~~ ~~(a)~~ (if that Eligible Member is not a Canadian Member) the Eligible Member makes an election to sell OPS Shares determined by reference to one or more Non-Earmarked Policies in respect of which that person is the Eligible Member as part of the IPO Sale or (where applicable) under paragraph 52 and (subject to paragraph 52) to be paid the sale proceeds by using the Pension Scheme Election Form in the Required Manner; or
- (b) (if that Eligible Member is a Canadian Member) the Eligible Member does not make an election that the OPS Shares determined by reference to one or more Non-Earmarked Policies in respect of which that person is the Eligible Member shall not be sold as part of the IPO Sale or (where applicable) under paragraph 52 by using the Pension Scheme Election Form in the Required Manner,

the relevant OPS Shares (in each case the “**Non-Earmarked Sale Shares**”) shall be allotted and issued to or to the order of the Sale Nominee to be held for and on behalf of that Eligible Member (each a “**Non-Earmarked Share Sale Recipient**”) in accordance with paragraph 48.

- (C) In each case where a Permitted Country Member is the Eligible Member in respect of at least one Non-Earmarked Policy and is a Late Validator, the OPS Shares determined by reference to each Non-Earmarked Policy in respect of which that person is the Eligible Member shall:

  - (i) (if that Eligible Member is not a Canadian Member) be allotted and issued to or to the order of the Trustee of the Unclaimed Assets Trust to be held for and on behalf of that Late Validator (in each case the “Unclaimed Non-Earmarked Retained Shares”) in accordance with paragraph 48; or
  - (ii) (if that Eligible Member is a Canadian Member) be allotted and issued to or to the order of the Sale Nominee (in each case the “**Unclaimed Non-Earmarked Sale Shares**”) to be held for and on behalf of that Canadian Late Validator in accordance with paragraph 48.
- (D) In each case where a Permitted Country Member is the Eligible Member in respect of at least one Earmarked Policy and:

  - (i) that Eligible Member makes an election that OPS Shares determined by reference to one or more Earmarked Policies in respect of which that person is the Eligible Member shall not be sold as part of the IPO Sale or (where applicable) under paragraph 52 by using the Pension Scheme Election Form in the Required Manner, the relevant OPS Shares (in each case the “Earmarked Shares”) shall be allotted and

- (B) pay to or to the order of each Sale Election Recipient and Share Sale Recipient the sale proceeds from the sale of their Sale Election Shares or Default Sale Shares (as the case may be) as soon as reasonably practicable after the receipt of the relevant proceeds of the IPO Sale by the Sale Nominee,

in each case on the terms, and subject to the conditions, of the Initial Share Sale Facility.

## **51.2 Use of sale proceeds or subscription proceeds of Eligible Members in respect of Occupational Pension Scheme Policies**

- (A) SL plc shall procure that the Sale Nominee or its nominee (as applicable) shall (subject to paragraph 52):
- (i) sell the Non-Earmarked Sale Shares and Earmarked Sale Shares allotted and issued to it to hold for and on behalf of the Non-Earmarked Share Sale Recipients and Earmarked Share Sale Recipients at the IPO Cash Price as part of the IPO Sale; and
  - (ii) pay to or to the order of each Non-Earmarked Share Sale Recipient and Earmarked Share Sale Recipient the sale proceeds from the sale of their Non-Earmarked Sale Shares or Earmarked Sale Shares (as the case may be) as soon as reasonably practicable after the receipt of the relevant proceeds of the IPO Sale by the Sale Nominee,

in each case on the terms, and subject to the conditions, of the Initial Share Sale Facility.

(B) ~~(i)~~

(i) ~~(B) (i)~~ SL plc shall procure that (subject to paragraph 52):

- (a) the Sale Nominee or its nominee (as applicable) shall sell the Earmarked Benefit Enhancement Sale Shares allotted and issued to it to hold for and on behalf of the Benefit Enhancement Sale Recipients at the IPO Cash Price as part of the IPO Sale, in each case on the terms, and subject to the conditions, of the Initial Share Sale Facility;
- (b) that number of SL plc Shares as is equal in aggregate to the number of SL plc Shares notionally allocated in respect of all Benefit Enhancement OPS Amounts shall be allotted and issued for subscription at the IPO Cash Price as part of the IPO Sale; and
- (c) (in the case of both (a) and (b)), the sale proceeds and the subscription proceeds shall be notionally allocated to the relevant Earmarked Policy by reference to which the relevant

- (ii) (where the IPO Sale has not taken place) to complete the IPO Sale as soon as reasonably practicable after the Effective Date, failing which to arrange as soon as reasonably practicable after the Effective Date:

(a)

(1) ~~(a)~~ ~~(1)~~ for the allotment and issue of that number of SL plc Shares for subscription as is equal in aggregate to those notionally allocated to Eligible Members who are Non-Permitted Country Members (including Benefit Enhancement Cash Recipients) at the best price reasonably obtainable in the circumstances and on such other terms and conditions as SLAC, SL plc and SLAL may obtain; and

(2) ~~(2)~~ for the subscription proceeds to be used as soon as reasonably practicable after this subscription to make the payments or apply the benefit enhancements (or to pay or apply the amounts in respect of Pension Scheme Claimants) required in respect of the Non-Permitted Country Members,

in each case in accordance with the other provisions of this Part E5 (with any variations necessary in the circumstances of this paragraph 52 applying); and

- (b) subject to paragraph 52(A)(iii):

(1) for the sale by the Sale Nominee or its nominee (as applicable) for and on behalf of the relevant Eligible Members of the Sale Election Shares, Default Sale Shares, Non-Earmarked Sale Shares, Earmarked Sale Shares, Earmarked Benefit Enhancement Sale Shares, Unclaimed Sale Shares and Unclaimed Non-Earmarked Sale Shares at the best price reasonably obtainable in the circumstances and on such other terms and conditions as SLAC, SL plc and SLAL may obtain;

(2) for the sale proceeds from the sale of those SL plc Shares (other than Earmarked Benefit Enhancement Sale Shares) to be used as soon as reasonably practicable to make payments to or to the order of, respectively, the relevant Sale Election Recipients, the Share Sale Recipients, the Non-Earmarked Share Sale Recipients, the Earmarked Share Sale Recipients and the Trustee of the Unclaimed Assets Trust; and

(3) for the sale proceeds from the sale of the Earmarked Benefit Enhancement Sale Shares to be paid to SLAL

## **70. Variations**

- 70.1 Subject to paragraph 70.3, prior to the grant of the Court Order, SLAC and SLAL together may consent for and on behalf of the persons bound by this Scheme and all other persons concerned to any variation of this Scheme or to the Agreed Form Documents which the Court may approve or impose.
- 70.2 Subject to paragraph 70.3, SLAL may, after the grant of the Court Order:
- (A) vary this Scheme if and to the extent that the provision to which the proposed variation applies expressly permits such variation;
  - (B) vary this Scheme with the approval of the SLAL WP Actuary where the proposed variation is necessary to correct a manifest error;
  - (C) vary this Scheme with the approval of the SLAL WP Actuary and the Regulator where the proposed variation is reasonably considered by the SLAL Board to be necessary to ensure that the provisions of this Scheme operate in the intended manner (where the provision to which the proposed variation applies will (or is likely to be) materially affected by a variation or proposed variation to the PRA Rulebook, the FCA Handbook or other applicable legislation or Regulation); and
  - (D) apply to the Court for consent to vary the terms of this Scheme, provided that in any such case:
    - (i) the Regulator shall be notified of, and have the right to be heard at, any hearing of the Court at which the application is considered; and
    - (ii) the application shall be accompanied by a certificate from an independent expert (such independent expert to be selected and appointed by the SLAL Board with the approval of the Regulator) to the effect that, in his opinion, the proposed variation will not materially and adversely affect the reasonable expectations of the holders of Transferred Policies.
- 70.3 Any variation to Part E5 proposed to be made pursuant to paragraph 70 shall be subject to the consent of SL plc. Part E5 may also be varied in accordance with paragraph 59.
- 70.4 Each of the Agreed Form Documents may be varied by the parties to it, provided that such variation accords with the terms of the relevant agreement and applicable legislation and Regulation.
- 70.5 [In the event that the HWPF Reinsurance Agreement terminates, this Scheme shall be automatically varied as follows:](#)
- (A) [the definition of “Property-Linked Funds Retrocession Agreement” shall be deleted from paragraph 1:](#)
  - (B) [the definition of “SL Intl HWPF” shall be deleted from paragraph 1:](#)

- (C) the definition of “SL Intl HWPF Policy” shall be deleted from paragraph 1:
- (D) the definition of “SL Intl HWPF Reinsured Policy” shall be deleted from paragraph 1:
- (E) the definition of “SL Intl Unitised With Profits Policy” shall be deleted from paragraph 1:
- (E) the definition of “SL Intl With Profits Units” shall be deleted from paragraph 1:
- (G) the definition of “SL Intl WPF Policies” shall be deleted from paragraph 1:
- (H) the definition of “SL Intl WPF With Profits Policies” shall be deleted from paragraph 1:
- (I) the definition of “SL Intl WP Investment Element” shall be deleted from paragraph 1:
- (J) the text “*and, if the context requires, having regard to the rights and/or (as appropriate) obligations of SLAL under the HWPF Reinsurance Agreement*” shall be deleted from the definition of “With Profits Fund” in paragraph 1:
- (K) the text “*(and, in the case of a SL Intl HWPF Reinsured Policy, to the extent that the relevant Policyholder is eligible to participate in the established surplus of the With Profits Fund in accordance with the terms of the HWPF Reinsurance Agreement)*” shall be deleted from the definition of “With Profits Policy” in paragraph 1:
- (L) limb (B) shall be deleted from the definition of “WPF Policies” in paragraph 1:
- (M) the text “*in respect of Policies falling within limb (A) of the definition of WPF Policies only*” shall be deleted from limb (A) the definition of “WPF With Profits Policies” in paragraph 1:
- (N) the text “and” shall be deleted from the end of limb (B) and the text “and” shall be inserted at the end of limb (A) of the definition of “WPF With Profits Policy” in paragraph 1:
- (O) limb (C) shall be deleted from the definition of “WPF With Profits Policies” in paragraph 1:
- (P) paragraph 16.6(A) shall be deleted:
- (Q) paragraph 16.6(B) shall be deleted:
- (R) paragraph 17.7(A) shall be deleted:
- (S) paragraph 17.7(B) shall be deleted:

- (T) the text “or SL Intl HWPF Reinsured Policy” shall be deleted from paragraph 24.1:
- (U) the text “or SL Intl HWPF Reinsured Policy” shall be deleted from paragraph 24.2:
- (V) the text “or SL Intl HWPF Reinsured Policy” shall be deleted from paragraph 24.4:
- (W) the text “; and” at the end of paragraph 25.3(D) shall be deleted and replaced with a full stop and the text “and” shall be added after paragraph 25.3(C):
- (X) paragraph 25.3(E) shall be deleted:
- (Y) the text “(other than the HWPF Reinsurance Agreement, which shall not constitute new business for the purposes of this paragraph 28 and which shall be allocated to the With Profits Fund pursuant to paragraphs 16.6 and 17.7)” shall be deleted from paragraph 28.3(B)(ii):
- (Z) the text “or SL Intl HWPF Reinsured Policy” shall be deleted from the opening text to paragraph 29.1:
- (AA) the final sentence of paragraph 29.1(A) shall be deleted:
- (BB) the text “(including SL Intl in respect of any SL Intl HWPF Reinsured Policy)” shall be deleted from paragraph 29.1(B)(i):
- (CC) the text in paragraph 29.1(C) shall be deleted and replaced as follows: “If the SLAL WP Actuary considers that the Annuity Benefit Cost exceeds that which is reasonable then he may require that SLAL shall provide such Annuity Benefit from within the With Profits Fund. In such circumstances, the SLAL Board shall be informed as to how the SLAL WP Actuary has reached his conclusion under this paragraph 29.1(C).”.
- (DD) the text “(including SL Intl in respect of any SL Intl HWPF Reinsured Policy)” shall be deleted from paragraph 29.1(D):
- (EE) the text “or SL Intl HWPF Reinsured Policy” shall be deleted from the opening text to paragraph 29.2:
- (FF) the final sentence of paragraph 29.2(B) shall be deleted:
- (GG) the phrase “and Termination of the HWPF Reinsurance Agreement” in the heading to paragraph 30 shall be deleted:
- (HH) the text “(including in respect of SL Intl HWPF Reinsured Policies)” shall be deleted from paragraph 30.3:
- (II) paragraph 30.12 shall be deleted:

- (JJ) paragraph 40(H)(iv) shall be deleted;
- (KK) paragraph 41(H)(iv) shall be deleted;
- (LL) paragraph 41(H)(v) shall be deleted;
- (MM) this paragraph 70.5 shall be deleted;
- (NN) paragraph 3.2A of Schedule 1 shall be deleted;
- (OO) the text “(i) WPF With Profits Policies which were Transferred Policies at the Effective Date and (ii) Excluded Policies treated as Transferred Policies on their transfer to SLAL” in paragraph 4.2 of Schedule 1 shall be replaced with “WPF With Profits Policies which are Transferred Policies”;
- (PP) limb (iii) shall be deleted from paragraph 1(A) of Schedule 2;
- (QQ) paragraphs 1(A)(vi) to 1(A)(xii) of Schedule 3 shall be deleted;
- (RR) the text “(but excluding any SL Int'l Policies)” shall be deleted from paragraph 3(C)(i)(a) of Schedule 3;
- (SS) paragraph 3(C)(i)(d) of Schedule 3 shall be deleted;
- (TT) the text “; and” at the end of paragraph 3(C)(i)(c) of Schedule 3 shall be deleted and replaced with a comma and the text “and” shall be inserted to the end of paragraph 3(C)(i)(b) of Schedule 3;
- (UU) paragraphs 3(C)(viii) to 3(C)(xiii) of Schedule 3 shall be deleted;
- (VV) the text “(including, for the avoidance of doubt, any part of the HWPF Reinsurance Agreement)” shall be deleted from paragraph 4(B)(ii) of Schedule 3;
- (WW) defined blocks (vi) to (xii) shall be deleted from the Appendix to Schedule 3;

and

- (XX) paragraphs and sub-paragraphs will be renumbered and cross-references will be updated to reflect the amendments listed above.

70.6 In the event that the GWPF Reinsurance Agreement terminates, this Scheme shall be automatically varied as follows:

- (A) the definition of “Asset Shares” in paragraph 1 shall be amended to delete the text “the SLAL GWPF Internal PPFM” and, where applicable, the text “(as the context requires)”;

- (B) the definition of “German WP Investment Element” shall be deleted from paragraph 1 to the extent that it relates to the SLAL GWPF;
- (C) the definition of “GWPF Reinsurance Agreement” shall be deleted from paragraph 1;
- (D) the definition of “SLAL GWPF” shall be deleted from paragraph 1;
- (E) the definition of “SLAL GWPF Internal PPFM” shall be deleted from paragraph 1;
- (F) paragraph 15.2 shall be deleted to the extent that it relates to the SLAL GWPF;
- (G) paragraphs 16.6(C) and 16.6(D) shall be deleted;
- (H) paragraphs 17.7(C) and 17.7(D) shall be deleted;
- (I) paragraph 21.1(B) shall be deleted to the extent that it relates to the SLAL GWPF;
- (J) this paragraph 70.6 shall be deleted;
- (K) paragraph 72 shall be deleted;
- (L) paragraph 74 shall be deleted; and
- (M) paragraphs and sub-paragraphs will be renumbered and cross-references will be updated to reflect the amendments listed above.

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70.7 In the event that the GSMWPF Reinsurance Agreement terminates, this Scheme shall be automatically varied as follows:

- (A) the definition of “Asset Shares” in paragraph 1 shall be amended to delete the text “the SLAL GSMWPF Internal PPFM” and, where applicable, the text “(as the context requires)”;
- (B) the definition of “German WP Investment Element” shall be deleted from paragraph 1 to the extent that it relates to the SLAL GSMWPF;
- (C) the definition of “GSMWPF Reinsurance Agreement” shall be deleted from paragraph 1;
- (D) the definition of “SLAL GSMWPF” shall be deleted from paragraph 1;
- (E) the definition of “SLAL GSMWPF Internal PPFM” shall be deleted from paragraph 1;

- (F) paragraph 15.2 shall be deleted to the extent that it relates to the SLAL GSMWPE:
- (G) paragraphs 16.6(E) and 16.6(F) shall be deleted:
- (H) paragraphs 17.7(E) and 17.7(F) shall be deleted:
- (I) paragraph 21.1(B) shall be deleted to the extent that it relates to the SLAL GSMWPE:
- (J) this paragraph 70.7 shall be deleted:
- (K) paragraph 73 shall be deleted: and
- (L) paragraph 75 shall be deleted.

## Part I9 – Agreed Form Documents

### 71. Agreed Form Documents

71.1 Following the Court Order being made and on or prior to the Effective Time:

- (A) the SLIF EB Annuities Reinsurance Agreement shall be executed by SLAL and SLIF; and
- (B) SL plc shall (and shall procure that the trustee or trustees of the Unclaimed Assets Trust shall) execute the Unclaimed Assets Trust.

## Part J10 – SLAL GWPF and SLAL GSMWPF

### 72. Reinsurance arrangements: GWPF Reinsurance Agreement

72.1 Any Premium received by SLAL on or after the Effective Time in respect of the GWPF Reinsurance Agreement shall be credited to the Non Profit Fund and the German WP Investment Element in respect thereof shall be debited from the Non Profit Fund and credited to the SLAL GWPF and applied in allocating With Profits Units in respect of the GWPF Reinsurance Agreement.

72.2 If any event occurs which, under the terms of a Policy reinsured under the GWPF Reinsurance Agreement, gives rise to the cancellation of With Profits Units attaching to the GWPF Reinsurance Agreement, an amount shall be debited from the SLAL GWPF and credited to the Non Profit Fund equal to the amount which the terms of the relevant underlying Policy provide shall be payable or transferable on cancellation of With Profits Units in such circumstances.

72.3 Any transfer pursuant to paragraph 72.2 shall take account of any applicable final bonus or unit price adjustment (and other charges and deductions properly attributable to the SLAL GWPF) required by the terms of the relevant underlying Policy, but shall disregard any charges and deductions applicable under the terms of the underlying Policy which are properly attributable to the Non Profit Fund.

72.4 From time to time there shall be debited from the SLAL GWPF and credited to the Non Profit Fund all charges levied on Asset Shares in accordance with the terms of GWPF Reinsurance Agreement (other than in respect of guarantees met by the SLAL GWPF).

72.5 In substitution of the arrangements described in this paragraph 72, and subject to the provisions of the Brexit Scheme, the SLAL Board may at any time effect such alternative arrangements between the SLAL GWPF and the Non Profit Fund as it determines is appropriate, provided that any such alternative arrangements (and any consequential transfers which are effected in order to implement such alternative arrangements) are: (i) compliant with PRIN 6; and (ii) undertaken having regard to the advice of the SLAL WP Actuary.

72.6 The only assets allocated to the SLAL GWPF, which can be posted as collateral pursuant to clause 23.2 of the GWPF Reinsurance Agreement are the assets backing:

- (A) the Current WP Liability (as defined in the GWPF Reinsurance Agreement) in respect of the Reinsured Liabilities (as defined in the GWPF Reinsurance Agreement);
- (B) reserves held for outstanding claims in respect of the Reinsured Liabilities; and
- (C) reserves held for Accounting Liabilities in respect of the Reinsured Liabilities.

72.7 Following the termination of the GWPF Reinsurance Agreement, any amount which is payable by SLAL to SL Intl in respect of the Non-Profit BEL (as defined in the GWPF Reinsurance Agreement) in accordance with Clause 17 of that agreement can only be transferred out of the Shareholder Fund.

### **73. Reinsurance arrangements: GSMWPF Reinsurance Agreement**

73.1 Any Premium received by SLAL on or after the Effective Time in respect of the GSMWPF Reinsurance Agreement shall be credited to the Non Profit Fund and the German WP Investment Element in respect thereof shall be debited from the Non Profit Fund and credited to the SLAL GSMWPF and applied in allocating With Profits Units in respect of the GSMWPF Reinsurance Agreement.

73.2 If any event occurs which, under the terms of a Policy reinsured under the GSMWPF Reinsurance Agreement, gives rise to the cancellation of With Profits Units attaching to the GSMWPF Reinsurance Agreement, an amount shall be debited from the SLAL GSMWPF and credited to the Non Profit Fund equal to the amount which the terms of the relevant underlying Policy provide shall be payable or transferable on cancellation of With Profits Units in such circumstances.

73.3 Any transfer pursuant to paragraph 73.2 shall take account of any applicable unit price adjustment (and other charges and deductions properly attributable to the SLAL GSMWPF) required by the terms of the relevant underlying Policy, but shall disregard any charges and deductions applicable under the terms of the underlying Policy which are properly attributable to the Non Profit Fund.

73.4 From time to time there shall be debited from the SLAL GSMWPF and credited to the Non Profit Fund all charges levied on Asset Shares in accordance with the terms of GSMWPF Reinsurance Agreement (other than in respect of smoothing provided by the SLAL GSMWPF).

73.5 In substitution of the arrangements described in this paragraph 73, and subject to the provisions of the Brexit Scheme, the SLAL Board may at any time effect such alternative arrangements between the SLAL GSMWPF and the Non Profit Fund as it determines is appropriate, provided that any such alternative arrangements (and any consequential transfers which are effected in order to implement such alternative arrangements) are: (i) compliant with PRIN 6; and (ii) undertaken having regard to the advice of the SLAL WP Actuary.

73.6 The only assets allocated to the SLAL GSMWPF, which can be posted as collateral pursuant to clause 23.2 of the GSMWPF Reinsurance Agreement are the assets backing:

(A) the Current WP Liability (as defined in the GSMWPF Reinsurance Agreement) in respect of the Reinsured Liabilities (as defined in the GSMWPF Reinsurance Agreement);

(B) reserves held for outstanding claims in respect of the Reinsured Liabilities; and

(C) reserves held for Accounting Liabilities in respect of the Reinsured Liabilities.

73.7 Following the termination of the GSMWPF Reinsurance Agreement, any amount which is payable by SLAL to SL Intl in respect of the Non-Profit BEL (as defined in the GSMWPF Agreement) in accordance with clause 18 of that agreement can only be transferred out of the Shareholder Fund.

#### **74. SLAL GWPF Internal PPFM**

74.1 With effect from the Brexit Scheme Effective Time, the SLAL GWPF shall be managed and operated in accordance with the SLAL GWPF Internal PPFM and any other practices, procedures, policies, frameworks, agreements or similar arrangements put in place under, or in accordance with, the SLAL GWPF Internal PPFM.

74.2 SLAL shall maintain the SLAL GWPF Internal PPFM unless the SLAL Board, having taken appropriate actuarial advice, determines that some other materially equivalent form of protection is to be put in place, in which case the references in this Scheme to the SLAL GWPF Internal PPFM shall be deemed to refer to that alternative form of protection.

74.3 The SLAL GWPF Internal PPFM shall always comply with the principles set out in Schedule 6 to the Brexit Scheme as if the references in that Schedule to SL Intl were references to SLAL.

#### **75. SLAL GSMWPF Internal PPFM**

75.1 With effect from the Brexit Scheme Effective Time, the SLAL GSMWPF shall be managed and operated in accordance with the SLAL GSMWPF Internal PPFM and any other practices, procedures, policies, frameworks, agreements or similar arrangements put in place under, or in accordance with, the SLAL GSMWPF Internal PPFM.

75.2 SLAL shall maintain the SLAL GSMWPF Internal PPFM unless the SLAL Board, having taken appropriate actuarial advice, determines that some other materially equivalent form of protection is to be put in place, in which case the references in this Scheme to the SLAL GSMWPF Internal PPFM shall be deemed to refer to that alternative form of protection.

75.3 The SLAL GSMWPF Internal PPFM shall always comply with the principles set out in Schedule 6 to the Brexit Scheme as if the references in that Schedule to SL Intl were references to SLAL.

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contractual guarantees (other than financial options) in respect of WPF With Profits Policies;

- (b) further tier 1 own funds with a value equal to the lesser of £505 million and 1.26% of the sum of its with-profit policy liabilities (other than future policy-related liabilities) and its future costs of contractual guarantees (other than financial options) in respect of WPF With Profits Policies; and
  - (c) tier 2 own funds with a value equal to the lesser of £526 million and 1.32% of the sum of its with-profit policy liabilities (other than future policy-related liabilities) and its future costs of contractual guarantees (other than financial options) in respect of WPF With Profits Policies.
- (iii) has no counterparty risk on any transaction with (a) any fund of SLAL other than the With Profits Fund, or (b) SL Intl; and
  - (iv) has no requirement to include a risk margin in its calculation of technical ~~provisions~~ provisions for policies in the Defined Blocks referred to in paragraph 2(A) of Schedule 3 (Reference Period Transfer Amount) or for rider benefits to policies in the Defined Blocks referred to in paragraph 2(B) of Schedule 3 (Reference Period Transfer Amount);
- (B) have regard to the nature of the liabilities of the With Profits Fund including the guarantees on WPF With Profit Policies and, in particular, seek to match the liabilities in respect of Policies which are not With Profits Policies and which are allocated to the With Profits Fund with assets of an appropriate nature and term; and
  - (C) have regard to the reasonable expectations of the holders of WPF With Profits Policies (if applicable, as varied by this Scheme) and the duty to treat them fairly.

- 2.3 The bonus philosophy in respect of WPF With Profits Policies shall recognise the intention that regular bonuses should be declared at levels which do not unduly constrain investment freedom and the prospects for declaration of final bonuses.

### **3. Use of Asset Shares**

- 3.1 In order to ensure equity between different groups of WPF With Profits Policies, other than for minor classes of With Profits Policies where alternative methods may be used, final bonus rates in respect of such Policies shall be determined in accordance with the PPFM by reference to Asset Shares. Subject to amendment only in respect of errors or omissions, these Asset Shares will be the Asset Shares in the records maintained by SLAC immediately prior to the Effective Time. These Asset Shares shall be accumulated after the Effective Time in accordance with the PPFM but in a manner which:

- (A) has regard to the reasonable expectations of the holders of WPF With Profits Policies (if applicable, as varied by this Scheme);
- (B) has regard to SLAC's Asset Share methodology as set out in the PPFM for SLAC immediately prior to the Effective Date; and
- (C) reflects the financial position, performance and experience of the WPF With Profits Policies and the assets backing the Asset Shares of such Policies.

3.2 For the avoidance of doubt, the Asset Shares at the Effective Time may be adjusted after the Effective Time for variations between assumed and actual historic experience to the extent that this is consistent with the PPFM and the reasonable expectations of the holders of WPF With Profits Policies (if applicable, as varied by this Scheme).

3.2A For the avoidance of doubt, the Asset Share of a SL Intl HWPF Reinsured Policy shall be accumulated without any break in the calculation of the Asset Share as a result of the implementation of the Brexit Scheme.

3.3 Other than for minor classes of With Profits Policies, subject to the effect of any smoothing implemented pursuant to the PPFM, and before allowing for additional final bonus (if any) arising from the distribution of any residual estate, payouts at maturity and on the vesting of WPF With Profits Policies shall in aggregate, over time, be targeted on Asset Shares.

#### **4. Role of the residual estate**

4.1 The primary role of the residual estate is to ensure a prudent amount is retained in the With Profits Fund in respect of any amounts which may be charged to the With Profits Fund in accordance with this Scheme, including:

- (A) amounts chargeable to the With Profits Fund under paragraphs 17.2 and 41 of this Scheme, except to the extent that such amounts are properly charged to Asset Shares in accordance with the PPFM;
- (B) losses that may arise because of increases in the expected cost of guarantees or smoothing that cannot be recouped by deductions from Asset Shares made in accordance with the PPFM; and
- (C) other liabilities attributable to the With Profits Fund.

4.2 To the extent that the SLAL Board is satisfied that the residual estate exceeds that required to meet its primary role as set out in paragraph 4.1 of this Schedule 1 (Core Principles), the excess residual estate shall be distributed over time in as fair and equitable manner as is practicable as an enhancement to final bonus payable on the remaining WPF With Profits Policies. So far as reasonably practicable, such distribution will be restricted to (i) WPF With Profits Policies which ~~are~~were Transferred Policies at the Effective Date and (ii) Excluded Policies treated as Transferred Policies on their transfer to SLAL.

## Schedule 2 – Additional Expenses

1. In this Schedule 2 (Additional Expenses) the “**German Additional Expense Policies**” are Policies or new business written by the German branch of SLAC or SLAL other than Indax Andante, Indax Allegro, Freelax Sofort Vollgarantier, Freelax Sofort Überschuß beteiligt, Aktien Rente, Private Plus, Job Plus and KlassikPlus Policies where such Policies and new business are:
  - (A) (i) Transferred Policies which are WPF Policies, ~~and~~; (ii) Excluded Policies which would, had they been Transferred Policies, have been WPF Policies; and (iii) SL Intl HWPF Reinsurance Agreement to the extent it relates to the SL Intl HWPF Reinsured Policies; and
  - (B) new business written in the With Profits Fund pursuant to paragraph 28.1 (other than business falling within paragraph 23.1) and paragraph 28.2 of this Scheme.
2. The amounts in respect of additional expenses debited from the With Profits Fund pursuant to paragraph 34 are amounts determined monthly in respect of each German Additional Expense Policy by reference to:
  - (A) a percentage of the unallocated Premium for the applicable Policy in the relevant period set out below. The unallocated Premium is the part of the Premium in respect of the relevant Policy not applied or applicable to With Profits Units; plus
  - (B) a percentage of the standard initial commission amount payable in the relevant period set out below. The standard initial commission shall, in respect of the relevant German Additional Expense Policy, be calculated at the point an increase to regular premiums generates a new initial commission payment, or a new single premium is paid to an existing policy. The standard initial commission amount payable shall disregard: (i) any discretionary increase in initial commission which is offered to intermediaries and other sales agents; (ii) any reduction in initial commission as a result of an intermediary or sales agent waiving part or all of their initial commission to enhance policyholders premiums or benefits; and (iii) any initial commission reclaimed from an intermediary or sales agent.

### Schedule 3 – Reference Period Transfer Amount

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#### 1. Components of Reference Period Transfer Amount

For each Reference Valuation Period, the Reference Period Transfer Amount shall be:

- (A) the sum of the “**Recourse Cashflow**” (or “**RCF**”) and for the Reference Valuation Period commencing 1 January 2016 the “**Transitional Amount**” (or “**TA**”) in respect of:
- (i) the CNP Protection and Miscellaneous – Life (UK) Block;
  - (ii) the CNP Protection and Miscellaneous – Pensions (UK) Block;
  - (iii) the CNP Deferred Annuities – Life (UK) Block;
  - (iv) the CNP Deferred Annuities – Pensions (UK) Block;
  - (v) the Unitised Life (UK) Block;
  - (vi) the Unitised Pensions (UK) Block;
  - (vii) [the HWPF Reinsurance Agreement to the extent attributable to the](#) CNP Life (Net Fund) (Ireland) Block;
  - (viii) [the HWPF Reinsurance Agreement to the extent attributable to the](#) CNP Life (Gross Roll-Up Fund) (Ireland) Block;
  - (ix) [the HWPF Reinsurance Agreement to the extent attributable to the](#) CNP Pensions (Ireland) Block;
  - (x) [the HWPF Reinsurance Agreement to the extent attributable to the](#) Unitised Pensions (Ireland) Block;
  - (xi) [the HWPF Reinsurance Agreement to the extent attributable to the](#) Unitised Life (Net Fund) (Ireland) Block; and
  - (xii) [the HWPF Reinsurance Agreement to the extent attributable to the](#) Unitised Life (Gross Roll-Up Fund) (Ireland) Block,
- (each, a “**Defined Block**”); plus
- (B) any Reference Period Securitisation Receipts; less
- (C) any Reference Period Securitisation Payments.

## 2. Recourse Cashflow calculations

For the purposes of:

- (A) paragraphs 1(A)(i) to (iv), (vi), (viii) and (ix), “**RCF**” and “**TA**” for the relevant Defined Block shall be calculated in accordance with the following formula for a Reference Valuation Period of a year (an appropriately adjusted formula shall be used for a Reference Valuation Period of different length):

$$\begin{aligned} \text{RCF} = & (P - C - \text{EXP} - \text{COMM}) \times (1 + (1 - \text{tax}) \times (j - e)/2) \\ & - (V1 - (1 + (1 - \text{tax}) \times (i_1 - e)) \times V0) \end{aligned}$$

$$\text{TA} = (\text{MR0} - \text{Z0}) \times (1 + (1 - \text{tax}) \times (i_1 - e)):$$

where:

**P** = the total Premiums paid in respect of all Defined Block Policies during the Reference Valuation Period.

**C** = claims in respect of all Defined Block Policies during the Reference Valuation Period, including any amount payable in respect of waiver of Premium benefit under a Defined Block Policy.

**EXP** = initial, renewal and termination expenses attributable to Defined Block Policies during the Reference Valuation Period, as calculated in accordance with [paragraph 34](#); reduced to allow for the Tax relief expected to be obtained by the With Profits Fund on these expenses. The allowance for Tax relief will be made by applying a percentage reduction to EXP equal to the policyholder rate of Taxation applicable during the Reference Valuation Period. Should this rate of Taxation change between the end of the Reference Valuation Period and the end of the period in which the relevant Tax relief is actually obtained or obtainable on any element of EXP as a result of a requirement to spread such Tax relief over a period, then EXP in respect of the Reference Valuation Period in which the change of Tax rate occurs will include an adjustment to reverse any over or under allowance for Tax relief in respect of EXP in earlier Reference Valuation Periods.

**COMM** = all commissions payable in respect of Defined Block Policies during the Reference Valuation Period (net of any commission clawback allocated to the With Profits Fund), reduced to allow for the Tax relief expected to be obtained on these commissions, and excluding any remuneration payable to directors, officers or employees of [PGMSL](#), [PGSL](#), [SLAESL](#), SL Direct or SLES�. The allowance for Tax relief, and any adjustment to such allowance in subsequent Reference Valuation Periods, will be determined using the same methodology described above for EXP.

**V0** = best estimates held in respect of all Defined Block Policies at the beginning of the Reference Valuation Period.

the investment return allocated to Asset Shares, such as dealing fees, stamp duty and custodian fees). EXP will be reduced to allow for the Tax relief expected to be obtained by the With Profits Fund on these expenses. The allowance for Tax relief will be made by applying a percentage reduction to EXP equal to the policyholder rate of Taxation applicable during the Reference Valuation Period. Should this rate of Taxation change between the end of the Reference Valuation Period and the end of the period in which the relevant Tax relief is actually obtained or obtainable on any element of EXP as a result of a requirement to spread such Tax relief over a period, then EXP in respect of the Reference Valuation Period in which the change of Tax rate occurs will include an adjustment to reverse any over or under allowance for Tax relief in respect of EXP in earlier Reference Valuation Periods.

**COMM** = all commissions payable in respect of Defined Block Policies during the Reference Valuation Period (net of any commission clawback allocated to the With Profits Fund), reduced to allow for the Tax relief expected to be obtained on these commissions, and excluding any remuneration payable to directors, officers or employees of [PGMSL](#), [PGSL](#), [SLAESL](#), SL Direct or SLES. The allowance for Tax relief, and any adjustment to such allowance in subsequent Reference Valuation Periods, will be determined using the same methodology described above for EXP.

**CLS** = the claim strain arising on all Defined Block Policies in the Reference Valuation Period for claims arising on death or critical illness (excluding amounts paid in respect of with profits bonds on death). This will be the amount of the claim for the whole Defined Block Policy that is in excess of the value, at the time of the death or relevant claim, of any Unit Linked Units and any With Profits Units (after applying any terminal bonus and any unit price adjustment).

**SP** = contractual surrender penalties paid during the Reference Valuation Period in respect of all Defined Block Policies, excluding surrender penalties applied to holdings of Initial Units.

**V'0** = best estimates held in respect of rider benefits on Defined Block Policies at the beginning of the Reference Valuation Period.

**V'1** = best estimates held in respect of rider benefits on Defined Block Policies at the end of the Reference Valuation Period, calculated using  $\{i_t\}$ , the one-year forward risk-free interest rate term structure underlying V'0, defined by

$$(1 + i_t')^t = \frac{(1 + i_{t+1})^{t+1}}{(1 + i_1)}$$

where  $i_t$  is the annually compounding spot rate for a term of  $t$  years from the risk-free interest rate term structure underlying V'0 but otherwise using the valuation basis applicable at the end of the Reference Valuation Period.

**Loan proceeds** are the receipts of any Contingent RCF Loan (net of any expenses charged to the With Profits Fund);

**t** is the number of days from and including the receipt of the Contingent RCF Loan to and excluding the last day on the Reference Valuation Period, divided by 365; and

**i** is an amount equivalent to notional interest at LIBOR – 15 basis points, expressed as a decimal, on the date on which the proceeds of the Contingent RCF Loan are received.

(C) In this Schedule 3 (Reference Period Transfer Amount) (including the Appendix to this Schedule 3 (Reference Period Transfer Amount)), the following definitions apply:

(i) **“Policies”** means:

(a) Transferred Policies which are WPF Policies, and Excluded Policies which would, had they been Transferred Policies, have been WPF Policies (but excluding any SL Intl Policies);

(b) new business written in or allocated to the With Profits Fund pursuant to paragraph 28.2 of this Scheme; ~~and~~

(c) if, and only if, the SLAL Board so elects new business written in or allocated to the With Profits Fund pursuant to paragraph 28.1 of the Scheme; ~~and~~

(d) the HWPF Reinsurance Agreement, to the extent attributable to the CNP Life (Net Fund) (Ireland) Block, the CNP Life (Gross Roll-Up Fund) (Ireland) Block, the CNP Pensions (Ireland) Block, the Unitised Pensions (Ireland) Block, the Unitised Life (Net Fund) Ireland Block or the Unitised Life (Gross Roll-Up Fund) (Ireland) Block.

but excluding in all cases new business written pursuant to paragraph 23.1. The Policies in respect of categories (i) to (vi) under the heading “Defined Block” in the Appendix to this Schedule 3 (Reference Period Transfer Amount) are only Policies written by SLAC or SLAL (other than SLAC or SLAL’s Republic of Ireland, German or Canadian Branches) ~~and categories (vii) to (xii) under the heading “Defined Block” in the Appendix to this Schedule 3 (Reference Period Transfer Amount) are only Policies written by the Republic of Ireland Branch of SLAC or SLAL~~, and **“Policy”** shall be construed accordingly;

(ii) **“CNP Protection and Miscellaneous – Life (UK) Block”** means the Policies identified as being attributable to such block in the appendix to this Schedule 3 (Reference Period Transfer Amount);

- (iii) **“CNP Protection and Miscellaneous – Pensions (UK) Block”** means the Policies identified as being attributable to such block in the appendix to this Schedule 3 (Reference Period Transfer Amount);
- (iv) **“CNP Deferred Annuities – Life (UK) Block”** means the Policies identified as being attributable to such block in the appendix to this Schedule 3 (Reference Period Transfer Amount);
- (v) **“CNP Deferred Annuities – Pensions (UK) Block”** means the Policies identified as being attributable to such block in the appendix to this Schedule 3 (Reference Period Transfer Amount);
- (vi) **“Unitised Life (UK) Block”** means the Policies identified as being attributable to such block in the appendix to this Schedule 3 (Reference Period Transfer Amount);
- (vii) **“Unitised Pensions (UK) Block”** means the Policies identified as being attributable to such block in the appendix to this Schedule 3 (Reference Period Transfer Amount);
- (viii) **“CNP Life (Net Fund) (Ireland) Block”** means the ~~Policies~~HWPF Reinsurance Agreement, to the extent identified as being attributable to such block in the appendix to this Schedule 3 (Reference Period Transfer Amount);
- (ix) **“CNP Life (Gross Roll-Up Fund) (Ireland) Block”** means the ~~Policies~~HWPF Reinsurance Agreement, to the extent identified as being attributable to such block in the appendix to this Schedule 3 (Reference Period Transfer Amount);
- (x) **“CNP Pensions (Ireland) Block”** means the ~~Policies~~HWPF Reinsurance Agreement, to the extent identified as being attributable to such block in the appendix to this Schedule 3 (Reference Period Transfer Amount);
- (xi) **“Unitised Pensions (Ireland) Block”** means the ~~Policies~~HWPF Reinsurance Agreement, to the extent identified as being attributable to such block in the appendix to this Schedule 3 (Reference Period Transfer Amount);
- (xii) **“Unitised Life (Net Fund) (Ireland) Block”** means the ~~Policies~~HWPF Reinsurance Agreement, to the extent identified as being attributable to such block in the appendix to this Schedule 3 (Reference Period Transfer Amount);
- (xiii) **“Unitised Life (Gross Roll-Up Fund) (Ireland) Block”** means the ~~Policies~~HWPF Reinsurance Agreement, to the extent identified as being attributable to such block in the appendix to this Schedule 3 (Reference Period Transfer Amount);

- (xxiii) any adjustments for “**Tax relief**” shall be made on a fair and reasonable basis which is consistent with the basis applied in charging or crediting the With Profits Fund with Taxation pursuant to paragraph 39 of this Scheme.

#### 4. Interpretation

- (A) For the purposes of this Schedule 3 (Reference Period Transfer Amount), all Recourse Cashflow calculations shall be made on the basis that any amounts payable or receivable by the With Profits Fund pursuant to reassurances accepted or ceded shall be added to or deducted from (as appropriate) the relevant RCF component, save that:

~~(i) = any amounts payable or receivable pursuant to reinsurance agreements with any New SL Group Member (including the SLIF EB ULP Reinsurance Agreement and the SLIF EB ULL Reinsurance Agreement); and~~

for the avoidance of doubt, any amounts payable or receivable or otherwise to be credited or debited pursuant to paragraph 24 where the Investment Element in respect of a Policy written in, allocated to or reinsured by the With Profits Fund is allocated or transferred to, or reinsured by, a SLAL Fund other than the With Profits Fund, shall be disregarded.

- (B) If there is any doubt as to whether:
- (i) any amount is properly attributable to a component of any Recourse Cashflow, the SLAL Board may determine whether it shall be so attributed; or
  - (ii) any Policy (including, for the avoidance of doubt, any part of the HWPE Reinsurance Agreement) is included or excluded from any Defined Block, the SLAL Board may (having regard to the advice of the SLAL WP Actuary) determine whether it shall be so included or excluded.
- (C) Where any new business is written in the With Profits Fund pursuant to paragraph 28 of this Scheme, the SLAL Board (having regard to the advice of the SLAL WP Actuary) shall determine whether or not such business shall be included or excluded from the Defined Blocks.

	(B) at the discretion of the SLAL Board, any period from and excluding 30 September 2005 to and including 31 March, 30 June or 31 December in any calendar year from and including 2006 to and including 2020;
<b>"Eligible MEP Policies"</b>	means the Policies listed in <u>Appendix 2 (Eligible MEP Policies)</u> , <u>including any such Policies which have been transferred to SL Int'l pursuant to the Brexit Scheme</u> ;
<b>"Expected Affordable Proportion"</b>	means a percentage calculated in accordance with <u>paragraph 8</u> , such percentage being represented as "R" in the formulae in this <u>Schedule 4 (Mortgage Endowment Promise)</u> ;
<b>"Final Adjustment Date"</b>	has the meaning given in <u>paragraph 4.3</u> ;
<b>"First Policy Review Date"</b>	means, in respect of each MEP Policy, the first date following the MEP Introduction Date as at which SLAC calculated the projected maturity value of the relevant MEP Policy;
<b>"Glidepath Affordable Proportion"</b>	means a percentage calculated in accordance with <u>paragraph 7</u> , such percentage being represented as "R <sub>G</sub> " in the formulae in this <u>Schedule 4 (Mortgage Endowment Promise)</u> ;
<b>"Long Term Gilt Yield"</b>	means the annualised equivalent of the yield on the 15-year index for United Kingdom Government fixed-interest securities jointly compiled by the Financial Times, the Institute of Actuaries and the Faculty of Actuaries, or, if such index is not available, such other yield as the SLAL Board deems appropriate from time to time;
<b>"Maturity Value"</b>	means the amount (excluding any amount payable to a Policyholder pursuant to this <u>Schedule 4 (Mortgage Endowment Promise)</u> ) payable in respect of an MEP Policy on the relevant Policy Maturity Date;
<b>"Maximum Top Up Amount"</b>	means an amount equal to the excess of the Original Target Value over the Original Projected Value, subject to a minimum of zero;
<b>"MEP Eligibility Criteria"</b>	means the conditions which must be satisfied for the Promise to apply to an Eligible Policy, as specified in <u>Appendix 3 (Eligibility Criteria)</u> ;
<b>"MEP Introduction Date"</b>	means 28 September 2000;
<b>"MEP Policies"</b>	means those Eligible MEP Policies which satisfy the MEP Eligibility Criteria;

<b>“Non Top Up MEP Policy”</b>	means an MEP Policy which has an Original Projected Value equal to, or in excess of, the Original Target Value;
<b>“Original Projected Value”</b>	means the maturity value projected by SLAC on the First Policy Review Date in respect of each MEP Policy, on the basis of average annual investment returns of 6% (six per cent.) (after tax);
<b>“Original Target Value”</b>	means the target maturity value for each MEP Policy as determined by SLAC on the First Policy Review Date;
<b>“Payment Cessation Rate”</b>	means, in respect of each Calculation Period, the annual investment return rate referred to as such in <a href="#">Appendix 1</a> ( <i>Annual Investment Return Rates</i> ), such rate being represented as “D” in the formulae in this <a href="#">Schedule 4</a> ( <i>Mortgage Endowment Promise</i> );
<b>“Payment Reduction Rate”</b>	means, in respect of each Calculation Period, the annual investment return rate referred to as such in <a href="#">Appendix 1</a> ( <i>Annual Investment Return Rates</i> ), such rate being represented as “C” in the formulae in this <a href="#">Schedule 4</a> ( <i>Mortgage Endowment Promise</i> );
<b>“Policy Maturity Date”</b>	means the date on which an MEP Policy matures;
<b>“Shortfall Amount”</b>	means an amount equal to the Original Target Value less the Maturity Value, subject to a minimum of zero;
<b>“Target Rate”</b>	means, in respect of each Calculation Period, the annual investment return rate referred to as such in <a href="#">Appendix 1</a> ( <i>Annual Investment Return Rates</i> ), such rate being represented as “A” in the formulae in this <a href="#">Schedule 4</a> ( <i>Mortgage Endowment Promise</i> );
<b>“Top Up MEP Policy”</b>	means an MEP Policy which has an Original Projected Value less than the Original Target Value;
<b>“Unrounded Applicable Proportion”</b>	means a percentage calculated in accordance with <a href="#">paragraph 5</a> , such amount being represented as “P” in the formulae in this <a href="#">Schedule 4</a> ( <i>Mortgage Endowment Promise</i> );
<b>“Value Weighted Average”</b>	has the meaning given in <a href="#">paragraph 4.5</a> ;
<b>“with profits investment” or “invested in with profits”</b>	means an investment giving rise to an entitlement to receive a share of SLAC’s profits (prior to the Effective Time) or SLAL’s profits (after the Effective Time, <a href="#">either directly or indirectly through the HWPF Reinsurance Agreement</a> ) on the basis of the investment being applied in a fund to which some or all of

**4. Applicable Proportion: Policy Maturity Dates on or after the Final Adjustment Date**

- 4.1 The Applicable Proportion applicable to all MEP Policies in respect of which the Policy Maturity Date is on or after the Adjustment Date immediately following 30 September 2020 shall be the greater of:
- (A) the Applicable Proportion which would have applied on the basis of a calculation of the Applicable Proportion in respect of the final Calculation Period in accordance with paragraph 3; and
  - (B) the Value Weighted Average of the Applicable Proportion applied by SLAL in determining payments to be made to Policyholders in respect of the Promise in the Calculation Periods falling within the three-year period immediately preceding the Calculation Date in the last Calculation Period (the “**Relevant t/t+1 Intervals**”), rounded to the nearest 1% (one per cent.).
- 4.2 The calculations to be made pursuant to paragraph 4.1 shall be made by the SLAL Board no later than 31 December 2020.
- 4.3 If, as a result of the calculations being made pursuant to paragraph 4.1, the Applicable Proportion changes from that which applied after the immediately preceding Adjustment Date, such change shall take effect and apply to all MEP Policies maturing on or after a date determined by the SLAL Board, such date (the “**Final Adjustment Date**”) to be no later than 1 January 2021.
- 4.4 The Applicable Proportion of the Maximum Top Up Amount applicable or Shortfall Amount pursuant to the Promise for all MEP Policies in respect of which the Policy Maturity Date is after the Final Adjustment Date shall be the Applicable Proportion calculated pursuant to paragraph 4.1. Thereafter, the Applicable Proportion shall not be adjusted.
- 4.5 For the purposes of paragraph 4.1(B), the “**Value Weighted Average**” of the Applicable Proportion shall be calculated by application of the following formula:

$$\frac{\text{Sum of } (Q(t) \times \text{actual top – up } (t))}{\text{Sum of (actual top – up } (t))}$$

where:

**Q(t)** is the Applicable Proportion calculated in respect of the Relevant t/t+1 Intervals;

**actual top-up (t)** is the aggregate of all amounts paid or payable by (i) SLAL in respect of the Promise pursuant to this Schedule 4 (Mortgage Endowment Promise), and (ii) SL Int'l pursuant to paragraph 30 of the Brexit Scheme, in respect of each Relevant t/t+1 Interval; and

**t/t+1 interval** means the period from and including an Adjustment Date to and excluding the immediately following Adjustment Date.

**COURT OF SESSION, SCOTLAND**

THE STANDARD LIFE ASSURANCE COMPANY

and

SLLC LIMITED (to be renamed STANDARD LIFE ASSURANCE LIMITED)

and

SLGC LIMITED (to be re-registered as STANDARD LIFE PLC)

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**SCHEME**

(pursuant to Part VII of, and Schedule 12 to, the  
Financial Services and Markets Act 2000)

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Slaughter and May  
One Bunhill Row  
London EC1Y 8YY  
(ACC/TP)

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**Part B: Amendments and additions to the 2011 Scheme**

## SCHEDULE 2

### Replacement Arrangements in respect of the SLIF EB Annuities Reinsurance Agreement

#### 1. INTERPRETATION

##### 1.1 In this Schedule 2:

**“Actual Annuity  
Payments”**

means all payments made or due and payable (and, for the purposes of this Schedule 2, amounts which are not permitted to be paid to annuitants by SLAL or SL Intl (as the case may be) pursuant to rules of pension schemes are neither payments made nor payments due and payable) by:

(A) SLAL in respect of SLAL Covered Policies during each Calculation Period, but excluding: (i) payments made (or due and payable) by SLAL in respect of Annuity Augmentations; and (ii) any such payments made by SLAL after the death of the annuitant which are not recovered; and

(B) SL Intl in respect of SL Intl Indirectly Covered Policies during each Calculation Period, but excluding: (i) payments made (or due and payable) by SL Intl in respect of Annuity Augmentations; and (ii) any such payments made by SL Intl after the death of the annuitant which are not recovered;

**“Adjustment Amount”**

has the meaning given to it in clause 8.4;

**“Amendment Effective  
Date”**

has the meaning given to the “Effective Date” in the Amendment to Deed of Variation dated 15 November 2016 in relation to the Scheme;

**“Annuity Augmentation”**

means:

~~means~~(A) any augmentation or increase to an annuity which was paid, due and payable or secured after the 2006 Scheme Effective Time in respect of a SLAL Covered Policy which was written in, or allocated to, the SLAL HWPF pursuant to the 2006 Scheme, but excluding any contractual or automatic increase to an annuity (other than a contractual increase which is an

Increased Annuity Payment); and

(B) any augmentation or increase to an annuity which was paid, due and payable or secured after the 2006 Scheme Effective Time in respect of a SL Intl Indirectly Covered Policy which was (i) written in, or allocated to, the SLAL HWPF pursuant to the 2006 Scheme, and subsequently (ii) written in, or allocated to, the SL Intl HWPF pursuant to the Brexit Scheme, but excluding any contractual or automatic increase to an annuity (other than a contractual increase which is an Increased Annuity Payment);

**“Annuity Augmentation Costs”** has the meaning given in clause 5.2;

**“Annuity Augmentation Coverage Payments”** means annuity augmentation premiums, being all premiums received or applied by:

(A) (in respect of SLAL Covered Policies) the SLAL HWPF to secure New Annuity Augmentations including the single premium cost to the SLAL HWPF (calculated using the SLAL HWPF’s nil commission immediate annuity premium basis then in force) in respect of Increased Annuity Payments; and

(B) (in respect of SL Intl Indirectly Covered Policies) the SL Intl HWPF to secure New Annuity Augmentations including the single premium cost to the SL Intl HWPF (calculated using the SL Intl HWPF’s nil commission immediate annuity premium basis then in force) in respect of Increased Annuity Payments, but only to the extent reinsured to SLAL pursuant to the HWPF Reinsurance Agreement;

**“Brexit Scheme”** means the Scottish scheme of transfer between SLAL and SL Intl, as sanctioned by the Court of Session on or around 19 March 2019 and effective on 29 March 2019;

**“Brexit Scheme Effective Time”** means the “Effective Time” as defined in the Brexit Scheme;

**“Business Day”** means any day (other than a Saturday or Sunday) on which banks are open for the transaction of general

banking business in Edinburgh and London;

**“Calculation Date”** means, in respect of each Calculation Period, the last Business Day of that Calculation Period;

**“Calculation Period”** means each calendar month during the term of the arrangements set out in this Schedule 2 or, in respect of the Coverage Effective Month, the period from and including the Amendment Effective Date to and including the last day in the Coverage Effective Month;

**“Coverage Effective Month”** means the calendar month in which the Amendment Effective Date falls;

**“Covered Liabilities”** means:

(A) the longevity risk in respect of all of the Covered Policies; and

(B) all Annuity Augmentations,

except to the extent that such liabilities are reinsured pursuant to third party reinsurance arrangements;

**“Covered Policies”** means together:

(A) the SLAL Covered Policies; and

~~(A)-(B) the HWPF Reinsurance Agreement, but only to the extent attributable to SL Intl Indirectly Covered Policies; all Transferred Policies in respect of which a non-profit annuity was in payment or had vested (including where such vesting has arisen on retirement or death) prior to the 2006 Scheme Effective Time, excluding all EEA Policies, but including: (i) Jersey Policies from and with effect from the Jersey Effective Time; and (ii) Guernsey Policies from and with effect from the Guernsey Effective Time; and~~

~~(B) all reinsurances ceded to SLAL in respect of which a non-profit annuity was in payment or had vested (including where such vesting has arisen on retirement or death) prior to the 2006 Scheme Effective Time, including: (i) Jersey Policies prior to the Jersey Effective Time; (ii) Guernsey Policies prior to the Guernsey Effective Time; and (iii) any such Policies which are comprised~~

~~within the SLPF Annuity Business,~~

~~other than Policies, and reinsurances ceded, where the liability in respect of the Policy, or reinsurance, has been reinsured by SLAL pursuant to a third party reinsurance arrangement;~~

**“EEA Policies”** means all Policies written in the course of carrying on insurance business in any EEA State other than the United Kingdom and the Republic of Ireland;

**“EEA State”** has the meaning set out in paragraph 8, Part I of Schedule 3 to FSMA;

**“Existing Annuity Augmentations”** means Annuity Augmentations that are not New Annuity Augmentations;

**“Guernsey Effective Time”** has the meaning given to it in the 2006 Scheme;

**“Guernsey Policies”** has the meaning given to it in the 2006 Scheme;

**“HWPF Reinsurance Agreement”** means the agreement entitled “Reinsurance Agreement: HWPF” between SLAL and SL Intl, entered into in accordance with paragraph 66 of the Brexit Scheme;

**“Increased Annuity Payment”** means any payment in respect of an annuity to the extent that such payment arises as a result of the trustees of the relevant pension scheme varying the rules of the pension scheme to remove restrictions on the amount which can be paid to annuitants in respect of the annuity;

**“Initial Expenses”** means distribution and issue expenses allocated to the SLAL HWPF in respect of ~~the Covered Policies;~~

(A) the SLAL Covered Policies; or

(B) the SL Intl Covered Policies (prior to their transfer to SL Intl pursuant to the Brexit Scheme),

in accordance with paragraph 34 of the 2006 Scheme;

**“Interim Refund Amount”** has the meaning given to it in clause 8.2;

**“Interim SL Intl Refund”** has the meaning given to it in clause 10.3;

Amount”

<b>“Jersey Effective Time”</b>	has the meaning given to it in the 2006 Scheme;
<b>“Jersey Policies”</b>	has the meaning given to it in the 2006 Scheme;
<b>“Monthly Coverage Payment”</b>	means, in respect of a Calculation Period, such amount as is specified in (and determined in accordance with the provisions of) schedule 3 to the SLIF EB Annuities Reinsurance Agreement <a href="#">to the extent that it relates to the Covered Policies</a> , the provisions of and data contained in that schedule applying <i>mutatis mutandis</i> to the determination of such amount and any reference in that schedule to a “Monthly Reinsurance Premium” being, for the purposes of this Schedule 2, a reference to a Monthly Coverage Payment;
<b>“Monthly Coverage Payment Deduction”</b>	means, in respect of a Calculation Period, such amount as is specified in (and determined in accordance with the provisions of) schedule 7 to the SLIF EB Annuities Reinsurance Agreement <a href="#">to the extent that it relates to the Covered Policies</a> , the provisions of and data contained in that schedule applying <i>mutatis mutandis</i> to the determination of such amount and any reference in that schedule to a “Monthly Reinsurance Premium Deduction” being, for the purpose of this Schedule 2, a reference to a Monthly Coverage Payment Deduction;
<b>“Monthly Settlement Date”</b>	means the Business Day immediately following each Calculation Date;
<b>“Net Monthly Coverage Payment”</b>	means, in respect of a Calculation Period, the Monthly Coverage Payment less the Monthly Coverage Payment Deduction in respect of that Calculation Period;
<b>“New Annuity Augmentation”</b>	means any Annuity Augmentation which was paid, due and payable or secured after the Amendment Effective Date;
<b>“Policyholder”</b>	means any “policyholder” within the meaning of the Financial Services and Markets Act (Meaning of “Policy” and “Policyholder”) Order 2001 (SI 2001/2361);
<b>“Reimbursed Monthly Reinsurance Premium”</b>	means, in respect of a Calculation Period, such amount as is specified in (and determined in accordance with the provisions of) Schedule 5 to the Amendment to Deed of

Variation dated 15 November 2016 in relation to the Scheme;

**“Restricted Annuity Adjustment”**

means, in respect of a Calculation Period, an amount equal to the Unrestricted Annuity Payments in respect of that Calculation Period less the Actual Annuity Payments in respect of that Calculation Period;

**“Scheme”**

means the Scheme of Transfer to which this document forms Schedule 2 and in accordance with which it is intended that all of SLIF's business, and its property and liabilities, are to be transferred to SLAL;

**“SLAL Covered Policies”**

means:

(A) all Transferred Policies in respect of which a non profit annuity was in payment or had vested (including where such vesting has arisen on retirement or death) prior to the 2006 Scheme Effective Time, excluding all EEA Policies, but including: (i) Jersey Policies from and with effect from the Jersey Effective Time; and (ii) Guernsey Policies from and with effect from the Guernsey Effective Time; and

(B) all reinsurances ceded to SLAL in respect of which a non profit annuity was in payment or had vested (including where such vesting has arisen on retirement or death) prior to the 2006 Scheme Effective Time, including: (i) Jersey Policies prior to the Jersey Effective Time; (ii) Guernsey Policies prior to the Guernsey Effective Time; and (iii) any such Policies which are comprised within the SLPF Annuity Business,

but excluding: (i) Policies, and reinsurances ceded, where the liability in respect of the Policy, or reinsurance, has been reinsured by SLAL pursuant to a third party reinsurance arrangement; and (ii) SL Intl Indirectly Covered Policies;

**“SLAL HWPF With Profits Policies”**

means (i) “WPF With Profits Policies” as such term is defined in the 2006 Scheme, and (ii) any Policies issued by SL Intl which are reinsured in whole or part into the SLAL HWPF by virtue of the HWPF Reinsurance Agreement;

<b><u>“SL Intl”</u></b>	<u>means Standard Life International DAC, a designated activity company incorporated in the Republic of Ireland with registered number 408507;</u>
<b><u>“SL Intl Adjustment Amount”</u></b>	<u>has the meaning given to it in clause 10.3;</u>
<b><u>“SL Intl HWPF”</u></b>	<u>means the “SL Intl Heritage With Profits Fund” established and maintained by SL Intl in accordance with the terms of the Brexit Scheme;</u>
<b><u>“SL Intl Indirectly Covered Policies”</u></b>	<p><u>means Policies or reinsurances which:</u></p> <p>(A) <u>would have fallen within limb (A) or (B) of the definition of SLAL Covered Policies immediately prior to the Brexit Scheme Effective Date; and</u></p> <p>(B) <u>were transferred to SL Intl and allocated to the SL Intl HWPF pursuant to the Brexit Scheme,</u></p> <p><u>other than Policies, and reinsurances ceded, where the liability in respect of the Policy, or reinsurance, has been reinsured by SL Intl pursuant to a third party reinsurance arrangement;</u></p>
<b>“SLPF Annuity Business”</b>	means the business and undertaking of SLPF which comprises the writing of life or annuity contracts of insurance under paragraph I of Part II of Schedule I to the Regulated Activities Order and which is, from time to time, reinsured into the SLAL HWPF;
<b><u>“Technical Provisions”</u></b>	<u>has the meaning given to it in the Glossary of the PRA Rulebook;</u>
<b>“Transferred Policies”</b>	has the meaning given to it in the 2006 Scheme;
<b>“Unrestricted Annuity Payments”</b>	means, in respect of a Calculation Period, the Actual Annuity Payments that otherwise would be made or due and payable in respect of that Calculation Period had the rules of pension schemes not restricted the application of fixed rate escalation to the amount of such Actual Annuity Payments; and
<b>“2006 Scheme Effective Time”</b>	means the “Effective Time” as defined in the 2006 Scheme.

<b>17<sup>th</sup> March 2015</b>	£102,815,573	UCIF4	UK CPA Individual Fixed (part)
<b>24<sup>th</sup> February 2016</b>	£212,950,690	UCIF5	UK CPA Individual Fixed (part)
<b>15<sup>th</sup> November 2016</b>	£143,133,261	UCIF	UK CPA Individual Fixed (final part)

#### 4. ACKNOWLEDGEMENT OF EQUIVALENT ATTRIBUTION

The Equivalent Attribution to the SLAL PBF pursuant to paragraph 14.1(A) of the Scheme, in consideration for the SLAL PBF bearing the coverage of the Covered Liabilities on the terms set out in this Schedule 2, is hereby acknowledged.

#### 5. COMMISSIONS AND BROKERAGE; EXPENSES

5.1 Subject to clause 5.2, the SLAL HWPF shall be responsible for and bear:

- (A) all administration and management costs and expenses in respect of the Covered Policies (whether directly or indirectly via the HWPF Reinsurance Agreement); and
- (B) all amounts which become due and payable as commission and/or brokerage in respect of the Covered Policies (whether directly or indirectly via the HWPF Reinsurance Agreement).

5.2 The SLAL PBF shall be responsible for and bear:

- (A) the Initial Expenses incurred by SLAL in accepting liability in respect of a New Annuity Augmentation (whether directly or indirectly via the HWPF Reinsurance Agreement); and
- (B) all amounts which become due and payable by SLAL as commission and/or brokerage in respect of New Annuity Augmentations (whether directly or indirectly via the HWPF Reinsurance Agreement).

(together, the “**Annuity Augmentation Costs**”) and the SLAL PBF shall reimburse such amounts to the SLAL HWPF in accordance with clause 6.

- 5.3 Without prejudice to [clauses 5.1](#) and [5.2](#), each of the SLAL HWPF and the SLAL PBF shall bear the costs of investment management in respect of the assets held by it in respect of the Covered Liabilities.

## 6. SETTLEMENT AND RECONCILIATION

On each Monthly Settlement Date, the SLAL PBF shall reimburse the SLAL HWPF with an amount equal to:

- 6.1 all Actual Annuity Payments;
- 6.2 all Annuity Augmentation Costs;
- 6.3 all payments made (or due and payable) by SLAL to Policyholders or other beneficiaries [\(including to SL Intl under the HWPF Reinsurance Agreement in respect of SL Intl Indirectly Covered Policies\)](#) in respect of Annuity Augmentations (excluding any payments made by SLAL after the death of an annuitant which are not recovered by SLAL, [and any payments made by SL Intl after the death of an annuitant which are not recovered by SL Intl](#));
- 6.4 the Restricted Annuity Adjustment; and
- 6.5 the Reimbursed Monthly Reinsurance Premium,
- less:
- 6.6 the Net Monthly Coverage Payment;
- 6.7 the Annuity Augmentation Coverage Payments; ~~and~~
- 6.8 all amounts recovered by SLAL in respect of (i) Actual Annuity Payments made by SLAL; and (ii) all payments made by SLAL in respect of Annuity Augmentations, in each case where such amounts are recovered as a result of the death of the annuitant; ~~and~~ [and](#)
- [6.9 all amounts recovered by SL Intl in respect of \(i\) Actual Annuity Payments made by SL Intl; and \(ii\) all payments made by SL Intl in respect of Annuity Augmentations, in each case where such amounts are recovered as a result of the death of the annuitant,](#)

in each case in respect of the immediately preceding Calculation Period.

## 7. TERMINATION

- 7.1 Subject to [clause 7.2](#) and [clause 7.3](#) [and without prejudice to clause 10](#), the arrangements set out in this Schedule may be terminated by the SLAL Board at any time.

- 7.2 The arrangements set out in this Schedule may not be terminated under clause 7.1 without the prior written consent of the SLAL With-Profits Actuary, given on the basis that the proposed termination is expected to materially and adversely affect neither:
- (A) the contractual rights of the holders of SLAL HWPF With Profits Policies; nor
  - (B) the reasonable expectations of the holders of SLAL HWPF With Profits Policies regarding non-contractual rights under such Policies.
- 7.3 If it is proposed, intended or envisaged that the arrangements set out in this Schedule 2 will be terminated, the SLAL Board shall procure that, no later than the date on which the arrangements are so terminated, an alternative arrangement is implemented to provide reinsurance of or otherwise to transfer the longevity risk in respect of the Covered Liabilities, on terms determined by the SLAL Board to be not materially less beneficial to the SLAL HWPF than the arrangements set out in this Schedule 2 (any such determination to be made having regard to the advice of the SLAL With-Profits Actuary). Such alternative arrangement may, at the discretion of the SLAL Board, be provided by a SLAL Fund (other than the HWPF), any member of the SLAL Group and/or any other person.

## 8. CONSEQUENCES OF TERMINATION

- 8.1 If the arrangements set out in this Schedule 2 are terminated pursuant to clause 7, the provisions of this clause 8 shall apply.
- 8.2 The SLAL PBF shall, within 3 Business Days of the termination becoming effective, refund an amount to the SLAL HWPF that is equal to the SLAL Board's good faith estimate of 100% of the ~~Mathematical Reserves~~Technical Provisions (gross of external reinsurance) held by the SLAL PBF in relation to the Covered Liabilities as at the end of the Calculation Period immediately preceding the date on which the termination took effect (the "**Interim Refund Amount**"), such Interim Refund Amount to be calculated in accordance with all applicable law and regulation.
- 8.3 The liability of the SLAL PBF to cover the Covered Liabilities on the terms of this Schedule 2 shall cease.
- 8.4 Within three months of the termination taking effect, the SLAL Board shall determine the appropriate adjustment to be made to the Interim Refund Amount (by making a transfer from the SLAL HWPF to the SLAL PBF or from the SLAL PBF to the SLAL HWPF (as the context requires)) in order to ensure that 100% of the ~~Mathematical Reserves~~Technical Provisions (gross of external reinsurance) required to be held by the SLAL PBF in relation to the Covered Liabilities as at the date of termination (the "**Adjustment Amount**") has been transferred to the SLAL HWPF.
- 8.5 Any determination by the SLAL Board under clause 8.4 shall be made having regard to the advice of the SLAL With-Profits Actuary.

## 9. WAIVERS AND VARIATIONS

9.1 The arrangements set out in this Schedule 2 and any part thereof may be varied or waived without the consent of the Court if such variation or waiver (as the case may be) has been consented to in writing by the SLAL With-Profits Actuary, such consent given on the basis that the proposed waiver or variation is expected to materially and adversely affect neither:

- (A) the contractual rights of the holders of SLAL HWPF With Profits Policies; nor
- (B) the reasonable expectations of the holders of SLAL HWPF With Profits Policies regarding non-contractual rights under such Policies.

## 10. TERMINATION OF THE HWPF REINSURANCE AGREEMENT

10.1 In the event that the HWPF Reinsurance Agreement terminates, the provisions of clauses 10.2 and 10.3 shall apply.

10.2 Where this clause 10.2 applies, this Schedule 2 shall be automatically varied as follows:

- (A) the text “or SL Intl (as the case may be)” and limb (B) shall be deleted from the definition of “Actual Annuity Payments” in clause 1.1;
- (B) limb (B) shall be deleted from the definition of “Annuity Augmentation” in clause 1.1;
- (C) limb (B) shall be deleted from the definition of “Annuity Augmentation Coverage Payments” in clause 1.1;
- (D) limb (B) shall be deleted from the definition of “Covered Policies” in clause 1.1;
- (E) the text “and the Republic of Ireland” shall be deleted from the definition of “EEA Policies” in clause 1.1;
- (F) the definition of “HWPF Reinsurance Agreement” shall be deleted from clause 1.1;
- (G) limb (B) shall be deleted from the definition of “Initial Expenses” in clause 1.1;
- (H) the text “and (ii) SL Intl Indirectly Covered Policies” shall be deleted from the definition of “EEA Policies” in clause 1.1;
- (I) the text “(whether directly or indirectly via the HWPF Reinsurance Agreement)” shall be deleted from clause 5.1(A);

- (J) the text “(whether directly or indirectly via the HWPF Reinsurance Agreement)” shall be deleted from clause 5.1(B);
- (K) the text “(whether directly or indirectly via the HWPF Reinsurance Agreement)” shall be deleted from clause 5.2(A);
- (L) the text “(whether directly or indirectly via the HWPF Reinsurance Agreement)” shall be deleted from clause 5.2(B);
- (M) the text “(including to SL Intl under the HWPF Reinsurance Agreement in respect of SL Intl Indirectly Covered Policies)” and “and any payments made by SL Intl after the death of an annuitant which are not recovered by SL Intl” shall be deleted from clause 6.3; and
- (N) clause 6.9 shall be deleted.

10.3 Where this clause 10.3 applies:

- (A) The SLAL PBF shall, within 3 Business Days of the termination of the HWPF Reinsurance Agreement becoming effective, refund an amount to the SLAL HWPF that is equal to the SLAL Board’s good faith estimate of 100% of the Technical Provisions (gross of external reinsurance) held by the SLAL PBF in relation to the Covered Liabilities in respect of the SL Intl Indirectly Covered Policies as at the end of the Calculation Period immediately preceding the date on which the termination took effect (the “**Interim SL Intl Refund Amount**”), such Interim Refund Amount to be calculated in accordance with all applicable law and regulation.
- (B) The liability of the SLAL PBF to cover the Covered Liabilities in respect of the SL Intl Indirectly Covered Policies on the terms of this Schedule 2 shall cease.
- (C) Within three months of the termination of the HWPF Reinsurance Agreement taking effect, the SLAL Board shall determine the appropriate adjustment to be made to the Interim SL Intl Refund Amount (by making a transfer from the SLAL HWPF to the SLAL PBF or from the SLAL PBF to the SLAL HWPF (as the context requires)) in order to ensure that 100% of the Technical Provisions (gross of external reinsurance) required to be held by the SLAL PBF in relation to the Covered Liabilities in respect of the SL Intl Indirectly Covered Policies as at the date of termination of the HWPF Reinsurance Agreement (the “**SL Intl Adjustment Amount**”) has been transferred to the SLAL HWPF.
- (D) Any determination by the SLAL Board under clause (C) shall be made having regard to the advice of the SLAL With-Profits Actuary.

**PROPERTY-LINKED FLOATING CHARGE  
IN RELATION TO UNIT-LINKED LIABILITIES**

between

**STANDARD LIFE ASSURANCE LIMITED  
(as Chargor)**

and

**THE LAW DEBENTURE TRUST CORPORATION P.L.C.  
(as Chargee)**

Dated 12 October 2006 and as [most recently](#) amended and restated by order of the Court of Session in Scotland on ~~20 December 2011~~ [or around 19 March 2019](#) and taking effect on ~~31 December 2011~~ [29 March 2019](#) pursuant to the insurance business scheme under Part VII of the Financial Services and Markets Act 2000

Ref: STA077.0009

~~554614703~~

[551981272](#)

**This PROPERTY-LINKED Floating charge is made by:**

- (1) **STANDARD LIFE ASSURANCE LIMITED** (company number SC286833) whose registered office is at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH (the **Chargor**); and
- (2) **THE LAW DEBENTURE TRUST CORPORATION P.L.C.** (company number 1675231) whose registered office is at Fifth Floor, 100 Wood Street, London, EC2V 7EX, acting as security trustee for the Beneficiaries (as defined in the Security Trust Agreement) in terms of the Security Trust Agreement (as defined below) (the **Chargee**).

**WITNESSES as follows:**

**1. Interpretation**

- 1.1 In this Property-Linked Floating Charge, except insofar as the context otherwise requires, the following words and expressions shall have the meanings set out below:

**Beneficiaries** is as defined in the Security Trust Agreement and **Beneficiary** shall mean each of them;

**Business Day** means a day on which clearing banks are ordinarily open for business in London;

**Chargee Sums** means any sums due to the Chargee under the Security Trust Agreement and this Property-Linked Floating Charge;

**Permitted Security Interest** means any Security Interest created by the Chargor in the ordinary course of business of the Chargor in relation to that part of its business which relates to the Property-Linked Policies but excluding any Security Interest securing or otherwise referable to money and liabilities now or in the future due, owing or incurred by the Chargor under or in connection with a contract of insurance or contract of reinsurance;

**Policy** means any "policy" within the meaning of the Financial Services and Markets Act (Meaning of "Policy" and "Policyholder") Order 2001 (SI 2001/2361);

**Property-Linked Charged Property** means the assets and rights of the Chargor which are held from time to time by the Chargor in order to calculate the monetary value of its Property-Linked Liabilities, but excluding any assets and rights under ISDA master agreements or other derivative contracts to which the Chargor is a party or in which the Chargor otherwise has an interest from time to time;

**Property-Linked Liabilities** means all liabilities of the Chargor denominated in pounds sterling in respect of the Property-Linked Policies including the Property-Linked Reinsurance Contracts;

**Property-Linked Policy** means any Policy (or part of any Policy) issued by (or transferred to) the Chargor in the United Kingdom ~~or, the Republic of Ireland,~~ liabilities in respect of which are denominated in pounds sterling, and which falls within paragraph III of Part II of Schedule 1 to the Regulated Activities Order, to the extent to which the benefits payable are determined by reference to the value of, or the income from, property of any description (whether or not specified in the Policy) and including each of the Property-Linked Reinsurance Contracts, but not, for the avoidance of doubt, any Policy (or part of such Policy):

- a) in respect of which any policyholder is entitled to participate in any established surplus or in relation to which the value of benefits is measured by reference to with profits units allocated to that Policy; or
- b) where the benefits payable are determined by reference to an index of the value of property of any description (whether or not specified in the Policy; for the avoidance of doubt, a policy or part of a policy does not fall within paragraph (b) if the benefits payable are linked to any underlying fund of assets (whether or not those assets include derivatives) which is managed with a view to replicating an index; or
- c) where the benefits payable are determined by reference to a unit endowment fund;

**Property-Linked Reinsurance Contracts** means (1) the reinsurance contracts specified in the Schedule and (2) any subsequent reinsurance contracts written by the Chargor in favour of any Beneficiary, which are contracts of long-term insurance, as that term is defined in Article 3 of the Regulated Activities Order and which the Chargor and Chargee specify from time to time as being "Property-Linked Reinsurance Contracts" for the purpose of this Property-Linked Floating Charge,

as each is amended, supplemented or replaced from time to time and only to the extent that such contracts continue to relate to Property-Linked Liabilities;

**Property-Linked Reinsured Liabilities** means all money and liabilities denominated in pounds sterling now or in the future due, owing or incurred in any manner to the Beneficiaries by the Chargor under or in connection with Property-Linked Reinsurance Contracts, whether actually, prospectively or contingently but only to the extent that such liabilities are in respect of Property-Linked Policies;

**Property-Linked Secured Amount** means the amount resulting from the following calculation:

(the Total Proceeds - the Chargee Sums - S176A Sums) x the Reinsured Proportion;

**Regulated Activities Order** means the Financial Services and Markets Act (Regulated Activities) Order 2001 (SI 2001/544);

**Reinsured Proportion** means:

the Property-Linked Reinsurance Liabilities at the Valuation Time  
the Property-Linked Liabilities at the Valuation Time

**S176A Sums** means any sum payable to unsecured creditors of the Company under Section 176A of the Insolvency Act 1986;

**Secured Obligations** means the Property-Linked Secured Amounts and the Chargee Sums;

**Secured Parties** is as defined in the Security Trust Agreement;

**Security Interest** means any right or interest arising out of:

- a) any mortgage, charge, pledge, assignment (whether or not expressed to be by way of security), hypothecation, lien, encumbrance or other priority or security interest of any kind, howsoever created or arising;
- b) any deferred purchase, title retention, trust, sale-and-repurchase, sale-and-leaseback, hold back or "flawed asset" arrangement or right of set-off;
- c) any other agreement or arrangement of any kind having the same or a similar commercial or economic effect as security; and
- d) any agreement for any of the foregoing;

**Security Trust Agreement** means the security trust agreement between the Chargee, the Chargor and the Beneficiaries (as defined in that agreement) dated 12 October 2006, as amended and restated on 27 November 2007 and as amended and restated by order of the Court of Session in Scotland on 20 December 2011 and taking effect on 31 December 2011 pursuant to the insurance business scheme under Part VII of the Financial Services and Markets Act 2000;

**Total Proceeds** means the aggregate of all moneys, or other assets, received or recovered (i) by the Chargee (or on its behalf) in connection with the realisation of the whole of the Property-Linked Charged Property; and (ii) by the Chargor (or on its behalf) in connection with any rights under ISDA master agreements or other derivative contracts to which the Chargor is a party or in which the Chargor otherwise has an interest from time to time, in each case to the extent that such rights are held by the Chargor in order to calculate the monetary value of its Property-Linked Liabilities;

**Valuation Time** means 23.59 on the date before a liquidator is appointed to the Chargor or the Chargee exercises its right under Clause 3.2 below to appoint an administrator to the Chargor or a receiver of the Property-Linked Charged Property;

11.3. Any demand, notice, consent or approval or other communication to be given under this Property-Linked Floating Charge shall be in writing and shall either be delivered personally or sent by pre-paid first class post or facsimile transmission to the relevant party's address or facsimile number stated in Clause 11.3 (or such other address or facsimile number (in each case in the United Kingdom) as is notified in writing from time to time by such party to the other party in accordance with the requirements of this Clause). Any such notice shall be effective upon receipt and shall be deemed to have been received:

- (A) if delivered personally, at the time of delivery;
- (B) if sent by pre-paid first class post, at 17.00 hours on the day following the day of posting and shall be effective even if it is misdelivered or returned undelivered; and
- (C) if communicated by facsimile transmission, upon receipt by the sender of a facsimile transmission report (or other appropriate evidence) that the facsimile has been transmitted to the address,

PROVIDED that where, in the case of delivery by hand or facsimile transmission, delivery or transmission occurs after 6.00pm on a Business Day or on a day which is not a Business Day, receipt shall be deemed to occur at 9.00am on the next following Business Day.

### 11.3 **Addresses for service**

For the purposes of this Clause the authorised address of each party shall be the address set out below:

- (A) **Chargor:**

**Standard Life Assurance Limited**

Address: Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH

Fax No: 0131 245 7955

Attention: ~~Simon Burns or his successor as~~ Company Secretary

- (B) **Chargee:**

**The Law Debenture Trust Corporation p.l.c.**

Address: 5th Floor, 100 Wood Street, London, EC2V 7EX

Fax No: 020 7606 0643

Attention: Manager, Commercial Trusts

## The Schedule

### Property-Linked Reinsurance Contracts

- (i) ~~The agreement entitled 'Reinsurance Agreement (Trustee Investment Plan)' entered into between Standard Life Pension Funds Limited and Standard Life Investment Funds Limited dated 10 October 2006 to the extent that it relates to liabilities in respect of Property-Linked Policies.~~
1. (ii) ~~The agreement entitled 'Reinsurance Policy' entered into between The Standard Life Assurance Company<sup>†</sup> and Fidelity Investments Life Insurance Limited dated 21 April 2005 as amended by an agreement dated 22 November 2007 and 4 December 2007 by which the obligations of Standard Life Assurance Limited under that agreement were assumed by Standard Life Investment Funds Limited<sup>\*2</sup>.~~
2. (iii) ~~The agreement entitled 'Reinsurance Policy' entered into between The Standard Life Assurance Company<sup>\*1</sup> and Threadneedle Pensions Prudential Assurance Company Limited dated 3 January 2006 and numbered GBRT 101790 GR 79000 as amended by an agreement dated 25 July and 7 and 17 October 2008 by which the obligations of Standard Life Assurance Limited under that agreement were assumed by Standard Life Investment Funds Limited<sup>\*2</sup>.~~
3. (iv) ~~The agreement entitled 'Reinsurance Policy' entered into between The Standard Life Assurance Company<sup>\*1</sup> and Prudential Assurance Company Merrill Lynch Pensions Limited dated 6 April 2001 (renamed BlackRock Pensions Limited)<sup>\*3</sup> and <sup>\*4</sup> dated 19 January 2006 and numbered GR 79000 GBRT 101819 as amended by an agreement dated 25 July 6 and 17 October 2008 May 2010 by which the obligations of Standard Life Assurance Limited under that agreement were assumed by Standard Life Investment Funds Limited<sup>\*2</sup>. As a result of the various insurance business transfer schemes, this agreement is now between Standard Life Assurance Limited and Scottish Equitable Plc.~~
4. (v) ~~The agreement entitled 'Reinsurance Policy' entered into between The Standard Life Investment Funds Limited<sup>\*2</sup> and Zurich Assurance Company<sup>\*</sup> and Invesco Pensions Limited dated 22 July 2003 26 October 2010 and numbered GBRT 100861 as amended by an 103738.~~
5. ~~The agreement dated 31 October and 3 November 2008 by which the obligations of entitled 'Reinsurance Policy' entered into between Standard Life Assurance Limited under that agreement were assumed by Standard Life Investment Funds Limited. By virtue of an order of the High Court of Justice, the rights and obligations of Invesco Pensions Limited were transferred to Threadneedle Pensions Limited on 31 October 2008 pursuant to an insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000 and Investment Solutions Limited (now known as Mobius Life Limited) dated 31 July 2012 and numbered GBRT 104273.~~

<sup>†</sup> ~~The Standard Life Assurance Company transferred substantially all of its long-term business, including all of its rights and obligations under the agreements referred to above, to Standard Life Assurance Limited pursuant to an insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000.~~

6. ~~(vi)~~ The agreement entitled 'Reassurance Policy' entered into between ~~The Standard Life Assurance Company\* and Merrill Lynch Pensions Limited (now BlackRock Pensions)~~ and Old Mutual Wealth Life Assurance Limited dated ~~19 January 2006~~ 2 December 2014 and numbered GBRT ~~101819 as amended by an~~ 104899.
7. The agreement dated 6 and 17 May 2010 by which the obligations of ~~entitled 'Reassurance Policy' entered into between~~ Standard Life Assurance Limited under that agreement were assumed by Standard Life Investment Funds Limited and Old Mutual Wealth Life Assurance Limited dated 2 December 2014 and numbered GBRT 104900.
8. ~~(vii)~~ The agreement entitled ~~'Reassurance Policy'~~ entered into between Standard Life ~~Investments Limited and Zurich Assurance Limited~~ dated 26 October 2010 and Legal and General Assurance (Pension Management) Limited dated 23 December 2014 and numbered ~~GBR-T 103738~~ GBRT 104914.

In each case, as amended, supplemented or replaced from time to time.

\*1 By virtue of an order of the Court of Session, substantially all of the long-term business of The Standard Life Assurance Company transferred substantially all of its long-term business, (including all of its rights and obligations under the agreements referred to above,) was transferred to Standard Life Assurance Limited pursuant to an insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000 with effect from 10 July 2006.

\*2 By virtue of an order of the Court of Session, the long-term business of Standard Life Investment Funds Limited (including all of its rights and obligations under the agreements referred to above) was transferred to Standard Life Assurance Limited pursuant to an insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000 with effect from 31 December 2011.

\*3 By virtue of an order of the High Court of Justice on 12 December 2011, the rights and obligations of BlackRock Pensions Limited were transferred to BlackRock Asset Management Pensions Limited (now renamed BlackRock Life Limited) pursuant to an insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000 with effect from 31 December 2011.

\*4 By virtue of an order of the High Court of Justice on 21 June 2018, the rights and obligations of BlackRock Life Limited were transferred to Scottish Equitable Plc pursuant to an insurance business transfer scheme under Part VII of the Financial Services and Markets Act 2000 with effect from 1 July 2018.

**Schedule 5**  
**Reinsurance termination principles**

**Part A: Principles upon termination of the HWPF Reinsurance Agreement**

- Due regard to the past experience and the reasonable expectations of holders of SL Intl HWPF WP Policies
- Due regard to the 2006 Scheme and 2011 Scheme
- Due regard to the UK regulation applying to the SLAL HWPF
- Due regard to the fact that the holders of certain SL Intl HWPF WP Policies will have previously been policyholders of The Standard Life Assurance Company
- Due regard to the historic level of risk run within the SLAL HWPF

**Part B: Principles upon termination of the GWPF Reinsurance Agreement**

- Due regard to the past experience and the reasonable expectations of holders of SL Intl GWPF WP Policies
- Due regard to the context of UK regulation that informed the management of the SLAL GWPF until the termination of the GWPF Reinsurance Agreement
- Due regard to the historic level of risk run within the SLAL GWPF

**Part C: Principles upon termination of the GSMWPF Reinsurance Agreement**

- Due regard to the past experience and the reasonable expectations of holders of SL Intl GSMWPF WP Policies
- Due regard to the context of UK regulation that informed the management of the SLAL GSMWPF until the termination of the GSMWPF Reinsurance Agreement
- Due regard to the historic level of risk run within the SLAL GSMWPF

## **Schedule 6**

### **Internal PPFM principles**

#### **Part A: General principles**

The principles set out in each Internal PPFM must:

- be enduring statements of the standards that SL Intl adopts in managing the relevant fund; and
- describe the business model that SL Intl uses to meet its duties to policyholders in the relevant fund and to respond to longer-term changes in the business and economic environment.

The practices set out in each Internal PPFM must:

- describe how SL Intl manages the relevant fund and how it responds to shorter-term changes in the business and economic environment; and
- be sufficiently detailed for a knowledgeable observer to understand the material risks and rewards from effecting or maintaining a with profits policy in that fund.

For the avoidance of doubt, the requirements of this Schedule may be met either directly (i.e. by direct inclusion in the Internal PPFM) or indirectly (i.e. by reference in the Internal PPFM to another document).

#### **Part B: Content requirements**

Each Internal PPFM must include the following content:

##### **1. Amounts payable under a with profits policy**

- Methods used to guide determination of the amount that is appropriate to pay individual with profits policyholders, including:
  - the aims of the methods and approximations used;
  - how the current methods, including any relevant historical assumptions used and any systems maintained to deliver results of particular methods, are documented; and
  - the procedures for changing the current method or any assumptions or parameters relevant to a particular method.
- Approach to setting bonus rates.
- Approach to smoothing maturity payments and surrender payments, including:

- the smoothing policy applied to each type of with profits policy;
- the limits (if any) applied to the total cost of, or excess from, smoothing; and
- any limits applied to any changes in the level of maturity payments between one period to another.

## **2. Investment strategy**

- Significant aspects of SL Intl's investment strategy for its with profits business or, if different, the relevant with profits fund, including:
  - the degree of matching to be maintained between assets relevant to the with profits business and liabilities to with profits policyholders and other creditors;
  - SL Intl's approach to assets of different credit or liquidity quality and different volatility of market values;
  - the presence among the assets relevant to with profits business of any assets that would not normally be traded because of their importance to SL Intl, and the justification for holding such assets; and
  - SL Intl's controls on using new asset or liability instruments and the nature of any approval required before new instruments are used.

## **3. Business risk**

- The exposure of the with profits business to business risks (new and existing), including SL Intl's:
  - procedures for deciding if the with profits business may undertake a particular business risk;
  - arrangements for reviewing and setting a limit on the scale of such risks; and
  - procedures for reflecting the profits or losses of such business risks in the amounts payable under with profits policies.

## **4. Charges and expenses**

- The way in which SL Intl applies charges and apports expenses to its with profits business, including (if material) any interaction with connected firms.

- The cost apportionment principles that will determine which costs are, or may be, charged to a with profits fund and which costs are, or may be, charged to the other parts of its business of its shareholders.

#### **5. Management of inherited estate (if applicable)**

- Management of any inherited estate and the uses to which SL Intl may put that inherited estate.

#### **6. Volumes of new business and arrangement on stopping taking new business**

- If the relevant with profits fund is accepting new with profits business, SL Intl's practice for review of the limits on the quantity and type of new business and the actions that SL Intl would take if it ceased to take on new business of any significant amount.

#### **7. Equity between the with profits fund and any shareholders**

- The way in which the interests of with profits policyholders are, or may be, affected by the interests of any shareholders of SL Intl.

#### **8. Material changes**

- Material changes to the Internal PPFM can only be made if, in the reasonable opinion of the SL Intl Board the change is justified to:
  - (a) respond to changes in the business or economic environment; or
  - (b) protect the interests of policyholders; or
  - (c) change the practices to better achieve the principles set out in the Internal PPFM; or
  - (d) correct an error or omission; or
  - (e) comply with Regulatory Requirements.

## Schedule 7

### Internal Annuities Reinsurance Arrangements

#### 1 INTERPRETATION

1.1 In this Schedule 7:

<b>“2006 Scheme Effective Time”</b>	means the “Effective Time” as defined in the 2006 Scheme;
<b>“Actual Annuity Payments”</b>	means all payments made or due and payable (and, for the purposes of this Schedule 7, amounts which are not permitted to be paid to annuitants by SL Intl pursuant to rules of pension schemes are neither payments made nor payments due and payable) by SL Intl in respect of Covered Policies during each Calculation Period, but excluding: (i) payments made (or due and payable) by SL Intl in respect of Annuity Augmentations; and (ii) any such payments made by SL Intl after the death of the annuitant which are not recovered;
<b>“Adjustment Amount”</b>	has the meaning given to it in <u>clause 7.4</u> ;
<b>“Annuity Augmentation”</b>	means any augmentation or increase to an annuity which was paid, due and payable or secured after the 2006 Scheme Effective Time in respect of a Covered Policy, but excluding any contractual or automatic increase to an annuity (other than a contractual increase which is an Increased Annuity Payment);
<b>“Annuity Augmentation Costs”</b>	has the meaning given in <u>clause 4.2</u> ;
<b>“Annuity Augmentation Coverage Payments”</b>	means annuity augmentation premiums, being all premiums received or applied by the SL Intl HWPF to secure New Annuity Augmentations including the single premium cost to the SL Intl HWPF (calculated using SL Intl HWPF’s nil commission immediate annuity premium basis then in force) in respect of Increased Annuity Payments;
<b>“Business Day”</b>	means any day (other than a Saturday or Sunday) on which banks are open for the transaction of general banking business in Dublin;
<b>“Calculation Date”</b>	means, in respect of each Calculation Period, the last Business Day of that Calculation Period;
<b>“Calculation Period”</b>	means each calendar month during the term of the arrangements set out in this Schedule 7 or, in respect of the Coverage Effective Month, the period from and including the HWPF Reinsurance Termination Date to and including the last day in the Coverage Effective Month;

<b>“Coverage Effective Month”</b>	means the calendar month in which the HWPF Reinsurance Termination Date falls;
<b>“Covered Liabilities”</b>	means: <ul style="list-style-type: none"> <li>(A) the longevity risk in respect of all of the Covered Policies; and</li> <li>(B) all Annuity Augmentations,</li> </ul> except to the extent that such liabilities are reinsured pursuant to third party reinsurance arrangements;
<b>“Covered Policies”</b>	means: <ul style="list-style-type: none"> <li>(A) all SL Intl HWPF Transferred Policies in respect of which a non profit annuity was in payment or had vested (including where such vesting has arisen on retirement or death) prior to the 2006 Scheme Effective Time, excluding all EEA Policies; and</li> <li>(B) all reinsurances ceded to SL Intl in respect of which a non profit annuity was in payment or had vested (including where such vesting has arisen on retirement or death) prior to the 2006 Scheme Effective Time,</li> </ul> other than Policies, and reinsurances ceded, where the liability in respect of the Policy, or reinsurance, has been reinsured by SL Intl pursuant to a third party reinsurance arrangement;
<b>“EEA Policies”</b>	means all Policies written in the course of carrying on insurance business in any EEA State other than the Republic of Ireland;
<b>“Existing Annuity Augmentations”</b>	means Annuity Augmentations that are not New Annuity Augmentations;
<b>“Increased Annuity Payment”</b>	means any payment in respect of an annuity to the extent that such payment arises as a result of the trustees of the relevant pension scheme varying the rules of the pension scheme to remove restrictions on the amount which can be paid to annuitants in respect of the annuity;
<b>“Initial Expenses”</b>	means distribution and issue expenses allocated to the SL Intl HWPF in respect of the Covered Policies in accordance with paragraph 23 of this Scheme;
<b>“Interim Refund Amount”</b>	has the meaning given in <u>clause 7.2</u> ;
<b>“HWPF Reinsurance Termination Date”</b>	means the date on which the HWPF Reinsurance Agreement is terminated;

<b>"Monthly Amount"</b>	has the meaning given to it in <u>clause 5</u> ;
<b>"Monthly Coverage Payment"</b>	means, in respect of a Calculation Period, such amount as is specified in (and determined in accordance with the provisions of) schedule 3 to the SLIF EB Annuities Reinsurance Agreement to the extent that it relates to the Covered Policies, the provisions of and data contained in that schedule applying <i>mutatis mutandis</i> to the determination of such amount and any reference in that schedule to a "Monthly Reinsurance Premium" being, for the purposes of this Schedule 7, a reference to a Monthly Coverage Payment;
<b>"Monthly Coverage Payment Deduction"</b>	means, in respect of a Calculation Period, such amount as is specified in (and determined in accordance with the provisions of) schedule 7 to the SLIF EB Annuities Reinsurance Agreement to the extent that it relates to the Covered Policies, the provisions of and data contained in that schedule applying <i>mutatis mutandis</i> to the determination of such amount and any reference in that schedule to a <b>"Monthly Reinsurance Premium Deduction"</b> being, for the purpose of this Schedule 7, a reference to a Monthly Coverage Payment Deduction;
<b>"Monthly Settlement Date"</b>	means the Business Day immediately following each Calculation Date;
<b>"Net Monthly Coverage Payment"</b>	means, in respect of a Calculation Period, the Monthly Coverage Payment less the Monthly Coverage Payment Deduction in respect of that Calculation Period;
<b>"New Annuity Augmentation"</b>	means any Annuity Augmentation which was paid, due and payable or secured after the 2006 Scheme Effective Time;
<b>"Restricted Annuity Adjustment"</b>	means, in respect of a Calculation Period, an amount equal to the Unrestricted Annuity Payments in respect of that Calculation Period less the Actual Annuity Payments in respect of that Calculation Period;
<b>"SLIF EB Annuities Agreement"</b>	means the agreement entitled "Reinsurance Agreement: Existing Business (Annuities)" entered into between SLAL (as cedant) and Standard Life Investment Funds Limited (as reinsurer) and dated 7 July 2006 (as varied from time to time and subsequently replaced by the arrangements set out in Schedule 2 to the 2011 Scheme);
<b>"Technical Provisions"</b>	means technical provisions as described in regulation 83(2) of the European Communities (Insurance and Reinsurance) Regulations 2015; and

**“Unrestricted Annuity Payments”** means, in respect of a Calculation Period, the Actual Annuity Payments that otherwise would be made or due and payable in respect of that Calculation Period had the rules of pension schemes not restricted the application of fixed rate escalation to the amount of such Actual Annuity Payments.

- 1.2 Unless otherwise defined in this Schedule 7, capitalised expressions shall have the meaning ascribed to them in this Scheme.

## **2 COVERED LIABILITIES: COVERED POLICIES AND ANNUITY AUGMENTATIONS**

- 2.1 The coverage by the SL Intl GBP PBF of the Covered Liabilities on the basis set out in this Schedule 7 shall satisfy the requirements of paragraph 35.1 of this Scheme.
- 2.2 The coverage by the SL Intl GBP PBF of:
- (A) the longevity risk in respect of the Covered Policies; and
  - (B) the liabilities in respect of Existing Annuity Augmentations,
- shall be borne by the SL Intl GBP PBF on the basis set out in this Schedule 7.
- 2.3 The coverage by the SL Intl GBP PBF of the liabilities in respect of any New Annuity Augmentation shall:
- (A) be effected immediately and automatically on, and with effect from, the acceptance of liability in respect of such New Annuity Augmentation by the SL Intl HWPF; and
  - (B) otherwise be implemented on the basis set out in this Schedule 7.

## **3 CONSIDERATION FOR COVERED LIABILITIES**

- 3.1 In consideration for the SL Intl GBP PBF bearing the coverage of the Covered Liabilities on the terms set out in this Schedule 7, an amount equal to the aggregate value of the Interim SL Intl Refund Amount and the SL Intl Adjustment Amount (as those terms are defined in Schedule 2 to the 2011 Scheme) shall be debited from the SL Intl HWPF and credited to the SL Intl GBP PBF.

## **4 COMMISSIONS AND BROKERAGE; EXPENSES**

- 4.1 Subject to clause 4.2, the SL Intl HWPF shall be responsible for and bear:
- (A) all administration and management costs and expenses in respect of the Covered Policies; and
  - (B) all amounts which become due and payable as commission and/or brokerage in respect of the Covered Policies.
- 4.2 The SL Intl GBP PBF shall be responsible for and bear:
- (A) the Initial Expenses incurred by SL Intl in accepting liability in respect of a New Annuity Augmentation; and

(B) all amounts which become due and payable by SL Intl as commission and/or brokerage in respect of New Annuity Augmentations,

(together, the “**Annuity Augmentation Costs**”) and the SL Intl GBP PBF shall reimburse such amounts to the SL Intl HWPF in accordance with clause 5.

- 4.3 Without prejudice to clauses 4.1 and 4.2, each of the SL Intl HWPF and the SL Intl GBP PBF shall bear the costs of investment management in respect of the assets held by it in respect of the Covered Liabilities.

## **5 SETTLEMENT AND RECONCILIATION**

On each Monthly Settlement Date, the SL Intl GBP PBF shall reimburse the SL Intl HWPF with an amount equal to:

- 5.1 all Actual Annuity Payments;
- 5.2 all Annuity Augmentation Costs;
- 5.3 all payments made (or due and payable) by SL Intl to policyholders or other beneficiaries in respect of Annuity Augmentations (excluding any payments made by SL Intl after the death of an annuitant which are not recovered by SL Intl); and
- 5.4 the Restricted Annuity Adjustment,
- less:
- 5.5 the Net Monthly Coverage Payment;
- 5.6 the Annuity Augmentation Coverage Payments; and
- 5.7 all amounts recovered by SL Intl in respect of (i) Actual Annuity Payments made by SL Intl; and (ii) all payments made by SL Intl in respect of Annuity Augmentations, in each case where such amounts are recovered as a result of the death of the annuitant,
- in each case in respect of the immediately preceding Calculation Period (such amount being the “**Monthly Amount**”).

## **6 TERMINATION**

- 6.1 Subject to clause 6.2 and clause 6.3, the arrangements set out in this Schedule 7 may be terminated by the SL Intl Board at any time.
- 6.2 The arrangements set out in this Schedule may not be terminated under clause 6.1 without the prior written consent of the SL Intl WP Actuary, given on the basis that the proposed termination is expected to materially and adversely affect neither:
- (A) the contractual rights of the holders of SL Intl HWPF With Profits Policies; nor
- (B) the reasonable expectations of the holders of SL Intl HWPF With Profits Policies regarding non-contractual rights under such Policies.
- 6.3 If it is proposed, intended or envisaged that the arrangements set out in this Schedule 7 will be terminated, the SL Intl Board shall procure that, no later than the date on which the

arrangements are so terminated, an alternative arrangement is implemented to provide reinsurance of or otherwise to transfer the longevity risk in respect of the Covered Liabilities, on terms determined by the SL Intl Board to be not materially less beneficial to the SL Intl HWPF than the arrangements set out in this Schedule 7 (any such determination to be made having regard to the advice of the SL Intl WP Actuary). Such alternative arrangement may, at the discretion of the SL Intl Board, be provided by a SL Intl Fund (other than the SL Intl HWPF), any member of SL Intl's Group and/or any other person.

## **7 CONSEQUENCES OF TERMINATION**

- 7.1 If the arrangements set out in this Schedule 7 are terminated pursuant to clause 6, the provisions of this clause 7 shall apply.
- 7.2 The SL Intl GBP PBF shall, within 3 Business Days of the termination becoming effective, refund an amount to the SL Intl HWPF that is equal to the SL Intl Board's good faith estimate of 100% of the Technical Provisions (gross of external reinsurance) held by the SL Intl GBP PBF in relation to the Covered Liabilities as at the end of the Calculation Period immediately preceding the date on which the termination took effect (the "**Interim Refund Amount**"), such Interim Refund Amount to be calculated in accordance with all applicable law and regulation.
- 7.3 The liability of the SL Intl GBP PBF to cover the Covered Liabilities on the terms of this Schedule 7 shall cease.
- 7.4 Within three months of the termination taking effect, the SL Intl Board shall determine the appropriate adjustment to be made to the Interim Refund Amount (by making a transfer from the SL Intl HWPF to the SL Intl GBP PBF or from the SL Intl GBP PBF to the SL Intl HWPF (as the context requires)) in order to ensure that 100% of the Technical Provisions (gross of external reinsurance) required to be held by the SL Intl GBP PBF in relation to the Covered Liabilities as at the date of termination (the "**Adjustment Amount**") has been transferred to the SL Intl HWPF.
- 7.5 Any determination by the SL Intl Board under clause 7.4 shall be made having regard to the advice of the SL Intl WP Actuary.

## **8 WAIVERS AND VARIATIONS**

The arrangements set out in this Schedule 7 and any part thereof may be varied or waived without the consent of the Court if such variation or waiver (as the case may be) has been consented to in writing by the SL Intl WP Actuary, such consent given on the basis that the proposed waiver or variation is expected to materially and adversely affect neither:

- (A) the contractual rights of the holders of SL Intl HWPF With Profits Policies; nor
- (B) the reasonable expectations of the holders of SL Intl HWPF With Profits Policies regarding non-contractual rights under such Policies.

**Schedule 8**  
**Part A**  
**Alternative version of Paragraph 31**

**31 Annuity benefits (SL Intl HWPF)**

- 31.1 Following the termination of the HWPF Reinsurance Agreement, if an HWPF Annuity Benefit is to be provided on the vesting of a Policy written in, or allocated to, the SL Intl HWPF, then the following shall apply:
- (a) Subject to paragraph 31.1(c), SL Intl shall provide the HWPF Annuity Benefit from within a SL Intl Fund (other than the SL Intl HWPF) or procure its provision by another member of SL Intl's Group, and an amount equal to the cost of such HWPF Annuity Benefit, as determined in accordance with paragraph 31.1(b) (for the purposes of this paragraph 31, the "**Annuity Benefit Cost**"), shall be debited from the SL Intl HWPF and credited to the relevant SL Intl Fund or paid to the relevant member of SL Intl's Group (as appropriate).
  - (b) The Annuity Benefit Cost is to be determined by SL Intl's Board on the basis of:
    - (i) the most favourable annuity rates being offered to purchasers of annuities of a similar type and in the same country as the relevant HWPF Annuity Benefit by members of SL Intl's Group and SL Intl Funds (other than the SL Intl HWPF) at the time at which such HWPF Annuity Benefit is to be provided; or
    - (ii) if such rates are unavailable, such rates as are determined by SL Intl's Board.
  - (c) If the SL Intl WP Actuary considers that the Annuity Benefit Cost exceeds that which is reasonable, then he may require that SL Intl shall provide such HWPF Annuity Benefit from within the SL Intl HWPF. In such circumstances, SL Intl's Board shall be informed as to how the SL Intl WP Actuary has reached his conclusion under this paragraph 31.1(c).
  - (d) All costs and liabilities relating to the provision of the HWPF Annuity Benefit will be reassured by, transferred to, or remain in, as the case may be, the SL Intl Fund or member of SL Intl's Group from which the HWPF Annuity Benefit is to be provided. This paragraph 31.1(d) shall not prevent the liabilities in respect of any HWPF Annuity Benefit from being reinsured with a third party, such reinsurance to be on terms acceptable to the SL Intl WP Actuary.
- 31.2 If, in the event of vesting of a Policy written in, or allocated to, the SL Intl HWPF in respect of which the principal benefits are expressed in terms of cash (otherwise than where an annuity arises under an option in respect of a Policy which requires annuities to be issued at a

guaranteed rate), the policyholder elects to take all or part of the benefits as an annuity, SL Intl shall transfer the cash (or relevant proportion of the cash) from the SL Intl HWPF:

- (a) where the annuity is to be provided by another SL Intl Fund, to the SL Intl Fund which is to provide the annuity, and the annuity shall be provided on the basis of the annuity rate determined by SL Intl's Board; or
- (b) where the annuity is to be provided by another member of SL Intl's Group, to the relevant member of SL Intl's Group, and the annuity shall be provided on the basis of the annuity rate being offered by the relevant member of SL Intl's Group.

## **Part B**

### **Alternative version of paragraph 43**

#### **43 Annuity benefits (SL Intl GWPF)**

- 43.1 If a German Annuity Benefit is to be provided on the vesting of a Policy where the WP Investment Element is allocated to the SL Intl GWPF, then SL Intl shall provide the German Annuity Benefit and allocate the same to a SL Intl Fund or procure its provision by another member of SL Intl's Group, and an amount equal to the cost of such German Annuity Benefit (for the purposes of this paragraph 43.1, the "**Annuity Benefit Cost**") shall be debited from the SL Intl GWPF and credited to the relevant SL Intl Fund or paid to the relevant member of SL Intl's Group (as appropriate).
- 43.2 The Annuity Benefit Cost is to be determined by SL Intl's Board on the basis of:
  - (a) the most favourable annuity rates being offered to purchasers of annuities of a similar type and in the same country as the relevant German Annuity Benefit by members of SL Intl's Group and SL Intl Funds (other than the SL Intl GWPF) at the time at which such German Annuity Benefit is to be provided; or
  - (b) if such rates are unavailable, such rates as are determined by SL Intl's Board.

## **Part C**

### **Alternative version of paragraph 52**

#### **52. Annuity benefits (SL Intl GSMWPF)**

- 52.1 If a German Annuity Benefit is to be provided on the vesting of a Policy where the WP Investment Element is allocated to the SL Intl GSMWPF, then SL Intl shall provide the German Annuity Benefit:
  - (a) from the SL Intl Euro PBF; or

- (b) by allocating the same to a SL Intl Fund (other than the SL Intl GSMWPF) or procuring its provision by another member of SL Intl's Group, and an amount equal to the cost of such German Annuity Benefit (for the purposes of this paragraph 52.1, the "**Annuity Benefit Cost**") shall be debited from the SL Intl Euro PBF and credited to the relevant SL Intl Fund or paid to the relevant member of SL Intl's Group (as appropriate).

52.2 The Annuity Benefit Cost is to be determined by SL Intl's Board on the basis of:

- (a) the most favourable annuity rates being offered to purchasers of annuities of a similar type and in the same country as the relevant German Annuity Benefit by members of SL Intl's Group and SL Intl Funds (other than the SL Intl GSMWPF) at the time at which such German Annuity Benefit is to be provided; or
- (b) if such rates are unavailable, such rates as are determined by SL Intl's Board.

**Schedule 9**  
**Terms of reference**

**Part A: SL Intl WP Committee**

- 1.1 The role of the SL Intl WP Committee is to report on and provide advice and recommendations to the directors on:
- (A) the way in which each with profits fund that is not reinsured to SLAL is being managed and whether the relevant Internal PPFM properly reflects this;
  - (B) compliance with the principles and practices in the relevant Internal PPFM;
  - (C) whether customers have been treated fairly (and how any competing or conflicting rights and interests of with profit policyholders and other policyholders or shareholders have been addressed); and
  - (D) any other issues as necessary to ensure that the interests of with profits policyholders are appropriately considered within SL Intl.
- 1.2 The SL Intl WP Committee should consider for each with profits fund that is not reinsured to SLAL:
- (A) the identification of surplus or excess capital and whether such capital should be distributed;
  - (B) the exercise of discretion in relation to that fund's with profits business;
  - (C) how the firm is communicating with with profits policyholders;
  - (D) any significant changes to the investment profile of each such with profits fund;
  - (E) costs incurred in operating each such with profits fund;
  - (F) proposed changes to the Internal PPFM;
  - (G) relevant management information; and
  - (H) other specific matters that it considers necessary in order to carry out its role in the particular circumstances of that fund at that time.
- 1.3 All material discretionary actions proposed in relation to the with profits business of SL Intl will be discussed by the SL Intl WP Committee with the SL Intl WP Actuary.
- 1.4 The SL Intl WP Committee must be formed of three or more members and the quorum must be at least half of its members (with 2 being the minimum number that can constitute a quorum). At least half the members shall be independent members. Independent members shall have been determined as being independent of the activities of SL Intl and of SL Intl's Group, and at least one of them shall have recent relevant experience in the conduct of with

profits business and the fair treatment of with profits policyholders. The SL Intl WP Committee must be chaired by an independent member. Any person appointed to the SL Intl WP Committee must be sufficiently qualified to carry out their role.

- 1.5 The SL Intl WP Committee shall meet at least quarterly.
- 1.6 The SL Intl WP Committee must advise the directors on the suitability of a proposed SL Intl WP Actuary and assess the performance of that actuary at least once a year.
- 1.7 The SL Intl WP Committee has a right of access to the SL Intl Board. It has the right to the information it needs from SL Intl and SL Intl's Group to perform its duties. It is authorised to obtain external legal or other professional advice, including advice from consulting actuaries, as it may reasonably require.
- 1.8 The SL Intl Board will allow the SL Intl WP Committee sufficient time to enable it to provide fully considered input on the issues to be considered. It will consider fully and gives due regard to the input of the SL Intl WP Committee when determining issues concerning the management of the with profits funds and the interests of with profits policyholders. If the SL Intl Board decides to depart in any material way from the advice or recommendations of the SL Intl WP Committee, it will set out fully its reasons and allows the SL Intl WP Committee a reasonable period to consider them and respond; and the SL Intl Board will consider any further representations from the SL Intl WP Committee and, if appropriate, sets out fully any additional reasons if it continues to depart from the SL Intl WP Committee's advice or recommendation.

#### **Part B: SL Intl WP Actuary**

- 1.9 The roles and responsibilities of the SL Intl WP Actuary in relation to any with profits business that is not reinsured to SLAL shall include:
  - (A) advising management in relation to key aspects of the discretion to be exercised affecting the with profits business and on decisions that have an impact on that with profits business;
  - (B) reporting to the directors at least once a year on the key aspects of the discretion exercised in relation to that with profits business including the application of the Internal PPFMs;
  - (C) requesting appropriate information and explanations to allow the role to be undertaken effectively;
  - (D) advising on data and systems required to undertake the role effectively;
  - (E) liaising with the SL Intl WP Committee and providing an opinion on proposed new members; and
  - (F) fulfilling any requirement laid upon the SL Intl WP Actuary by this or other Court approved Scheme.

- 1.10 SL Intl must keep the SL Intl WP Actuary informed of the firm's business and other plans (including, where relevant, those of any related firm, to the extent it is aware of these). This includes providing relevant information even when the SL Intl WP Actuary does not request it – as the SL Intl WP Actuary may be unaware of certain business developments and so unable to request relevant information.
- 1.11 SL Intl must provide the SL Intl WP Actuary with sufficient resources to fulfil the role including holding such data and establishing such systems as reasonably required.
- 1.12 SL Intl must request the advice of the SL Intl WP Actuary about the likely effect of material changes in SL Intl's business plans, practices or other circumstances on the fair treatment of the with profits policyholders. SL Intl must pay due regard to the advice of the SL Intl WP Actuary, whether requested or otherwise. The SL Intl WP Actuary has a right of access to the SL Intl Board.
- 1.13 SL Intl must ensure that where a conflict of interest may arise in relation to the role of SL Intl WP Actuary (for example due to reporting lines or remuneration process), the potential conflict is identified and managed in order to minimise the possible effect of the potential conflict on the advice given.