

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS OF
ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD)**

The Honourable Mr Justice Richards

10 October 2023

CR-2022-000458



CR-2022-000458

IN THE MATTER OF PHOENIX LIFE ASSURANCE LIMITED

- and -

IN THE MATTER OF STANDARD LIFE ASSURANCE LIMITED

- and -

IN THE MATTER OF STANDARD LIFE PENSION FUNDS LIMITED

- and -

IN THE MATTER OF PHOENIX LIFE LIMITED

- and -

**IN THE MATTER OF PART VII OF THE FINANCIAL SERVICES AND MARKETS
ACT 2000**

ORDER

UPON THE APPLICATION by Part 8 Claim form dated 26 April 2023 (the "**Claim Form**") of Phoenix Life Assurance Limited, a company incorporated in England and Wales with registered number 00001419 whose registered office is at 1 Wythall Green Way, Wythall, Birmingham, B47 6WG ("**PLAL**"), of Standard Life Assurance Limited a company incorporated in Scotland with registered number SC286833 whose registered office is at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH ("**SLAL**"), of Standard Life Pension Funds Limited, company incorporated in Scotland with registration number SC046447 whose registered office is at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH ("**SLPF**" and together with PLAL and SLAL, the "**Transferors**") and of Phoenix Life Limited, a company incorporated in England and Wales with registered number 01016269 whose registered office is at 1 Wythall Green Way, Wythall, Birmingham, B47 6WG ("**Phoenix**", and together with the Transferors, the "**Claimants**") which Claim Form seeks the sanction of an insurance business transfer scheme (the "**Scheme**") pursuant to Part VII of the Financial Services and Markets Act 2000 (the "**FSMA**") and other ancillary orders;

AND UPON HEARING Martin Moore KC, Counsel for the Claimants;

AND UPON HEARING Nehali Shah, Counsel for the PRA;

AND UPON HEARING Theo Van Sante, Counsel for the FCA;

AND UPON HEARING Mr Roland Baker, Mr Mick McAteer, Mr Peter Bloxham, Dr Dean Buckner and Mr Eric Marshall;

AND UPON READING the Claim Form and the supporting evidence;

AND UPON the Court approving the attachment of the summary of the Scheme as annexed at Schedule 1 to this Order, such summary providing a synopsis of the main features of the Scheme which is not to be relied upon in place of the Scheme itself;

THIS COURT HEREBY SANCTIONS the Scheme annexed at Schedule 2 to this Order, pursuant to section 111(1) of the FSMA;

AND IT IS ORDERED THAT all the terms of the Scheme shall as and from the dates and times therein provided take effect under sections 111 and 112 of the FSMA (using the definitions set out in the Scheme) without further act, order or instrument as if each were separately set out in this Order. Without prejudice to the generality of the foregoing:

1. the transfer of the Transferred Business, and (from the Excluded Policies Transfer Date) the Excluded Policies, provided for by paragraphs 3, 5, 6 and 7 of the Scheme and the transfer of property and liabilities (as defined by sections 112(12) and (13) of the FSMA respectively) provided for thereby shall take effect pursuant to section 112(1)(a) of the FSMA and vest or transfer as provided for by section 112(3) of the FSMA as a result of this Order;
2. the provisions in paragraph 4 of the Scheme relating to the continuity of proceedings shall take effect pursuant to section 112(1)(c) of the FSMA;
3. the provisions of all other paragraphs of the Scheme not referred to in (1), (2) and (3) above shall take effect pursuant to section 112(1)(d) of the FSMA;

AND IT IS FURTHER ORDERED THAT:

4. in accordance with section 112(10) of the FSMA, the Transferee shall within 10 days from the date of this Order or such longer period as the PRA shall allow, deposit two office copies of this Order with the PRA;
5. the Transferee and Transferors shall have liberty to apply to the Court for such order(s) or directions as may be expedient or necessary for the purposes set out in section 112 of the FSMA or pursuant to paragraph 39.2 of the Scheme and generally; and
6. the production of a copy of this Order and of the Scheme with any modifications shall, for all purposes, be conclusive evidence of the transfer to, and vesting in, Phoenix of:
 - (a) from the Transfer Date but with effect from the Effective Date, the Transferred Business, the Transferred Assets and the Transferred Liabilities;

- (b) from each Subsequent Transfer Date, the Residual Assets and the Residual Liabilities (as therein defined); and
- (c) from each Excluded Policies Transfer Date, the Excluded Policies.

Service of this Order

The Court has provided a sealed copy of this order to the serving party:

Linklaters LLP, One Silk Street, London, EC2A 3PR (Ref: L-296640)

Solicitors for the Claimants

Schedule 1 Scheme Summary

1 Introduction

- 1.1** Phoenix Life Assurance Limited ("**PLAL**"), Standard Life Assurance Limited ("**SLAL**"), Standard Life Pension Funds Limited ("**SLPF**") (each a "**Transferor**" and together, the "**Transferors**") and Phoenix Life Limited ("**Phoenix**") applied to the Court for an order (the "**Order**") to sanction an insurance business transfer scheme (the "**Scheme**") pursuant to Part VII of the Financial Services and Markets Act 2000 ("**FSMA**"), which is intended to become operative at 23:59 on Friday 27 October 2023 (the "**Transfer Date**") but with effect from 23:59 on Saturday 30 September 2023 (the "**Effective Date**").
- 1.2** Unless otherwise defined, defined terms used in this summary shall have the meaning given to them in the Scheme.
- 1.3** This summary should not be regarded as comprehensive and should not be treated as a substitute for reading the Scheme.

Key Terms of the Scheme

2 Transfer of the Transferred Business

- 2.1** The Transferors will transfer the Transferred Business to Phoenix on the Transfer Date but with effect from the Effective Date.
- 2.2** This means that on the Transfer Date but with effect from the Effective Date:
- 2.2.1** the Transferred Assets and all the property of the relevant Transferor in the Transferred Business shall transfer and vest by the Order, without further act or instrument, in Phoenix (subject to any Encumbrances affecting such property); and
- 2.2.2** the Transferred Liabilities shall by the Order, without further act or instrument, be transferred to and become a liability of Phoenix and shall cease to be a liability of the relevant Transferor.

3 The Transferred Business

- 3.1** The Transferred Policies are all those Policies of the Transferors:
- 3.1.1** under which any liability remains unsatisfied or outstanding at the Effective Date;
- 3.1.2** any Policies of the Transferors which have lapsed on or before the Transfer Date but which are reinstated by Phoenix; and
- 3.1.3** all proposals for insurance made to a Transferor and every offer or invitation for insurance made by a Transferor before the Effective Date which would have become Policies of the relevant Transferor prior to the Transfer Date but which are subsequently accepted by Phoenix after the Transfer Date;
- 3.1.4** the Guernsey Policies (with effect from the Guernsey Transfer Date only) and the Jersey Policies (with effect from the Jersey Transfer Date only); and

3.1.5 which were written at any time between the Effective Date and the Transfer Date which were not policies of a Transferor at the Effective Date but which would have fallen within paragraphs 3.1.1 and 3.1.4 above had they been policies of that Transferor at the Effective Date,

but excluding the Excluded Policies.

4 Continuity of Proceedings

4.1 On the Transfer Date, but with effect on and from the Effective Date, any Proceedings by or against a Transferor in connection with the Transferred Business, the Transferred Policies, the Transferred Assets or the Transferred Liabilities, shall be continued or commenced by, against or in relation to Phoenix, and Phoenix 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 the relevant Transferor in relation to those Proceedings.

4.2 Any judgment, settlement, order or award obtained by or against a Transferor in relation to any part of the Transferred Business, the Transferred Policies, the Transferred Assets, Transferred Liabilities, the Residual Assets or the Residual Liabilities which is not fully satisfied before the Transfer Date or, as the case may be, the applicable Subsequent Transfer Date will become enforceable by or against Phoenix in the place of the relevant Transferor.

5 Effect of the Transfer

5.1 On the Transfer Date but with effect from the Effective Date:

5.1.1 every person who is a holder of any of the Transferred Policies will continue to have the same rights, benefits and obligations, and be subject to the same terms and conditions in relation to their policies save that Phoenix is substituted as the insurer in place of the Transferor. As set out in paragraph 7 below, there are changes to the Superseded Schemes, however there are otherwise no proposed changes to the terms and conditions of the Transferred Policies;

5.1.2 Phoenix shall become entitled to all the rights, benefits, powers of the Transferors whatsoever subsisting on the Transfer Date under or by virtue of the Transferred Policies;

5.1.3 all references in any Transferred Policy to a Transferor, a Transferor's Board, a Transferor's Chief Actuary, a Transferor's With-Profits Actuary, a Transferor's auditor or any other officers, employees or agents of a Transferor should be read as references to Phoenix, the Phoenix Board, the Phoenix Chief Actuary, the relevant Phoenix With-Profits Actuary or any other officers, employees or agents of Phoenix respectively; and

5.1.4 all references to a Transferor in any contract between a Transferor and any other party, or in any document or instrument, to the extent evidencing title to or benefit or burden of the Transferred Business should be read as references to Phoenix.

5.2 In relation to the payment of premiums, mandates and other payments, on and after the Transfer Date:

5.2.1 all premiums payable to the Transferors in respect of the Transferred Policies shall be payable to Phoenix;

- 5.2.2 any mandate or other instruction in force on the Transfer Date in relation to sums payable to the relevant Transferor shall take effect as if it had provided for and authorised payment to Phoenix; and
- 5.2.3 any mandate or other instruction in force on the Transfer Date in relation to any sum payable by the relevant Transferor shall continue in force as a mandate or instruction to Phoenix.

5.3 Excluded Policies, Residual Assets and Residual Liabilities

- 5.3.1 The Excluded Policies cannot be transferred to Phoenix as a result of Russia (Sanctions) (EU Exit) Regulations 2019 (the “**Russia Sanctions Regulations**”) and therefore shall not be transferred to Phoenix by the Scheme. All liabilities attributable to the Excluded Policies shall remain liabilities of the relevant Transferor and be fully reinsured to Phoenix. Excluded Policies include any policies and Group Flexible Retirement Plans:
- (i) which are not capable of being transferred pursuant to section 111 of FSMA at the Transfer Date, Guernsey Policies or Jersey Policies; or
 - (ii) in respect of which further steps are necessary to be taken or, as the case may be, restrictions preventing the transfer of that policy (or Group Flexible Retirement Plan) must cease to apply, following the Order, before any such policies (or Group Flexible Retirement Plans) can be transferred and the relevant Transferor and Phoenix agree that such steps should be taken or, as the case may be, such cessation should be sought and/or awaited.
- 5.3.2 Each Excluded Policy will be transferred to Phoenix on the applicable Excluded Policy Transfer Date once any restriction to transferring such Excluded Policy has been removed or otherwise no longer applies.
- 5.3.3 Phoenix will reinsure each Excluded Policy from the Transfer Date with effect from the Effective Date until each such Policy is transferred to Phoenix on the relevant Excluded Policy Transfer Date.
- 5.3.4 Each Residual Asset and Residual Liability will be transferred to Phoenix on the applicable Subsequent Transfer Date:
- (i) once any restriction to transferring such Residual Asset and/or Residual Liability has been removed;
 - (ii) the date on which a Transferor and Phoenix agree the transfer should take effect; or
 - (iii) the date on which, in the opinion of the board of directors of a Transferor, having obtained appropriate actuarial advice, such assets or part thereof are no longer required to be retained in a Transferor in order for a Transferor to be able to meet its SCR or, in respect of SLPF, to be able meet its requirements as instructing parties' agent under the New Security Trust Agreement.

5.4 Declaration of Trust

On the Transfer Date but with effect from the Effective Date, the relevant Transferor shall hold any Residual Asset together with any proceeds of sale or income or other right accrued or return arising in respect thereof, as trustee for Phoenix in the following circumstance:

- 5.4.1 if any asset of a Transferor comprised in or attributable to the Transferred Business is not transferred to and vested in Phoenix on the Transfer Date by reason of such asset being a Residual Asset, outside the jurisdiction of the Court or for any other reason; or
- 5.4.2 if in any circumstances Phoenix shall decide before the Transfer Date (or, in the case of any Residual Asset, before the Subsequent Transfer Date applicable thereto) that it is expedient not to affect a transfer of any asset of a Transferor.

6 Establishment of new Funds and allocation of the Transferred Business

6.1 On the Transfer Date but with effect from the Effective Date:

- 6.1.1 Phoenix shall establish the German SM WP Fund, the German WP Fund, the Heritage WP Fund, the LL WP Fund, the NPL WP Fund, the Pearl WP Fund, the SERP Fund and the UKSM WP Fund as separate Funds within the Phoenix Long-Term Fund; and
- 6.1.2 maintain the 100% WP Fund, 90% WP Fund, the Alba WP Fund, the BIB WP Fund, the Britannic WP Fund, the Phoenix WP Fund, the SLAL WP Fund, the Scottish Mutual WP Fund and the SPI WP Fund as separate Funds within the Phoenix Long-Term Fund in accordance with the terms of this Scheme;
- 6.1.3 all the Transferred Policies, Transferred Assets and Transferred Liabilities within the Transferor's funds shall be transferred to the corresponding Phoenix Fund;
- 6.1.4 any assets and liabilities attributable to the Excluded Policies Reinsurance Agreement shall be allocated to the Fund to which they relate.

6.2 On and with effect from each Excluded Policy Transfer Date or, as the case may be, Subsequent Transfer Date, each Excluded Policy, Residual Asset and Residual Liability shall be allocated to the corresponding Phoenix Fund.

6.3 If the allocation of any property or liability under the Scheme is uncertain in the opinion of the Phoenix Board, having regard to appropriate actuarial advice, then such property or liability shall be allocated to such fund within Phoenix as the Phoenix Board shall determine. Furthermore, where the determination relates to a With-Profits Fund, the Phoenix Board shall not make any such allocation unless the consent of the With-Profits Committee has been obtained.

6.4 Linked Funds and future changes to Linked Funds

- 6.4.1 On the Transfer Date but with effect from the Effective Date, the assets and any associated liabilities comprised in each Linked Fund of a Transferor shall be allocated to and become comprised in a corresponding Linked Fund which shall be established within the corresponding Fund of Phoenix.

- 6.4.2** In accordance with the Scheme, Phoenix, having regard to the advice of the Phoenix Chief Actuary (or a Customer Director) and the interests of the relevant policyholders, shall be at liberty to make changes to the Linked Funds by closing, modifying or enlarging the investment objectives of, winding-up, amalgamating or dividing any Linked Fund or effecting any combination of the aforementioned actions.

7 Phoenix's With-Profits Funds

- 7.1** The Scheme provides that each of the Phoenix With-Profits Funds shall be operated from the Transfer Date but with effect from the Effective Date in accordance with the provisions set out in the Schedule to the Scheme which is applicable to that Fund.

- 7.2** Part E of the Scheme includes provisions for the operation of the With-Profits Funds which are common to all of the With-Profits Funds, including providing for:

- 7.2.1** the additional business which may be written in or allocated to a With-Profits Fund after the Effective Date being restricted to new Policies issued in line with existing rights or options held by the Transferred Policyholders;
- 7.2.2** the distribution of any surplus arising in the With-Profits Funds for the benefit of any Policy which is written in, reinsured or allocated to the relevant With-Profits Fund and the proportion (if any) of the amount distributed which may be transferred to the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund;
- 7.2.3** the closure, at the option of Phoenix, of With-Profits Funds once they have reached a de minimis size and in accordance with the process and subject to the conditions set out in the Scheme;
- 7.2.4** the management of Hybrid Policies in accordance with the provisions set out in the Schedule for the relevant With-Profits Fund;
- 7.2.5** certain amounts to be debited from the With-Profits Funds from time to time;
- 7.2.6** certain amounts to be credited to the With-Profits Funds from time to time;
- 7.2.7** capital support for the With-Profits Funds in prescribed circumstances;
- 7.2.8** the With-Profits Committee to be maintained by the Phoenix Board in accordance with the terms of the Scheme;
- 7.2.9** the Superseded Schemes to be superseded by the Scheme and their provisions to cease to have effect and to be replaced on the Transfer Date but with economic effect from the Effective Date by the terms of the Scheme;
- 7.2.10** any trusts and indemnities that are established or provided for under the Superseded Schemes that are outstanding as at the Transfer Date to continue in full force and effect on the basis that Phoenix replaces the relevant Transferor and succeeds to the rights and obligations of the relevant Transferor relating to such trusts and indemnities;
- 7.2.11** the way in which the different Funds within Phoenix will be taxed;
- 7.2.12** inwards and outwards reinsurance arrangements to or from Phoenix and its Funds subject to certain conditions; and

7.2.13 any internal reinsurance between the parties to the Scheme and/or their funds is to be replaced by new arrangements equivalent to reinsurance between the relevant Funds to which the rights and obligations are allocated on the Transfer Date but with effect from the Effective Date under the Scheme.

8 Transfer Date and Effective Date

8.1 The Scheme shall become operative at 23.59 on Friday 27 October 2023 subject to the Court of Session having granted its approval or consent, in terms satisfactory in all respects to each of SLAL and Phoenix, to the variations to the SLAC Demutualisation Scheme, the SLAL 2011 Scheme and the SLAL Brexit Scheme.

8.2 Insofar as the Scheme creates rights and obligations that exist only between the parties to it, it shall so far as possible be treated as having become effective as between the parties on the Effective Date, including for accounting purposes, and references in the Scheme to the Effective Date and the phrase "with effect from the Effective Date" are to be construed accordingly.

9 Costs and expenses

The costs and expenses incurred by Phoenix and the Transferors in relation to the preparation and carrying into effect of this Scheme, whether before, on or after the Transfer Date, shall be borne by the Phoenix Shareholders' Fund.

10 Modification or Additions

10.1 At any time prior to the sanction of the Scheme, the Transferors and Phoenix may consent to any modification or addition to the Scheme or to any further condition or provision affecting the Scheme which the Court may impose or approve.

10.2 At any time after the sanction of the Scheme by the Court, Phoenix (or a Transferor and Phoenix jointly if a Transferor is directly affected by the proposed amendment) may apply to the court to amend the terms of the Scheme provided that:

10.2.1 the Regulators shall be notified in writing at least forty-two days in advance and shall have the right to attend and be heard at a hearing of the Court;

10.2.2 any directions given by the Court as to publicity in relation to the proposed amendment have been complied with;

10.2.3 the application shall be accompanied by a certificate from an independent actuary confirming that the amendment will not materially adversely affect the security or reasonable expectations of policyholders of Phoenix including the holders of the Transferred Policies;

10.2.4 to the extent that the proposed amendment could affect the holders of SPL Transferred Policies, such application shall be accompanied by a certificate from an independent actuary to the effect that in their opinion the proposed amendment will not reduce the protections conferred by this Scheme on the holders of SPL Transferred Policies; and

10.2.5 to the extent that the proposed amendment relates to the NPL WP Fund or could affect the holders of Policies allocated to the NPL WP Fund:

- (i) such application shall be accompanied by a certificate from an independent actuary to the effect that in their opinion the proposed amendment will not reduce the protections conferred by this Scheme on the holders of Policies allocated to the NPL WP Fund; and
- (ii) the With-Profits Committee has consented to such application (such consent not to be unreasonably withheld or delayed).

Schedule 2
The Scheme

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD)**

**IN THE MATTER OF
PHOENIX LIFE ASSURANCE LIMITED
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STANDARD LIFE PENSION FUNDS LIMITED
and
IN THE MATTER OF
PHOENIX LIFE LIMITED
and
IN THE MATTER OF
THE FINANCIAL SERVICES AND MARKETS ACT 2000

THE SCHEME**

Pursuant to Part VII of the Financial Services and Markets Act 2000 for the transfer to Phoenix Life Limited of the business of Phoenix Life Assurance Limited and Standard Life Assurance Limited and Standard Life Pension Funds Limited

Linklaters

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PART A: DEFINITIONS AND INTERPRETATION

1 Definitions and interpretation

1.1 In this Scheme, unless the subject or context requires otherwise, the following expressions bear the meanings respectively set opposite them:

"90% WP Fund" means the with-profits fund bearing the name "90% With-Profits Fund" maintained by Phoenix as at the Transfer Date as a sub-fund of the Phoenix Long-Term Fund;

"100% WP Fund" means the with-profits fund bearing the name "100% With-Profits Fund" maintained by Phoenix as at the Transfer Date as a sub-fund of the Phoenix Long-Term Fund;

"Abbey Life" means Abbey Life Assurance Company Limited, a company incorporated in England and Wales with registered number 00710383 whose registered office is at 1 Wythall Green Way, Wythall, Birmingham, B47 6WG;

"Abbey Life PB Fund" means the sub-fund of Abbey Life's Long-Term Fund with the name "Abbey Life Participating Business Fund" maintained by Abbey Life immediately prior to the transfer date of the Phoenix 2018 Scheme;

"Alba" means Pearl AL Limited, a company incorporated in Scotland with registered number SC004348, which changed its name from Resolution AL Limited on 13 May 2008 and from Alba Life Limited on 18 April 2007;

"Alba WP Fund" means the with-profits fund bearing the name "Alba With-Profits Fund" maintained by Phoenix as at the Transfer Date as a sub-fund of the Phoenix Long-Term Fund;

"Asset Shares" means the asset shares of Policies calculated in accordance with this Scheme and the PPFM for the relevant With-Profits Fund, the German SM WP Fund Internal PPFM or the German WP Fund Internal PPFM (as applicable);

"Aviva LP" means Aviva Life & Pensions UK Limited, a company incorporated in England and Wales with registered number 03253947 whose registered office is at Aviva, Wellington Row, York, North Yorkshire, England, YO90 1WR;

"AWL" means Phoenix AW Limited, a company incorporated in England and Wales with registered number 1225468 whose registered office is at 1 Wythall Green Way, Wythall, Birmingham, B47 6WG, which changed its name from AXA Wealth Limited on 8 December 2017 and from Winterthur Pension Funds UK Limited on 15 June 2001;

"BA" means BA (GI) Limited, a company incorporated in England and Wales with registered number 00003002, which changed its name from Britannic Assurance plc on 14 May 2007;

"BIB WP Fund" means the with-profits fund bearing the name "Britannic Industrial Branch With-Profits Fund" maintained by Phoenix as at the Transfer Date as a sub-fund of the Phoenix Long-Term Fund;

"Bradford" means PG Dormant (No 6) Limited, a company incorporated in England and Wales with registered number 165018, which changed its name from Phoenix Wealth Services Limited on 8 December 2017 and from Bradford Insurance Company Limited on 10 November 2017;

"Brexit Floating Charge" means the deed of floating charge dated 29 March 2019 between SLAL and SL Intl and entered into pursuant to the SLAL Brexit Scheme;

"Britannic WP Fund" means the with-profits fund bearing the name "Britannic With-Profits Fund" maintained by Phoenix as at the Transfer Date as a sub-fund of the Phoenix Long-Term Fund;

"Britannic Valuation Date" means the date on which each Britannic Valuation Period ends;

"Britannic Valuation Period" means each period selected by the Phoenix Board for the purposes of determining, amongst other things in relation to the BIB WP Fund and the Britannic WP Fund, the surplus of the BIB WP Fund and the surplus of the Britannic WP Fund;

"BULA" means PG Dormant (No 5) Limited, a company incorporated in England and Wales with registered number 1621367, which changed its name from Phoenix SL Direct Limited on 8 December 2017, from Pearl BULA Limited on 10 November 2017, from Resolution BULA Limited on 14 May 2008 and from Britannic Unit Linked Assurance Limited on 24 April 2007;

"BULA With-Profits Policy" means:

- (a) any Policies transferred from the BULA with-profits fund to the 90% WP Fund pursuant to the Phoenix 2006 Scheme; and
- (b) any Policy issued by Phoenix as an increment on the exercise of an option or right under any such Policy as is referred to in (a);

"Capital Event" has the meaning given to it in paragraph 4.3 of Schedule 1 of this Scheme;

"Century" means Pearl CL Limited, a company incorporated in England and Wales with registered number 80587, which changed its name from Resolution CL Limited on 14 May 2008 and from Century Life plc on 14 May 2007;

"Chief Actuary" means the person approved to perform the "Chief Actuary function" on behalf of an insurer in accordance with the Insurance – Senior Management Functions part of the PRA Rulebook, or such other person performing an equivalent role under any amended or replacement regulatory requirement;

"Closure Uplift" means such increase (if any) in the benefit entitlement of a Policy, on a guaranteed or non-guaranteed basis, as determined by the Phoenix Board, having regard to appropriate actuarial advice and the guiding principles set out in Schedule 2, on Phoenix ceasing to maintain a Relevant With Profits Fund pursuant to paragraph 23;

"COBS" means the Conduct of Business Sourcebook issued by the FCA;

"Continuing Schemes" means:

- (a) the scheme sanctioned by an order of the Court in 1989 which provided for, amongst other transfers, the transfer to PALAL of the immediate annuities comprised in the general annuity business of Property Growth Assurance Company Limited (PALAL's rights and obligations under this scheme were transferred to Phoenix pursuant to the Phoenix 2011 Scheme);
- (b) the scheme sanctioned by an order of the Court dated 25 July 2005, providing for the transfer to BULA of the long term business of Alliance Insurance plc (then called Allianz Cornhill Insurance plc) (BULA's rights and obligations under this scheme were transferred to Phoenix pursuant to the Phoenix 2006 Scheme);

- (c) the scheme sanctioned by an order of the Court dated 19 December 2005 which provided for the transfer to Canada Life Limited of certain pension annuity business of PALAL (PALAL's rights and obligations under this scheme were transferred to Phoenix pursuant to the Phoenix 2011 Scheme);
- (d) the scheme sanctioned by an order of the Court dated 5 June 2006, providing for the transfer to Prudential Retirement Income Limited of certain pension annuity business of PLP (PLP's rights and obligations under this scheme were transferred to Phoenix pursuant to the Phoenix 2006 Scheme);
- (e) the scheme sanctioned by an order of the Court dated 15 September 2011, providing for the transfer of certain long-term insurance business between AWL and Friends Life WL Limited (then called Winterthur Life UK Limited) (AWL's rights and obligations under this scheme were transferred to Phoenix pursuant to the Phoenix 2017 Scheme);
- (f) the scheme sanctioned by an order of the Court dated 14 October 2011, providing for the transfer to AWL of certain long-term insurance business of Friends Life Company Limited (AWL's rights and obligations under this scheme were transferred to Phoenix pursuant to the Phoenix 2017 Scheme);
- (g) the scheme sanctioned by an order of the Court dated 22 March 2012, providing for the transfer to BA of PLAL's entire non-life insurance business;
- (h) the scheme sanctioned by an order of the Court dated 12 September 2013 providing for the transfer to Guardian Assurance Limited of certain pension annuities from Phoenix, PLAL and NPLL (NPLL's rights and obligations under this scheme were transferred to PLAL pursuant to the PLAL 2015 Scheme; and Guardian Assurance Limited's rights and obligations under this scheme were transferred to ReAssure Limited pursuant to a scheme sanctioned by an order of the Court dated 19 December 2016);
- (i) the scheme sanctioned by an order of the Court dated 19 December 2016, providing for the transfer to ReAssure Limited of certain pension annuities from Phoenix;
- (j) the SLAL Brexit Scheme;
- (k) the scheme sanctioned by an Order of the Court dated 18 October 2022, providing for the transfer from Phoenix and ReAssure Life Limited to Phoenix Life Assurance Europe DAC of certain Policies written in member states of the European Economic Area (together with the scheme in substantially the same terms sanctioned by an order of the High Court of Ireland on 1 November 2022, providing for the transfer of the business of the Irish third country branch of Phoenix covered by the United Kingdom scheme referred to in this paragraph (k)); and
- (l) any other scheme involving Phoenix or a Transferor (including as a result of one or more further transfers to or from Phoenix or a Transferor) and to which entities other than Phoenix and the Transferors are also a party.

"Court" means the High Court of Justice in England and Wales;

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

"CR Amount" means £4,000,000 (or such higher amount that a Transferor is required to maintain from time to time in accordance with the PRA Rulebook);

"Customer Director" means the officer of Phoenix with responsibility for customers having that or a similar title and approved by the FCA to fulfil a senior management function (as defined in the Glossary of the FCA Handbook);

"Data Protection Legislation" means:

- (a) the EU General Data Protection Regulation (EU) 2016/679 in such form as incorporated into the law of England, Wales, Scotland and Northern Ireland by virtue of the European Union (Withdrawal) Act 2018 and any regulations thereunder;
- (b) the Data Protection Act 2018;
- (c) the Privacy and Electronic Communication (EU Directive) Regulations 2003 (SI 2003/2426); and
- (d) any other applicable laws, directives, statutes, regulations or codes of practice (to the extent that such codes of practice have legal effect) in relation to data protection or the privacy of individuals;

"DC Policy" means any defined charge Policy, which includes the right to invest in with-profits investment (whether by the allocation of WP Units or otherwise) and which may also include the right to invest in UL Units, under which the only charges and expense reductions which may be made from the Premiums or assets referable to that Policy are those specifically defined in the relevant Policy;

"Defined Blocks" has the meaning given to it in paragraph 2.1 of Part 7 of Schedule 11 and **"Defined Block Policies"** shall be deemed to refer to Policies in the relevant Defined Blocks;

"Effective Date" means 23.59 on 30 September 2023, except where it relates to the transfer of (i) any asset falling within paragraph (b) of the definition of Transferred Assets or (ii) any liability falling within paragraph (b) of the definition of Transferred Liabilities, in which case the Effective Date shall be the date on which that Transferred Asset or Transferred Liability came into the ownership of, or became attributable to, the relevant Transferor;

"Encumbrance" means any mortgage, charge (fixed or floating), pledge, lien, option, right to acquire, right of pre-emption, assignment by way of security or trust arrangement for the purpose of providing security or other security interest of any kind (including any retention arrangement), or any agreement to create any of the foregoing;

"Excluded Assets" means:

- (a) all books, records, files and papers that the Transferors are required by regulatory requirements to retain;
- (b) the subsidiaries of the Transferors other than the Transferred Subsidiaries; and
- (c) all rights, benefits and powers of SLPF arising under, or in connection with, the Security Trust Agreement and the New Security Trust Agreement;

"Excluded Liabilities" means:

- (a) all liabilities of the Transferors attributable to the Excluded Assets; and
- (b) any liabilities of SLPF under, or in connection with, the Security Trust Agreement and the New Security Trust Agreement;

"Excluded Policies" means the Policies of a Transferor: (i) under which any liability remains unsatisfied or outstanding at the Transfer Date; and (ii) which would otherwise be included in the definition of Transferred Policies, together with, for this purpose, any terms and conditions for Group Flexible Retirement Plans, in each case:

- (a) which are not capable of being transferred pursuant to section 111 of FSMA at the Transfer Date;
- (b) which are Guernsey Policies (to the extent that, and for so long only as, the Guernsey Scheme has not yet received the requisite court approval and become operative in accordance with its terms);
- (c) which are Jersey Policies (to the extent that, and for so long only as, the Jersey Scheme has not yet received the requisite court approval and become operative in accordance with its terms); or
- (d) in respect of which further steps are necessary to be taken or, as the case may be, restrictions preventing the transfer of that Policy (or Group Flexible Retirement Plan) must cease to apply, following the Order, before any such Policies (or Group Flexible Retirement Plans) can be transferred and the relevant Transferor and Phoenix agree that such steps should be taken or, as the case may be, such cessation should be sought and/or awaited,

and any further Policy issued by a Transferor pursuant to the exercise of any right or option under such a Policy;

"Excluded Policies Reinsurance Arrangement" means a reinsurance arrangement implemented in respect of Excluded Policies pursuant to and in accordance with paragraph 6.1;

"Excluded Policies Transfer Date" means the first date on or by which:

- (a) all consents, permissions or other requirements for the transfer of an Excluded Policy (other than a Guernsey Policy or a Jersey Policy) from the relevant Transferor to Phoenix are or, as the case may, have been obtained; and
- (b) any restrictions preventing the transfer of such an Excluded Policy from the relevant Transferor to Phoenix are removed or cease to apply;

"FCA" means the Financial Conduct Authority of the United Kingdom or such other governmental, statutory or other authority as shall from time to time carry out such functions in relation to insurance companies as are allocated to the FCA under FSMA;

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

"Financial Ombudsman Service" means the scheme provided under Part XVI of FSMA (the Ombudsman Scheme) under which certain disputes may be resolved by an independent person;

"Financial Year" means each period for which Phoenix prepares annual Regulatory Returns;

"Former Abbey Life WP Funds" means the Abbey Life PB Fund and the Hill Samuel PB Fund;

"Former Ambassador WP Policies" has the meaning given to it in paragraph 1.1 of Part 2 of Schedule 22;

"Former AWL Linked Funds" means any Linked Fund established by Phoenix:

- (a) pursuant to paragraph 15 of the Phoenix 2017 Scheme, to receive the assets and associated liabilities comprised in each linked fund of AWL immediately prior to the transfer date of the Phoenix 2017 Scheme;
- (b) in connection with the amalgamation or division of a Linked Fund established in accordance with paragraph (a) above; or
- (c) at any time following the transfer date of the Phoenix 2017 Scheme as a new Linked Fund for its Corporate Trustee Investment Plan business;

"Former Hill Samuel Linked Funds" means any Linked Fund established by Phoenix:

- (a) pursuant to paragraph 14 of the Phoenix 2018 Scheme, to receive the assets and associated liabilities comprised in each linked fund of Abbey Life immediately prior to the transfer date of the Phoenix 2018 Scheme that contained Policies transferred by the Phoenix 2018 Scheme that were formerly part of the linked business of Hill Samuel (including the linked business of Hill Samuel Residual Assets transferred to Hill Samuel pursuant to the Target Scheme); or
- (b) in connection with the amalgamation or division of a Linked Fund established in accordance with paragraph (a) above;

"Former NPIL UWP Policies" means:

- (a) any UWP Policy transferred from NPI Limited to the Phoenix Non-Profit Fund pursuant to the Phoenix 2012 Scheme; and
- (b) any UWP Policy issued by Phoenix as an increment on the exercise of an option or right under a Policy transferred from NPI Limited to Phoenix pursuant to the Phoenix 2012 Scheme;

"Former SLAL WP Funds" means the Heritage WP Fund, the German SM WP Fund, the German WP Fund and the UKSM WP Fund;

"Former SLAL WP Fund Policies" means the Heritage WP Fund Policies and all Policies which are allocated to, written in or reinsured to, the Former SLAL WP Funds (other than the Heritage WP Fund) from time to time;

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

"Fund" means (as the context requires) the Phoenix Shareholders' Fund, the Phoenix Non-Profit Fund, a With-Profits Fund or any other sub-fund within the Phoenix Long-Term Fund established in accordance with this Scheme or the Superseded Phoenix Schemes;

"Further Capital Support Account" has the meaning given to it in paragraph 7 of Part 1 of Schedule 11;

"German SM WP Fund" means the with-profits fund bearing the name "German Smoothed Managed With-Profits Fund" to be established by Phoenix on the Transfer Date but with effect from the Effective Date as a sub-fund of the Phoenix Long-Term Fund, to which certain liabilities of SL Intl are reinsured pursuant to the GSMWPF Reinsurance Agreement;

"German SM WP Fund Internal PPFM" means the principles and practices of financial management applicable to the German SM WP Fund to be maintained in accordance with Part 1 of Schedule 9, as they may be amended from time to time in accordance with their terms;

"German WP Fund" means the with-profits fund bearing the name "German With-Profits Fund" to be established by Phoenix on the Transfer Date but with effect from the Effective Date as a sub-fund of the Phoenix Long-Term Fund, to which certain liabilities of SL Intl are reinsured pursuant to the GWPF Reinsurance Agreement;

"German WP Fund Internal PPFM" means the principles and practices of financial management applicable to the German WP Fund to be maintained in accordance with Part 1 of Schedule 10, as they may be amended from time to time in accordance with their terms;

"Group Reinsurance Arrangements" means those agreements providing for reinsurance between:

- (a) PLAL and Phoenix;
- (b) SLAL and SLPF; or
- (c) arrangements equivalent to reinsurance between any funds of a Transferor;

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

"Guernsey Business" means the long-term business (as such expression is interpreted for the purpose of the Insurance Business (Bailiwick of Guernsey) Law 2002) of a Transferor at the Guernsey Transfer Date, the transfer of which to Phoenix requires the sanction of the Guernsey Court pursuant to section 44(1) of the Insurance Business (Bailiwick of Guernsey) Law 2002;

"Guernsey Court" means the Royal Court of Guernsey;

"Guernsey Effective Date" has the meaning given to it in the Guernsey Scheme;

"Guernsey Policy" means a Policy of a Transferor under which any liability remains unsatisfied at the Guernsey Transfer Date which forms part of the Guernsey Business;

"Guernsey Scheme" means a scheme of transfer in respect of the Guernsey Policies pursuant to section 44(1) of the Insurance Business (Bailiwick of Guernsey) Law, 2002;

"Guernsey Transfer Date" means the time and date on which the Guernsey Scheme becomes operative in accordance with its terms;

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

"Heritage WP Fund" means the with-profits fund bearing the name "Heritage With-Profits Fund" to be established by Phoenix on the Transfer Date but with effect from the Effective Date as a sub-fund of the Phoenix Long-Term Fund;

"Heritage WP Fund Hybrid Policy" has the meaning given to it in paragraph 4.1 of Part 10 of Schedule 11;

"Heritage WP Fund Policies" means:

- (a) all Policies which are allocated to, written in or reinsured to, the Heritage WP Fund from time to time; and
- (b) the HWPF Reinsurance Agreement;

"Heritage WP Fund Valuation Period" means each period selected by the Phoenix Board for the purposes of determining, amongst other things in relation to the Heritage WP Fund, the with-profits surplus of the Heritage WP Fund;

"Heritage WP Fund With-Profits Policies" means:

- (a) in respect of Policies falling within paragraph (a) of the definition of Heritage WP Fund Policies only, all Heritage WP Fund Policies which are With-Profits Policies, if and to the extent such Policies have WP Units allocated at the applicable time which make them eligible to participate in any profits within the Heritage WP Fund;
- (b) any WP Investment Element transferred or allocated to the Heritage WP Fund; and
- (c) in respect of Policies falling within paragraph (b) of the definition of Heritage WP Fund Policies only, all SL Intl Heritage WPF With-Profits Policies, but only to the extent that such Policies are reinsured under the HWPF Reinsurance Agreement;

"Hill Samuel" means Hill Samuel Life Assurance Limited, a company incorporated in England and Wales with registered number 00961144, which changed its name from Target Life Assurance Company Limited on 31 July 1995 and which was dissolved on 6 February 2010;

"Hill Samuel PB Fund" means the sub-fund of Abbey Life's Long-Term Fund bearing the name "Hill Samuel Participating Business Fund" maintained by Abbey Life immediately prior to the transfer date of the Phoenix 2018 Scheme;

"Hill Samuel Residual Assets" means HSLA Residual Assets Limited, a company incorporated in England and Wales with registered number 00667139, which changed its name from Hill Samuel Life Assurance Limited on 31 July 1995 and which was dissolved on 23 December 2013;

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

"Hybrid Policies" means any Policy that offers a choice of unit-linked and/or unitised with-profits investments and which is written in, allocated to, or reinsured by a fund, but only if, and to the extent that, the WP Investment Element or WP Asset Share Element (as the case may be) or UL Investment of such Policy is transferred or allocated to, or reinsured by, another fund or the holder of that Policy may opt for a WP Investment Element or WP Asset Share Element (as the case may be) or UL Investment in, another fund, including:

- (a) the LL Hybrid Policies;
- (b) the Former NPIL UWP Policies;
- (c) the Heritage WP Fund Hybrid Policies;
- (d) the UWP Primary Fund Policies;
- (e) the SLUK DC Policies;
- (f) the SMA DC Policies; and
- (g) the SP DC Policies;

"hypothecated" or "hypothecation" means: (a) allocating (notionally or physically and whether in whole or in part) specific assets of a With-Profits Fund to Policies, particular Policies or specific groups of Policies in the relevant With-Profits Fund as appropriate on whatever basis is considered appropriate (whether by reference to the maturity of the relevant Policies, guarantees or otherwise) with the return allocated to asset shares of those Policies being related to the return of the specific assets allocated to that group of Policies; and/or (b) allocating (notionally or physically and whether in whole or in part) specific assets of the whole or part of the relevant With-Profits Fund by reference to liabilities in respect of the relevant With-Profits Fund other than asset shares on whatever basis is considered appropriate with none of the return of those assets being directly allocated to asset shares; and/or (c) allocating (notionally or physically) assets as surplus assets in any estate of a With-Profits Fund to the estate (whether in whole or in part) with none of the return of those assets being directly allocated to asset shares;

"IB Buffer Reserve Account" means the separate memorandum account designated the "IB Buffer Reserve Account" maintained in accordance with paragraph 2 of Part 1 of Schedule 7;

"Independent Member" means a Member or prospective Member of the With-Profits Committee who qualifies as a Non-Executive Member, is not a director of any member or prospective member of the Phoenix Group and is an actuary with recent relevant experience in the conduct of with-profits business and the fair treatment of with-profits policyholders;

"Jersey Business" means the long-term business carried on, in or from within Jersey (as such expression is interpreted for the purpose of the Insurance Business (Jersey) Law 1996) of a Transferor at the Jersey Transfer Date, the transfer of which to Phoenix requires the sanction of the Jersey Court pursuant to Article 27 of, and Schedule 2 to, the Insurance Business (Jersey) Law 1996;

"Jersey Court" means the Royal Court of Jersey;

"Jersey Effective Date" has the meaning given to it in the Jersey Scheme;

"Jersey Policy" means a Policy of a Transferor under which any liability remains unsatisfied at the Jersey Transfer Date which forms part of the Jersey Business;

"Jersey Scheme" means a scheme of transfer in respect of the Jersey Policies pursuant to Article 27 of, and Schedule 2 to, the Insurance Business (Jersey) Law 1996;

"Jersey Transfer Date" means the time and date on which the Jersey Scheme becomes operative in accordance with its terms;

"Linked Fund" means, subject to paragraph 22.1, an internal linked fund maintained by a Transferor prior to the Transfer Date or by Phoenix prior to, or following, the Transfer Date for the purpose of calculating benefits payable under Linked Policies (including such a fund maintained for the purpose of calculating benefits linked to the value of external unit trusts);

"Linked Policies" means Policies under which the benefits are wholly or partly to be determined by reference to the value of, or the income from, assets of any description (whether or not specified in the Policies) or by reference to fluctuations in, or in an index of, the value of assets of any description (whether or not so specified) other than benefits determined by reference to the Value of WP Units;

"LL Hybrid Policies" has the meaning given to it in paragraph 2.5 of Part 2 of Schedule 12;

"LL WP Fund" means the with-profits fund bearing the name "London Life With-Profits Fund" to be established by Phoenix on the Transfer Date but with effect from the Effective Date as a sub-fund of the Phoenix Long-Term Fund;

"London Life" means London Life Limited, a company incorporated in England and Wales with registered number 01179800 whose registered office is at 1 Wythall Green Way, Wythall, Birmingham, B47 6WG;

"Long-Term Fund" means the fund maintained for accounting purposes by a Transferor, Phoenix or another person (as the context requires) comprising all of the assets identified to cover its long-term insurance liabilities and any surplus assets relating to the Long-Term Insurance Business;

"Long-Term Insurance Business" means the business of effecting or carrying out long-term insurance contracts, as principal, being contracts falling within Part II of Schedule 1 to the RAO;

"Member" means a member of the With-Profits Committee;

"MEP" means the mortgage endowment promise introduced by SLAC in September 2000, the rights and obligations under which were revised on transfer from SLAC to SLAL under and subject to the terms of the SLAC Demutualisation Scheme;

"MEP Policies" has the meaning given to it in Part 8 of Schedule 11;

"Mis-selling Liabilities" means any liabilities, losses, costs and/or expenses (whether incurred as a result of any agreed settlement or compromise (including any ex gratia payment) or otherwise and including the costs of investigating, dealing with, challenging or defending any matter from time to time) in respect of the promotion, marketing, arrangement or sale of any Transferred Policies (or any policies or options whose proceeds were used, wholly or in part, to pay the Premium for a Transferred Policy) by or on behalf of a Transferor (including advice provided by or on behalf of a Transferor and whether in written, electronic or other form), including liabilities, losses, costs and/or expenses arising from:

- (a) any complaint, claim, legal action or proceedings (including arbitration, mediation or any other dispute resolution procedure) brought against a Transferor by or on behalf of any person or group of persons, including pursuant to the Financial Ombudsman Service or any successor thereto or replacement thereof;
- (b) a Transferor complying with (or failing to comply with) applicable law or with rules, regulations, directions, guidance or industry practice (whether formal or informal) set by or given by any regulatory authority; or
- (c) any penalty or fine levied, or which results from or arises in connection with any disciplinary action undertaken by any regulatory authority;

"New Brexit Floating Charge" has the meaning given to it in paragraph 2.1.2 of Part 2 of Schedule 11;

"New Property-Linked Floating Charge" the property-linked floating charge securing the property-linked liabilities under certain Property-Linked Reinsurance Contracts (as that term is defined in the charge) dated on or around the date of this Scheme between Phoenix, as chargor, and The Law Debenture Trust Corporation p.l.c. as chargee in its capacity as security trustee for the Property-Linked Beneficiaries (as such term is defined in the charge);

"New Security Trust Agreement" means the security trust agreement dated on or around the date of this Scheme entered into in connection with the New Property-Linked Floating Charge between, amongst others, The Law Debenture Trust Corporation p.l.c. (as security trustee), SLPF and Phoenix;

"New SIPP Scheme" means the new Self Invested Personal Pension Scheme to be established by SLAL prior to the Transfer Date pursuant to a declaration of trust and pension scheme rules to be entered into by SLAL and Standard Life Aberdeen Trustee Company Limited;

"Non-Executive Member" means a person who is not employed in an executive capacity by, and does not hold any position other than that of a non-executive director or non-executive member of a board committee (including, for the avoidance of doubt, an independent member of the Independent Governance Committee) with any company at any time when it is a member of the Phoenix Group, not being a person who:

- (a) is or has been, at any time in the five years preceding their appointment, an employee of Phoenix or of any member of the Phoenix Group;
- (b) has or has had, at any time in the five years preceding their appointment, any form of material consulting or contractual relationship with Phoenix or a member of the Phoenix Group (other than as a retail customer, a non-executive director or non-executive member of a board committee (including, for the avoidance of doubt, an independent member of the Independent Governance Committee));
- (c) receives or has received, at any time in the three years preceding their appointment, additional remuneration from Phoenix or from another member of the Phoenix Group other than fees received for performing the role of a non-executive director, non-executive member of a board committee (including, for the avoidance of doubt, an independent member of the Independent Governance Committee), or participates in a share option or performance-related pay scheme of Phoenix or of another member of the Phoenix Group; or
- (d) has served on the With-Profits Committee (or any with-profits committee or equivalent committee within Phoenix or any one of the Transferors or any other predecessor company whose with-profits policies or with-profits funds are or have been transferred to Phoenix) for more than nine years from the date of their first appointment save that any Non-Executive Member who has served for more than nine years from the date of their first appointment shall be subject to annual re-appointment by the Phoenix Board;

"Non-Profit Policy" means a Policy falling within Part II of Schedule 1 to the RAO that is not a With-Profits Policy;

"Non-SLAL With-Profits Funds" has the meaning given to it in paragraph 23.3;

"Non-SLAL With-Profits Fund Closure Date" has the meaning given to it in paragraph 23.5;

"Notional Company" has the meaning given to it in Part 1 of Schedule 11;

"NPI" means National Provident Institution, a company incorporated under the National Provident Institution Act 1987;

"NPI Limited" means NPI Limited, a company incorporated in England and Wales with registered number 03725037, which was formed to receive new business written under the NPI brand following the demutualisation of NPI and was dissolved on 8 April 2019;

"NPI WP Fund" means the with-profits fund bearing the name "NPI With-Profits Fund" maintained by Phoenix as at the Transfer Date as a sub-fund of the Phoenix Long-Term Fund;

"NPI WP Fund Reinsurance Agreements" means:

- (a) the reinsurance agreement dated 1 January 2000;
- (b) the reinsurance agreement with an effective date of 21 February 2000 relating to business acquired between 21 February 2000 and 31 December 2000;
- (c) the reinsurance agreement dated 11 December 2001; and
- (d) the amended and restated reinsurance agreement dated 16 April 2007,

in each case originally entered into between NPI Limited and PLAL in respect of the WP Asset Share Element allocated to the NPI WP Fund which Fund was transferred from NPI Limited to Phoenix pursuant to the Phoenix 2012 Scheme;

"NPLL" means National Provident Life Limited, a company incorporated in England and Wales with registered number 03641947, which changed its name from NPI Life Limited on 25 March 1999 and from Precis (1685) Limited on 18 December 1998;

"NPL WP Fund" means the with-profits fund bearing the name "National Provident Life With-Profits Fund" to be established by Phoenix on the Transfer Date but with effect from the Effective Date as a sub-fund of the Phoenix Long-Term Fund;

"Order" means an order made by the Court pursuant to section 111 of FSMA sanctioning this Scheme and any order (including any subsequent order) in relation to this Scheme made by the Court pursuant to section 112 of FSMA;

"PA(GI)" means PA(GI) Limited, a company incorporated in England and Wales with registered number 00071805, which changed its name from Phoenix Assurance Limited on 29 December 2005 and from Phoenix Assurance plc on 3 September 2004;

"PALAL" means Phoenix & London Assurance Limited, a company incorporated in England and Wales with registered number 00894616, which changed its name from Sun Alliance and London Assurance Company Limited on 15 April 2005;

"PCP" means the Phoenix capital policy as set out in Schedule 1 (as amended or adjusted in accordance with the provisions of Schedule 1);

"Pearl WP Fund" means the with-profits fund bearing the name "Pearl With-Profits Fund" to be established by Phoenix on the Transfer Date but with effect from the Effective Date as a sub-fund of the Phoenix Long-Term Fund;

"Pension Schemes" means:

- (a) the NPI Personal Pension Scheme – 00605333RT;
- (b) the NPI Personal Pension Scheme (No. 2) – 00605334RW;
- (c) the NPI Personal Pension Scheme (No. 3) – 00605335RC;
- (d) the NPL FSAVC – 00633993RL;
- (e) the Pearl Unit Linked Personal Pension Scheme (formerly known as the Pearl Assurance (Unit Linked Pensions) Limited Personal Pension Scheme (No. 1) – 00605300RV;
- (f) the Pearl Stakeholder Pension Scheme – 00613761RL;

- (g) the NPI Stakeholder Pension Scheme – 00634000RA;
- (h) the NPI Limited Personal Pension Scheme – 00605791RL;
- (i) the NPI Limited Free-Standing AVC Scheme – 00633996RZ;
- (j) the Pearl Assurance Plc PP – 00605302RE;
- (k) the Pearl Assurance Plc FSAVC – 00633991RF;
- (l) the LL PP – 00605401RG;
- (m) the LL FSAVC – 00634009RE;
- (n) the London Life Limited Personal Pension Scheme – 00605478RJ;
- (o) the Standard Life Appropriate Personal Pension Scheme;
- (p) the Standard Life Appropriate Personal Pension Scheme No.2;
- (q) the Standard Life Stakeholder Pension Scheme;
- (r) the Standard Life Self Invested Personal Pension Scheme;
- (s) the Fidelity Self Invested Personal Pension Scheme;
- (t) the New SIPP Scheme;
- (u) Stanplan D;
- (v) Stanplan V;
- (w) Stanplan A Master Trust; and
- (x) Standard Life DC Master Trust;

"Phoenix" means Phoenix Life Limited, a company incorporated in England and Wales with registered number 01016269 whose registered office is at 1 Wythall Green Way, Wythall, Birmingham, B47 6WG, which changed its name from Royal & Sun Alliance Linked Insurances Limited on 29 December 2005 and from Royal Heritage Life Assurance Limited on 31 December 1998;

"Phoenix 2005 Scheme" means the scheme sanctioned by an order of the Court dated 31 October 2005, providing for the transfer to Phoenix of the long-term businesses of PA(GI), SLUK and Bradford;

"Phoenix 2006 Scheme" means the scheme sanctioned by an order of the Court dated 8 December 2006, providing for the transfer to Phoenix of the long-term businesses of Alba, BA, BULA, Century, Phoenix Pensions Limited (then called Britannic Retirement Solutions Limited) and PLP;

"Phoenix 2009 Scheme" means the scheme sanctioned by an order of the Court providing for the transfer to Phoenix of the business of SMA and SPL in February 2009;

"Phoenix 2011 Scheme" means the scheme sanctioned by an order of the Court providing for the transfer to Phoenix of the business of PALAL in February 2011;

"Phoenix 2012 Scheme" means the scheme sanctioned by an order of the Court providing for the transfer to Phoenix of the business of NPI Limited and certain annuities of NPLL on 31 March 2012;

"Phoenix 2017 Scheme" means the scheme sanctioned by an order of the Court providing for the transfer to Phoenix of the business of AWL on 8 December 2017;

"Phoenix 2018 Scheme" means the scheme sanctioned by an order of the Court providing for the transfer to Phoenix of the business of Abbey Life on 31 December 2018;

"Phoenix Board" means the board of directors of Phoenix from time to time;

"Phoenix Chief Actuary" means the Chief Actuary of Phoenix from time to time;

"Phoenix Group" means:

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

"Phoenix Long-Term Fund" means the Long-Term Fund of Phoenix;

"Phoenix Non-Profit Fund" means the fund bearing the name "Non-Profit Fund" within the Phoenix Long-Term Fund, which is maintained by Phoenix as at the Transfer Date for accounting purposes to identify Long-Term Insurance Business which is shareholder-backed business and is not allocated to the With-Profits Funds (and which includes shareholder surpluses relating to that Long-Term Insurance Business);

"Phoenix Shareholders' Fund" means the Shareholders' Fund of Phoenix;

"Phoenix With-Profits Actuaries" means the With-Profits Actuaries of Phoenix;

"Phoenix WP Fund" means the with-profits fund bearing the name "Phoenix With-Profits Fund" maintained by Phoenix as at the Transfer Date as a sub-fund of the Phoenix Long-Term Fund;

"PLAL" means Phoenix Life Assurance Limited, a company incorporated in England and Wales with registered number 00001419 whose registered office is at 1 Wythall Green Way, Wythall, Birmingham, B47 6WG, which changed its name from Pearl Assurance Limited on 28 September 2012;

"PLAL 2012 Scheme" means the scheme sanctioned by an order of the Court providing for the transfer to PLAL of the business of London Life on 30 September 2012;

"PLAL 2015 Scheme" means the scheme sanctioned by an order of the Court providing for the transfer to PLAL of the business of NPLL on 30 June 2015;

"PLAL LL WP Fund" means the with-profits fund bearing the name "London Life With-Profits Fund" maintained by PLAL as at the Transfer Date;

"PLAL Long-Term Fund" means the Long-Term Fund of PLAL;

"PLAL Non-Profit Fund" means the non-profit fund bearing the name "Non-Profit Fund" maintained by PLAL as at the Transfer Date;

"PLAL NPL WP Fund" means the with-profits fund bearing the name of "National Provident Life With-Profits Fund" maintained by PLAL as at the Transfer Date;

"PLAL Pearl WP Fund" means the with-profits fund bearing the name "Pearl With-Profits Fund" maintained by PLAL as at the Transfer Date;

"PLAL SERP Fund" means the with-profits fund bearing the name "Pearl SERP Fund" maintained by PLAL as at the Transfer Date;

"PLAL Shareholders' Fund" means the Shareholders' Fund of PLAL;

"PLP" means PG Dormant (No 4) Limited, a company incorporated in England and Wales with registered number 01565099, which changed its name from Phoenix Wealth Holdings Limited on 8 December 2017, from Pearl PLP Limited on 10 November 2017, from Resolution PLP Limited on 14 May 2008 and from Phoenix Life & Pensions Limited on 24 April 2007;

"Policy" means (except for the purposes of paragraphs 2 and 3 of Part 7 of Schedule 11) as the context requires:

- (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 the Phoenix Board, gives rise to any separately identifiable benefit and which the Phoenix Board determines is a Policy;

"PPFM" means the Principles and Practices of Financial Management prepared and issued from time to time by a Transferor, Phoenix or other person (as the context requires) in respect of a relevant fund, as required by COBS;

"PRA" means the Prudential Regulation Authority;

"PRA Rulebook" means the book of rules applicable to PRA authorised firms issued by the PRA from time to time pursuant to FSMA;

"Premiums" means premiums of every description, including:

- (a) increases to premiums (whether by way of regular premium or single premium and whether contractual or otherwise); and
- (b) all other sums (including payments *in specie*),

in each case which are referable or attributable to any Policy;

"PRIN 6" means Principle 6 in the Principles for Businesses set out in the FCA Handbook;

"Proceedings" means any claim, counterclaim, complaint, petition, suit, appeal or other legal process (including any application, whether current or future), whether intended to have interim or final legal effect in relation to its subject matter, before any court, governmental authority, regulatory authority, tribunal, arbitration panel, ombudsman or other body subsisting or empowered by law or regulation or by the provisions of an agreement;

"Property-Linked Floating Charge" means the property-linked floating charge securing the property-linked liabilities under certain Property-Linked Reinsurance Contracts (as such term is defined in the charge) dated 12 October 2006 originally between SLIF, as chargor, and The Law Debenture Trust Corporation p.l.c. as chargee in its capacity as security trustee for the Property-Linked Beneficiaries (as such term is defined in the charge), the rights and obligations under which were transferred from SLIF to SLAL under and subject to the terms of the SLAL 2011 Scheme;

"Property-Linked Funds Retrocession Agreement" has the meaning given to it in paragraph 1.2 of Part 2 of Schedule 11;

"RAO" means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544);

"Records" means all documents, files and other records, whether in physical or electronic form, relating to the Transferred Business, Transferred Policies, the Transferred Assets, the Residual Assets, the Transferred Liabilities and the Residual Liabilities which are in the possession of, or under the control of a Transferor;

"Recourse Cashflows" has the meaning given to it in paragraph 2.1 of Part 7 of Schedule 11;

"Reference Period Transfer Amount" means the amount to be calculated in respect of each Heritage WP Fund Valuation Period pursuant to Part 7 of Schedule 11;

"Regulators" means, as the context requires, the FCA or the PRA or both, or such other governmental, statutory or other authority or authorities as shall from time to time carry out such functions in relation to Long-Term Insurance Business carried on in the United Kingdom as were at the date of this Scheme allocated to the FCA and the PRA under FSMA (and **"Regulator"** shall mean any one of them);

"Regulatory Returns" means the returns to the Regulators required by the PRA Rulebook;

"Residual Assets" means:

- (a) any assets of a Transferor attributable to the Transferred Business (including any right, benefit or power of a Transferor under any Transferred Policy) in respect of which the Court has declined to order the transfer to Phoenix under section 112(2) FSMA at the Transfer Date;
- (b) any assets of a Transferor attributable to the Transferred Business (including any rights, benefits or powers of a Transferor under a Transferred Policy) where a Transferor and Phoenix agree in writing prior to the Transfer Date or the Subsequent Transfer Date applicable thereto that their transfer should be delayed or it should not be transferred at all;
- (c) any assets of a Transferor attributable to the Transferred Business which are outside the jurisdiction of the Court, in respect of which the transfer pursuant to an order of the Court is not recognised by the laws of the jurisdiction in which the assets are situated or in respect of which further steps are necessary to effect the transfer pursuant to the laws of any applicable jurisdiction;
- (d) any assets of a Transferor attributable to the Transferred Business which cannot be transferred to or vested in Phoenix on the Transfer Date for any other reason;
- (e) assets representing the CR Amount of the Relevant Transferor; and
- (f) any proceeds of sale or income or other accrual or return whatsoever, whether or not in any case in the form of cash, or any other assets or rights earned or received from time to time after the Transfer Date but prior to any relevant Subsequent Transfer Date in respect of any such assets referred to in paragraphs (a) to (e) of this definition,

but excluding the Excluded Assets;

"Residual Liabilities" means:

- (a) any liabilities of a Transferor that would be comprised in the Transferred Liabilities but in respect of which the Court has declined to order the transfer to Phoenix under section 112(2) of FSMA at the Transfer Date;

- (b) any liabilities of a Transferor that would be comprised in the Transferred Liabilities but where a Transferor and Phoenix agree in writing prior to the Transfer Date or the Subsequent Transfer Date applicable thereto that its transfer should be delayed or it should not be transferred at all;
- (c) any liabilities of a Transferor that would be comprised in the Transferred Liabilities but which is outside the jurisdiction of the Court, in respect of which the transfer pursuant to an order of the Court is not recognised by the laws of any applicable jurisdiction or in respect of which further steps are necessary to effect the transfer pursuant to the laws of any applicable jurisdiction;
- (d) any liabilities of a Transferor that would be comprised in the Transferred Liabilities but which cannot be transferred to or vested in Phoenix on the Transfer Date for any other reason; and
- (e) any liabilities of a Transferor in respect of a Residual Asset or any liability arising from any liabilities referred to in paragraphs (a) to (d) of this definition, which arises after the Transfer Date but prior to any relevant Subsequent Transfer Date, including any liability to taxation,

but excluding the Excluded Liabilities;

"RPI" means the Retail Price Index maintained by the Office for National Statistics or such substantially equivalent index as the Phoenix Board, having obtained appropriate actuarial advice, may substitute;

"SAL WP Fund" means the with-profits fund bearing the name "SAL With-Profits Fund" maintained by Phoenix as at the Transfer Date as a sub-fund of the Phoenix Long-Term Fund;

"Scheme" means this scheme made pursuant to Part VII of FSMA in its original form or with or subject to any modification, addition, or condition which may be approved or imposed in accordance with paragraph 39;

"Scheme Principles of Financial Management" means:

- (a) the principles for the financial management of each With-Profits Fund, other than the Heritage WP Fund, the German SM WP Fund, the German WP Fund and the UKSM WP Fund, set out under the heading "Scheme Principles of Financial Management" in Part 1 of the Schedules to this Scheme dealing with such With-Profits Funds;
- (b) in respect of the Heritage WP Fund, the principles for the financial management of the Heritage WP Fund set out in paragraphs 1 to 4 of Part 1 of Schedule 11;
- (c) in respect of the German SM WP Fund, the principles for the financial management of the German SM WP Fund set out in the German SM WP Fund Internal PPFM;
- (d) in respect of the German WP Fund, the principles for the financial management of the German WP Fund set out in the German WP Fund Internal PPFM; and
- (e) in respect of the UKSM WP Fund, the principles for the financial management of the UKSM WP Fund set out in the PPFM for the UKSM WP Fund;

"Scottish Mutual WP Fund" means the with-profits fund bearing the name "Scottish Mutual With-Profits Fund" maintained by Phoenix as at the Transfer Date as a sub-fund of the Phoenix Long-Term Fund;

"SCR" means the solvency capital requirement calculated in accordance with the SCR Rules (as defined in the Glossary of the PRA Rulebook);

"Security Trust Agreement" means the security trust agreement entered into in connection with the Property-Linked Floating Charge between, amongst others, The Law Debenture Trust Corporation p.l.c. (as security trustee), SLPF and SLAL dated 12 October 2006;

"SERP Fund" means the with-profits fund bearing the name "SERP Fund" to be established by Phoenix on the Transfer Date but with effect from the Effective Date as a sub-fund of the Phoenix Long-Term Fund;

"Shareholders' Fund" means the assets and liabilities of a Transferor or Phoenix (as the context may require) other than those attributable to or represented by its Long-Term Fund or Long-Term Funds;

"Simplified Pension Investment Funding Plan" means SPL Transferred Policies which are group deposit administration contracts written by Phoenix, or assumed by Phoenix, but excluding that part or parts of such Policies which, as at the effective date of the SPI Scheme, related to pensions in payment and shall be treated as separate Non-Profit Policies for the purpose of this Scheme;

"SLAC" means The Standard Life Assurance Company incorporated in Scotland by Act of Parliament (registered number SZ4);

"SLAC Demutualisation Scheme" means the 2006 scheme which provided for the transfer to SLAL of the majority of the business of SLAC on the demutualisation of SLAC, which was sanctioned by an order of the Court of Session on 9 June 2006 and became effective on 10 July 2006;

"SLAL" means Standard Life Assurance Limited, a company incorporated in Scotland with registered number SC286833, whose registered office is at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH, which changed its name from SLLC Limited on 10 July 2006;

"SLAL 2011 Scheme" means the scheme which provided for the transfer to SLAL of the business of SLIF, which was sanctioned by an order of the Court of Session on 20 December 2011 and became effective on 31 December 2011;

"SLAL Brexit Scheme" means the scheme between SLAL and SL Intl, which was sanctioned by an order of the Court of Session on 19 March 2019 and became effective on 29 March 2019;

"SLAL German SM WP Fund" means the with-profits fund bearing the name "German Smoothed Managed With-Profits Fund" maintained by SLAL as at the Transfer Date;

"SLAL German WP Fund" means the with-profits fund bearing the name "German With-Profits Fund" maintained by SLAL as at the Transfer Date;

"SLAL Heritage WP Fund" means the with-profits fund bearing the name "Heritage With Profits Fund" maintained by SLAL as at the Transfer Date (and referred to in the SLAC Demutualisation Scheme as the "With Profits Fund");

"SLAL Long-Term Fund" means the Long-Term Fund of SLAL;

"SLAL PBF" means the "Proprietary Business Fund" maintained by SLAL as at the Transfer Date (and referred to in the SLAC Demutualisation Scheme as the "Non Profit Fund");

"SLAL Shareholders' Fund" means the Shareholders' Fund of SLAL;

"SLAL Transferred Business" means the Transferred Business of SLAL;

"SLAL Transferred Policies" means the Policies transferred from SLAL to Phoenix under and subject to this Scheme;

"SLAL UKSM WP Fund" means the with-profits fund bearing the name "UK Smoothed Managed With-Profits Fund" maintained by SLAL as at the Transfer Date;

"SLIF" means Standard Life Investment Funds Limited, a company incorporated in Scotland with registered number SC068442, whose registered office is at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH;

"SL Intl" means Standard Life International DAC, a designated activity company incorporated in the Republic of Ireland with registered number 408507 and with registered office at 90 St. Stephen's Green, Dublin 2, Ireland;

"SL Intl Euro PBF" means the "SL Intl Euro PBF" maintained by SL Intl as at the Transfer Date in accordance with the terms of the SLAL Brexit Scheme;

"SL Intl Heritage Unitised With-Profits Policy" 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 Heritage With-Profits Units allocated to that Policy;

"SL Intl Heritage With-Profits Units" means notional units: (i) whose value or number vary by reference to Premiums paid and bonuses declared or surpluses distributed, as determined by: (a) SLAL (before the effective time of the SLAL Brexit Scheme); or (b) SLAL or SL Intl in accordance with the terms of the HWPF Reinsurance Agreement (after the effective time of the SLAL Brexit Scheme), for the purposes of calculating benefits payable under SL Intl Heritage WPF Policies; or (ii) which can have a smoothed price on cancellation of a SL Intl Heritage WPF Policy;

"SL Intl Heritage WPF Policies" means all Policies allocated to the SL Intl HWPF from time to time;

"SL Intl Heritage WPF With-Profits Policies" means:

- (a) all SL Intl Heritage WPF Policies which are With-Profits Policies; and
- (b) any SL Intl WP Investment Element transferred or allocated to the SL Intl HWPF;

"SL Intl HWPF" means the with-profits fund bearing the name "SL Intl HWPF" maintained by SL Intl as at the Transfer Date in accordance with the terms of the SLAL Brexit Scheme;

"SL Intl HWPF Policy" means a Policy transferred from SLAL to SL Intl pursuant to the SLAL 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;

"SL Intl HWPF Reinsured Policy" 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;

"SL Intl WP Investment Element" means, in relation to a Policy that is or becomes a SL Intl Heritage 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 Heritage With-Profits Units, after any adjustment in accordance with the terms of the relevant Policy (including any policy charges and the bid/offer spread), and all assets and liabilities attributable to such SL Intl Heritage With-Profits Units (other than in respect of costs of guarantees);

"**SLPF**" means Standard Life Pension Funds Limited, a private company limited by guarantee incorporated in Scotland under registration number SC046447 whose registered office is at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH;

"**SLUK**" means SL Liverpool Limited, a company incorporated in England and Wales with registered number 02529609, which changed its name from SL Liverpool plc on 29 October 2019 and from Swiss Life (UK) plc on 29 December 2005;

"**SLUK DC Policies**" means:

- (a) any DC Policy transferred from SLUK to the Phoenix Non-Profit Fund pursuant to the Phoenix 2005 Scheme; and
- (b) any DC Policy issued by Phoenix as an increment on the exercise of an option or right under any such Policy as is referred to in (a);

"**SMA**" means Scottish Mutual Assurance Limited, a company incorporated in Scotland with registered number SC133846 whose registered office is at Standard Life House, 30 Lothian Road, Edinburgh EH1 2DH;

"**SMA DC Policies**" means:

- (a) any DC Policy transferred from SMA to the Phoenix Non-Profit Fund pursuant to the Phoenix 2009 Scheme; and
- (b) any DC Policy issued by Phoenix as an increment on the exercise of an option or right under a Policy transferred from SMA to Phoenix pursuant to the Phoenix 2009 Scheme;

"**SP DC Policies**" means any DC Policy transferred from SPL to the Phoenix Non-Profit Fund pursuant to the Phoenix 2009 Scheme and any DC Policy issued by Phoenix as an increment on the exercise of an option or right under a Policy transferred to Phoenix under the Phoenix 2009 Scheme;

"**Special Fund**" has the meaning given to it in paragraph 1 of Part 8 of Schedule 19;

"**SPI WP Fund**" means the with-profits fund bearing the name "SPI With-Profits Fund" maintained by Phoenix as at the Transfer Date as a sub-fund of the Phoenix Long-Term Fund;

"**SPI WP Fund With-Profits Policies**" means the With-Profits Policies allocated or reinsured from time to time to the SPI WP Fund;

"**SPL**" means Impala Loan Company 1 Limited, a company incorporated in Scotland with registered number SC212709, which changed its name from Scottish Provident Limited on 18 May 2010;

"**SPL Transferred Policies**" means the Policies transferred from SPL to Phoenix under and subject to the Phoenix 2009 Scheme;

"**Subsequent Transfer Date**" means, in relation to any Residual Asset or Residual Liability, the date (and each date) after the Transfer Date on which such Residual Asset or Residual Liability is or is to be transferred to Phoenix, namely:

- (a) in respect of any Residual Asset falling within paragraph (a), (c) or (d) of the definition of "Residual Assets", and of any Residual Liability which is attributable to or connected with that Residual Asset or which falls within paragraph (a), (c), or (d) of the definition of "Residual Liabilities", the date on which any impediment to its transfer shall have been removed or overcome;

- (b) in respect of any Residual Asset falling within paragraph (b) or (f) of the definition of "Residual Assets", and of any Residual Liability which is attributable to or connected with that Residual Asset or which falls within paragraph (b) or (e) of the definition of "Residual Liabilities", the date on which a Transferor and Phoenix agree the transfer should take effect; and
- (c) in respect of any Residual Asset falling within paragraph (e) of the definition of "Residual Assets", the date on which, in the opinion of the board of directors of a Transferor, having obtained appropriate actuarial advice, such assets or part thereof are no longer required to be retained in a Transferor in order for a Transferor to be able to meet its SCR or, in respect of SLPF, to be able meet its requirements as instructing parties' agent under the New Security Trust Agreement (if SLPF continues in that role);

"Superseded Phoenix Schemes" means the Phoenix 2009 Scheme, the Phoenix 2011 Scheme, the Phoenix 2012 Scheme, the Phoenix 2017 Scheme and the Phoenix 2018 Scheme;

"Superseded Transferor Schemes" means the PLAL 2012 Scheme, the PLAL 2015 Scheme, the SLAC Demutualisation Scheme and the SLAL 2011 Scheme;

"Surplus Transfer Fund" means the Phoenix Shareholders' Fund, the Phoenix Non-Profit Fund or such other Fund as the Phoenix Board determines;

"Switch" means any transaction effected by the holder of any Linked Policy pursuant to which:

- (a) the value of the Linked Policy ceases to be determined (or becomes determined to a lesser degree) by reference to units in any particular Linked Fund available in relation to such Linked Policy and becomes determined (or determined to a greater degree) by reference to units in a different Linked Fund; and/or
- (b) Premiums payable in the future under such Linked Fund cease to be allocated to (or become allocated to a lesser degree to) units in any particular Linked Fund available in relation to such Linked Policy and become allocated to (or allocated to a greater degree to) units in a different Linked Fund,

and the verb "to Switch" shall be construed accordingly;

"Target Scheme" means the scheme sanctioned by an order of the Court dated 10 July 1995, providing for the transfer to Hill Samuel (then called Target Life Assurance Company Limited) of certain Long-Term Insurance Business of Hill Samuel Residual Assets Limited (then called Hill Samuel Life Assurance Limited);

"tax" and **"taxation"** mean:

- (a) within the United Kingdom, corporation tax, advance corporation tax, income tax (including income tax required to be deducted or withheld from or accounted for in respect of any payment), capital gains tax, development land tax, any liability arising under Chapter 5 of Part 4 of the Finance Act 2004, petroleum revenue tax, tax chargeable under section 330 of the Corporation Tax Act 2010, capital transfer tax, inheritance tax, national insurance contributions, apprenticeship levy, capital duty, stamp duty reserve tax, stamp duty, stamp duty land tax, land and buildings transaction tax, land transaction tax, value added tax, duties of customs and excise, insurance premium tax, landfill tax, Scottish landfill tax, landfill disposals tax, aggregates levy, climate change levy, digital services tax and any other taxes, levies,

duties, charges, imposts or withholdings corresponding to, similar to, replaced by or replacing any of them or introduced, together with all penalties, charges and interest relating to any of them or to any failure to file any return required for the purposes of any of them; and

- (b) outside the United Kingdom, all taxes, levies, duties, imposts, charges and withholdings of any nature whatsoever, including taxes on gross or net income, profits or gains (including any income, profits or gains which are deemed to be earned, accrued or received) and taxes on receipts, sales, use, occupation, franchise, value added and personal property, together with all penalties, charges and interest relating to any of them or to any failure to file any return required for the purposes of any of them;

"Transfer Date" means the time and date this Scheme becomes operative in accordance with paragraph 38;

"Transferor" means PLAL, SLAL or SLPF as the context requires (and together, the **"Transferors"**);

"Transferred Assets" means all assets of a Transferor in whatsoever capacity held (including as trustee) and wheresoever situated:

- (a) as at the Transfer Date, including:
 - (i) the rights, benefits and powers of a Transferor under or by virtue of the Transferred Policies;
 - (ii) all rights and claims (present or future, actual or contingent) against any third party in relation to the Transferred Business or arising as a result of a Transferor having carried on the Transferred Business;
 - (iii) the rights, benefits and powers of a Transferor under any contracts in respect of the Transferred Business (including any reinsurance agreements or arrangements pursuant to which the Transferred Business is reinsured);
 - (iv) the Records, including all rights, title and interest of a Transferor in the Records;
 - (v) any assets relating to taxation; and
 - (vi) all assets attributable to the Excluded Policies (except if and for so long as such assets constitute a Residual Asset); and
- (b) at any time between the Effective Date and the Transfer Date which were not assets of a Transferor at the Effective Date but which would have fallen within paragraph (a) of this definition of Transferred Assets had they been assets of that Transferor at the Effective Date,

but excluding (i) the Residual Assets, (ii) the Excluded Assets and (ii) any rights, benefits and powers under or relating to the Excluded Policies or the Excluded Policies Reinsurance Arrangement;

"Transferred Business" means the whole business, undertaking and associated activities of a Transferor as at the Transfer Date (including: (i) all activities carried out in any capacity, including as trustee, in connection with or for the purposes of that business; (ii) any Transferor Shareholders' Fund; (iii) the Transferred Assets; (iv) the Transferred Liabilities; and (v) the Transferred Policies), but excluding the Excluded Assets, the Excluded Liabilities and the Excluded Policies;

"Transferred Liabilities" means all liabilities of a Transferor:

- (a) as at the Transfer Date, including:
 - (i) the liabilities under or relating to the Transferred Policies;
 - (ii) all liabilities (present or future, actual or contingent) to any third party;
 - (iii) the liabilities of a Transferor under any contracts (including any reinsurance agreements or arrangements pursuant to which the Transferred Business is reinsured);
 - (iv) any liability to taxation of a Transferor;
 - (v) all liabilities in relation to the MEP; and
 - (vi) all Mis-selling Liabilities; and
- (b) at any time between the Effective Date and the Transfer Date which were not liabilities of a Transferor at the Effective Date but which would have fallen within paragraph (a) of this definition of Transferred Liabilities had they been liabilities of that Transferor at the Effective Date,

but excluding (i) the Residual Liabilities, (ii) the Excluded Liabilities and (iii) any liabilities attributable to the Excluded Policies or the Excluded Policies Reinsurance Arrangement;

"Transferred Policies" means every Policy of a Transferor:

- (a) under which any liability remains unsatisfied or outstanding at the Transfer Date, but also to include:
 - (i) Policies written or assumed by a Transferor which have lapsed on or before the Transfer Date and which are reinstated by Phoenix after the Transfer Date;
 - (ii) all proposals for insurance made to a Transferor and every offer or invitation for insurance made by a Transferor before the Transfer Date which have not become Policies in force by the Transfer Date but which are subsequently accepted by Phoenix as Policies after the Transfer Date; and
 - (iii) subject to paragraphs 2.6 and 6.6, the Guernsey Policies (with effect from the Guernsey Transfer Date only) and the Jersey Policies (with effect from the Jersey Transfer Date only); and
- (b) written at any time between the Effective Date and the Transfer Date which were not policies of a Transferor at the Effective Date but which would have fallen within part (a) of this definition of Transferred Policies had they been policies of that Transferor at the Effective Date,

but excluding the Excluded Policies;

"Transferred Subsidiaries" means the subsidiaries of the Transferors listed in Schedule 3;

"Transferor Shareholders' Fund" means the Shareholders' Fund of a Transferor;

"UKSM WP Fund" means the with-profits fund bearing the name "UK Smoothed Managed With-Profits Fund" to be established by Phoenix on the Transfer Date but with effect from the Effective Date as a sub-fund of the Phoenix Long-Term Fund;

"UL Investment Element" means that part of any Premium (including any amount derived from a rebate of charges) in respect of a Policy as has been applied or is applicable to investment in a unit-linked investment (whether by the allocation of UL Units or otherwise) after any adjustment in accordance with the terms of the relevant Policy (including any policy charges and the bid/offer spread) or the liabilities referable to such UL Units as the context shall require;

"UL Units" mean notional units whose value or number vary by reference to the value of a Linked Fund (or, for the purposes of Schedule 11 only, the value of directly held assets) for the purposes of calculating benefits payable under Linked Policies and Hybrid Policies, excluding WP Units;

"UWP Policy" means any Policy (including a DC Policy) in relation to which the benefits payable are determined partly or wholly by reference to the WP Units allocated to that Policy;

"UWP Primary Fund Policy" has the meaning given to it in paragraph 3.1 of Part 10 of Schedule 11;

"Value of WP Units" in relation to a UWP Policy at any time shall be the aggregate of:

- (a) the bid value (as determined in accordance with the terms of the relevant Policy by the relevant Phoenix With-Profits Actuary) at that time of all initial WP Units, discounted in such manner as the relevant Phoenix With-Profits Actuary shall consider appropriate having regard to the terms of the relevant Policy; and
- (b) the bid value (as determined in accordance with the terms of the relevant Policy by the relevant Phoenix With-Profits Actuary) at that time of all other WP Units;

"Value of the WP Asset Share Element" means, in relation to a UWP Policy other than a Former SLAL WP Fund Policy, at any time, the aggregate of the following (as determined by the Phoenix Board or, in the case of the SP DC Policies, the With-Profits Committee, in each case having regard to appropriate actuarial advice):

- (a) the Value of WP Units in respect of that Policy at that time; plus
- (b) the terminal bonus applicable to that Policy or which would be applicable in the event of a claim based on the scale of terminal bonus additions in operation at that time in respect of such Policies; less
- (c) any applicable deduction in respect of a market value adjustment as shall have been approved by the relevant Phoenix With-Profits Actuary at that time in accordance with the terms of the relevant Policy and the normal practice of Phoenix in respect of such adjustments,

but shall not take into account any penalties or charges applicable under the terms of the Policy that might apply at that time in the event of a claim of any kind;

"With-Profits Actuary" means the person or persons appointed by Phoenix or a Transferor (as the context requires) from time to time to perform the "with-profits actuary function", as set out in SUP 4.3.16AR, in respect of the relevant with-profits fund or funds;

"With-Profits Committee" means the with-profits committee of Phoenix established prior to the date of this Scheme and with responsibility for supervising the With-Profits Funds in accordance with paragraph 28;

"With-Profits Committee Terms of Reference" means the terms of reference for the With-Profits Committee adopted by the Phoenix Board on or prior to the Transfer Date, as the same may be amended from time to time in accordance with the provisions of this Scheme;

"With-Profits Fund Transaction" means a material transaction or arrangement entered into by Phoenix on behalf of, and for the account of, a With-Profits Fund:

- (a) with any other Fund;
- (b) with any other person; or
- (c) which otherwise affects the assets or liabilities of such With-Profits Fund;

"With-Profits Funds" means the 100% WP Fund, the 90% WP Fund, the Alba WP Fund, the BIB WP Fund, the Britannic WP Fund, the German SM WP Fund, the German WP Fund, the Heritage WP Fund, the LL WP Fund, the NPL WP Fund, the Pearl WP Fund, the Phoenix WP Fund, the SAL WP Fund, the SERP Fund, the Scottish Mutual WP Fund, SPI WP Fund and the UKSM WP Fund (if the context requires, having regard to the rights and/or (as appropriate) obligations of Phoenix as reinsurer under any relevant reinsurance agreements);

"With-Profits Policy" means: (i) a Policy which provides benefits through eligibility to participate in discretionary distributions based on profits arising from the firm's business or from a particular part of the firm's business (and, in the case of a Policy reinsured to Phoenix, to the extent that the relevant policyholder is eligible to participate in the profits of the relevant With-Profits Fund in accordance with the terms of the relevant reinsurance agreement); or (ii) a UWP Policy (but excluding any Policy in respect of which eligibility arises solely as a result of the application of the MEP);

"With-Profits Policy Liabilities" means, in respect of a Policy that is not a Former SLAL WP Fund Policy, with-profits policy liabilities calculated in accordance with 3.2 of the Surplus Funds section of the PRA Rulebook, but including future policy-related liabilities in paragraphs 1 to 6 of the definition of future policy-related liabilities in the Glossary of the PRA Rulebook;

"With-Profits Policy Liabilities (SL)" means in respect of a Former SLAL WP Fund Policy, with-profits policy liabilities (other than future policy-related liabilities), calculated in accordance with 3.2 of the Surplus Funds section of the PRA Rulebook;

"WP Asset Share Element" means, in respect of a Policy that is not a Former SLAL WP Fund Policy, that part of any Premium (including any amount derived from a rebate of charges) in respect of a Policy (including a Policy which is or becomes a DC Policy) as has been applied or is applicable to investment in a with-profits investment (whether by the allocation of WP Units or otherwise) after any adjustment in accordance with the terms of the relevant Policy (including any policy charges, including in respect of the cost of guarantees, and the bid/offer spread) or the liabilities referable to such WP Units as the context shall require;

"WP Buffer Reserve Account" means the separate memorandum account designated the "WP Buffer Reserve Account" maintained in accordance with paragraph 3 of Part 1 of Schedule 8;

"WP Investment Element" means, in respect of a Former SLAL WP Fund Policy that is or becomes a UWP 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 and the bid/offer spread), and all property and the liabilities attributable to such WP Units (other than in respect of the cost of guarantees); and

"WP Unit" means a notional unit: (i) whose value or number varies by reference to Premiums paid and bonuses declared, or surpluses otherwise distributed, out of a with-profits sub-fund for the purposes of calculating benefits payable under Policies; or (ii) which can have a smoothed price on cancellation.

1.2 In this Scheme:

- (a) **"assets"** includes assets, property (including real property and charges registered at the Land Registry within England and Wales and at the Registers of Scotland in Scotland and elsewhere and unregistered real property and charges), cash, Encumbrances, causes of action, rights (including contingent rights as to the repayment of tax) and powers of every description (whether present or future, actual or contingent) and includes assets held on trust and securities, benefits, income or interest accrued but unpaid, powers of any description and any interest whatsoever in any of the foregoing;
- (b) **"appropriate actuarial advice"** means (in addition to any other relevant appropriate advice) actuarial advice from an actuary (or actuaries) that the Phoenix Board determines to be appropriate in the context of the relevant matter having regard to applicable laws and regulatory requirements;
- (c) **"including"** or **"includes"** means including or includes without limitation;
- (d) **"liabilities"** includes debts, liabilities, duties and obligations, whether direct or indirect, accrued or unaccrued, liquidated or to become liquidated of every description (whether present or future, actual or contingent);
- (e) **"policyholder"** means any "policyholder" within the meaning of the Financial Services and Markets Act 2000 (Meaning of "Policy" and "Policyholder") Order 2001 (SI 2001/2361) and any reference to **"holder of a Policy"** shall be construed accordingly;
- (f) **"residual estate"** means the surplus funds (as defined in paragraph 1.2(h)) (and, in calculating the quantum of the residual estate, any liability to distribute the residual estate in the future shall be disregarded);
- (g) **"risk margin"** has the meaning given to it in the Glossary of the PRA Rulebook;
- (h) **"surplus funds"** means the surplus funds of the Heritage WP Fund calculated in accordance with 3.1 of the Surplus Funds section of the PRA Rulebook;
- (i) **"technical provisions"** shall have the meaning given to it in the Glossary of the PRA Rulebook;
- (j) **"transfer"** includes (as the context requires) "assign", "dispose" "convey" or "vest" and grammatical variations of such terms shall be construed accordingly;
- (k) **"variation"** includes any amendment, modification, variation, supplement, deletion, replacement or termination, however effected;
- (l) **"with-profits fund surplus"** has the meaning given to it in the Glossary of the FCA Handbook;
- (m) any reference to Policies allocated to a Fund shall include a reference to Policies reinsured to that Fund;

- (n) 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;
- (o) any reference in this Scheme to a statute, a statutory provision or any subordinate legislation shall be deemed to include a reference to that statute, 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, statutory provision or subordinate legislation;
- (p) any reference to any rules, regulations or guidance made by a Regulator shall be deemed to include a reference to such rules, regulation or guidance 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 the Phoenix Board shall (having taken appropriate advice) determine the most appropriate replacement provision (if any);
- (q) the expressions "**holding company**" and "**subsidiary**" shall have the same meanings as in the Companies Act 2006;
- (r) references to this Scheme shall include the Schedules to it and references to paragraphs, Schedules or Parts are to paragraphs, Schedules or Parts of this Scheme;
- (s) headings are inserted for convenience only and shall not affect the construction of this Scheme;
- (t) 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;
- (u) 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;
- (v) any reference to writing shall include any modes of reproducing words in a legible and non-transitory form;
- (w) unless otherwise specified, any reference to an amount shall be exclusive of any applicable value added or other tax;
- (x) any reference to "**Sterling**", "**pounds**" or "**£**" shall be to pounds sterling or £ sterling in the currency of the United Kingdom;
- (y) any reference to a board of directors of a company shall be deemed to include a reference to a duly constituted committee or duly authorised representative of that board of directors;
- (z) any reference to a "**scheme**" shall be construed as a reference to such scheme as amended, modified, varied, supplemented, deleted, replaced or terminated from time to time (except that, where the context requires, references to the Superseded Schemes and any other schemes which are no longer in force shall be to those schemes while they were still in force);
- (aa) any reference to any document (including any agreement), or to a provision in a document, shall be construed as a reference to such document or provision as amended, supplemented, modified, restated or novated from time to time;
- (bb) any reference to a time of day is to London time; and

(cc) any reference to "**fair**", "**fair and equitable**", "**having regard to the interests**" and similar phrases in relation to policyholders or customers in the context of the operation of Phoenix and its Funds and the uses of discretion within that shall include the requirement in Principle 12 of the FCA Handbook and related rules to act to deliver good outcomes for retail clients (for so long as such rules are in force).

1.3 In the event of inconsistency between the provisions of this Scheme and applicable regulatory requirements from time to time, the provisions of this Scheme shall prevail to the extent not inconsistent with mandatory laws.

PART B: INTRODUCTION

2 Introduction

2.1 PLAL has a Part 4A permission under FSMA to carry on Long-Term Insurance Business in the United Kingdom in classes I, II, III, IV, VI and VII as set out in Part II of Schedule 1 to the RAO.

2.2 SLAL has a Part 4A permission under FSMA to carry on Long-Term Insurance Business in the United Kingdom in classes I, III, IV, VI and VII as set out in Part II of Schedule 1 to the RAO.

2.3 SLPF has a Part 4A permission under FSMA to carry on Long-Term Insurance Business in the United Kingdom in classes I, II, III, IV, VI and VII as set out in Part II of Schedule 1 to the RAO.

2.4 Phoenix has a Part 4A permission under FSMA to carry on Long-Term Insurance Business in the United Kingdom in classes I, II, III, IV, VI and VII as set out in Part II of Schedule 1 to the RAO.

2.5 The purpose of this Scheme is to effect the transfer to Phoenix, subject to the terms of this Scheme, of the whole of the business of each Transferor.

2.6 It is also proposed that:

2.6.1 the transfer of the Guernsey Policies to Phoenix shall only take place to the extent that the transfer of such Policies to Phoenix by the Guernsey Scheme has been sanctioned by the Guernsey Court and has become operative and effective; and

2.6.2 the transfer of the Jersey Policies to Phoenix shall only take place to the extent that the transfer of such Policies to Phoenix by the Jersey Scheme has been sanctioned by the Jersey Court and has become operative and effective,

and that, if and to the extent that the Guernsey Transfer Date or the Jersey Transfer Date (as the case may be) does not fall on or before the Transfer Date, the Guernsey Policies and/or the Jersey Policies (as the case may be) shall be reinsured to Phoenix on the terms set out in the Excluded Policies Reinsurance Arrangement until the Guernsey Transfer Date or the Jersey Transfer Date (as the case may be).

2.7 This Scheme shall take effect alongside, and be conditional upon, the Court of Session granting its approval or consent (as required in accordance with the relevant scheme) to the amendments to the SLAC Demutualisation Scheme, the SLAL 2011 Scheme and the SLAL Brexit Scheme contemplated by this Scheme, including those set out in paragraph 30.4.

PART C: TRANSFER

3 Transfer of the Transferred Business

3.1 Each part of the Transferred Business, the Residual Assets and the Residual Liabilities shall be transferred to and be vested in Phoenix in accordance with this Scheme, so that:

3.1.1 subject to paragraph 8, on the Transfer Date but with effect from the Effective Date, each Transferred Asset and all the interest of the relevant Transferor in it shall, by the Order and without any further act or instrument, be transferred to and be vested in Phoenix and Phoenix shall succeed to each Transferred Asset as if in all respects it were the same person as the relevant Transferor, subject to all Encumbrances (if any) affecting such asset in accordance with this Scheme;

3.1.2 subject to paragraph 8, on and with effect from each Subsequent Transfer Date, each Residual Asset to which such Subsequent Transfer Date applies and all the interest of the relevant Transferor in it shall, by the Order and without any further act or instrument, be transferred to and be vested in Phoenix, subject to all Encumbrances (if any) affecting such asset in accordance with this Scheme;

3.1.3 on the Transfer Date but with effect from the Effective Date, each Transferred Liability shall, by the Order and without any further act or instrument, be transferred to and become a liability of Phoenix in accordance with this Scheme and shall cease to be a liability of the relevant Transferor;

3.1.4 on and 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 Phoenix in accordance with this Scheme and shall cease to be a liability of the relevant Transferor; and

3.1.5 the transfer under this Scheme of the Transferred Business, each Transferred Asset and each Transferred Liability shall, by the Order and without any further act or instrument, prevail over and take effect notwithstanding:

- (i) any requirement that would otherwise exist for the consent or waiver of any person (other than the Court) to the transfer; and
- (ii) any right that any third party would otherwise have to terminate an agreement with a Transferor or claim compensation in damages or otherwise, in each case, as a result of the transfer.

3.2 Phoenix shall accept without investigation or requisition such title as the relevant Transferor shall have to the Transferred Assets as at the Transfer Date and, at any Subsequent Transfer Date, to each Residual Asset then transferred.

3.3 Each Transferor and Phoenix shall take all such steps, and execute all such documents as may be necessary or desirable:

3.3.1 to effect or perfect the transfer to and vesting in Phoenix of any Transferred Asset or Residual Asset pursuant to this Scheme;

3.3.2 to correct any errors in the identity or amount of the assets or liabilities so transferred; and

3.3.3 to effect or perfect the transfer to and assumption by Phoenix of any Transferred Liability or Residual Liability pursuant to this Scheme.

3.4 The Transferred Assets, Residual Assets, Transferred Liabilities and Residual Liabilities shall be allocated in accordance with Part D.

3.5 Where any of the Transferred Assets are held by any of the Transferors as trustee, Phoenix shall hold those Transferred Assets as trustee subject to the same trusts on the Transfer Date but with effect from the Effective Date.

3.6 On the Transfer Date but with effect from the Effective Date or the Subsequent Transfer Date applicable thereto, Phoenix shall:

3.6.1 succeed to all rights, liabilities and obligations of the Transferors in respect of any personal data which relates to the Transferred Business and which is subject to Data Protection Legislation;

3.6.2 become the data controller of any personal data which relates to the Transferred Business and which is subject to Data Protection Legislation in place of the Transferors; and

3.6.3 in respect of any personal data which relates to the Transferred Business, be under the same duty by virtue of any law as each of the Transferors was under to respect the confidentiality and privacy of any person in relation to that personal data and shall be bound by any specific notice or consent given, or request made by, the data subject which was binding on each Transferor and which required a Transferor not to use the personal data for marketing purposes,

and in any consent given by a data subject in respect of such data as is mentioned in this paragraph 3.6, any reference to a Transferor (and/or to any member of a Transferor's group of companies) shall be deemed to include a reference to Phoenix (and/or to any member of the Phoenix Group (as applicable)).

3.7 Mortgage Endowment Promise

3.7.1 On the Transfer Date but with effect from the Effective Date, Phoenix shall:

- (i) assume the obligations of SLAL arising in respect of the MEP;
- (ii) Phoenix's obligations in respect of the MEP shall be allocated to the Heritage WP Fund in accordance with paragraph 16.1.9; and
- (iii) the MEP shall, in all respects, be applied and operated in accordance with the provisions of Part 8 of Schedule 11.

3.7.2 The provisions of paragraph 3.7.1 shall be subject to, and read in conjunction with, the provisions of paragraph 30 of the SLAL Brexit Scheme.

4 Continuity of Proceedings

4.1 On the Transfer Date but with effect from the Effective Date, any Proceedings issued, served, pending, threatened or otherwise (including future Proceedings not yet in contemplation) in connection with the Transferred Business, the Transferred Policies, the Transferred Assets, or the Transferred Liabilities in respect of which a Transferor is a party (including as the plaintiff, claimant, applicant, defendant, respondent, pursuer, defender or petitioner), and including any such Proceedings commenced in error against a Transferor on or after the Transfer Date, shall be continued or commenced by or against Phoenix and Phoenix shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off and any other rights that would have been available to each Transferor in relation to the Transferred

Business, the Transferred Policies, the Transferred Assets, the Transferred Liabilities and such Proceedings.

4.2 On and with effect from the Subsequent Transfer Date applicable thereto, any Proceedings issued, served, pending, threatened or otherwise (including future Proceedings not yet in contemplation) in connection with the Residual Assets or the Residual Liabilities which are to be transferred on such Subsequent Transfer Date in respect of which a Transferor is a party (including as the plaintiff, claimant, applicant, defendant, respondent, pursuer, defender or petitioner), and including any such Proceedings commenced in error against a Transferor on or after the relevant Subsequent Transfer Date, shall be continued or commenced by or against Phoenix and Phoenix shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off and any other rights that would have been available to that Transferor in relation to the Residual Assets and the Residual Liabilities and such Proceedings. Until such Subsequent Transfer Date, the relevant Proceedings shall be continued by or against the relevant Transferor, provided that the relevant Transferor shall consult with Phoenix and take account of any reasonable comments made by it in relation to such Proceedings.

4.3 Any judgment, settlement, order or award obtained by or against a Transferor to the extent that it relates to any part of the Transferred Business, the Transferred Policies, the Transferred Assets, the Transferred Liabilities, the Residual Assets or the Residual Liabilities and which is not fully satisfied before the Transfer Date or, as the case may be, the applicable Subsequent Transfer Date shall, on that date and to the extent to which it was enforceable by or against the relevant Transferor immediately prior to such date, become enforceable by or against Phoenix (to the exclusion of the relevant Transferor).

4.4 In respect of any Proceedings in relation to the Transferred Policies which are: (a) commenced but not settled before the Transfer Date; or (b) commenced after the Transfer Date in respect of acts or omissions of a Transferor prior to the Transfer Date, Phoenix undertakes to comply with:

4.4.1 the relevant provisions of the DISP Dispute Resolution: Complaints part of the FCA Handbook that would apply to the handling of any complaints brought to the Financial Ombudsman Service that fall under the jurisdiction of the Financial Ombudsman Service; and

4.4.2 any valid judgment, settlement, order or award (or relevant part thereof) of the Financial Ombudsman Service, made under its jurisdiction as set out in the DISP Dispute Resolution: Complaints part of the FCA Handbook,

to the extent that such compliance is compatible with applicable law and regulation and any such judgement, settlement, order or award as is referred to in paragraph 4.4.2 shall be enforceable against Phoenix (to the exclusion of the relevant Transferor).

5 Rights and obligations under Transferred Policies

5.1 On the Transfer Date but with effect from the Effective Date, Phoenix shall become entitled to all the rights, benefits and powers of the relevant Transferor whatsoever subsisting on the Transfer Date under or by virtue of the Transferred Policies.

5.2 Without prejudice to the generality of paragraph 5.1, where the benefits of any Transferred Policy 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 Transferred Policy, shall operate and be construed on the Transfer Date but with effect from the Effective Date on a basis which is consistent with the transfer of such Transferred Policy in accordance with the provisions of this Scheme. For the avoidance of doubt:

5.2.1 where the consent of a Transferor is required under any such terms, the consent of Phoenix shall, with effect from the Transfer Date, instead be treated as required; and

5.2.2 where a power to appoint trustees under such terms is conferred on a Transferor, that power shall, with effect from the Transfer Date, instead be treated as conferred on Phoenix.

5.3 Every person who is a holder of any of the Transferred Policies or is a party to, or has the benefit of, any other agreement with a Transferor relating to the Transferred Business, shall on and with effect from the Transfer Date become entitled, in succession to, and to the exclusion of, any rights which they may have had against a Transferor under any of the Transferred Policies or any other such agreement relating to the Transferred Business, to the same rights against Phoenix subject to the terms of this Scheme as were available to him or her against that Transferor under such Policies or such other agreement relating to the Transferred Business and (as regards Transferred Policies under which Premiums or other sums attributable or referable thereto continue to be payable) shall on and with effect from the Transfer Date account to Phoenix for any further or additional Premiums or other sums attributable or referable thereto as and when the same become due and payable.

5.4 If any person entitled to do so with respect to a Transferred Policy exercises any right or option granted under the terms of that Policy and either:

5.4.1 the right or option provides for a new, additional or replacement Policy to be issued; or

5.4.2 it is appropriate in the opinion of the Phoenix Board, having regard to appropriate actuarial advice, in order to comply with that right or option to issue a new Policy,

such person shall be entitled to require that the obligation thereby arising shall be satisfied by the issue by Phoenix of a Policy which complies with the terms of such right or option, but (without prejudice to the right of such person to have the right or option satisfied by the issue by Phoenix of such a Policy), if Phoenix is not at the time of the exercise of such right or option writing Policies complying exactly with the Policy to which such right or option refers, Phoenix shall be entitled to offer to such person as an alternative (and, if accepted, in lieu thereof) the Policy commonly offered by Phoenix which Phoenix considers to be the nearest equivalent Policy in accordance with the terms and conditions applicable to Policies of Phoenix at that time, provided that (i) the Phoenix Board and, in the case of a right or option under the terms of a With-Profits Policy, the With-Profits Committee, is satisfied, having obtained appropriate actuarial advice, that accepting such alternative Policy would not have a material adverse effect on the interests of the relevant person or otherwise fail to satisfy their reasonable expectations and (ii) the issue of such alternative Policy would not in the opinion of the Phoenix Board (having regard to appropriate advice) result in a liability or in an increase in liability to taxation of the holder of such Policy (or, in the event that such liability or increase in liability would occur, Phoenix shall have the option to indemnify the policyholder for such liability or increase in liability and to issue another Policy pursuant to this paragraph 5.4).

- 5.5** All references in any Transferred Policy or other agreement or document relating to the Transferred Business (including in a contract to which a Transferor is a party, a contract to which a Transferor is not a party or elsewhere and whether in writing or not) to a Transferor, its board of directors, its Chief Actuary, its With-Profits Actuary or any other officers, employees or agents of that Transferor shall from and after the Transfer Date be read as references to Phoenix, the Phoenix Board, the Phoenix Chief Actuary, the relevant Phoenix With-Profits Actuary or any other officers, employees or agents of Phoenix, as appropriate. In particular, but without limitation, all rights and duties exercisable or expressed to be exercisable or responsibilities to be performed by a Transferor, its board of directors, Chief Actuary, With-Profits Actuary or any other officers, employees or agents of that Transferor in relation to any of the Transferred Policies or other agreements or documents relating to the Transferred Business (including in a contract to which a Transferor is a party, a contract to which a Transferor is not a party or elsewhere and whether in writing or not) shall, from and after the Transfer Date, be exercisable or required to be performed by Phoenix, the Phoenix Board, the Phoenix Chief Actuary, the relevant Phoenix With-Profits Actuary or any other officers, employees or agents of Phoenix, as appropriate.
- 5.6** The transfer of any rights, benefits, liabilities and obligations under or in connection with any Transferred Policy, Transferred Asset, Residual Asset, Transferred Liability or Residual Liability 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 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.
- 5.7** Phoenix shall, on and from the Transfer Date, take over from the Transferors the administration and negotiation of proposals for insurance which would be Transferred Policies if Phoenix determined to accept them (but whether or not Phoenix does so determine). Phoenix shall bear all expenses and liabilities in relation thereto and any liability in relation to interim death benefits. Nothing contained herein shall oblige Phoenix to accept any proposal for insurance received by or on behalf of any Transferor before the Transfer Date but not accepted by such Transferor by then.

6 Excluded Policies

- 6.1** Subject to paragraphs 6.3, 6.4 and 6.5, the Excluded Policies shall not be transferred to Phoenix by this Scheme and all liabilities attributable to the Excluded Policies shall remain liabilities of the relevant Transferor and be fully reinsured with effect from the Effective Date on the following basis:
- 6.1.1** all insurance liabilities of the Transferors attributable to the Excluded Policies shall be reinsured in their entirety to Phoenix on the Transfer Date but with effect from the Effective Date (or, in the case of liabilities arising in respect of any Policy issued by a Transferor pursuant to paragraph 6.2, on and with effect from the date on which such Policy is issued);
- 6.1.2** the liability of Phoenix on the Transfer Date but with effect from the Effective Date shall be such that the rights, benefits and powers provided to holders of Excluded Policies (including any Policy issued by a Transferor pursuant to paragraph 6.2) shall, to the extent possible, be the same as the rights, benefits and powers which would have been provided to such holders if the Excluded Policies had been Transferred Policies;

6.1.3 the Premiums payable by a Transferor to Phoenix in connection with the provision of the reinsurance described in this paragraph 6.1 shall comprise an amount equal to:

- (i) the aggregate amount of the technical provisions relating to those Excluded Policies immediately prior to the Effective Date, provided that such amounts shall be deemed to have been satisfied by the transfer to Phoenix of the appropriate proportion of the Transferred Assets and such assets shall be allocated to the Fund to which they would have been allocated had the Excluded Policies been Transferred Policies; and
- (ii) all subsequent Premiums received by the Transferor in respect of such Excluded Policies at any time after the Effective Date, which Premiums shall be paid to Phoenix as soon as practicable after they are received and credited to the Fund to which the Excluded Policies would have been allocated had they been Transferred Policies.

6.2 If any person entitled to do so with respect to an Excluded Policy exercises any right or option granted under the terms of that Policy and either:

6.2.1 the right or option provides for a new, additional or replacement Policy to be issued; or

6.2.2 it is appropriate in the opinion of the board of directors of the relevant Transferor, having regard to appropriate actuarial advice, in order to comply with that right or option to issue a new Policy,

such person shall be entitled to require that the obligation thereby arising shall be satisfied by the issue by the relevant Transferor of a Policy which complies with the terms of such right or option but (without prejudice to the right of such person to have the right or option satisfied by the issue by the relevant Transferor of such a Policy):

- (i) Phoenix shall be entitled to offer to such person as an alternative (and, if accepted, in lieu thereof) a Policy which complies with the terms of such right or option; and
- (ii) if Phoenix is not at the time of the exercise of such right or option writing Policies complying exactly with the Policy to which such right or option refers, Phoenix shall be entitled to offer to such person as an alternative (and, if accepted, in lieu thereof) the Policy commonly offered by Phoenix which Phoenix considers to be the nearest equivalent Policy in accordance with the terms and conditions applicable to Policies of Phoenix at that time, provided that: (a) the Phoenix Board and, in the case of a right or option under the terms of a With-Profits Policy, the With-Profits Committee, is satisfied, having obtained appropriate actuarial advice, that accepting such alternative Policy would not have a material adverse effect on the interests of the relevant person or otherwise fail to satisfy their reasonable expectations; and (b) the issue of such alternative Policy would not in the opinion of the Phoenix Board (having regard to appropriate advice) result in a liability or in an increase in liability to taxation of the holder of such Policy (or, in the event that such liability or increase in liability would occur, Phoenix shall have the option to indemnify the policyholder for such liability or increase in liability and to issue another Policy pursuant to this paragraph 6.2).

- 6.3** If any part of the Standard Life Investment Policy dated 2 December 2004 (policy number 74952), issued to Standard Life Trustee Company Limited, falls within the definition of Excluded Policy, on the Transfer Date but with effect from the Effective Date:
- 6.3.1** all rights and obligations (whether accrued, actual or contingent) of SLAL under such policy will be construed as if:
- (i) they referred to SLAL in relation to such part of such policy which, in the reasonable opinion of the Phoenix Board, gives rise to any separately identifiable benefit which falls within the definition of Excluded Policy; and
 - (ii) they referred to Phoenix in relation to all other parts of such policy;
- 6.3.2** the rights and obligations of SLAL under the part of such policy referred to in paragraph 6.3.1(i) shall be construed as being rights and obligations of SLAL on the basis that SLAL has the benefit (subject to the burden) thereof;
- 6.3.3** the rights and obligations of Phoenix under the part of such policy referred to in paragraph 6.3.1(ii) shall be construed as being rights and obligations of Phoenix on the basis that Phoenix has the benefit (subject to the burden) thereof; and
- 6.3.4** the benefit and burden of the respective parts of such policy shall be separated by way of splitting such policy into two, each on the same terms between Standard Life Trustee Company Limited and, respectively, SLAL or Phoenix.
- 6.4** If all consents, permissions or other requirements for the transfer of an Excluded Policy from the relevant Transferor to Phoenix are obtained and/or any restrictions preventing the transfer of an Excluded Policy from the relevant Transferor to Phoenix are removed or cease to apply:
- 6.4.1** such Excluded Policy shall be transferred to Phoenix, and shall thereafter be treated in all respects, as if it were a Transferred Policy and not an Excluded Policy; and
- 6.4.2** any assets relating to, and any liability attributable to, such Excluded Policy shall be transferred to Phoenix, and shall thereafter be treated in all respects as if it were a Transferred Asset or Transferred Liability, as the case may be.
- 6.5** If any Excluded Policy is novated to Phoenix, the assets and liabilities relating to such Policy shall, to the extent not previously transferred, be transferred to Phoenix and such Policy shall thereafter be dealt with by Phoenix under the provisions of this Scheme in all respects as if such Excluded Policy were a Transferred Policy.
- 6.6** In accordance with paragraph 6.4:
- 6.6.1** Guernsey Policies shall be treated for all purposes of this Scheme as if they were Transferred Policies with effect from the Guernsey Transfer Date, and shall, following the sanctioning of the Guernsey Scheme by the Guernsey Court, be transferred to and vested in Phoenix by the Order (in addition to any order of the Guernsey Court) with effect from the later of the Transfer Date and the Guernsey Transfer Date;
- 6.6.2** Jersey Policies shall be treated for all purposes of this Scheme as if they were Transferred Policies with effect from the Jersey Transfer Date, and shall, following the sanctioning of the Jersey Scheme by the Jersey Court, be transferred to and vested in Phoenix by the Order (in addition to any order of the Jersey Court) with effect from the later of the Transfer Date and the Jersey Transfer Date; and

- 6.6.3** other Excluded Policies shall be treated for all purposes of this Scheme as if they were Transferred Policies with effect from the Excluded Policies Transfer Date, and shall, following the Excluded Policies Transfer Date, be transferred to and vested in Phoenix by the Order (and without any further instrument) with effect from the Excluded Policies Transfer Date (including being allocated to the Fund within Phoenix to which they would have been allocated if they were Transferred Policies and any other assets or liabilities being allocated as if they were Transferred Assets or Transferred Liabilities).

7 Premiums, mandates and other payments

- 7.1** Subject to paragraph 31.2, all Premiums attributable or referable to the Transferred Policies shall, on and after the Transfer Date, be payable to Phoenix and shall on the Transfer Date but with effect from the Effective Date be receivable and received by Phoenix and shall be allocated to the Fund to which the Policy to which they relate is allocated pursuant to paragraph 14.
- 7.2** Any mandate or other instruction in force on the Transfer Date (including any instruction given to a bank 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 Premiums payable to a Transferor under or in respect of any of the Transferred Policies shall thereafter take effect as if it had provided for and authorised such payment to Phoenix.
- 7.3** Any mandate or other instruction in force on the Transfer Date as to the manner of payment of any sum payable by a Transferor under any of the Transferred Policies shall, on and from the Transfer Date, continue in force as an effective authority to Phoenix.
- 7.4** Any mandate or other instruction either: (i) in favour of a Transferor; or (ii) given by a Transferor, which is in force on the Transfer Date and not provided for by paragraph 7.2 or 7.3 shall continue in force as an effective authority to or by Phoenix from the date on which such asset or liability is transferred to Phoenix.

8 Declaration of trust by the Transferors

8.1 If:

- 8.1.1** any asset of a Transferor comprised in or attributable to the Transferred Business is not transferred to and vested in Phoenix on the Transfer Date by reason of such asset being a Residual Asset, outside the jurisdiction of the Court or for any other reason; or
- 8.1.2** in any circumstances Phoenix shall decide before the Transfer Date (or, in the case of any Residual Asset, before the Subsequent Transfer Date applicable thereto) that it is expedient not to effect a transfer of any asset of a Transferor,

then that Transferor shall, on the Transfer Date but with effect from the Effective Date (but save to the extent that giving effect to such a trust would require a consent or waiver which has not been obtained or that such a trust would not be recognised by any applicable law or that the relevant Transferor and Phoenix agree in writing not to give effect to such a trust for any reason), hold such asset, together with any proceeds of sale or income or other right accrued or return arising in respect thereof, as trustee for Phoenix.

- 8.2** The Transferors shall be subject to Phoenix's directions in respect of any assets referred to in paragraph 8.1 from the Transfer Date until they are transferred to or otherwise vested in Phoenix or disposed of (whereupon the relevant Transferor shall account to Phoenix for the proceeds of sale thereof), and Phoenix shall have authority to act as the attorney of each of the Transferors in respect of such assets for all such purposes.
- 8.3** In the event of any payment being made to, assets being received by, or right being conferred upon a Transferor after the Transfer Date in respect of the Transferred Business, any Transferred Asset, any Residual Asset or any asset referred to in paragraph 8.1, that Transferor shall, as soon as is reasonably practicable after its receipt, pay over the full amount of such payment or (to the extent to which it is able to do so) transfer such assets or right to, or in accordance with the directions of, Phoenix and Phoenix shall indemnify the Transferor on demand against any costs incurred in making any such payment or transfer.
- 8.4** The CR Amount shall only be subject to the provisions of this paragraph 8 insofar as such provisions shall be consistent with the relevant Transferor continuing to satisfy the requirements for capital resources specified in the PRA Rulebook and, in respect of SLPF, it continuing to satisfy its requirements as instructing parties' agent under the New Security Trust Agreement.

9 Indemnities in favour of the Transferors

- 9.1** On and from the Transfer Date but with effect from the Effective Date, Phoenix shall discharge on the relevant Transferor's behalf or, failing that, shall indemnify that Transferor against:
- 9.1.1** charges, costs and claims arising in respect of all Transferred Liabilities and Residual Liabilities which are not, or are not capable of being, transferred by this Scheme or by a vesting order pursuant to section 112(1) of FSMA (whether made before, on or after the Transfer Date) (other than liabilities which are the subject of paragraph 9.1.2 or paragraph 9.2) until the relevant liability is transferred to or becomes a liability of Phoenix; and
 - 9.1.2** any amount paid by that Transferor in respect of any Transferred Liabilities and Residual Liabilities of that Transferor that are, whether wholly or in part, the subject of a policy of indemnity insurance or a claim or right of recovery against a third party, but only to the extent that that Transferor, having made a claim under such a policy or against such third party, shall have failed to recover any such amount pursuant to rights it may have under such policy, claim or right of recovery (having used all reasonable endeavours to do so).
- 9.2** From the Transfer Date but with effect from the Effective Date, Phoenix shall indemnify each Transferor against any costs and/or expenses which it may incur in pursuing any claim under any such policy of indemnity insurance or against any such third party as is referred to in paragraph 9.1.2. Subject thereto, such Transferor shall take such steps as Phoenix shall require in order to pursue the rights it may have under any such policy of indemnity insurance or against any such third party. Phoenix shall be entitled, upon notice to such Transferor, to have conduct of all litigation or other Proceedings in respect of any such claim. In that connection, the relevant Transferor shall give all such assistance as Phoenix may reasonably require in conducting any such Proceedings.
- 9.3** For the avoidance of doubt, Phoenix shall not be required under paragraphs 9.1 and 9.2 to indemnify the relevant Transferors for any Excluded Liabilities or any charges, costs, expenses and claims or other liabilities arising in respect of any Excluded Liabilities.

10 Pension Schemes

- 10.1** On the Transfer Date but with effect from the Effective Date, Phoenix shall unconditionally and irrevocably become the scheme administrator, scheme funder, scheme operator and/or scheme practitioner of the Pensions Schemes and/or take on any other roles of the Transferors in relation to the Pensions Schemes (as applicable, in each case as such roles are defined in the relevant scheme documents and to the extent that the relevant Transferor carries out such role immediately prior to the Transfer Date) in place of the relevant Transferors.
- 10.2** On and from the Transfer Date but with effect from the Effective Date:
- 10.2.1** Phoenix shall undertake the liabilities and responsibilities of the provider (within the meaning of the relevant scheme documents) under the Pension Schemes in place of each relevant Transferor; and
 - 10.2.2** each relevant Transferor shall be released from all obligations applicable to it under the relevant scheme documents, which shall have effect as if Phoenix had been the provider referred to in the scheme documents for each of the Pension Schemes.

PART D: FUND STRUCTURE AND ALLOCATION

11 Purpose of allocations

Any allocation of assets or liabilities, and any re-allocation of the same, which is made under the terms of this Scheme for the purpose of the maintenance of a With-Profits Fund, the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund is for the purpose of establishing policyholder entitlements from time to time and shall not be taken to limit the availability of all the assets from time to time of Phoenix to meet the liabilities which it is obliged by law to meet.

12 New Phoenix Funds

On the Transfer Date but with effect from the Effective Date (and in addition to the separate sub-funds maintained in accordance with the Superseded Phoenix Schemes referred to in paragraph 13.1), Phoenix shall establish the following Funds as separate Funds within the Phoenix Long-Term Fund:

- 12.1** the German SM WP Fund;
- 12.2** the German WP Fund;
- 12.3** the Heritage WP Fund;
- 12.4** the LL WP Fund;
- 12.5** the NPL WP Fund;
- 12.6** the Pearl WP Fund;
- 12.7** the SERP Fund; and
- 12.8** the UKSM WP Fund.

13 Treatment of existing Funds

- 13.1** On and with effect from the Transfer Date, Phoenix shall maintain the 100% WP Fund, the 90% WP Fund, the Alba WP Fund, the BIB WP Fund, the Britannic WP Fund, the Phoenix WP Fund, the SAL WP Fund, the Scottish Mutual WP Fund and the SPI WP Fund as separate Funds within the Phoenix Long-Term Fund in accordance with the terms of this Scheme.
- 13.2** On the Transfer Date but with effect from the Effective Date, Phoenix shall cease to maintain accounts in respect of the NPI WP Fund and all assets and liabilities comprised therein shall be re-allocated in accordance with paragraph 17.1.

14 Allocation of Policies

- 14.1** On the Transfer Date but with effect from the Effective Date, the Transferred Policies comprised in the Transferred Business shall be allocated on the basis that:
 - 14.1.1** those within the PLAL LL WP Fund immediately prior to the Transfer Date shall be allocated to the LL WP Fund;
 - 14.1.2** those within the PLAL NPL WP Fund immediately prior to the Transfer Date shall be allocated to the NPL WP Fund;

- 14.1.3 those within the PLAL Pearl WP Fund immediately prior to the Transfer Date shall be allocated to the Pearl WP Fund;
- 14.1.4 those within the PLAL SERP Fund immediately prior to the Transfer Date shall be allocated to the SERP Fund;
- 14.1.5 those within the PLAL Non-Profit Fund immediately prior to the Transfer Date shall be allocated to the Phoenix Non-Profit Fund;
- 14.1.6 those within the SLAL Heritage WP Fund immediately prior to the Transfer Date shall be allocated to the Heritage WP Fund;
- 14.1.7 those within the SLAL PBF immediately prior to the Transfer Date shall be allocated to the Phoenix Non-Profit Fund; and
- 14.1.8 those of SLPF immediately prior to the Transfer Date shall be allocated to:
 - (i) the Heritage WP Fund, if the liability in respect of the reinsurance of those Policies is allocated to the SLAL Heritage WP Fund immediately prior to the Transfer Date; and
 - (ii) the Phoenix Non-Profit Fund, if the liability in respect of the reinsurance of those Policies is allocated to the SLAL PBF immediately prior to the Transfer Date.

14.2 As at the Transfer Date, there were no Policies (for the purposes of this paragraph 14.2, excluding part only of a Policy such as the WP Investment Element) allocated to the SLAL German SM WP Fund or the SLAL German WP Fund because the Policies that had been in these Funds had been transferred to SL Intl under the SLAL Brexit Scheme with the WP Investment Element relating to these transferred Policies allocated to these Funds by way of reinsurance from SL Intl. As at the Transfer Date, there were also no Policies within the SLAL UKSM WP Fund because Policies that have access to the SLAL UKSM WP Fund had been allocated to the SLAL PBF with the WP Investment Element allocated to the SLAL UKSM WP Fund. On the Transfer Date but with effect from the Effective Date, the Transferred Assets and Transferred Liabilities in respect of the WP Investment Element within the SLAL German SM WP Fund, the SLAL German WP Fund and the UKSM WP Fund shall be allocated in accordance with paragraphs 15 and 16.

14.3 On the Guernsey Transfer Date but with effect from the Guernsey Effective Date, each Guernsey Policy shall be allocated to the Fund to which it would have been allocated in accordance with the provisions of paragraph 14.1 had it been a Transferred Policy at the Transfer Date.

14.4 On the Jersey Transfer Date but with effect from the Jersey Effective Date, each Jersey Policy shall be allocated to the Fund to which it would have been allocated in accordance with the provisions of paragraph 14.1 had it been a Transferred Policy at the Transfer Date.

15 Allocation of assets

15.1 On the Transfer Date but with effect from the Effective Date, all Transferred Assets allocated:

- 15.1.1 to the PLAL LL WP Fund immediately prior to the Transfer Date shall be allocated to the LL WP Fund;
- 15.1.2 to the PLAL NPL WP Fund immediately prior to the Transfer Date shall be allocated to the NPL WP Fund;

- 15.1.3 to the PLAL Pearl WP Fund immediately prior to the Transfer Date shall be allocated to the Pearl WP Fund;
- 15.1.4 to the PLAL SERP Fund immediately prior to the Transfer Date shall be allocated to the SERP Fund;
- 15.1.5 to the PLAL Non-Profit Fund immediately prior to the Transfer Date shall be allocated to the Phoenix Non-Profit Fund;
- 15.1.6 to the PLAL Shareholders' Fund immediately prior to the Transfer Date, including the Transferred Assets attributable to the interest of the PLAL Shareholders' Fund in the PLAL Long-Term Fund, shall be allocated to the Phoenix Shareholders' Fund;
- 15.1.7 to the SLAL German SM WP Fund immediately prior to the Transfer Date shall be allocated to the German SM WP Fund;
- 15.1.8 to the SLAL German WP Fund immediately prior to the Transfer Date shall be allocated to the German WP Fund;
- 15.1.9 to the SLAL Heritage WP Fund immediately prior to the Transfer Date shall be allocated to the Heritage WP Fund;
- 15.1.10 to the SLAL UKSM WP Fund immediately prior to the Transfer Date shall be allocated to the UKSM WP Fund;
- 15.1.11 to the SLAL PBF immediately prior to the Transfer Date shall be allocated to the Phoenix Non-Profit Fund;
- 15.1.12 to the SLAL Shareholders' Fund immediately prior to the Transfer Date, including the Transferred Assets attributable to the interest of the SLAL Shareholders' Fund in the SLAL Long-Term Fund, shall be allocated to the Phoenix Shareholders' Fund; and
- 15.1.13 to SLPF immediately prior to the Transfer Date, shall be allocated to the Heritage WP Fund, except that the Transferred Assets which are attributable to the rights, benefits and powers of SLPF under the Group Reinsurance Arrangement between SLAL and SLPF in respect of the Policies reinsured by SLPF to the SLAL PBF immediately prior to the Transfer Date shall be allocated to the Phoenix Non-Profit Fund.

15.2 On the Transfer Date but with effect from the Effective Date, any and all assets attributable to the Excluded Policies Reinsurance Arrangement shall be allocated to the Fund to which they relate.

15.3 On and with effect from the applicable Subsequent Transfer Date, each Residual Asset shall be allocated to the Fund to which it would have been allocated in accordance with the provisions of paragraph 15.1 had it been a Transferred Asset, except that all Residual Assets representing the CR Amount for SLPF shall be allocated to the Heritage WP Fund.

16 Allocation of liabilities

16.1 On the Transfer Date but with effect from the Effective Date, all Transferred Liabilities allocated:

- 16.1.1 to the PLAL LL WP Fund immediately prior to the Transfer Date shall be allocated to the LL WP Fund;
- 16.1.2 to the PLAL NPL WP Fund immediately prior to the Transfer Date shall be allocated to the NPL WP Fund;

- 16.1.3** to the PLAL Pearl WP Fund immediately prior to the Transfer Date shall be allocated to the Pearl WP Fund;
 - 16.1.4** to the PLAL SERP Fund immediately prior to the Transfer Date shall be allocated to the SERP Fund;
 - 16.1.5** to the PLAL Non-Profit Fund immediately prior to the Transfer Date shall be allocated to the Phoenix Non-Profit Fund;
 - 16.1.6** to the PLAL Shareholders' Fund immediately prior to the Transfer Date, including the Transferred Liabilities attributable to the interest of the PLAL Shareholders' Fund in the PLAL Long-Term Fund, shall be allocated to the Phoenix Shareholders' Fund;
 - 16.1.7** to the SLAL German SM WP Fund immediately prior to the Transfer Date shall be allocated to the German SM WP Fund;
 - 16.1.8** to the SLAL German WP Fund immediately prior to the Transfer Date shall be allocated to the German WP Fund;
 - 16.1.9** to the SLAL Heritage WP Fund immediately prior to the Transfer Date, including SLAL's obligations in respect of the MEP, shall be allocated to the Heritage WP Fund;
 - 16.1.10** to the SLAL UKSM WP Fund immediately prior to the Transfer Date shall be allocated to the UKSM WP Fund;
 - 16.1.11** to the SLAL PBF immediately prior to the Transfer Date shall be allocated to the Phoenix Non-Profit Fund; and
 - 16.1.12** to the SLAL Shareholders' Fund immediately prior to the Transfer Date, including any Transferred Liabilities attributable to the interest of the SLAL Shareholders' Fund in the SLAL Long-Term Fund, shall be allocated to the Phoenix Shareholders' Fund.
- 16.2** On the Transfer Date but with effect from the Effective Date:
- 16.2.1** the Transferred Liabilities of SLPF immediately prior to the Transfer Date which relate to the Transferred Policies comprised in the Transferred Business of SLPF shall be allocated to the Fund to which the relevant Transferred Policies of SLPF are allocated pursuant to paragraph 14.1.8; and
 - 16.2.2** any other Transferred Liabilities of SLPF immediately prior to the Transfer Date shall be allocated to the Heritage WP Fund.
- 16.3** If any member of the Phoenix Group, other than Phoenix or a subsidiary of Phoenix the shares of which are allocated to a With-Profits Fund, makes any payment in respect of any liability allocated to that With-Profits Fund, an appropriate amount (as determined by the Phoenix Board) shall be recovered from that With-Profits Fund.
- 16.4** On the Transfer Date but with effect from the Effective Date, any and all liabilities attributable to the Excluded Policies Reinsurance Arrangement shall be allocated to the Fund to which they relate.
- 16.5** On and with effect from the applicable Subsequent Transfer Date, each Residual Liability shall be allocated to the Fund to which it would have been allocated in accordance with the provisions of paragraphs 16.1 or 16.2 had it been a Transferred Liability.

16.6 If any doubt, error, or difference shall arise as to the allocation of any Transferred Asset, Transferred Liability, Transferred Policy, Residual Asset or Residual Liability in accordance with this Scheme, the same shall be determined by the Phoenix Board, having regard to appropriate actuarial advice. Where the determination to be made in accordance with this paragraph 16.6 relates to a With-Profits Fund, the Phoenix Board shall not make any such allocation unless the consent of the With-Profits Committee has been obtained.

17 Re-allocation of liabilities and assets in the NPI WP Fund

17.1 On the Transfer Date but with effect from the Effective Date:

17.1.1 the NPI WP Fund Reinsurance Agreements shall terminate and cease to have effect and will not have effect as inter-Fund reinsurance arrangements in accordance with paragraph 37.1;

17.1.2 all entitlement or rights of policyholders to any amounts or assets comprised within the NPI WP Fund shall cease and shall be replaced by equivalent entitlements or rights to amounts or assets comprised within the Pearl WP Fund;

17.1.3 all and any liabilities of Phoenix attributable to the WP Asset Share Element of Policies within the Phoenix Non-Profit Fund allocated to the NPI WP Fund immediately prior to the Transfer Date shall be re-allocated to the Pearl WP Fund on the same terms that applied under the NPI WP Fund Reinsurance Agreements; and

17.1.4 all rights, benefits, assets and powers held by Phoenix relating to the WP Asset Share Element of Policies within the Phoenix Non-Profit Fund allocated to the NPI WP Fund immediately prior to the Transfer Date shall be re-allocated to the Pearl WP Fund.

18 Linked Funds

18.1 On the Transfer Date but with effect from the Effective Date, the assets and any associated liabilities comprised in each Linked Fund of a Transferor shall be allocated to and become comprised in a corresponding Linked Fund within the corresponding Fund of Phoenix, as applicable in accordance with paragraphs 15 and 16, comprising immediately following the Transfer Date the same number and value of units as were comprised within the relevant Linked Fund of that Transferor immediately prior to the Transfer Date.

18.2 On the Transfer Date but with effect from the Effective Date:

18.2.1 subject always to the provisions of this paragraph 18, in relation to any benefits under Transferred Policies which are linked to a Linked Fund of Phoenix pursuant to paragraph 18.1, Phoenix shall become entitled to the same rights and powers and be subject to the same duties and liabilities as applied to the relevant Transferor in relation to the corresponding Linked Fund of that Transferor immediately prior to the Transfer Date; and

18.2.2 benefits under any Transferred Policy which, immediately prior to the Transfer Date, were linked to any one or more Linked Fund(s) of a Transferor shall become linked to the corresponding Linked Fund(s) of Phoenix and Phoenix shall allocate to each such Transferred Policy the same number and value of units in the corresponding Linked Fund(s) of Phoenix as the number and value of units in the relevant Linked Fund(s) of that Transferor which were allocated to the Transferred Policy immediately prior to the Transfer Date.

18.3 If any assets comprised in a Linked Fund of a Transferor fall within the provisions of paragraph 8.1, all interests and rights in relation to such assets shall be allocated to the relevant Linked Fund of Phoenix to which such assets would, had it been a Transferred Asset, have been allocated.

18.4 On and with effect from the relevant Subsequent Transfer Date, each Residual Asset and Residual Liability which is comprised in a Linked Fund of a Transferor shall be allocated to the Linked Fund of Phoenix to which it would have been allocated pursuant to this paragraph 18 had it been a Transferred Asset or Transferred Liability (as applicable).

19 Costs and expenses of the Scheme

The costs and expenses incurred by Phoenix and the Transferors in relation to the preparation and carrying into effect of this Scheme, whether before, on or after the Transfer Date, shall be borne by the Phoenix Shareholders' Fund.

PART E: OPERATION OF FUNDS

20 Maintenance of Phoenix sub-funds and business written in and allocated to them

20.1 Subject to paragraph 20.2 and the other provisions of this Scheme:

20.1.1 each With-Profits Fund and the Phoenix Non-Profit Fund shall at all times be separately maintained as separate sub-funds of Phoenix and Phoenix shall procure that separate accounting records for each With-Profits Fund and the Phoenix Non-Profit Fund shall at all times be maintained which shall be sufficient to enable the separate identification of the assets and liabilities respectively allocated to each With-Profits Fund and the Phoenix Non-Profit Fund;

20.1.2 each With-Profits Fund shall be operated in accordance with paragraph 30.5 and the Schedule applicable to that With-Profits Fund; and

20.1.3 at all times, the Phoenix Shareholders' Fund shall be separately maintained and Phoenix shall procure that separate accounting records for the Phoenix Shareholders' Fund shall at all times be maintained which shall be sufficient to enable the separate identification of the assets and liabilities allocated to the Phoenix Shareholders' Fund.

20.2 Phoenix may at any time by resolution of the Phoenix Board:

20.2.1 establish and maintain other Funds or other sub-funds within Phoenix in addition to those established prior to the Transfer Date and those established under paragraph 12;

20.2.2 merge the Phoenix Shareholders' Fund and the Phoenix Non-Profit Fund such that:

- (i) all of the assets, liabilities and, in the case of the Phoenix Non-Profit Fund, Policies then allocated to those Funds are allocated to that merged fund; and
- (ii) thereafter, references to the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund in this Scheme shall be deemed to be references to the Phoenix Non-Profit Fund and the Phoenix Shareholders' Fund, together (and, for the avoidance of doubt, that merged fund will be a "Fund" for the purposes of this Scheme).

20.3 New business

20.3.1 Nothing in this Scheme shall at any time prevent Phoenix from allocating to, writing in or reinsuring to:

- (i) the Phoenix Non-Profit Fund, the UKSM WP Fund or any new Fund established under paragraph 20.2.1 any new business;
- (ii) any other With-Profits Fund, other than the German SM WP Fund, the German WP Fund, the Heritage WP Fund and the SPI WP Fund:
 - (a) Policies issued, or the payment of additional Premiums, in that With-Profits Fund as a result of:
 - (I) the exercise of rights or options under existing Policies, including to issue an additional or replacement Policy;
 - (II) contractual increments; or

- (III) new entrants to stakeholder, occupational and 'group personal' pension plans,

under the terms of any Policy written in or allocated to that With-Profits Fund;

- (b) Policies written by Phoenix pursuant to paragraph 5.4 or paragraph 6.2 in relation to any Transferred Policy or Excluded Policy;
- (c) Excluded Policies which are transferred to Phoenix in accordance with paragraph 6.4 or novated to Phoenix in accordance with paragraph 6.5 and allocated to the relevant With-Profits Fund;
- (d) arrangements for Hybrid Policies in respect of which the WP Asset Share Element is, or is to be, allocated to that With-Profits Fund;
- (e) Policies allocated to a With-Profits Fund following another With-Profits Fund ceasing to be maintained in accordance with paragraph 23;
- (f) reinsurance obligations undertaken pursuant to paragraphs 35 to 37; and
- (g) such other Policies, Premiums or increments as may:
 - (I) be agreed by the Phoenix Board and the With-Profits Committee to be more conveniently written in that Fund than in any other sub-fund in Phoenix, whether for systems or administration reasons or otherwise; and
 - (II) derive from or otherwise be related to any Transferred Policy or Excluded Policy;
- (iii) allocating to, writing in or reinsuring to the LL WP Fund such other Policies, Premiums or increments as are permitted pursuant to paragraph 6 of Part 1 of Schedule 12; and
- (iv) allocating to, writing in or reinsuring to the NPL WP Fund such other Policies, Premiums or increments as are permitted pursuant to paragraph 6 of Part 1 of Schedule 13.

20.3.2 Additional business may only be written in the Heritage WP Fund in accordance with paragraph 1 of Part 10 of Schedule 11.

20.3.3 New business may only be written in the SPI WP Fund in accordance with paragraph 2 of Part 7 of Schedule 19.

20.4 New Linked Funds

Nothing in this Scheme shall at any time prevent Phoenix from establishing and maintaining new Linked Funds.

20.5 Re-allocation of Non-Profit Policies

Phoenix may re-allocate to the Phoenix Non-Profit Fund, or any such other non-profit sub-fund of the Phoenix Long-Term Fund, any Non-Profit Policy (including a reinsurance arrangement under which non-profit benefits are reinsured by Phoenix for the account of a With-Profits Fund) comprised within a With-Profits Fund, provided that:

- 20.5.1** such re-allocation is not contrary to the terms of the Policy and has been approved by the With-Profits Committee; and

20.5.2 in the opinion of the Phoenix Board, having regard to appropriate actuarial advice, assets:

- (i) with a market value which is fair and equitable (in the context of the risks being re-allocated to the Phoenix Non-Profit Fund in respect of the Policy); or
- (ii) with a market value which is consistent with an amount (where such an amount can be calculated) that Phoenix would have charged in consideration of the assumption of the risk in respect of a new Policy which it issued on the same terms as the Policy to be re-allocated from the relevant With-Profits Fund to the Phoenix Non-Profit Fund (subject to appropriate adjustment to reflect differences in expenses or commission incurred),

are being transferred or re-allocated from the relevant With-Profits Fund to the Phoenix Non-Profit Fund,

provided that, in respect of the Heritage WP Fund, where applicable, the provisions of paragraph 1 of Part 9 of Schedule 11 and paragraph 2 of Part 10 of Schedule 11 shall apply and, in respect of the SPI WP Fund, the provisions of paragraph 3 of Part 7 of Schedule 19 shall apply in relation to the provision of non-profit annuities in the circumstances described by those Schedules and the provisions of this paragraph 20.5 shall not apply in those circumstances.

21 Hybrid Policies

21.1 The provisions of Part 2 of Schedule 5 shall apply in respect of the SLUK DC Policies.

21.2 The provisions of paragraph 3 of Part 10 of Schedule 11 shall apply in respect of the UWP Primary Fund Policies.

21.3 The provisions of paragraph 4 of Part 10 of Schedule 11 shall apply in respect of the Heritage WP Fund Hybrid Policies.

21.4 The provisions of Part 3 of Schedule 12 shall apply in respect of the LL Hybrid Policies.

21.5 The provisions of Part 2 of Schedule 14 shall apply in respect of the Former NPIL UWP Policies.

21.6 The provisions of Part 2 of Schedule 18 shall apply in respect of the SMA DC Policies.

21.7 The provisions of paragraph 2 of Part 2 of Schedule 19 shall apply in respect of the SP DC Policies.

22 Merger and closure of Linked Funds

22.1 The provisions of this paragraph 22 shall apply to the management of each Linked Fund of Phoenix, except that it shall not apply to:

22.1.1 Linked Funds relating to Policies which are linked to:

- (i) external collective investment schemes, including external unit trusts: or
- (ii) the funds of other insurers by way of reinsurance in circumstances where instructions are received by third parties,

(in both cases, including Policies transferred to Phoenix under the Phoenix 2011 Scheme); and

22.1.2 the Former Hill Samuel Linked Funds (in respect of which paragraph 2 of Part 2 of Schedule 22 shall apply).

22.2 Subject to paragraphs 22.1 and 22.6, all applicable legislation (including any regulatory requirements or rules stipulated by the Regulators) and to the extent not prohibited by the terms of the relevant Policies, Phoenix shall be at liberty at any time and from time to time to exercise the following rights where the terms of the relevant Policies do not otherwise prescribe a process for making the relevant changes:

22.2.1 amalgamate any Linked Fund or any part or parts thereof with any other Linked Fund or any part or parts thereof or to divide any Linked Fund into one or more Linked Funds, or to effect any combination of the aforesaid;

22.2.2 modify or enlarge the investment objectives of any of its Linked Funds to permit investment in assets which are reasonably similar to, or provide reasonably similar investment exposure to, those then held or permitted to be held in that Linked Fund;

22.2.3 close to new or further investment any of its Linked Funds, or any part or parts thereof;

22.2.4 wind up any of its Linked Funds in accordance with paragraph 22.3; or

22.2.5 effect any combination of the actions referred to in paragraphs 22.2.1 to 22.2.4,

on such terms as the Phoenix Board shall consider fair and equitable as between the policyholders affected thereby having regard to the advice of the Phoenix Chief Actuary or Customer Director and the interests of the relevant policyholders but, in the case of the Former AWL Linked Funds only, provided that Phoenix shall have first consulted with Aviva LP to the extent that such action affects or has the potential to affect the business of, or any fund of, Aviva LP or any of its policyholders. Where Phoenix consults with Aviva LP in accordance with this paragraph 22, the Phoenix Board shall have due regard to the position of Aviva LP, its business, funds and its policyholders.

22.3 In the event that Phoenix determines to wind up a Linked Fund pursuant to paragraph 22.2, it shall cancel units in that Linked Fund allocated to Policies and allocate to the relevant policyholders, without charge, new units of an equal value (as determined by the Phoenix Board having regard to the advice of the Phoenix Chief Actuary or Customer Director) in a different Linked Fund in substitution for the cancelled units. The substitute Linked Fund shall be a fund from among those available from Phoenix at the time to holders of Policies of the same class as the Policies held by the relevant policyholders and which, in the opinion of the Phoenix Board, having regard to the advice of the Phoenix Chief Actuary or Customer Director, provides reasonably equivalent investment exposure to the Linked Fund so wound up, if such a Linked Fund is available.

22.4 Where any policyholder may be affected by the application of paragraph 22.2 or paragraph 22.3 and elects to Switch from the Linked Fund to which their Policy is, by its terms, linked into one or more other Linked Fund(s) to which their Policy is, by its terms, linked:

22.4.1 without prejudice to any entitlement of a policyholder to effect such a Switch under the terms of the Policy, one such Switch shall be permitted by Phoenix, even where such Switch was not permitted under the terms of the Policy, provided it is effected within 12 months of the policyholder receiving notification that their Policy may be affected; and

22.4.2 any switching charge that would otherwise apply as a consequence of such Switch during the 12-month period from the date when any policyholder receives notification that their Policy may be affected shall be waived in respect of the first (but not any subsequent) occasion when such charge would have applied.

If such a Policy is linked to two or more Linked Funds, this paragraph 22.4 shall apply separately in respect of each such Linked Fund that is the subject of the application of paragraph 22.2 or paragraph 22.3.

22.5 In the event that the Phoenix Board considers, having regard to the advice of the Phoenix Chief Actuary or Customer Director, that any group of policyholders may be disadvantaged financially by any action taken pursuant to the provisions of this paragraph 22, the Phoenix Board shall ensure that appropriate adjustments are made to the assets of, or the charges levied on, the applicable Linked Fund or UL Units for the applicable Policies in order to provide appropriate compensation to such policyholders.

22.6 Nothing in this paragraph 22 shall in any way limit or restrict any changes to any Linked Funds that are permitted under the terms of the relevant Policies.

23 Merger and closure of With-Profits Funds

23.1 If, at any time, the With-Profits Policy Liabilities (SL) relating to With-Profits Policies allocated or reinsured to the Heritage WP Fund fall below:

23.1.1 £875 million (subject to annual indexation using RPI from 1 July 2022), the Phoenix Board may apply to the Regulator for its approval to be released from its obligation to maintain the Heritage WP Fund; or

23.1.2 £175 million (subject to annual indexation using RPI from 1 July 2022), Phoenix shall, if the Phoenix Board so elects, be released from its obligation to maintain the Heritage WP Fund.

If Phoenix: (i) applies to be released from its obligations to maintain the Heritage WP Fund under paragraph 23.1.1 and the relevant approval is obtained from the Regulator; or (ii) elects to be released from its obligation to maintain the Heritage WP Fund under paragraph 23.1.2, the provisions of paragraph 6 of Part 1 of Schedule 11 shall apply (and, for the avoidance of doubt, shall continue to apply whether or not those thresholds are subsequently exceeded again).

23.2 If, at any time, the With-Profits Policy Liabilities relating to With-Profits Policies which are allocated or reinsured to and which are entitled to participate in any estate distribution in:

23.2.1 any of the Alba WP Fund, the BIB WP Fund, the Britannic WP Fund, the LL WP fund, the NPL WP Fund, the Pearl WP Fund, the Phoenix WP Fund, the SAL WP Fund, the SERP Fund, the Scottish Mutual WP Fund or the SPI WP Fund fall below £50 million (subject to annual indexation using RPI from the Transfer Date); or

23.2.2 either the 100% WP Fund or the 90% WP Fund fall below £10 million (subject to annual indexation using RPI from the Transfer Date),

(for the avoidance of doubt, whether or not those thresholds are subsequently exceeded again) Phoenix may, subject to paragraph 23.4, transfer the Policies, assets and liabilities allocated to the Non-SLAL With-Profits Fund to:

- (a) the Phoenix Non-Profit Fund (or such other non-profit sub-fund of the Phoenix Long-Term Fund established pursuant to paragraph 20.3 as the Phoenix Board may consider appropriate); or

- (b) another Non-SLAL With-Profits Fund provided that, in this case, Phoenix has obtained a certificate from an independent actuary to the effect that, in their opinion, the proposal for ceasing to maintain the Non-SLAL With-Profits Fund will be compliant with the requirements of PRIN 6 and Principle 12 of the FCA Handbook in relation to the holders of Policies allocated or reinsured to the With-Profits Funds which are to be merged (and, in the case of the BIB WP Fund and/or the Britannic WP Fund, having regard to the provisions of paragraph 3 of Part 1 of Schedule 7 and paragraph 3 of Part 1 of Schedule 8 and providing for how the amounts credited to the IB Buffer Reserve Account and the WP Buffer Reserve Account are to be treated on the closure of the Non-SLAL With-Profits Fund),

and, in each case, cease to maintain the Non-SLAL With-Profits Fund on the Non-SLAL With-Profits Fund Closure Date in accordance with paragraphs 23.4 to 23.9.

23.3 For the purposes of this paragraph 23 and Schedule 2, "**Non-SLAL With-Profits Fund**" means all with-profits funds from time to time of Phoenix, other than the Former SLAL WP Funds.

23.4 Phoenix may only re-allocate the Policies, assets and liabilities allocated to a Non-SLAL With-Profits Fund and cease to maintain the Non-SLAL With-Profits Fund in accordance with this paragraph 23 if:

23.4.1 the Phoenix Board has regard to advice from the relevant Phoenix With-Profits Actuaries and the With-Profits Committee;

23.4.2 the Phoenix Board concludes, in its discretion, that it is fair and in the best interests of the holders of With-Profits Policies allocated or reinsured to the Non-SLAL With-Profits Fund to cease to maintain the Non-SLAL With-Profits Fund including having:

- (i) determined which option under paragraphs 23.2(a), 23.2(b) and 23.7 would be fair and in the best interests of the holders of the relevant With-Profits Policies to pursue in relation to the Non-SLAL With-Profits Fund, including having paid due regard to the nature of the current with-profits benefits;
- (ii) set the Closure Uplifts (if any) for the holders of the relevant With-Profits Policies, including having due regard to the guiding principles for Closure Uplifts in Schedule 2; and
- (iii) considered the matters referred to in the remainder of this paragraph 23; and

23.4.3 it has notified the Regulators,

and Phoenix shall notify the Regulators as soon as reasonably practical after the Phoenix Board has resolved to cease to maintain a Non-SLAL With-Profits Fund in accordance with this paragraph 23.

23.5 The "**Non-SLAL With-Profits Fund Closure Date**" shall be the date determined by the Phoenix Board, having regard to advice from the With-Profits Committee and the relevant Phoenix With-Profits Actuaries, on which the Non-SLAL With-Profits Fund shall cease to be maintained, being no more than 12 months following the notification of the Regulators referred to in paragraph 23.4.3.

23.6 On the Non-SLAL With-Profits Fund Closure Date, Phoenix shall re-allocate all Policies, assets and liabilities allocated to that Non-SLAL With-Profits Fund immediately prior to the Non-SLAL With-Profits Fund Closure Date in accordance with paragraph 23.2.

23.7 At the Non-SLAL With-Profits Fund Closure Date, Phoenix shall transfer relevant Policies, assets and liabilities to:

23.7.1 the Phoenix Non-Profit Fund in accordance with paragraph 23.2(a) and apply guaranteed benefits, including any guaranteed increases in benefits in accordance with any Closure Uplift, to Policies which were With-Profits Policies allocated or reinsured to the Non-SLAL With-Profits Fund immediately prior to the Non-SLAL With-Profits Fund Closure Date;

23.7.2 the Phoenix Non-Profit Fund in accordance with paragraph 23.2(a) and allocate UL Units having a value equal to the value (determined by the Phoenix Board, taking into account any Closure Uplift paid in accordance with 23.7.1) of the With-Profits Policies which were allocated or reinsured to the Non-SLAL With-Profits Fund immediately prior to the Non-SLAL With-Profits Fund Closure Date to those Policies and those Policies shall thereafter continue as Linked Policies of Phoenix;

23.7.3 another With-Profits Fund in accordance with paragraph 23.2(b); or

23.7.4 apply a combination of paragraph 23.7.1, 23.7.2 and 23.7.3 which the Phoenix Board determines to be appropriate to the relevant With-Profits Policies in the Non-SLAL With-Profits Fund,

and, in each case, such Policies shall have no right or eligibility to participate in any of the profits of Phoenix arising after the Non-SLAL With-Profits Fund Closure Date.

23.8 In the case of paragraph 23.2.2(b), from the Non-SLAL With-Profits Fund Closure Date, the Policies transferred out of the Non-SLAL With-Profits Fund pursuant to paragraph 23.2 shall, following the application of any Closure Uplift immediately prior to the Non-SLAL With-Profits Fund Closure Date, have the right to participate in the profits of the other With-Profits Fund arising after the Non-SLAL With-Profits Fund Closure Date on such terms as the Phoenix Board considers appropriate, including as to the future management and treatment of both the Policies transferred out of the Non-SLAL With-Profits Fund and the Policies allocated or reinsured to the other With-Profits Fund, and the Phoenix Board, in managing the other With-Profits Fund (including determining the future bonus policy for the With-Profits Policies in the other With-Profits Fund) from the Non-SLAL With-Profits Fund Closure Date:

23.8.1 shall have regard to the principles for the future management and treatment of both the Policies transferred out of the Non-SLAL With-Profits Fund and the Policies allocated or reinsured to the other With-Profits Fund considered and approved in accordance with this paragraph 23; and

23.8.2 the Scheme Principles of Financial Management of the other With-Profits Fund shall be amended if, and to the extent, necessary to reflect the matters referred to in paragraph 23.8.1.

23.9 From the Non-SLAL With-Profits Fund Closure Date:

23.9.1 the Scheme Principles for the Financial Management of the Non-SLAL With-Profits Fund shall cease to have effect;

23.9.2 all references in this Scheme to the Non-SLAL With-Profits Fund shall be disregarded; and

23.9.3 each Policy allocated or reinsured to the Non-SLAL With-Profits Fund immediately prior to the Non-SLAL With-Profits Fund Closure Date shall be deemed to be amended with effect from the Non-SLAL With-Profits Fund Closure Date to reflect the relevant provisions of this paragraph 23.

23.10 The guiding principles for the Phoenix Board in determining the appropriate Closure Uplift (if any) for With-Profits Policies in the Non-SLAL With-Profits Funds (which the Phoenix Board may depart from in line with the considerations in paragraph 23.4.2) are set out in Schedule 2.

23.11 This paragraph 23, Schedule 2 and paragraph 6 of Part 1 of Schedule 11 may be varied by Phoenix provided that any such variation is approved by:

23.11.1 the relevant Phoenix With-Profits Actuaries (on the basis that the proposed variation: (i) is not expected to materially and adversely affect the contractual rights of the holders of With-Profits Policies or their reasonable expectations regarding non-contractual rights under such Policies; and (ii) is compliant with the requirements of PRIN 6 and Principle 12 of the FCA Handbook); and

23.11.2 the Regulators.

24 Distributions of surplus within Phoenix With-Profits Funds

24.1 In respect of each of the 100% WP Fund, the 90% WP Fund, the Alba WP Fund, the BIB WP Fund, the Britannic WP Fund, the LL WP Fund, the NPL WP Fund, the Pearl WP Fund, the Phoenix WP Fund, the SAL WP Fund, the SERP Fund, the Scottish Mutual WP Fund and the SPI WP Fund:

24.1.1 Phoenix, having regard to appropriate actuarial advice, shall determine the amount of surplus within that Fund at least once in each Financial Year of Phoenix commencing on or after the Effective Date;

24.1.2 the amount of surplus ascertained in respect of that Fund shall be determined to the extent considered appropriate by the Phoenix Board by applying the relevant principles from time to time set out in the relevant PPFM and the established practices and methodology applied by the relevant Transferor or Phoenix (as the case may be) and shall be reviewed by the relevant Phoenix With-Profits Actuary; and

24.1.3 the Phoenix Board, having regard to advice from the relevant Phoenix With-Profits Actuary (and, in the case of the SPI WP Fund, acting, so far as appropriate, in implementation of a decision of the With-Profits Committee), shall determine the proportion of the surplus to be available for distribution and allocation in accordance with this paragraph 24 and the proportion to be carried forward within the relevant Fund.

24.2 In giving their advice in connection with this paragraph 24, the relevant Phoenix With-Profits Actuary shall have regard to such considerations as they shall think appropriate, which shall include the relevant principles from time to time set out in the relevant PPFM and the established practices and methodology applied by the relevant Transferor or Phoenix (as the case may be) in relation to the particular Fund or the Policies comprised therein.

24.3 For the purposes of this paragraph 24, references to "established practices" or "established practices and methodology" shall be construed:

24.3.1 in relation to any Transferred Policies, as references to the practices and methodology of the relevant Transferor that were established prior to the Transfer Date and applied by the relevant Transferor immediately prior to the Transfer Date in respect of those Policies (or the fund from which they are transferred at the Transfer Date); and

24.3.2 in relation to a With-Profits Fund of Phoenix established before the Transfer Date, as references to the practices and methodology of Phoenix that were established prior to the Transfer Date and applied by Phoenix immediately prior to the Transfer Date in relation to that Fund or the Policies comprised within it,

and references to the relevant principles set out in the relevant PPFM shall be construed accordingly.

24.4 100 per cent. of the surplus arising within the 100% WP Fund, the LL WP Fund, the NPL WP Fund or the SERP Fund and resolved by the Phoenix Board (having regard to appropriate actuarial advice in accordance with paragraph 24.1.1) to be available for distribution shall be allocated to holders of Policies eligible to participate in the surplus of the 100% WP Fund, the LL WP Fund, the NPL WP Fund or the SERP Fund (as the case may be).

24.5 Surplus arising within the 90% WP Fund, the Alba WP Fund, the BIB WP Fund, the Britannic WP Fund, the Pearl WP Fund, the Phoenix WP Fund, the SAL WP Fund, the Scottish Mutual WP Fund or the SPI WP Fund and resolved by the Phoenix Board (having regard to appropriate actuarial advice in accordance with paragraph 24.1.1) to be available for distribution shall be allocated on the following basis:

24.5.1 not less than 90 per cent. of the amount so resolved shall be allocated to holders of With-Profits Policies eligible to participate in the surplus of the relevant With-Profits Fund;

24.5.2 100 per cent. of the total surplus so resolved that is allocated in respect of the WP Asset Share Element of SLUK DC Policies in the 90% WP Fund shall be allocated to the SLUK DC Policies;

24.5.3 100 per cent. of the total surplus so resolved that is allocated in respect of the WP Asset Share Element of SMA DC Policies in the Scottish Mutual WP Fund shall be allocated to the SMA DC Policies;

24.5.4 100 per cent. of the total surplus so resolved that is allocated in respect of the WP Asset Share Element of UWP Policies, including Simplified Pension Investment Funding Plans, in the SPI WP Fund shall be allocated to those UWP Policies; and

24.5.5 the remainder shall be available for transfer to the Phoenix Shareholders' Fund or the Phoenix Non-Profit Fund as the Phoenix Board may direct from time to time.

- 24.6** The amount which the Phoenix Board determines to allocate or distribute from a relevant With-Profits Fund pursuant to paragraph 24.4 or paragraphs 24.5.1, 24.5.2, 24.5.3 or 24.5.4 (as the case may be) shall be allocated as bonus, or otherwise in augmenting the benefits, on the relevant Policies included within the 100% WP Fund, the 90% WP Fund, the Alba WP Fund, the BIB WP Fund, the Britannic WP Fund, the LL WP Fund, the NPL WP Fund, the Pearl WP Fund, the Phoenix WP Fund, the SAL WP Fund, the SERP Fund, the Scottish Mutual WP Fund or the SPI WP Fund (as the case may be) or reinsured to the 100% WP Fund, the 90% WP Fund, the Alba WP Fund, the BIB WP Fund, the Britannic WP Fund, the LL WP Fund, the NPL WP Fund, the Pearl WP Fund, the Phoenix WP Fund, the SAL WP Fund, the SERP Fund, the Scottish Mutual WP Fund or the SPI WP Fund (as the case may be) under paragraph 6.1 or otherwise. Such allocation or augmentation shall be made in such form, and among such one or more of the classes or sections of such Policies, and at such times, and on such principles, and by such methods, as the Phoenix Board shall determine, having regard to the advice of the relevant Phoenix With-Profits Actuary, who shall have regard, in giving that advice, to such considerations as they shall think appropriate, which shall include the relevant principles from time to time set out in the PPFM of that Fund.
- 24.7** For the purposes of paragraphs 24.5 and 24.6, in relation to the SPI WP Fund references to the Phoenix Board shall be taken to be references to the With-Profits Committee to the extent that the relevant matters are matters for which it is responsible in accordance with the With-Profits Committee Terms of Reference and Schedule 19.
- 24.8** Surpluses in the Heritage WP Fund shall be distributed in accordance with Part 7 of Schedule 11.
- 24.9** This paragraph 24 shall not apply to the German SM WP Fund, the German WP Fund or the UKSM WP Fund which do not operate in a way which gives rise to a surplus.

25 Debits

25.1 Debits and credits in respect of specific With-Profits Funds

In addition to the amounts permitted or required to be debited, charged and credited to the With-Profits Funds pursuant to this paragraph 25 and paragraph 26, the debits and credits in the following provisions shall be permitted or required:

- 25.1.1** paragraphs 3.6 and 3.7 of Part 1 of Schedule 7 shall apply in respect of the BIB WP Fund;
- 25.1.2** paragraphs 3.6 and 3.7 of Part 1 of Schedule 8 shall apply in respect of the Britannic WP Fund;
- 25.1.3** Part 3 of Schedule 11 shall apply in respect of the Heritage WP Fund;
- 25.1.4** Paragraph 2.4 of Part 1 of Schedule 12 shall apply in respect of the LL WP Fund;
- 25.1.5** paragraph 1 of Part 3 of Schedule 13 and Part 6 of Schedule 13 shall apply in respect of the NPL WP Fund;
- 25.1.6** Part 3 of Schedule 18 shall apply in respect of the Scottish Mutual WP Fund; and
- 25.1.7** Part 3 of Schedule 19 shall apply in respect of the SPI WP Fund,

provided that, where the provisions referred to in this paragraph 25.1 conflict with the other provisions of paragraph 25 and/or paragraph 26, the provisions referred to in this paragraph 25.1 shall apply.

25.2 Debits in respect of With-Profits Funds

25.2.1 Except as may be required or permitted under this Scheme, no amount shall be transferred from or debited or charged to any With-Profits Fund.

25.2.2 On and from the Transfer Date but with effect from the Effective Date, Phoenix shall be entitled to transfer from or debit or charge to a With-Profits Fund:

- (i) any amount permitted by law;
- (ii) any asset to the extent that consideration equal to the fair market value at the date of transfer (as determined by the Phoenix Board, having regard to appropriate actuarial advice) of the asset transferred, debited or charged is paid by the transferee to the relevant With-Profits Fund (or the equivalent amount of consideration relating to the transfer of an asset to the relevant With-Profits Fund);
- (iii) all amounts that the Phoenix Board (who shall in turn have regard to the advice of the relevant Phoenix With-Profits Actuary) consider appropriate for the servicing or repayment of capital (if any) contributed to the relevant With-Profits Fund (having regard to the other terms of this Scheme);
- (iv) subject to paragraph 31.2, all amounts payable in respect of With-Profits Policies and other Policies from time to time written in, or allocated or reinsured to, the relevant With-Profits Fund including those arising by reason of surrender, death, disability, maturity or other event giving rise to a claim (including payments on annuities and amounts payable because of any guarantee or option in any such Policy or the payment or vesting of an annuity and any amounts paid under reinsurance arrangements made in respect of Policies written in or allocated to the relevant With-Profits Fund);
- (v) all amounts payable in respect of the undertaking by the relevant With-Profits Fund of any reinsurance of any liability under any Policy which is not written within that With-Profits Fund;
- (vi) all costs, expenses, charges, losses, liabilities and declines in value resulting from the purchase, holding, valuation or sale of any assets allocated to the relevant With-Profits Fund;
- (vii) any amount for the purposes of investment and re-investment in the ordinary course of business;
- (viii) all amounts payable (in whatever form or manner) or transferred out of the relevant With-Profits Fund in respect of:
 - (a) any financial assistance or support properly given to the relevant With-Profits Fund pursuant to and in accordance with paragraph 27 or Part 7 of Schedule 11; or
 - (b) the consideration payable by the With-Profits Fund in respect of any financial assistance properly given to the relevant With-Profits Fund pursuant to and in accordance with paragraph 27 or Part 7 of Schedule 11;

- (ix) any amounts: (i) payable by the relevant With-Profits Fund; or (ii) transferred or allocated from the relevant With-Profits Fund to a Fund other than the relevant With-Profits Fund, in accordance with paragraphs 21, 24, 31.2 and 37;
- (x) all amounts which are debited or charged to the relevant With-Profits Fund in accordance with paragraph 33 or Part 6 of Schedule 11;
- (xi) amounts to be deducted in connection with any re-allocation of Non-Profit Policies pursuant to paragraph 20.5;
- (xii) any expenses and charges (including any Policy charges) to be debited from, or charged to, the relevant With-Profits Fund in accordance with this Scheme, including paragraph 25.3, and the PPFM for the relevant With-Profits Fund (and including any commission (or similar amounts payable to intermediaries or other sales agents in respect of commission) in respect of Policies written or allocated to the relevant With-Profits Fund);
- (xiii) all payments to third parties arising from any Proceedings continued by or against Phoenix to the extent that such Proceedings relate to Policies, assets or liabilities allocated to the relevant With-Profits Fund; and
- (xiv) any other amounts which are:
 - (a) permitted or required by this Scheme to be debited from or charged to the relevant With-Profits Fund (including amounts paid by Phoenix from other Funds in respect of those liabilities which are transferred or allocated to the relevant With-Profits Fund from time to time); or
 - (b) determined by the Phoenix Board (having regard to the advice of the relevant Phoenix With-Profits Actuary) to be properly debited from, or properly charged to, the relevant With-Profits Fund.

25.3 Allocation of expenses and charges

Subject to:

- 25.3.1** Part 3 of Schedule 5, in respect of the BULA With-Profits Policies in the 90% WP Fund;
- 25.3.2** Parts 4 and 5 of Schedule 11, in respect of the Heritage WP Fund;
- 25.3.3** the German SM WP Fund, the German WP Fund and the UK SM WP Fund not being charged with any expenses other than investment expenses;
- 25.3.4** Part 2 of Schedule 12, in respect of the LL WP Fund;
- 25.3.5** paragraph 2 of Part 3 of Schedule 13, in respect of the NPL WP Fund;
- 25.3.6** Part 2 of Schedule 17, in respect of the SERP Fund; and
- 25.3.7** Parts 3 and 4 of Schedule 19, in respect of the SPI WP Fund,

expenses and charges to be debited in accordance with paragraph 25.2.2(xiv) shall be allocated as the Phoenix Board, having obtained appropriate advice, considers appropriate having regard to COBS.

26 Credits

26.1 On and from the Transfer Date but with effect from the Effective Date, there shall be credited to each With-Profits Fund all of the following:

26.1.1 subject to paragraph 31.2, all Premiums and commissions (including commission clawbacks) received by Phoenix in respect of, and other amounts attributable to, Policies within, or which have their benefit allocated to, the relevant With-Profits Fund;

26.1.2 all assets acquired on behalf of, and all investment proceeds, gains, earnings, income and profits arising from the assets or business within, the relevant With-Profits Fund;

26.1.3 all amounts received under reinsurance arrangements made in respect of liabilities of the relevant With-Profits Fund which are reinsured;

26.1.4 subject to paragraph 31.2, the amount of all premium income or consideration or proceeds received in respect of the undertaking by the relevant With-Profits Fund of any reinsurance of any liability under any Policy which is not written within the relevant With-Profits Fund;

26.1.5 the amount or value (in whatever form or manner it shall be received) of:

(i) any financial assistance or support properly given to the relevant With-Profits Fund pursuant to and in accordance with paragraph 27 or Part 7 of Schedule 11; or

(ii) the consideration received by the relevant With-Profits Fund in respect of any financial assistance or support properly given to another With-Profits Fund pursuant to and in accordance with paragraph 27 or Part 7 of Schedule 11;

26.1.6 any amounts which are: (i) payable to the relevant With-Profits Fund; or (ii) allocated to the relevant With-Profits Fund in accordance with any amounts transferred or allocated from a Fund other than the relevant With-Profits Fund to the relevant With-Profits Fund, in accordance with paragraphs 21, 31.2 and 37;

26.1.7 all amounts payable to the relevant With-Profits Fund in accordance with paragraph 33 or Part 6 of Schedule 11;

26.1.8 all amounts payable to the relevant With-Profits Fund in connection with any transfer, exchange or re-allocation of assets or liabilities to or from that With-Profits Fund at fair market value (any such transfer, exchange or reallocation to be in accordance with any applicable requirements of this Scheme and applicable laws and regulatory requirements from time to time);

26.1.9 all payments from third parties arising from any Proceedings continued by or against Phoenix to the extent that such Proceedings relate to Policies, assets or liabilities allocated to the relevant With-Profits Fund; and

26.1.10 any other amounts which are:

(i) required by this Scheme to be credited to or received by the relevant With-Profits Fund; or

(ii) determined by the Phoenix Board (having regard to the advice of the relevant Phoenix With-Profits Actuary) to be properly attributable to or properly received by the With-Profits Fund.

27 Capital support and the PCP

- 27.1** On the Transfer Date but with effect from the Effective Date, Phoenix shall adopt and comply with the PCP. The PCP shall only be amended or adjusted in accordance with the provisions of Schedule 1.
- 27.2** The Phoenix Board, having obtained appropriate actuarial advice, may in accordance with paragraph 5 of Schedule 1 determine that the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund can provide financial assistance or support to any With-Profits Fund.
- 27.3** The repayment of any financial assistance or support provided pursuant to paragraph 27.2 (and the payment of any amount required to service such financial assistance or support) shall not (for the purposes of determining amounts distributable to policyholders of the relevant With-Profits Fund) be treated as a distribution or transfer of surplus of the relevant With-Profits Fund.
- 27.4** Subject to Part 5 of Schedule 11, no financial assistance or support shall be provided from a With-Profits Fund to another Fund unless:
- 27.4.1** the surplus assets of the Phoenix Non-Profit Fund and the assets of the Phoenix Shareholders' Fund are exhausted at the time the financial assistance or support is provided; and
 - 27.4.2** the relevant Phoenix With-Profits Actuary has certified to the With-Profits Committee that the terms of the financial assistance or support are, in the opinion of the relevant Phoenix With-Profits Actuary, no less favourable than arm's length commercial terms and will not detrimentally affect the reasonable expectation of the holders of With-Profits Policies in the relevant With-Profits Fund.
- 27.5** On the Transfer Date but with effect from the Effective Date, capital support shall be provided, in accordance with the PCP, including paragraph 5 of Schedule 1, by the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund to:
- 27.5.1** the LL WP Fund,
 - 27.5.2** the NPL WP Fund; and
 - 27.5.3** the SERP Fund,
- in a principal amount equal to the capital support provided by the PLAL Non-Profit Fund and/or the PLAL Shareholders' Fund to, respectively, the PLAL LL WP Fund, the PLAL NPL WP Fund and the PLAL SERP Fund immediately prior to the Transfer Date in accordance with the capital policy of PLAL in force immediately prior to the Transfer Date on the terms of the internal capital support arrangement agreed between PLAL and Pearl Group Holdings (No. 2) Limited which came into effect on 31 July 2021.
- 27.6** Paragraph 6 of Schedule 1 and paragraph 7 of Part 1 of Schedule 11 shall apply to the Heritage WP Fund.

28 With-Profits Committee

28.1 Committee Terms of Reference and powers and duties

28.1.1 The With-Profits Committee shall be maintained by the Phoenix Board. The With-Profits Committee shall comprise such appropriately qualified individuals as the Phoenix Board may select, provided that:

- (i) the membership of the With-Profits Committee shall always consist of a majority of Non-Executive Members, at least one of whom shall be an Independent Member (unless paragraph 28.2.2 applies), appointed in accordance with paragraph 28.2.1;
- (ii) the chair of the With-Profits Committee shall be a Non-Executive Member; and
- (iii) subject to any provisions in the With-Profits Committee Terms of Reference relating to adjourned meetings, the quorum for a meeting of the With-Profits Committee shall be a minimum of at least half the number of Members, provided that a majority of the Members present at the commencement of the With-Profits Committee meeting are Non-Executive Members.

28.1.2 For so long as each With-Profits Fund exists, Phoenix shall procure that, in relation to that With-Profits Fund, the With-Profits Committee's duties, powers, rights, responsibilities and discretions shall at all times include those set out in the Schedules to this Scheme dealing with each With-Profits Fund, including those set out in Part 4 of Schedule 13 and Part 6 of Schedule 19.

28.1.3 Subject to paragraph 28.1.7, the Phoenix Board may make amendments to the With-Profits Committee Terms of Reference, paragraph 28.1.1, Part 4 of Schedule 13 and Part 6 of Schedule 19 if each of the following sub-paragraphs applies:

- (i) the Phoenix Chief Actuary and the Phoenix With-Profits Actuaries have each certified in writing that, in their opinion, the proposal does not have an adverse effect on the reasonable expectations, having taken into account the provisions of this Scheme and any obligation to treat policyholders fairly, of the holders of With-Profits Policies allocated to the relevant With-Profits Fund(s) affected by the amendment (or any part of whose benefits are allocated to the relevant With-Profits Fund(s) affected by the amendment);
- (ii) subject to paragraphs 28.1.4 and 28.1.6, an independent actuary has certified that in their opinion the proposed amendment will not adversely affect the reasonable expectations of the holders of SPI WP Fund With-Profits Policies or reduce the protection conferred by this Scheme on holders of SPI WP Fund With-Profits Policies;
- (iii) the With-Profits Committee has been consulted and not objected to any such amendment; and
- (iv) subject to paragraphs 28.1.6 and 28.1.7, the Regulators have been notified and either not made any comment within 30 days or, if any adverse comments have been made within 30 days, they are subsequently resolved to the relevant Regulator's satisfaction.

28.1.4 If the SPI WP Fund ceases to exist, paragraph 28.1.3(ii) shall not apply.

- 28.1.5** If both the NPL WP Fund and the SPI WP Fund cease to exist, paragraph 28.1.3(iii) shall not apply.
- 28.1.6** No certification by an independent actuary or notification to the Regulators in accordance with paragraph 28.1.3 shall be required in any case where all of the Non-Executive Members have approved the proposed amendment and have agreed that such certification or notification is not necessary.
- 28.1.7** The Phoenix Board may amend the terms of this paragraph 28, the With-Profits Committee Terms of Reference, Part 4 of Schedule 13 and Part 6 of Schedule 19, provided that it and the With-Profits Committee both consider the amendments to be immaterial or necessary to correct an error or omission.

28.2 Independent Member

28.2.1 The membership of the With-Profits Committee shall always include at least one Independent Member, unless paragraph 28.2.2 applies. The Independent Member shall be selected, and may be removed by the Phoenix Board (unless such removal would result in there ceasing to be an Independent Member other than as contemplated in paragraph 28.2.2), but no person shall be appointed as the Independent Member unless:

- (i) the appointment has been approved or deemed to have been approved by all of the then current Non-Executive Members (other than the outgoing Independent Member); and
- (ii) the appointment has been approved by the outgoing Independent Member, unless the outgoing Independent Member has ceased to be a Member of the With-Profits Committee in any of the circumstances described in paragraph 28.2.2,

in accordance with the With-Profits Committee Terms of Reference.

28.2.2 Phoenix shall not be taken to have failed to comply with paragraphs 28.1.1(i) or 28.2.1 in any case where there is no Independent Member for a temporary period because the outgoing Independent Member has ceased to be a Member of the With-Profits Committee in circumstances where:

- (i) a bankruptcy or sequestration order has been made against them or they have compounded with their creditors generally or applied to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;
- (ii) in England, Scotland or elsewhere an order has been made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for that Member's detention or for the appointment of a guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to their assets or affairs;
- (iii) a regulator has declared that that Member is not a fit and proper person in the context of their membership of the With-Profits Committee or withdraws the Member's status as an approved person;
- (iv) the Member is imprisoned; or
- (v) the Member dies or otherwise becomes incapable of acting.

29 Future financial management of the With-Profits Funds

- 29.1** Phoenix shall manage its affairs in accordance with applicable laws and regulatory requirements from time to time and in particular shall manage each With-Profits Fund in accordance with the applicable PPFM (as amended from time to time, as required pursuant to COBS 20.3.1R or any successor provision), and, subject to paragraph 4 of Schedule 1, in accordance with the Scheme Principles of Financial Management of the relevant With-Profits Fund.
- 29.2** Subject to paragraph 29.3, the Phoenix Board shall (save to the extent that such practice is inconsistent with the provisions of this Scheme, including paragraph 29.1, or of the Scheme Principles of Financial Management of the relevant With-Profits Fund and to the extent considered appropriate by the Phoenix Board) manage the With-Profits Funds having regard to the established practices of the relevant Transferor or Phoenix (as the case may be) in relation to the particular With-Profits Fund or the Policies comprised therein (applying paragraph 24) as set out, from time to time, in the relevant PPFM.
- 29.3** The With-Profits Committee shall (save to the extent that such practice is inconsistent with the provisions of this Scheme or of the Scheme Principles of Financial Management of the NPL WP Fund or the SPI WP Fund (as applicable)) manage the NPL WP Fund and the SPI WP Fund having regard to the established practices of Phoenix in relation to the particular With-Profits Fund or the Policies comprised therein (applying 24.1.1 and 24.1.2) as set out, from time to time, in the relevant PPFM.
- 29.4** The provisions of paragraphs 29.2 and 29.3 shall be subject to amendment, in relation to a particular With-Profits Fund, in accordance with paragraph 29.5 as if those paragraphs were the Scheme Principles of Financial Management of the relevant With-Profits Fund.
- 29.5** Subject to having obtained the prior written approval of the relevant Regulator(s), the Phoenix Board, having regard to appropriate actuarial advice, may amend the Scheme Principles of Financial Management of each With-Profits Fund (other than the Former SLAL WP Funds) if such an amendment:
- 29.5.1** is, in the opinion of the Phoenix Board (having obtained appropriate advice), necessary to:
- (i) respond to changes in the business or economic environment;
 - (ii) protect the interests of policyholders; or
 - (iii) respond to any change in, or a new interpretation of, any law, regulation, policy or practice;
- 29.5.2** is necessary to correct an error or omission;
- 29.5.3** would improve the clarity or presentation of the relevant Scheme Principles of Financial Management without materially affecting the substance of them; or
- 29.5.4** is immaterial.

The Scheme Principles of Financial Management of the Heritage WP Fund may be amended in accordance with paragraph 4 of Part 1 of Schedule 11. The Scheme Principles of Financial Management of the German SM WP Fund, the German WP Fund and the UKSM WP Fund may be amended in accordance with their terms.

29.6 Hypothecation

29.6.1 Nothing in this Scheme shall prevent Phoenix from effecting the hypothecation of assets allocated to a With-Profits Fund other than the Pearl WP Fund, Scottish Mutual WP Fund or SPI WP Fund (a "**Hypothecated WP Fund**"), in addition to any hypothecation effected and in place immediately before the Transfer Date in accordance the Transferors' pre-existing practices, provided that, upon the hypothecation being implemented:

- (i) in the written opinion of the Phoenix Board, having taken appropriate advice:
 - (a) the hypothecation is unlikely to have a material adverse effect on the interests of holders of With-Profits Policies allocated to (or whose benefits are reinsured to) the Hypothecated WP Fund. If the hypothecation does or is likely to result in a distribution of surplus assets of the Hypothecated WP Fund to holders of With-Profits Policies allocated to (or whose benefits are reinsured to) the Hypothecated WP Fund which is different from the distribution of those surplus assets had the hypothecation not been implemented, that shall not of itself have a material adverse effect on the interests of holders of With-Profits Policies allocated to (or whose benefits are reinsured to) the Hypothecated WP Fund, provided that the Phoenix Board makes the determination required in accordance with paragraph 29.6.1(i)(b); and
 - (b) if applicable, the hypothecation is unlikely to have a material adverse effect on the interest of holders of Policies in With-Profits Funds other than Policies allocated to the Hypothecated WP Fund; and
- (ii) the Phoenix Board determines that the hypothecation in respect of the Hypothecated WP Fund is not precluded by the terms of the relevant Policies or would otherwise be inappropriate having regard to the interests of the relevant policyholders.

29.6.2 Without prejudice to paragraph 29.6.1 in respect of other With-Profits Funds, the hypothecation of assets in:

- (i) the Pearl WP Fund shall be carried out in accordance with paragraph 5 of Part 1 of Schedule 14;
- (ii) the Scottish Mutual WP Fund shall be carried out in accordance with paragraph 5 of Part 1 of Schedule 18; and
- (iii) the SPI WP Fund shall be carried out in accordance with paragraph 6 of Part 1 of Schedule 19.

29.7 Level of skill in managing assets of With-Profits Funds

Phoenix shall use reasonable endeavours to ensure that the same level of skill and diligence is applied to the investment management of the assets allocated to each With-Profits Fund subject to and in accordance with the PPFM for the relevant With-Profits Fund from time to time.

30 Continuity with previous schemes and orders

- 30.1** Subject to paragraph 30.2 and the Court of Session approving or consenting to (as required in accordance with the relevant scheme) the amendments of, or variations to, the SLAC Demutualisation Scheme, the SLAL 2011 Scheme and the SLAL Brexit Scheme, this Scheme supersedes the whole of each of the Superseded Phoenix Schemes and the Superseded Transferor Schemes (the "**Superseded Schemes**") whose provisions shall be replaced by the provisions of this Scheme and cease to have effect on the Transfer Date but with economic effect from the Effective Date.
- 30.2** Any trusts and indemnities that are established or provided for under the Superseded Schemes that are outstanding as at the Transfer Date shall continue in full force and effect on the basis that if Phoenix is not already a party to the relevant Superseded Scheme, Phoenix is a party to the relevant Superseded Scheme instead of the relevant Transferor and any reference in the relevant Superseded Scheme to the relevant Transferor shall be read as a reference to Phoenix and all rights and obligations of the relevant Transferor relating to such trusts and indemnities shall be rights and obligations of Phoenix.
- 30.3** The Continuing Schemes shall, except as otherwise set out in the Scheme, continue in full force and effect on the basis that:
- 30.3.1** if Phoenix is not already a party to the relevant Continuing Scheme, Phoenix is a party to the Continuing Schemes instead of the relevant Transferor and any reference in the Continuing Schemes to the relevant Transferor shall be read as a reference to Phoenix and all rights and obligations of the relevant Transferor under or relating to the Continuing Schemes shall be rights and obligations of Phoenix; and
- 30.3.2** the other parties to the Continuing Schemes, which include companies that are not members of the Phoenix Group, can exercise against Phoenix any rights that they may have which are capable of being exercised against the relevant Transferor immediately prior to the Transfer Date under the Continuing Schemes.
- 30.4** On the Transfer Date, and with the operative order giving the approval of the Court of Session, (but with effect from the Effective Date) the SLAL Brexit Scheme shall be varied as set out in the form of the mark-up of the SLAL Brexit Scheme which is appended to the application to the Court of Session for its approval.
- 30.5 Specific provisions for certain Funds and Policies**
- 30.5.1** The provisions set out in Schedule 4 shall apply in respect of the 100% WP Fund.
- 30.5.2** The provisions set out in Schedule 5 shall apply in respect of the 90% WP Fund.
- 30.5.3** The provisions set out in Part 4 of Schedule 5 shall apply in respect of certain contracts formerly comprised within the SLUK Long-Term Fund;
- 30.5.4** The provisions set out in Schedule 6 shall apply in respect of the Alba WP Fund.
- 30.5.5** The provisions set out in Schedule 7 shall apply in respect of the BIB WP Fund.
- 30.5.6** The provisions set out in Schedule 8 shall apply in respect of the Britannic WP Fund.
- 30.5.7** The provisions set out in Schedule 9 shall apply in respect of the German SM WP Fund.
- 30.5.8** The provisions set out in Schedule 10 shall apply in respect of the German WP Fund.
- 30.5.9** The provisions set out in Schedule 11 shall apply in respect of the Heritage WP Fund.

- 30.5.10 The provisions set out in Schedule 12 shall apply in respect of the LL WP Fund.
- 30.5.11 The provisions set out in Schedule 13 shall apply in respect of the NPL WP Fund.
- 30.5.12 The provisions set out in Schedule 14 shall apply in respect of the Pearl WP Fund.
- 30.5.13 The provisions set out in Schedule 15 shall apply in respect of the Phoenix WP Fund.
- 30.5.14 The provisions set out in Schedule 16 shall apply in respect of the SAL WP Fund.
- 30.5.15 The provisions set out in Schedule 17 shall apply in respect of the SERP Fund.
- 30.5.16 The provisions set out in Schedule 18 shall apply in respect of the Scottish Mutual WP Fund.
- 30.5.17 The provisions set out in Schedule 19 shall apply in respect of the SPI WP Fund.
- 30.5.18 The provisions set out in Part 8 of Schedule 19 shall apply to Policies that were formerly part of the Special Fund.
- 30.5.19 The provisions set out in Schedule 20 shall apply in respect of the UKSM WP Fund.
- 30.5.20 The provisions set out in Schedule 21 shall apply in respect of Policies that transferred from Century to Phoenix under the Phoenix 2006 Scheme.
- 30.5.21 The provisions set out in Part 1 of Schedule 22 shall apply in respect of the With-Profits Policies of the Former Abbey Life WP Funds.
- 30.5.22 The provisions set out in Part 2 of Schedule 22 shall apply in respect of the Former Ambassador WP Policies and the Former Hill Samuel Linked Funds.
- 30.5.23 The provisions set out in Schedule 23 shall apply in respect of the SPL Transferred Policies.

Where the provisions referred to in this paragraph 30.5 conflict with any other provisions in this Scheme, the provisions referred to in this paragraph 30.5 shall apply.

31 Miscellaneous operation provisions

31.1 Delay in allocations to the Funds

Subject to paragraph 31.2, 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 a Fund or the Phoenix Shareholders' Fund in accordance with this Scheme, the Phoenix Board, having regard to appropriate actuarial advice and subject to FSMA, shall make such adjustment, including to allow for investment return earned or foregone during the period of the delay, between such funds as it considers appropriate to take account of such delay, provided that such adjustment shall be made on a fair and reasonable basis and in accordance with the principles underlying this Scheme.

31.2 Allocations to the Former SLAL WP Funds

31.2.1 Notwithstanding paragraph 7.1, Phoenix may credit all Premium receipts (or a proportion thereof), together with all other income, consideration or proceeds attributable to a SLAL Transferred Policy (together, "**Policy Income**") to a bank account allocated for accounting purposes to the Heritage WP Fund or the Phoenix Non-Profit Fund and account for such Policy Income on this basis. Where Policy Income (or a proportion thereof) is accounted for in a different Fund, being a Former SLAL WP Fund or the Phoenix Non-Profit Fund which is different to the Fund to

which the relevant SLAL Transferred Policy is allocated to or written in, Phoenix shall, subject to paragraph 26 and paragraph 2 of Part 3 of Schedule 11:

- (i) calculate the amount of the Policy Income which is properly attributable to each Fund and adjust its accounting records accordingly; and
- (ii) if there is a delay between the receipt of the Policy Income and conducting the calculation and adjustments referred to in paragraph 31.2.1(i), 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 the advice of the relevant Phoenix With-Profits Actuary.

31.2.2 Phoenix may debit or charge all amounts (including in respect of any commission and claims) payable in respect of any SLAL Transferred Policy (together "**Policy Outgoings**") from a bank account allocated for accounting purposes to the Heritage WP Fund or the Phoenix Non-Profit Fund and account for such Policy Outgoings on this basis. Where Policy Outgoings (or a proportion thereof) are accounted for in a different Fund, being a Former SLAL WP Fund or the Phoenix Non-Profit Fund which is different to the Fund to which the relevant SLAL Transferred Policy is allocated to or written in, Phoenix shall, subject to paragraph 25 and paragraph 1 of Part 3 of Schedule 11:

- (i) calculate the amount of the Policy Outgoings which is properly attributable to each Former SLAL WP Fund, the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund and adjust its accounting records accordingly; and
- (ii) if there is a delay between the payment of such Policy Outgoings and conducting the calculation and adjustments referred to in paragraph 31.2.2(i), make an appropriate adjustment in respect of interest, such adjustment to be made on a fair and reasonable basis and in accordance with the advice of the relevant Phoenix With-Profits Actuary.

31.2.3 If there is, for any reason, any doubt as to the proper attribution of any Policy Income or Policy Outgoings to any Former SLAL WP Fund, the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund, the Phoenix Board shall (in accordance with the advice of the relevant Phoenix With-Profits Actuary) determine a fair and equitable attribution of the relevant Policy Income or Policy Outgoings (as the case may be) between the Former SLAL WP Funds, the Phoenix Non-Profit Fund and the Phoenix Shareholders' Fund (as applicable).

31.2.4 In allocating property between the Former SLAL WP Funds, the Phoenix Non-Profit Fund and the Phoenix Shareholders' Fund (whether pursuant to paragraph 15 or otherwise), the Phoenix Board may allocate any such property to more than one Former SLAL WP Fund, the Phoenix Non-Profit Fund and/or the Phoenix Shareholders' Fund provided that, in such circumstances, the proportion of the value of each asset attributable to each such Former SLAL WP Fund, the Phoenix Non-Profit Fund and/or the Phoenix Shareholders' Fund is calculated and accounted for on this basis.

32 Taxation of the Phoenix Shareholders' Fund

32.1 Taxation payable by Phoenix which relates to assets, liabilities and operations of the Phoenix Shareholders' Fund shall be charged or credited to the Phoenix Shareholders' Fund.

32.2 Deferred taxation calculated on the same basis as that applied to Phoenix generally for the accounting period shall be attributed to the Phoenix Shareholders' Fund, but only to the extent that it relates to the assets, liabilities and operations of the Phoenix Shareholders' Fund.

33 Taxation of the With-Profits Funds

33.1 This paragraph 33 applies to all With-Profits Funds other than the Heritage WP Fund. Part 6 of Schedule 11 shall apply in relation to the application of taxation to the Heritage WP Fund.

33.2 Subject to Part 5 of Schedule 19, taxation attributable to each With-Profits Fund other than the Heritage WP Fund shall be calculated, so far as is practicable, on the basis that each of the 100% WP Fund, the German SM WP Fund, the German WP Fund, the LL WP Fund, the NPL WP Fund, the SERP Fund, the Scottish Mutual WP Fund, the SPI WP Fund and the UKSM WP Fund is a separate mutual life assurance company and each of the 90% WP Fund, the Alba WP Fund, the BIB WP Fund, the Britannic WP Fund, the Pearl WP Fund, the Phoenix WP Fund and the SAL WP Fund is a separate proprietary life assurance company, and the amount so calculated shall be charged or credited to the relevant With-Profits Fund.

33.3 For the purposes of the calculation referred to in paragraph 33.2:

33.3.1 no charge shall be made to any With-Profits Fund in respect of any taxation which becomes due and payable on or after the Transfer Date as a result of the transfers of the Transferred Assets, the Transferred Liabilities, the Transferred Policies, the Residual Assets and the Residual Liabilities under this Scheme, or the reinsurance of the Excluded Policies pursuant to this Scheme, which would not have become so payable had this Scheme not been effected; and

33.3.2 all appropriate allowances, reliefs and rights to repayments which would be reasonably expected to be claimed or received by a With-Profits Fund in the circumstances set out in paragraph 33.2 are successfully claimed and received.

33.4 In the event that there is a material change to the basis upon which taxation is charged to mutual or proprietary life assurance companies in the United Kingdom, Phoenix may change the basis upon which tax is attributable to each With-Profits Fund, subject to prior notification to the Regulators, to the extent that the Phoenix Board, having obtained appropriate advice, considers necessary to ensure that the effect of paragraph 33.2 continues to be, so far as possible, that intended as at the Transfer Date.

33.5 The Phoenix Board, having regard to the advice of the relevant Phoenix With-Profits Actuary, shall attribute taxation to the relevant With-Profits Fund only to the extent that it is satisfied that such attribution does not adversely affect the reasonable expectations of the holders of Policies allocated to that With-Profits Fund. The amount charged or credited to a With-Profits Fund in accordance with paragraph 33.2 may be reduced or increased to the extent that the Phoenix Board, having obtained appropriate advice, believes necessary in order to comply with COBS 20.2 or any successor provision.

33.6 Deferred taxation calculated on the same basis as that applied to Phoenix generally for a particular accounting period shall be attributed to the relevant With-Profits Fund, but only to the extent that it relates to the assets, liabilities and operations of that With-Profits Fund, provided, however, that although that With-Profits Fund shall be charged with the deferred taxation, assets equal in value to any provision for deferred taxation shall be retained in that With-Profits Fund.

33.7 Any charge arising in respect of taxation which is incurred by Phoenix as a result of a transfer of surplus from a With-Profits Fund to any other fund of Phoenix shall be charged to the relevant With-Profits Fund where this is in accordance with past practice in Phoenix or the relevant Transferor, but shall not be charged to the Asset Shares of Policies allocated to the relevant With-Profits Fund.

34 Taxation of the Phoenix Non-Profit Fund

34.1 Subject to paragraph 34.2, all taxation relating to Phoenix not specifically attributed in accordance with paragraphs 32 and 33 shall be charged or credited to the Phoenix Non-Profit Fund.

34.2 Deferred taxation shall be calculated on the same basis as that applied to Phoenix generally for an accounting period to the extent that it relates to the assets, liabilities and operations of the Phoenix Long-Term Fund. The balance of such deferred taxation after deducting:

34.2.1 the amounts computed in accordance with paragraph 32.2 and attributed to the Phoenix Shareholders' Fund; and

34.2.2 the amounts computed in accordance with paragraph 33.6 and attributed to any With-Profits Fund,

shall be attributed to the Phoenix Non-Profit Fund.

35 Inwards reinsurance arrangements

Subject to paragraph 20.3 and the Schedules for each With-Profits Fund, Phoenix shall be entitled to procure that any Fund shall undertake and discharge reinsurance obligations (whether with another member of the Phoenix Group or otherwise) in respect of any Long-Term Insurance Business on such terms as the Phoenix Board shall determine from time to time, having regard to appropriate actuarial advice (in particular having been advised that the terms of the proposed reinsurance are not likely to affect adversely the reasonable expectations of the policyholders in any Fund affected).

36 Outwards reinsurance arrangements

Subject to the Schedules for each With-Profits Fund, Phoenix shall be entitled to procure that any Fund shall reinsure (whether with another member of the Phoenix Group or otherwise) obligations under any Policy which is attributed to and included within that Fund on such terms as the Phoenix Board shall determine from time to time, having regard to appropriate actuarial advice (in particular having been advised that the terms of the proposed reinsurance are not likely to affect adversely the reasonable expectations of the policyholders in any Fund affected).

37 Internal reinsurance between Funds

37.1 On the Transfer Date but with effect from the Effective Date, the Group Reinsurance Arrangements shall cease to have effect and, subject to paragraph 17.1.1, shall be replaced by new arrangements equivalent to reinsurance between:

37.1.1 the relevant Funds to which the rights and obligations under each relevant Group Reinsurance Arrangement are allocated under paragraphs 15 and 16;

37.1.2 the relevant Funds in Phoenix to which Phoenix's rights and obligations under each relevant Group Reinsurance Arrangement were allocated immediately prior to the Transfer Date, on terms having the same financial effect; and

37.1.3 in relation to the Group Reinsurance Arrangement related to the WP Investment Element or the UL Investment Element, as the case may be, of Heritage WP Fund Hybrid Policies or UWP Primary Fund Policies, paragraph 3 or paragraph 4 of Part 10 of Schedule 11 shall apply to the new arrangements equivalent to reinsurance between the Heritage WP Fund and the other Funds.

For the avoidance of doubt, any Group Reinsurance Arrangement between the SLAL PBF or the PLAL Non-Profit Fund and the Phoenix Non-Profit Fund shall terminate and cease to have effect on the Transfer Date but with effect from the Effective Date.

37.2 Phoenix shall maintain the internal reinsurances established pursuant to paragraph 35 of the Phoenix 2006 Scheme that remain in force as at the Transfer Date.

37.3 Subject to paragraph 6.2 of Part 1 of Schedule 12 and Part 2 of Schedule 13, Phoenix shall be entitled to establish arrangements equivalent to reinsurance between any Funds on such terms as the Phoenix Board shall determine from time to time having obtained appropriate actuarial advice (in particular having been advised that the terms of the proposed arrangement are not likely to affect adversely the reasonable expectations of the policyholders in any Fund affected), provided that the Phoenix Board determines that the terms of such arrangement are fair and equitable as between the cedant Fund and the reinsuring Fund.

37.4 Subject to paragraph 3.7 of Part 2 of Schedule 11, paragraph 6.2 of Part 1 of Schedule 12 and Part 2 of Schedule 13, in relation to any arrangement equivalent to reinsurance within Phoenix, including any arrangement established pursuant to paragraphs 37.1.1 and 37.3, Phoenix shall be entitled to:

37.4.1 amend the terms of such arrangement; and

37.4.2 procure (at such date as it shall determine) that such arrangement shall cease to have effect,

provided that the Phoenix Board (having obtained appropriate actuarial advice and, in particular, having been advised that such amendment or termination is not likely to affect adversely the reasonable expectations of the policyholders in the Fund affected and, in the case of the SPI WP Fund, having obtained the consent of the With-Profits Committee) determines that such amendments, or the terms on which such arrangement ceases to have effect, are fair and equitable as between the cedant Fund and the reinsuring Fund.

PART F: MISCELLANEOUS PROVISIONS

38 Transfer Date and Effective Date

- 38.1** This Scheme shall become operative at 23.59 on Friday 27 October 2023 or such other time and date as the Transferors and Phoenix may agree in writing (being a date and time falling after the making of the Order sanctioning the Scheme).
- 38.2** Unless this Scheme shall have become operative in its entirety on or before 1 January 2024 or such later date, if any, as each of the Transferors and Phoenix may approve and the Court may allow, this Scheme shall lapse.
- 38.3** This Scheme shall not become operative or unconditional unless the Court of Session shall have granted its approval or consent (as required in accordance with the relevant scheme), in terms satisfactory in all respects to each of SLAL and Phoenix, to the variations to the SLAC Demutualisation Scheme, the SLAL 2011 Scheme and the SLAL Brexit Scheme contemplated by this Scheme, including pursuant to paragraph 30.4.
- 38.4** Insofar as this Scheme creates rights and obligations that exist only between the parties to it, it shall so far as possible be treated as having become effective as between the parties on the Effective Date, including for accounting purposes, and references in this Scheme to the Effective Date and the phrase "with effect from the Effective Date" shall be construed accordingly.
- 38.5** No transfer or allocation of any asset or liability nor any other matter provided for by this Scheme shall be treated, if and to the extent that such transfer or allocation or matter would affect the legal rights or obligations of any third party, as being effective with regard to that third party before the Transfer Date.
- 38.6** Any Transferred Asset which ceases to be an asset of a Transferor between the Effective Date and the Transfer Date shall be deemed to have been disposed of by Phoenix at the date on which it was disposed of by that Transferor and any Transferred Asset which is acquired by a Transferor between the Effective Date and the Transfer Date shall be deemed to have been acquired by Phoenix at the date on which it was acquired by that Transferor.
- 38.7** Any Transferred Liability which ceases to be a liability of a Transferor between the Effective Date and the Transfer Date shall be deemed to have been discharged by Phoenix at the date on which it was discharged by that Transferor and any Transferred Liability which becomes a liability of a Transferor between the Effective Date and the Transfer Date shall be deemed to have become a liability of Phoenix at the date on which it became a liability of that Transferor.

39 Modification or additions

- 39.1** The Transferors and Phoenix may consent to any modification of or addition to this Scheme or to any further condition or provision affecting the same which, prior to its sanction of this Scheme, the Court may approve or impose (for the avoidance of doubt, without prejudice to the position which the Regulators may take in relation to any such modification or addition).

- 39.2** Subject to paragraphs 39.4 and 39.5, at any time after the sanction of this Scheme, Phoenix (or, if a Transferor is directly affected by the proposed amendment, Phoenix and the relevant Transferor jointly) shall be at liberty to apply to the Court for consent to amend its terms, provided that:
- 39.2.1** the Regulators shall be given written notice of the proposed amendment at least 42 days prior to the making of the application to the Court and shall have the right to be heard at any hearing of the Court at which such application is considered (including to make representations as to the appropriate publicity in relation to the proposed amendment);
 - 39.2.2** Phoenix has complied with any directions given by the Court as to publicity in relation to the proposed amendment;
 - 39.2.3** such application shall be accompanied by a certificate from an independent actuary to the effect that in their opinion the proposed amendment will not materially adversely affect the security or reasonable expectations of the policyholders of Phoenix including the holders of the Transferred Policies;
 - 39.2.4** to the extent that the proposed amendment relates to the NPL WP Fund or could affect the holders of Policies allocated to the NPL WP Fund:
 - (i) such application shall be accompanied by a certificate from an independent actuary to the effect that in their opinion the proposed amendment will not reduce the protections conferred by this Scheme on the holders of Policies allocated to the NPL WP Fund; and
 - (ii) the With-Profits Committee has consented to such application (such consent not to be unreasonably withheld or delayed); and
 - 39.2.5** to the extent that the proposed amendment could affect the holders of SPL Transferred Policies, such application shall be accompanied by a certificate from an independent actuary to the effect that in their opinion the proposed amendment will not reduce the protections conferred by this Scheme on the holders of SPL Transferred Policies.
- 39.3** If the consent of the Court is granted, Phoenix (and, where applicable, a Transferor) may amend the terms of this Scheme in accordance with such consent.
- 39.4** Phoenix may, at any time after the sanction of this Scheme, vary this Scheme (without any requirement for the consent of the Court):
- 39.4.1** if and to the extent that a provision of this Scheme expressly permits such variation to the provision to which the proposed variation applies (subject to complying with any conditions in that provision of this Scheme for such a variation);
 - 39.4.2** with the approval of the relevant Phoenix With-Profits Actuary and the Regulators, where the proposed variation is reasonably considered by the Phoenix 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 to the PRA Rulebook, the FCA Handbook or other applicable legislation, regulation or rule, direction, requirement or guidance from a Regulator); and

39.4.3 to make minor and/or technical amendments to the terms of this Scheme (including amendments to correct manifest errors) that may be proposed by Phoenix, provided that:

- (i) Phoenix has regard to appropriate actuarial advice;
- (ii) if a Transferor is directly affected by the proposed amendment, the amendment is agreed by the relevant Transferor in writing; and
- (iii) the Regulators have been notified of the same at least 28 days in advance of the amendment being made and have not objected (unless the Regulators have confirmed non-objection prior to that date).

39.5 In the event that the GSMWPF Reinsurance Agreement, the GWPF Reinsurance Agreement or the HWPF Reinsurance Agreement terminates, this Scheme shall be automatically varied as set out in paragraph 3 of Part 2 of Schedule 9, paragraph 3 of Part 2 of Schedule 10 or Paragraph 4 of Part 2 of Schedule 11, as applicable.

40 Evidence of transfer

The production of a copy of the Order and of this Scheme, with any modifications made under paragraph 39, shall for all purposes be conclusive evidence of the transfer to, and vesting in, Phoenix of:

40.1 from the Transfer Date but with effect from the Effective Date, the Transferred Business, the Transferred Assets and the Transferred Liabilities; and

40.2 from each Subsequent Transfer Date, the Residual Assets and the Residual Liabilities.

41 Third party rights

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 or otherwise.

42 Governing law

This Scheme shall be governed by and construed in accordance with English law.

SCHEDULES

Schedule 1 Phoenix Capital Policy

This Schedule 1 sets out the PCP to be adopted with effect from the Transfer Date. Capitalised terms used in this Schedule 1, which are not defined in this Scheme, shall bear the meanings given to those terms in the PRA Rulebook and FCA Rules in force as at the Transfer Date (but, for the avoidance of doubt, paragraphs 1.2(o) and (p) of this Scheme shall apply to this Schedule 1).

1 Capital Policy tests

Phoenix intends to hold assets sufficient to satisfy:

- 1.1** the capital quantity test set out in paragraph 2 of this Schedule 1 (the "**Scheme Capital Quantity Test**"); and
- 1.2** the capital quality test set out in paragraph 3 of this Schedule 1 (the "**Scheme Capital Quality Test**"),

and shall, to the extent reasonably practicable, carry on its business so that there is no significant foreseeable risk that a Capital Event arises and requires actions to be taken under paragraph 4.1.2 of this Schedule 1.

2 Scheme Capital Quantity Test

- 2.1** Subject to paragraph 7 of this Schedule 1, in order to satisfy the Scheme Capital Quantity Test, Phoenix shall hold sufficient assets in excess of liabilities (such excess being set from time to time as a percentage of SCR), to ensure that Phoenix can:

- 2.1.1** meet its SCR in internally specified stress scenarios that are consistent with the Board's risk appetite; and
- 2.1.2** in the stress test scenario(s) referred to in paragraph 2.1.1 of this Schedule 1 provide any support required by the With-Profits Funds in accordance with paragraph 5.2 of this Schedule 1.

- 2.2** The risk appetite which the Phoenix Board has set for Phoenix to use for this purpose as at the date of the Order (which may be updated from time to time in accordance with paragraph 7) is to have less than a 1 in 10 chance of failing to meet its SCR over one year.

3 Scheme Capital Quality Test

- 3.1** Subject to paragraph 7 of this Schedule 1, in order to satisfy the Scheme Capital Quality Test, Phoenix shall hold assets in the Phoenix Non-Profit Fund and the Phoenix Shareholders' Fund such that in stress scenarios the Phoenix Board reasonably considers to be appropriate for Phoenix from time to time (and which may be different stress scenarios for the different requirements set out below), and having regard to the requirement to treat policyholders fairly and the nature and liquidity of such assets, Phoenix can:

- 3.1.1** maintain compliance of the Matching Adjustment Fund with Regulation 42 of the Solvency 2 Regulations 2015 (2015/575); and

3.1.2 meet anticipated liquidity demands that would arise in those stress scenarios, including the provision of any support to With-Profits Funds as contemplated in paragraph 5 of this Schedule in the form of assets which would be appropriate for that With-Profits Fund to hold.

3.2 For the purposes of this paragraph 3 of Schedule 1, "**Matching Adjustment Fund**" means the fund of that name maintained in the Phoenix Non-Profit Fund for the purpose of calculating the "matching adjustment" in accordance with Regulation 42 of the Solvency 2 Regulations 2015 (2015/575).

4 **Capital Events**

4.1 If, in the reasonable opinion of the Phoenix Board (having regard to the advice of the Phoenix Chief Actuary), a Capital Event arises, Phoenix shall identify and take actions that, in the reasonable opinion of the Phoenix Board (having regard to the advice of the Phoenix Chief Actuary), are necessary for Phoenix to cease to experience a Capital Event, provided that:

4.1.1 subject to paragraph 4.1.2 of this Schedule 1, Phoenix shall not take any actions that would result in the business of each With-Profits Fund not being conducted in accordance with the Scheme Principles of Financial Management of such With-Profits Fund; and

4.1.2 if the Phoenix Board considers that the actions permitted under paragraph 4.1.1 of this Schedule 1 would be insufficient for Phoenix to cease to experience a Capital Event, Phoenix may take additional actions that would result in the business of a With-Profits Fund not being conducted in accordance with the Scheme Principles of Financial Management of such With-Profits Fund, provided that:

(i) in the reasonable opinion of the Phoenix Board (having regard to the advice of the Phoenix Chief Actuary and the relevant Phoenix With-Profits Actuaries), such actions treat policyholders fairly and are only taken to the extent that they are necessary after taking into account the actual and/or expected impact of the actions permitted under paragraph 4.1.1 of this Schedule 1;

(ii) in respect of each With-Profits Fund other than the Heritage WP Fund, such actions shall be limited to changing the asset mix for With-Profits Policies allocated or reinsured to that With-Profits Fund, as necessary for Phoenix to cease to experience a Capital Event; and

(iii) this paragraph 4.1.2 of Schedule 1 shall not apply to the German SM WP Fund, the German WP Fund, the LL WP Fund, the NPL WP Fund, the SPI WP Fund and the UKSM WP Fund.

4.2 Phoenix shall notify the Regulators as soon as reasonably practicable after it has determined that a Capital Event has occurred or is reasonably likely to occur.

4.3 For the purposes of this Schedule 1, "**Capital Event**" means Phoenix being unduly exposed to a risk of being unable to meet its SCR, 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).

5 Shareholder Support to With-Profits Funds

5.1 The Phoenix Board may from time to time make a contingent loan, or otherwise make assets available, to a With-Profits Fund from the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund, in each case on such terms (including as to the rate of return on such loan or assets and the manner of repayment) as it thinks fit provided that the relevant Phoenix With-Profits Actuary has certified to the With-Profits Committee that the terms of such arrangement are, in the opinion of the relevant Phoenix With-Profits Actuary, no less favourable to the relevant With-Profits Fund than arm's length commercial terms and will not detrimentally affect the reasonable expectations of the holders of With-Profits Policies in the relevant With-Profits Fund.

5.2 Subject to paragraph 5.4.1 of this Schedule 1, in the event that the value of the assets of:

5.2.1 any With-Profits Fund other than the German SM WP Fund, the German WP Fund and the UKSM WP Fund falls below the regulatory minimum value of assets (determined in accordance with the PRA and FCA Rulebooks, as applicable) which must be held in that Fund plus the greater of:

(i) 0.5 per cent. of the with-profits policy liabilities (calculated in accordance with 3.2 of the Surplus Funds section of the PRA Rulebook, but including future policy-related liabilities in paragraphs 1 to 6 of the definition of future policy-related liabilities in the Glossary of the PRA Rulebook) in respect of such With-Profits Fund; and

(ii) £5,000,000; or

5.2.2 the German SM WP Fund, the German WP Fund or the UKSM WP Fund falls below the regulatory minimum value of assets (determined in accordance with the PRA and FCA Rulebooks, as applicable) which must be held in that Fund,

support shall be provided to that Fund by way of a loan or other contribution arrangement from the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund to the extent that the Phoenix Board determines there are assets in those Funds available to make such a loan or contribution (and, for the avoidance of doubt, if the Board believes that the conditions in paragraphs 5.2.1 or 5.2.2 of this Schedule 1, as applicable, may be satisfied in the near future, such support may be provided to those Funds).

5.3 In addition, subject to paragraph 5.4.2 of this Schedule 1, in the event that any With-Profits Fund (other than the German SM WP Fund, the German WP Fund, the Heritage WP Fund and the UK SM WP Fund) cannot meet the proportion of the Phoenix SCR which is attributable to it from its own capital resources, the With-Profits Committee can recommend, or, in the case of the SPI WP Fund, request, that the Phoenix Board holds additional assets in the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund to meet any shortfall. To the extent that the Phoenix Board does not (having regard to the Scheme Principles of Financial Management for each With-Profits Fund to which this paragraph 5.3 of Schedule 1 applies) or cannot make sufficient assets available in the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund, then it will be necessary to take other actions within the relevant With-Profits Fund to ensure that it can meet the proportion of the Phoenix SCR from its own capital resources.

5.4 Any contingent loan or other assets made available to a With-Profits Fund pursuant to paragraphs 5.1 and 5.2 of Schedule 1 shall be taken into account when calculating:

5.4.1 the value of the assets of the relevant With-Profits Fund for the purposes of paragraph 5.2 of this Schedule 1; and

5.4.2 whether the relevant With-Profits Fund can meet its proportion of the Phoenix SCR which is attributable to it from its own capital resources for the purposes of paragraph 5.3 of this Schedule 1.

6 Shareholder Support Mechanism: additional provisions for the Heritage WP Fund

6.1 If a loan has been made, or other assets have been made available, to the Heritage WP Fund, the loan may only be repaid, or the assets transferred, out of the Heritage WP Fund, if the repayment or transfer is of an amount which is less than the Transferable Amount at the time of such repayment or transfer. Such repayment or transfer shall be separate to the transfer of the Proposed Transfer Amount (or any portion thereof) to a Surplus Transfer Fund.

6.2 In calculating the Transferable Amount for the purpose of this paragraph 6 of Schedule 1:

6.2.1 if the calculation is being made on a Reference Valuation Date the obligation of the Heritage WP Fund to transfer any Proposed Transfer Amount in respect of the relevant Reference Valuation Period shall be disregarded; and

6.2.2 the obligation of the Heritage WP Fund in respect of all potential transfers of Reference Period Transfer Amounts in the future shall be disregarded.

6.3 For the purposes of this paragraph 6 of Schedule 1, "**Proposed Transfer Amount**", "**Reference Valuation Date**", "**Reference Valuation Period**" and "**Transferable Amount**" shall have the meanings given to them in paragraph 1 of Part 7 of Schedule 11.

7 Changes to the PCP

7.1 Following the Transfer Date, the Phoenix Board may change the Scheme Capital Quantity Test and/or the Scheme Capital Quality Test in order to reflect a change to the risk appetite or stress scenarios which the Phoenix Board has set for Phoenix as a whole. To the extent that a change in risk appetite would have the effect of reducing the amount of assets required to be held by Phoenix under the Scheme Capital Quantity Test, Phoenix shall be required to obtain a certificate from an independent actuary to the effect that, in their opinion, the proposed change to the Scheme Capital Quantity Test is unlikely to have a material adverse effect on the interests of the holders of Policies of Phoenix overall.

7.2 If the principles, rules, regulations, statements, codes and other requirements made or imposed by the PRA (including the PRA Rulebook) governing the calculation of any component of the PCP change materially, the Phoenix Board may also make other amendments to this Schedule 1 (other than to paragraphs 1, 4, 5.1, 6 and 7 of this Schedule 1) which it considers to be appropriate for Phoenix, subject to ensuring that, following such amendments, the PCP continues to meet the underlying objectives of this Schedule 1.

Schedule 2

Guiding principles for determining the Closure Uplift

- 1** The guiding principles for the Phoenix Board in determining the appropriate Closure Uplift (if any) for With-Profits Policies in the Relevant With-Profits Funds (which the Phoenix Board may depart from in line with the considerations in paragraph 23.4.2 of this Scheme) shall be:
 - 1.1** the Phoenix Board shall calculate the surplus then existing and likely to arise in the Relevant With-Profits Fund on a basis which reflects the current and likely financial and other circumstances of the Relevant With-Profits Fund;
 - 1.2** (subject to paragraphs 1.3 to 1.9 of this Schedule 2) the entirety of the assets allocated to the Relevant With-Profits Fund shall be used to secure benefits for the Policies in the Funds in a way that:
 - 1.2.1** fairly reflects the rights and reasonable expectations of the holders of various Policy groups at that time (including as set out in the Schedule to this Scheme that relates to the Relevant With-Profits Fund) and is consistent with PRIN 6 and Principle 12 in the FCA Handbook; and
 - 1.2.2** allocates the surplus determined in accordance with paragraph 1.1 of this Schedule 2 so that not less than the percentage of surplus specified in paragraph 24 of this Scheme in relation to the Relevant With-Profits Fund is allocated to holders of Policies eligible to participate in the surplus of the Relevant With-Profits Fund;
 - 1.3** allowance will be made for any right of the shareholder to distribution of surplus in accordance with paragraph 24 of this Scheme (including, for the avoidance of doubt, a distribution of the same proportion of the Closure Uplift, if the Closure Uplift does not take the form of a bonus, as the shareholder would have a right to receive on the award of a bonus) from the Relevant With-Profits Fund;
 - 1.4** appropriate regard shall be had to any provisions in the Schedule to this Scheme that relates to the Relevant With-Profits Fund that relate to that Fund ceasing to be maintained;
 - 1.5** once a decision has been made to cease to maintain a With-Profits Fund, all costs associated with the exercise (including attempting to trace unclaimed Policies, policyholder communications, administrations costs and the costs of any independent actuary) shall be met by the shareholder rather than the Relevant With-Profits Fund;
 - 1.6** where applicable, when comparing the available funds against the available assets to determine the benefits for holders of With-Profits Policies in a Relevant With-Profits Fund, an allowance for future expenses at the agreed fixed per Policy cost shall be made to reflect the ongoing costs the shareholder will incur in operating the Policies on a non-profit basis;
 - 1.7** where the relevant With-Profits Policies are to be converted to Non-Profit Policies:
 - 1.7.1** the allocation of surplus in accordance with paragraph 1.2.2 of this Schedule 2 shall be used to determine a one-off closure bonus and/or a scale of guaranteed increases in benefit applicable for each type of With-Profits Policy then allocated or reinsured to that Fund; and
 - 1.7.2** any scale of guaranteed increases in benefit will be applicable for all future years until the termination (in accordance with its terms) of each of the relevant With-Profits Policies converted to a Non-Profit Policy;

- 1.8** where the relevant With-Profits Policies are to be converted to Linked Policies:
- 1.8.1** the allocation of surplus in accordance with paragraph 1.2.2 of this Schedule 2 shall be used to determine one-off closure bonuses and/or a scale of increases in (non-guaranteed) benefit for With-Profits Policies then allocated or reinsured to that Fund;
 - 1.8.2** any scale of increases in benefit will be used to calculate an uplifted Policy value for each With-Profits Policy which will then be applied in allocating to that Policy (once converted to a Linked Policy) the number and value of units within Linked Fund which, together with other applicable benefits under the relevant Linked Policy, provide a Linked Policy with a value equal to that uplifted Policy value; and
 - 1.8.3** in deciding the Linked Fund or Linked Funds into which the relevant Policy values would be allocated, the following shall be considered:
 - (i) the appropriateness of the investment link;
 - (ii) whether to provide for a choice of Linked Funds and/or a default Linked Fund;
 - (iii) whether to provide for a free Switch between Linked Funds after this allocation; and
 - (iv) the level of charges that would be borne by the Policies until termination (in accordance with their terms);
- 1.9** where the relevant With-Profits Policies are to be transferred to another With-Profits Fund, the Phoenix Board shall:
- 1.9.1** consider how the generally applicable principles in the other provisions of this Schedule 2 should be adjusted for the circumstances of the two relevant With Profits Funds (without prejudice to the application of this statement, paragraphs 1.3 and 1.5 of this Schedule 2 would not apply to a transfer to another With-Profits Fund);
 - 1.9.2** have regard to relevant matters such as the size of the estate (if any) in the Relevant With-Profits Fund and the estate in the Fund to which the With-Profits Policies then allocated or reinsured to the Relevant With-Profits Fund are to be transferred;
 - 1.9.3** consider whether, and to what extent, to increase the value of benefit for holders of With-Profits Policies then allocated or reinsured to the Relevant With-Profits Fund immediately prior to the merger;
 - 1.9.4** consider whether, and to what extent, to effect that increase in the value of benefit by way of non-guaranteed and guaranteed Policy benefit; and
 - 1.9.5** then apply any increases in benefit for With-Profits Policies then allocated or reinsured to that Fund.

**Schedule 3
Transferred Subsidiaries**

Company Name	Company Number	Jurisdiction of Incorporation
Subsidiaries of Standard Life Assurance Limited		
Vebnet (Holdings) Limited	792165	England and Wales
Standard Life Master Trust Co. Ltd.	9497864	England and Wales
Capacity (Dartford) Management Company Limited	9796601	England and Wales
Standard Life Pension Funds Limited	SC046447	Scotland
Standard Life Assets and Employee Services Limited	SC593510	Scotland
Vebnet Limited	SC207389	Scotland
Standard Life Lifetime Mortgages Limited	SC193441	Scotland
Standard Life Trustee Company Limited	SC076046	Scotland
3 St. Andrew Square Apartments Limited	SC108543	Scotland
SLIF Property Investment GP Limited	SC388872	Scotland
abrdn private equity opportunities trust plc	SC216638	Scotland
Clyde Gateway Management Company Limited	SC609746	Scotland
Standard Life Assurance (HWPF) Luxembourg S.a.r.l	B 186 108	Luxembourg
Inesia S.A	B66 931	Luxembourg
SLA Germany No.1 S.a.r.l	B 186 141	Luxembourg
SLA Ireland No.1 S.a.r.l	B191411	Luxembourg
SLA Germany No.2 S.a.r.l	B198324	Luxembourg
SLA Germany No.3 S.a.r.l	B199656	Luxembourg
The Standard Life Assurance Company of Europe B.V	33.272.024	Netherlands
SLA Netherlands No.1 B.V	60700793	Netherlands

330 Avenida de Aragon SL	B82829391	Spain
SLA Belgium No.1 SA	BE0638.954.836	Belgium
SLA Denmark No.1 APS	38330896	Denmark
SLA Denmark No.2 APS	40115919	Denmark
Pilangen Logistik A.B.	556991-7031	Sweden
Pilangen Logistik I A.B.	556907-6929	Sweden
Subsidiaries of Phoenix Life Assurance Limited		
Phoenix ER2 Limited	10196579	England and Wales
Pearl Customer Care Limited	3947540	England and Wales
Pearl (WP) Investments LLC	4299734	Delaware, United States of America
Axial Fundamental Strategies (US Investments) LLC	4386668	Delaware, United States of America

Schedule 4 100% WP Fund

Part 1 – Scheme Principles of Financial Management of the 100% WP Fund

1 Investment policy

1.1 The investment policy for the 100% WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

1.2 In setting the investment policy for the 100% WP Fund, the Phoenix Board shall:

1.2.1 use all reasonable endeavours to pursue an investment policy for the assets backing the Policies allocated or reinsured to the 100% WP Fund which is in the best interests of the holders of those Policies, subject to normal considerations of prudence, and having regard to the bonus policy in paragraph 2 of this Part 1 of Schedule 4;

1.2.2 have regard to any reserving requirements of the 100% WP Fund and the capital resource requirements which would be applicable to the 100% WP Fund if it constituted the entire Phoenix Long-Term Fund;

1.2.3 subject to paragraph 4 of Schedule 1, maintain the asset mix for With-Profits Policies allocated or reinsured to the 100% WP Fund in proportions which are consistent with the interests of policyholders;

1.2.4 use all reasonable endeavours (provided that such endeavours will not result in another sub-fund of Phoenix being treated unfairly) to ensure that the 100% WP Fund is not treated unfairly in comparison with the other sub-funds of the Phoenix Long-Term Fund; and

1.2.5 not set the investment policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, in its absolute discretion and having regard to appropriate actuarial advice, so determines,

provided that nothing in this paragraph 1.2 shall prevent Phoenix from implementing short term tactical asset allocation decisions from time to time which may not be consistent with these requirements.

2 Bonus policy

2.1 The bonus policy for the 100% WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

2.2 In relation to determining the future bonus policy for With-Profits Policies which are allocated or reinsured to the 100% WP Fund, the Phoenix Board shall have regard to:

2.2.1 the bonus policy adopted by Phoenix in relation to the 100% WP Fund prior to the Transfer Date;

2.2.2 the financial position and performance of the 100% WP Fund from time to time;

2.2.3 the liabilities of the 100% WP Fund as set out in the annual return to the Regulator; and

2.2.4 the capital resources requirements which would be applicable to the 100% WP Fund if it constituted the entire Phoenix Long-Term Fund,

but shall not set the bonus policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, in its absolute discretion and having regard to appropriate actuarial advice, so determines.

2.3 In particular the bonus policy for the 100% WP Fund shall aim to distribute the surplus assets in the 100% WP Fund in excess of those already earmarked for distribution to policyholders under the PA(GI) or Bradford (as the case may be) bonus policy prior to 31 December 2005, to With-Profits Policies allocated or reinsured to the 100% WP Fund and that were formerly comprised in the Long-Term Insurance Business of PA(GI), such that distributions of surplus assets shall:

2.3.1 take place progressively and equitably during the anticipated period of existence of the 100% WP Fund, taking into account the financial strength of the 100% WP Fund from time to time; and

2.3.2 seek to produce the result that after all sums falling to be paid in respect of all With-Profits Policies allocated or reinsured to the 100% WP Fund and that were formerly comprised in the Long-Term Insurance Business of PA(GI) have been so paid, no such surplus shall remain.

2.4 Where With-Profits Policies allocated or reinsured to the 100% WP Fund contain any discretion to determine the amount or value of any benefit, accrual or charge including any discretion in relation to the determination of:

2.4.1 benefits allocated to Policies, whether by way of bonus, interest or otherwise;

2.4.2 the surrender, transfer and paid up value of any Policy; or

2.4.3 variable charges levied in relation to With-Profits Policies,

Phoenix shall be responsible for securing within the 100% WP Fund the fair and equitable treatment of, and the fair and equitable allocation of benefits to, holders of such Policies, having regard to appropriate actuarial advice and having regard to the different classes of such Policies within the 100% WP Fund.

Schedule 5

90% WP Fund

Part 1 – Scheme Principles of Financial Management of the 90% WP Fund

1 Investment policy

1.1 The investment policy for the 90% WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

1.2 In setting the investment policy for the 90% WP Fund, the Phoenix Board shall:

1.2.1 use all reasonable endeavours to pursue an investment policy for the assets backing the Policies allocated or reinsured to the 90% WP Fund which is in the best interests of the holders of those Policies, subject to normal considerations of prudence, and having regard to the bonus policy in paragraph 2 of this Part 1 of Schedule 5;

1.2.2 have regard to any reserving requirements of the 90% WP Fund and the capital resource requirements which would be applicable to the 90% WP Fund if it constituted the entire Phoenix Long-Term Fund;

1.2.3 subject to paragraph 4 of Schedule 1, maintain the asset mix for With-Profits Policies (and the WP Asset Share Element of SLUK DC Policies) allocated or reinsured to the 90% WP Fund in proportions which are consistent with the interests of policyholders;

1.2.4 provided that it shall not limit the ability of Phoenix to maintain different asset mixes for different classes of Policies within the 90% WP Fund, set the investment policy by considering the 90% WP Fund in aggregate and not have undue regard to the original investment policy maintained in the past by any sub-fund of a Long-Term Fund which formerly comprised assets now comprised in the 90% WP Fund;

1.2.5 use all reasonable endeavours (provided that such endeavours will not result in another sub-fund of Phoenix being treated unfairly) to ensure that the 90% WP Fund is not treated unfairly in comparison with the other sub-funds of the Phoenix Long-Term Fund; and

1.2.6 not set the investment policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, in its absolute discretion and having regard to appropriate actuarial advice, so determines,

provided that nothing in this paragraph 1.2 shall prevent Phoenix from implementing short term tactical asset allocation decisions from time to time which may not be consistent with these requirements.

2 Bonus policy

2.1 The bonus policy for the 90% WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

2.2 In relation to determining the future bonus policy for With-Profits Policies (or WP Asset Share Elements of SLUK DC Policies) which are allocated or reinsured to the 90% WP Fund, the Phoenix Board shall have regard to:

2.2.1 the bonus policy adopted by Phoenix in relation to the 90% WP Fund prior to the Transfer Date;

2.2.2 the financial position and performance of the 90% WP Fund from time to time;

2.2.3 the liabilities of the 90% WP Fund as set out in the annual return to the Regulator; and

2.2.4 the capital resources requirements which would be applicable to the 90% WP Fund if it constituted the entire Phoenix Long-Term Fund,

but shall not set the bonus policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, in its absolute discretion and having regard to appropriate actuarial advice, so determines.

2.3 The WP Asset Share Element of SLUK DC Policies shall not participate in any estate distribution in the 90% WP Fund.

2.4 In relation to the 90% WP Fund, the Phoenix Board shall maintain the bonus linkages set out below applying to With-Profits Policies of different classes issued prior to 21 May 1974.

2.4.1 In this paragraph 2.4:

(i) "**Blackburn**" means Blackburn Assurance Company, Limited;

(ii) "**Pioneer**" means The Pioneer Life Assurance Company, Limited; and

(iii) "**Stamford**" means Stamford Mutual Insurance Company Limited.

2.4.2 Ordinary Branch Policies

All Policies are associated with a bonus series according to their status on 20 May 1974.

Bonus Series	Policies included
Stamford	Policies insured by Stamford
Blackburn	Policies insured by Blackburn
Pioneer simple	Policies insured by Pioneer and entitled to the standard rate of simple bonus
Pioneer double	Policies insured by Pioneer and entitled to twice the standard rate of simple bonus
Pioneer compound	Policies insured by Pioneer and entitled to compound bonus

For regular bonus rates, the linkage is based on the rate declared on Stamford Policies, represented by R in the table below.

Regular bonus linkage for Policies issued prior to 21 May 1974

Bonus series	Bonus rate	Bonus based on each
Stamford	R	£100 original sum assured
Blackburn	$1.5 \times R - 0.10$	£100 original sum assured
Pioneer simple	$1.5 \times R + 0.30$	£100 original sum assured
Pioneer double	$3.0 \times R + 0.60$	£100 original sum assured
Pioneer compound	the lesser of (i) $R + 1.30$ (ii) $1.5 \times R + 0.30$	£100 original sum assured and attaching regular bonus

For terminal bonus rates, the linkage is based on the rate declared on Stamford Policies, represented by T in the table below.

Terminal bonus linkage for Policies issued prior to 21 May 1974

Bonus series	Bonus rate	Bonus based on each
Stamford	T	£100 original sum assured
Blackburn	$1.5 \times T$	£100 original sum assured
Pioneer simple	$1.5 \times T$	£100 original sum assured
Pioneer double	$3.0 \times T$	£100 original sum assured
Pioneer compound	T	£100 original sum assured and attaching regular bonus

2.4.3 Industrial Branch Policies

All Policies are associated with a bonus series according to their status on 20 May 1974.

Bonus Series	Policies included
S	Policies with periodical cash payments insured by Stamford
B	Policies with periodical cash payments insured by Blackburn
P	Policies with periodical cash payments insured by Pioneer
A	All other Policies

Regular bonus rates are declared as a specified percentage of the original sum assured under a Policy. The bonus rate for series B and P is the same as that for series A, whereas the bonus rate for series S is one half of the bonus rate for series A.

Terminal bonus rates are determined separately for each bonus series, except that there is a linkage between the regular bonus rate declared for series A and the minimum terminal bonus rates for series A, B, P and S.

The minimum terminal bonus rates are expressed as the amounts required to make the total bonus, including any regular bonus but excluding the special bonus declared as at 31 December 1990, equal to specified percentages of the sum assured.

The linkage is based on the most recently declared regular bonus rate for series A. If this is at least 1.25%, then the minimum terminal bonus rates for series A, B, P and S are as set out in the table below.

Minimum terminal bonus rates for series A, B, P and S if the regular bonus rate for series A is at least 1.25%

Complete years in force	Series A, B and P (% of sum assured)	Series S (% of sum assured)
20 - 24 years	40%	20%
25 - 29 years	50%	25%
30 - 34 years	60%	30%
35 - 39 years	70%	35%
40 - 44 years	80%	40%
45 - 49 years	90%	45%
50 - 54 years	100%	50%
55 - 59 years	110%	55%
60 - 64 years	120%	60%
65 years or more	130%	65%

If the regular bonus rate for series A is less than 1.25%, then the minimum terminal bonus rates for series A, B, P and S are reduced in proportion.

For Policies entitled to periodic cash payments, a terminal bonus is declared on each cash payment. Terminal bonus rates are determined separately for each bonus series, except that there is a linkage between the regular bonus rate declared for series A and the minimum terminal bonus rates on periodic cash payments for series B, P and S.

The linkage is based on the most recently declared regular bonus rate for series A. If this is at least 1.25%, then the minimum terminal bonus rates for series B, P and S are as set out in the table below.

Minimum terminal bonus rate on cash payments for series B, P and S if the regular bonus rate for series A is at least 1.25%

Cash payment Policy type	Terminal bonus rate (% of cash payment)
Series S and B, with cash payments every 10 years	10%
Series S and B – other	5%
Series P, in force for 20 - 24 years	10%
Series P, in force for 25 - 29 years	12.5%
Series P, in force for 30 years or more	15%

If the regular bonus rate for series A is less than 1.25%, then the minimum terminal bonus rates on cash payments for series B, P and S are reduced in proportion.

2.5 In particular the bonus policy for the 90% WP Fund shall aim to distribute the surplus assets in the 90% WP Fund to With-Profits Policies allocated or reinsured to the 90% WP Fund such that distributions of surplus assets shall:

2.5.1 take place progressively and equitably during the anticipated period of existence of the 90% WP Fund, taking into account the financial strength of the 90% WP Fund from time to time;

2.5.2 take account of any expected excess prudence in the statutory reserves maintained in respect of any Policies in the 90% WP Fund transferred from the SLUK IB fund to the 90% WP Fund pursuant to the Phoenix 2005 Scheme and any Policy issued by Phoenix as an increment on the exercise of an option or right under any such Policy;

2.5.3 take account of the anticipated transfers out of the 90% WP Fund in accordance with paragraph 24.5 of this Scheme; and

2.5.4 seek to produce the result that after all sums falling to be paid in respect of all With-Profits Policies allocated or reinsured to the 90% WP Fund have been so paid, no such surplus shall remain.

2.6 Where With-Profits Policies allocated or reinsured to the 90% WP Fund contain any discretion to determine the amount or value of any benefit, accrual or charge including any discretion in relation to the determination of:

2.6.1 benefits allocated to Policies, whether by way of bonus, interest or otherwise;

2.6.2 the surrender, transfer and paid up value of any Policy; or

2.6.3 variable charges levied in relation to With-Profits Policies (or WP Asset Share Elements of SLUK DC Policies),

Phoenix shall be responsible for securing within the 90% WP Fund the fair and equitable treatment of, and the fair and equitable allocation of benefits to, holders of such Policies, having regard to appropriate actuarial advice and having regard to the different classes of such Policies within the 90% WP Fund.

Part 2 – Reinsurance Arrangements

1 The assets and liabilities under the WP Asset Share Element of SLUK DC Policies are, as at the Transfer Date, reinsured from the Phoenix Non-Profit Fund to the 90% WP Fund in accordance with paragraph 38 of the Phoenix 2009 Scheme, and shall from the Transfer Date but with effect from the Effective Date continue to be reinsured from the Phoenix Non-Profit Fund to the 90% WP Fund on the equivalent terms set out in this Part 2 of Schedule 5.

2 On this basis, Phoenix shall maintain arrangements equivalent to reinsurance whereby 100 per cent. of the liabilities, net of any external reinsurance, under the WP Asset Share Element of SLUK DC Policies are, and shall be, internally reinsured to the 90% WP Fund.

- 3 Phoenix has allocated, and shall continue to allocate, all assets attributable to the SLUK DC Policies equivalent to the realistic liabilities, including guarantee reserves calculated on a market consistent basis, to the 90% WP Fund and has correspondingly allocated, and shall continue to correspondingly allocate, those liabilities to the 90% WP Fund in accordance with paragraph 2 of this Part 2 of Schedule 5.
- 4 The WP Asset Share Element of Premiums paid (net of external reinsurance and other than amounts arising as a result of switches from unit-linked investment or index-linked investment to with-profits investment in accordance with paragraph 7 of this Part 2 of Schedule 5) in respect of each SLUK DC Policy shall continue to be re-allocated from the Phoenix Non-Profit Fund to the 90% WP Fund and applied to purchase WP Units in respect of the relevant Policy.
- 5 Bonuses and market value reductions shall be set by the Phoenix Board, having regard to appropriate actuarial advice in respect of the business internally reinsured to the 90% WP Fund in accordance, where applicable, with the Scheme Principles of Financial Management of the 90% WP Fund.
- 6 On any claim (whether arising by reason of death, disability, maturity, surrender or otherwise other than in relation to a switch from with-profits investments in accordance with paragraph 8 of this Part 2 of Schedule 5) or in respect of any charges, expenses or fees payable under the terms of a Policy referred to in paragraph 4 of this Part 2 of Schedule 2, assets equal to the Value of the WP Asset Share Element shall be re-allocated, from the 90% WP Fund to the Phoenix Non-Profit Fund and, where appropriate, WP Units allocated to the relevant Policy in the 90% WP Fund shall be cancelled.
- 7 If at any time a switch is made from unit-linked investment or index-linked investment to with-profits investment in respect of a SLUK DC Policy, assets having an appropriate value shall be re-allocated from the Phoenix Non-Profit Fund to the 90% WP Fund and applied to purchase WP Units and, where appropriate, units in the relevant Linked Funds shall be cancelled.
- 8 If at any time a switch is made from with-profits investment to unit-linked investment or index-linked investment in respect of a SLUK DC Policy, assets having an appropriate value shall be re-allocated from the 90% WP Fund to the Phoenix Non-Profit Fund and, in the case of a switch to unit-linked investment, applied to purchase units in the relevant Linked Funds and, where appropriate, WP Units shall be cancelled in respect of the amount switched.

Part 3 – Costs and Expenses for BULA With-Profits Policies

- 1 On and with effect from the Transfer Date, amounts in respect of expenses and exceptional, non-recurring and one-off project costs shall only be allocated to BULA With-Profits Policies in the 90% WP Fund on the following basis:
 - 1.1 an amount per Policy in respect of each calendar year being:

Contract Type	Rates
Regular Premium paying Policy	£88.80
Single Premium Policy	£44.40
Paid up Policy	£44.40

and

- 1.2** exceptional, non-recurring or one-off project costs where such costs are incurred by Phoenix as a result of work: (i) required in respect of the BULA With-Profits Policies; or (ii) that is expected to bring a benefit to the BULA With-Profits Policies as determined, on a fair basis, by the Phoenix Board having regard to appropriate actuarial advice.
- 2** For the purposes of paragraph 1.1 of this Part 3 of Schedule 5:
- 2.1** the number of BULA With-Profits Policies of the relevant type in respect of any calendar year shall be determined as one half of the aggregate number of such Policies in force at the beginning and end of each such calendar year; and
- 2.2** the aggregate expenses and costs which may be charged in respect of any period not being a full calendar year for which paragraph 1.1 of this Part 3 of Schedule 5 applies, shall be determined on a proportionate basis.
- 3** The rates outlined in paragraph 1.1 of this Part 3 of Schedule 5 are calculated as at 1 July 2022 and shall be:
- 3.1** adjusted each subsequent 1 July (for the calendar years thereafter) (on a compound basis) by reference to the change in the RPI plus one per cent. per annum over the previous 12 months; and
- 3.2** set at a level that is not expected to exceed the then current and future costs to be incurred by Phoenix in maintaining the BULA With-Profits Policies and administering the With-Profits Policies that are BULA With-Profits Policies.
- 4** For the avoidance of doubt the amount determined pursuant to paragraph 1 of this Part 3 of Schedule 5 is an aggregate figure and amounts in respect of such aggregate expenses and costs may, so far as practicable, be charged to the BULA With-Profits Policies monthly in advance (in the case of paragraph 1.1 of this Part 3 of Schedule 5) or (in the case of paragraph 1.2 of this Part 3 of Schedule 5) at any time they are incurred by Phoenix.

Part 4 – Former SLUK Pension Business

- 1** Phoenix shall ensure that interest allocated to contracts formerly comprised within the SLUK Long-Term Fund of the following descriptions:
- 1.1** Deposit Administration (Group Business) Policies;
- 1.2** Deferred Annuity by Cash Accumulation Policies; and
- 1.3** Section 32 Contracts under which the benefits are to be ascertained according to the system of Deposit Administration,
- shall be calculated by the Phoenix Chief Actuary using the method which was employed in calculating such interest by the SLUK actuary (or their predecessor) each year prior to 31 December 2005.
- 2** In this Part 4 of Schedule 5:
- 2.1** "**Section 32 Contract**" means:
- 2.1.1** in respect of Policies entered into prior to 6 April 2006, a contract falling within the description in paragraph 1(1)(d) of the Finance Act 2004; and
- 2.1.2** in respect of Policies entered into on or after 6 April 2006, a contract falling within the description in section 153(8) of the Finance Act 2004; and

2.2 "**Deposit Administration**" means the arrangement under which sums are paid to an insurer to be accumulated at interest with a view to their being applied in due course as Premiums under one or more contracts for the payment of annuities or other benefits.

Schedule 6

Alba WP Fund

Part 1 – Scheme Principles of Financial Management of the Alba WP Fund

1 Investment policy

1.1 The investment policy for the Alba WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

1.2 In setting the investment policy for the Alba WP Fund, the Phoenix Board shall:

1.2.1 use all reasonable endeavours to pursue an investment policy for the assets backing the Policies allocated or reinsured to the Alba WP Fund which is in the best interests of the holders of those Policies, subject to normal considerations of prudence, and having regard to the bonus policy in paragraph 2 of this Part 1 of Schedule 6;

1.2.2 have regard to any reserving requirements of the Alba WP Fund and the capital resource requirements which would be applicable to the Alba WP Fund if it constituted the entire Phoenix Long-Term Fund;

1.2.3 subject to paragraph 4 of Schedule 1, maintain the asset mix for With-Profits Policies allocated or reinsured to the Alba WP Fund in proportions which are consistent with the interests of policyholders;

1.2.4 use all reasonable endeavours (provided that such endeavours will not result in another sub-fund of Phoenix being treated unfairly) to ensure that the Alba WP Fund is not treated unfairly in comparison with the other sub-funds of the Phoenix Long-Term Fund; and

1.2.5 not set the investment policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, in its absolute discretion and having regard to appropriate actuarial advice, so determines,

provided that nothing in this paragraph 1.2 shall prevent Phoenix from implementing short term tactical asset allocation decisions from time to time which may not be consistent with these requirements.

2 Bonus policy

2.1 The bonus policy for the Alba WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

2.2 In relation to determining the future bonus policy for With-Profits Policies which are allocated or reinsured to the Alba WP Fund, the Phoenix Board shall have regard to:

2.2.1 the bonus and surrender policy adopted by Phoenix in relation to the Alba WP Fund prior to the Transfer Date, as set out in the PPFM of Phoenix in relation to the Alba WP Fund;

2.2.2 the financial position and performance of the Alba WP Fund from time to time;

2.2.3 the liabilities of the Alba WP Fund as set out in the annual return to the Regulator; and

2.2.4 the capital resources requirements which would be applicable to the Alba WP Fund if it constituted the entire Phoenix Long-Term Fund,

but shall not set the bonus policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, in its absolute discretion and having regard to appropriate actuarial advice, so determines.

2.3 In particular the bonus policy for the Alba WP Fund shall aim to distribute the surplus assets in the Alba WP Fund, to With-Profits Policies allocated or reinsured to the Alba WP Fund, such that distributions of surplus assets shall:

2.3.1 take place progressively and equitably during the anticipated period of existence of the Alba WP Fund, taking into account the financial strength of the Alba WP Fund from time to time;

2.3.2 take account of anticipated transfers out of the Alba WP Fund in accordance with paragraph 24.5 of this Scheme; and

2.3.3 seek to produce the result that after all sums falling to be paid in respect of all With-Profits Policies allocated or reinsured to the Alba WP Fund, no such surplus shall remain.

2.4 Where With-Profits Policies allocated or reinsured to the Alba WP Fund contain any discretion to determine the amount or value of any benefit, accrual or charge including any discretion in relation to the determination of:

2.4.1 benefits allocated to Policies, whether by way of bonus, interest or otherwise;

2.4.2 the surrender, transfer and paid up value of any Policy; or

2.4.3 variable charges levied in relation to With-Profits Policies,

Phoenix shall be responsible for securing within the Alba WP Fund the fair and equitable treatment of, and the fair and equitable allocation of benefits to, holders of such Policies, having regard to appropriate actuarial advice and having regard to the different classes of such Policies within the Alba WP Fund.

Schedule 7 BIB WP Fund

Part 1 – Scheme Principles of Financial Management of the BIB WP Fund

1 Investment policy

1.1 The investment policy for the BIB WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

1.2 In setting the investment policy for the BIB WP Fund, the Phoenix Board shall:

1.2.1 use all reasonable endeavours to pursue an investment policy for the assets backing the Policies allocated or reinsured to the BIB WP Fund which is in the best interests of the holders of those Policies, subject to normal considerations of prudence, and having regard to the bonus policy in paragraph 2 of this Part 1 of Schedule 7;

1.2.2 have regard to any reserving requirements of the BIB WP Fund and the capital resource requirements which would be applicable to the BIB WP Fund if it constituted the entire Phoenix Long-Term Fund;

1.2.3 subject to paragraph 4 of Schedule 1, maintain the asset mix for With-Profits Policies allocated or reinsured to the BIB WP Fund in proportions which are consistent with the interests of policyholders;

1.2.4 use all reasonable endeavours (provided that such endeavours will not result in another sub-fund of Phoenix being treated unfairly) to ensure that the BIB WP Fund is not treated unfairly in comparison with the other sub-funds of the Phoenix Long-Term Fund; and

1.2.5 not set the investment policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, in its absolute discretion and having regard to appropriate actuarial advice, so determines,

provided that nothing in this paragraph 1.2 shall prevent Phoenix from implementing short term tactical asset allocation decisions from time to time which may not be consistent with these requirements.

2 Bonus policy

2.1 The bonus policy for the BIB WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

2.2 In relation to determining the future bonus policy for With-Profits Policies which are allocated or reinsured to the BIB WP Fund, the Phoenix Board shall have regard to:

2.2.1 the bonus policy adopted by Phoenix in relation to the BIB WP Fund prior to the Transfer Date;

2.2.2 the financial position and performance of the BIB WP Fund from time to time;

2.2.3 the liabilities of the BIB WP Fund as set out in the annual return to the Regulator; and

2.2.4 the capital resources requirements which would be applicable to the BIB WP Fund if it constituted the entire Phoenix Long-Term Fund,

but shall not set the bonus policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, in its absolute discretion and having regard to appropriate actuarial advice, so determines.

2.3 In particular the bonus policy for the BIB WP Fund shall aim to distribute the surplus assets in the BIB WP Fund, to With-Profits Policies allocated or reinsured to the BIB WP Fund, such that distributions of surplus assets shall:

2.3.1 take place progressively and equitably during the anticipated period of existence of the BIB WP Fund, taking into account the financial strength of the BIB WP Fund from time to time;

2.3.2 take account of any expected prudence in the statutory reserves maintained in respect of Non-Profit Policies in the BIB WP Fund;

2.3.3 take account of the anticipated transfers out of the BIB WP Fund in accordance with paragraph 24.5 of this Scheme; and

2.3.4 seek to produce the result that after all sums falling to be paid in respect of all With-Profits Policies allocated or reinsured to the BIB Fund have been so paid, no such surplus shall remain.

2.4 Where With-Profits Policies allocated or reinsured to the BIB WP Fund contain any discretion to determine the amount or value of any benefit, accrual or charge including any discretion in relation to the determination of:

2.4.1 benefits allocated to Policies, whether by way of bonus, interest or otherwise;

2.4.2 the surrender, transfer and paid up value of any Policy; or

2.4.3 variable charges levied in relation to With-Profits Policies,

Phoenix shall be responsible for securing within the BIB WP Fund the fair and equitable treatment of, and the fair and equitable allocation of benefits to, holders of such Policies, having regard to appropriate actuarial advice and having regard to the different classes of such Policies within the BIB WP Fund.

3 IB Buffer Reserve Account

3.1 Phoenix shall maintain in the BIB WP Fund a separate memorandum account designated the "IB Buffer Reserve Account".

3.2 The IB Buffer Reserve Account shall be managed in accordance with the PPFM in relation to the BIB WP Fund, as amended from time to time, as required pursuant to COBS 20.3 or any successor provision and this Schedule 7.

3.3 The Phoenix Board, having regard to appropriate actuarial advice, may transfer assets from the BIB WP Fund to the Britannic WP Fund having a market value equal to or less than the outstanding balance in the IB Buffer Reserve Account to the extent that it considers such transfer is consistent with the PPFM in relation to the BIB WP Fund.

- 3.4** Where the Phoenix Board resolves (having regard to appropriate actuarial advice) that there is an amount available for distribution as surplus in the IB Buffer Reserve Account, an amount of assets in the BIB WP Fund equal to such amount shall be available for allocation as a surplus in accordance with paragraph 24.5 of this Scheme and such amount shall be debited to the IB Buffer Reserve Account in accordance with this paragraph 3 of Part 1 of Schedule 7.
- 3.5** The obligation of Phoenix to maintain the IB Buffer Reserve Account shall continue until the earlier of either the BIB WP Fund or the Britannic WP Fund ceasing to be maintained in accordance with paragraph 23 of this Scheme.
- 3.6** The IB Buffer Reserve Account shall be credited with:
- 3.6.1** an amount equal to the market value of the assets transferred to the BIB WP Fund from the Britannic WP Fund in accordance with paragraph 3 of Part 1 of Schedule 8; and
 - 3.6.2** an amount equal to the investment income (net of tax) that the Phoenix Board (having regard to appropriate actuarial advice) determines would have accrued on assets equal to the balance outstanding in the IB Buffer Reserve Account from time to time (such amount to be credited periodically (and, in any event, no less frequently than on each Britannic Valuation Date)).
- 3.7** The IB Buffer Reserve Account shall be debited with:
- 3.7.1** an amount equal to the market value of any assets transferred to the Britannic WP Fund in accordance with paragraph 3.3 of this Part 1 of Schedule 7;
 - 3.7.2** any amount determined to be a surplus available for distribution in accordance with paragraph 3.4 of this Part 1 of Schedule 7; and
 - 3.7.3** an amount equal to the expenses (including investment management expenses) and commissions which in the reasonable opinion of the Phoenix Board (having regard to appropriate actuarial advice) should be allocated to the IB Buffer Reserve Account (such amount to be debited periodically (and, in any event, no less frequently than on each Britannic Valuation Date)).

Schedule 8 Britannic WP Fund

Part 1 – Scheme Principles of Financial Management of the Britannic WP Fund

1 Investment policy

1.1 The investment policy for the Britannic WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

1.2 In setting the investment policy for the Britannic WP Fund, the Phoenix Board shall:

1.2.1 use all reasonable endeavours to pursue an investment policy for the assets backing the Policies allocated or reinsured to the Britannic WP Fund which is in the best interests of the holders of those Policies, subject to normal considerations of prudence, and having regard to the bonus policy in paragraph 2;

1.2.2 have regard to any reserving requirements of the Britannic WP Fund and the capital resource requirements which would be applicable to the Britannic WP Fund if it constituted the entire Phoenix Long-Term Fund;

1.2.3 subject to paragraph 4 of Schedule 1, maintain the asset mix for With-Profits Policies allocated or reinsured to the Britannic WP Fund in proportions which are consistent with the interests of policyholders;

1.2.4 use all reasonable endeavours (provided that such endeavours will not result in another sub-fund of Phoenix being treated unfairly) to ensure that the Britannic WP Fund is not treated unfairly in comparison with the other sub-funds of the Phoenix Long-Term Fund; and

1.2.5 not set the investment policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, in its absolute discretion and having regard to appropriate actuarial advice, so determines,

provided that nothing in this paragraph 1.2 shall prevent Phoenix from implementing short term tactical asset allocation decisions from time to time which may not be consistent with these requirements.

2 Bonus Policy

2.1 The bonus policy for the Britannic WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

2.2 In relation to determining the future bonus policy for With-Profits Policies which are allocated or reinsured to the Britannic WP Fund, the Phoenix Board shall have regard to:

2.2.1 the bonus policy adopted by Phoenix in relation to the Britannic WP Fund prior to the Transfer Date;

2.2.2 the financial position and performance of the Britannic WP Fund from time to time;

2.2.3 the liabilities of the Britannic WP Fund as set out in the annual return to the Regulator; and

2.2.4 the capital resources requirements which would be applicable to the Britannic WP Fund if it constituted the entire Phoenix Long-Term Fund,

but shall not set the bonus policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, in its absolute discretion and having regard to appropriate actuarial advice, so determines.

2.3 In particular the bonus policy for the Britannic WP Fund shall aim to distribute the surplus assets in the Britannic WP Fund, to With-Profits Policies allocated or reinsured to the Britannic WP Fund, such that distributions of surplus assets shall:

2.3.1 take place progressively and equitably during the anticipated period of existence of the Britannic WP Fund, taking into account the financial strength of the Britannic WP Fund from time to time;

2.3.2 take account of the anticipated transfers out of the Britannic WP Fund in accordance with paragraph 24.5 of this Scheme; and

2.3.3 seek to produce the result that after all sums falling to be paid in respect of all With-Profits Policies allocated or reinsured to the Britannic WP Fund have been so paid, no such surplus shall remain.

2.4 Where With-Profits Policies allocated or reinsured to the Britannic WP Fund contain any discretion to determine the amount or value of any benefit, accrual or charge including any discretion in relation to the determination of:

2.4.1 benefits allocated to Policies, whether by way of bonus, interest or otherwise;

2.4.2 the surrender, transfer and paid up value of any Policy; or

2.4.3 variable charges levied in relation to With-Profits Policies,

Phoenix shall be responsible for securing within the Britannic WP Fund the fair and equitable treatment of, and the fair and equitable allocation of benefits to, holders of such Policies, having regard to appropriate actuarial advice and having regard to the different classes of such Policies within the Britannic WP Fund.

3 WP Buffer Reserve Account

3.1 Phoenix shall maintain in the Britannic WP Fund a separate memorandum account designated the "**WP Buffer Reserve Account**".

3.2 The WP Buffer Reserve Account shall be managed in accordance with the PPFM in relation to the Britannic WP Fund, as amended from time to time, as required pursuant to COBS 20.3 or any successor provision and this Schedule 8.

3.3 The Phoenix Board, having regard to appropriate actuarial advice, may transfer assets from the Britannic WP Fund to the BIB WP Fund having a market value equal to or less than the outstanding balance in the WP Buffer Reserve Account to the extent that it considers such transfer is consistent with the PPFM in relation to the Britannic WP Fund.

- 3.4** Where the Phoenix Board resolves (having regard to appropriate actuarial advice) that there is an amount available for distribution as surplus in the WP Buffer Reserve Account, an amount of assets in the Britannic WP Fund equal to such amount shall be available for allocation as a surplus in accordance with paragraph 24.5 of this Scheme and such amount shall be debited to the WP Buffer Reserve Account in accordance with this paragraph 3 of Part 1 of Schedule 8.
- 3.5** The obligation of Phoenix to maintain the WP Buffer Reserve Account shall continue until the earlier of either the Britannic WP Fund or the BIB WP Fund ceasing to be maintained in accordance with paragraph 23 of this Scheme.
- 3.6** The WP Buffer Reserve Account shall be credited with:
- 3.6.1** an amount equal to the market value of any assets transferred to the Britannic WP Fund from the BIB WP Fund in accordance with Schedule 7; and
 - 3.6.2** an amount equal to the investment income (net of tax) that the Phoenix Board (having regard to appropriate actuarial advice) determines would have accrued on assets equal to the balance outstanding in the WP Buffer Reserve Account from time to time (such amount to be credited periodically (and, in any event, no less frequently than on each Britannic Valuation Date)).
- 3.7** The WP Buffer Reserve Account shall be debited with:
- 3.7.1** an amount equal to the market value of any assets transferred to the BIB WP Fund in accordance with paragraph 3.3 of this Part 1 of Schedule 8;
 - 3.7.2** any amount resolved to be a surplus available for distribution in accordance with paragraph 3.4 of this Part 1 of Schedule 8; and
 - 3.7.3** an amount equal to the expenses (including investment management expenses) and commissions which in the reasonable opinion of Phoenix Board (having regard to appropriate actuarial advice) should be allocated to the WP Buffer Reserve Account (such amount to be debited periodically (and, in any event, no less frequently than on each Britannic Valuation Date)).

Schedule 9 German SM WP Fund

Part 1 – German SM WP Fund Internal PPFM

- 1** The German SM WP Fund shall be managed and operated in accordance with the German SM WP Fund Internal PPFM and any other practices, procedures, policies, frameworks, agreements or similar arrangements put in place under, or in accordance with, the German SM WP Fund Internal PPFM.
- 2** The German SM WP Fund Internal PPFM shall always comply with the principles set out in in Schedule 5 to the SLAL Brexit Scheme as if the references in that Schedule to SL Intl were references to Phoenix.
- 3** Phoenix shall maintain the German SM WP Fund Internal PPFM unless the Phoenix Board, having regard to 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 German SM WP Fund Internal PPFM shall be deemed to refer to that alternative form of protection.

Part 2 – Reinsurance Arrangements

1 Allocation of assets and liabilities to the German SM WP Fund

Under paragraphs 15 and 16 of this Scheme, for the avoidance of doubt, on the Transfer Date but with effect from the Effective Date:

- 1.1** all rights, benefits, assets and powers arising in relation to the German SM WP Investment Element of the GSMWPF Reinsurance Agreement shall be allocated to the German SM WP Fund;
- 1.2** subject to paragraph 1.1 of this Part 2 of Schedule 9, all rights, benefits, assets and powers arising under the GSMWPF Reinsurance Agreement shall be allocated to the Phoenix Non-Profit Fund;
- 1.3** all liabilities arising in relation to the German SM WP Investment Element of the GSMWPF Reinsurance Agreement shall be allocated to the German SM WP Fund;
- 1.4** subject to paragraph 1.3 of this Part 2 of Schedule 9, all liabilities under the GSMWPF Reinsurance Agreement shall be allocated to the Phoenix Non-Profit Fund.

2 Reinsurance arrangements: GSMWPF Reinsurance Agreement

- 2.1** On and from the Transfer Date, any Premium received on or after the Effective Date in respect of the GSMWPF Reinsurance Agreement shall be credited to the Phoenix Non-Profit Fund and the German SM WP Investment Element in respect thereof shall be debited from the Phoenix Non-Profit Fund and credited to the German SM WP Fund and applied in allocating WP Units in respect of the GSMWPF Reinsurance Agreement.
- 2.2** If any event occurs which, under the terms of a Policy reinsured under the GSMWPF Reinsurance Agreement, gives rise to the cancellation of WP Units attaching to the GSMWPF Reinsurance Agreement, an amount shall be debited from the German SM WP Fund and credited to the Phoenix Non-Profit Fund equal to the amount which the terms of the relevant underlying Policy provide shall be payable or transferable on cancellation of WP Units in such circumstances.

- 2.3** Any transfer pursuant to paragraph 2.2 of this Part 2 of Schedule 9 shall take account of any applicable unit price adjustment (and other charges and deductions properly attributable to the German SM WP Fund) 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 Phoenix Non-Profit Fund.
- 2.4** From time to time there shall be debited from the German SM WP Fund and credited to the Phoenix 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 German SM WP Fund).
- 2.5** In substitution of the arrangements described in this paragraph 2 of Part 2 of Schedule 9, and subject to the provisions of the SLAL Brexit Scheme, the Phoenix Board may at any time effect such alternative arrangements between the German SM WP Fund and the Phoenix 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 Principle 12 in the FCA Handbook; and (ii) undertaken having regard to the advice of the relevant Phoenix With-Profits Actuary.
- 2.6** The only assets allocated to the German SM WP Fund, which can be posted as collateral pursuant to Clause 23.2 of the GSMWPF Reinsurance Agreement are the assets backing:
- 2.6.1** the Current WP Liability (as defined in the GSMWPF Reinsurance Agreement) in respect of the Reinsured Liabilities (as defined in the GSMWPF Reinsurance Agreement);
 - 2.6.2** reserves held for outstanding claims in respect of the Reinsured Liabilities; and
 - 2.6.3** reserves held for Accounting Liabilities (as defined in the GSMWPF Reinsurance Agreement) in respect of the Reinsured Liabilities.
- 2.7** Following the termination of the GSMWPF Reinsurance Agreement, any amount which is payable by Phoenix to SL Intl in respect of the Non-Profit BEL (as defined in the GSMWPF Reinsurance Agreement) in accordance with Clause 17 of that agreement can only be transferred out of the Phoenix Shareholders' Fund and the Phoenix Non-Profit Fund.
- 2.8** In this Part 2 of Schedule 9, "**German SM WP Investment Element**" means, in relation to a Policy that is or becomes a UWP 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 in the German SM WP Fund, 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.

3 Termination of the GSMWPF Reinsurance Agreement

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

- 3.1** the definition of "German SM WP Fund" shall be deleted from paragraph 1 of this Scheme;
- 3.2** the definition of "German SM WP Fund Internal PPFM" shall be deleted from paragraph 1 of this Scheme;
- 3.3** "German SM WP Fund Internal PPFM" shall be deleted from the definition of "Asset Shares" in paragraph 1 of this Scheme;

- 3.4** "German SM WP Fund" shall be deleted from the definition of "Former SLAL WP Funds" in paragraph 1 of this Scheme;
- 3.5** "German SM WP Fund" shall be deleted from the definition of "Scheme Principles of Financial Management" in paragraph 1 of this Scheme;
- 3.6** "German SM WP Fund" shall be deleted from the definition of "With-Profits Funds" in paragraph 1 of this Scheme;
- 3.7** "German SM WP Fund Internal PPFM" shall be deleted from the definition of "Scheme Principles of Financial Management" in paragraph 1 of this Scheme;
- 3.8** the definition of "GSMWPF Reinsurance Agreement" shall be deleted from paragraph 1 of this Scheme;
- 3.9** paragraph 12.1 of this Scheme shall be deleted;
- 3.10** paragraph 15.1.7 of this Scheme shall be deleted;
- 3.11** paragraph 16.1.7 of this Scheme shall be deleted;
- 3.12** "German SM WP Fund" shall be deleted from paragraph 20.3.1(ii) of this Scheme;
- 3.13** "German SM WP Fund" shall be deleted from paragraph 24.9 of this Scheme;
- 3.14** "German SM WP Fund" shall be deleted from paragraph 25.3.3 of this Scheme;
- 3.15** the German SM WP Fund shall be closed and the provisions of paragraphs 23.8.1 and 23.8.2 of this Scheme shall apply to that Fund as if it was a Relevant With-Profits Fund;
- 3.16** "German SM WP Fund" shall be deleted from paragraph 29.5 of this Scheme;
- 3.17** paragraph 30.5.7 of this Scheme shall be deleted;
- 3.18** "German SM WP Fund" shall be deleted from paragraph 33.2 of this Scheme;
- 3.19** "GSMWPF Reinsurance Agreement" shall be deleted from paragraph 39.5 of this Scheme;
- 3.20** "German SM WP Fund" shall be deleted from paragraph 4.1.2(iii) of Schedule 1;
- 3.21** "German SM WP Fund" shall be deleted from paragraph 5.2.1 of Schedule 1;
- 3.22** "German SM WP Fund" shall be deleted from paragraph 5.2.2 of Schedule 1;
- 3.23** "German SM WP Fund" shall be deleted from paragraph 5.3 of Schedule 1;
- 3.24** this Schedule 9 and references to "Schedule 9" shall be deleted; and
- 3.25** Schedules, paragraphs and sub-paragraphs will be renumbered and cross-references will be updated to reflect the amendments listed above.

Schedule 10 German WP Fund

Part 1 – German WP Fund Internal PPFM

- 1** The German WP Fund shall be managed and operated in accordance with the German WP Fund Internal PPFM and any other practices, procedures, policies, frameworks, agreements or similar arrangements put in place under, or in accordance with, the German WP Fund Internal PPFM.
- 2** The German WP Fund Internal PPFM shall always comply with the principles set out in Schedule 5 to the SLAL Brexit Scheme as if the references in that Schedule to SL Intl were references to Phoenix.
- 3** Phoenix shall maintain the German WP Fund Internal PPFM unless the Phoenix Board, having regard to 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 German WP Fund Internal PPFM shall be deemed to refer to that alternative form of protection.

Part 2 – Reinsurance Arrangements

1 Allocation of assets and liabilities to the German WP Fund

Under paragraphs 15 and 16 of this Scheme, for the avoidance of doubt, on the Transfer Date but with effect from the Effective Date:

- 1.1** all rights, benefits, assets and powers arising in relation to the German WP Investment Element of the GWPF Reinsurance Agreement shall be allocated to the German WP Fund;
- 1.2** subject to paragraph 1.1 of this Part 2 of Schedule 10, all rights, benefits, assets and powers arising under the GWPF Reinsurance Agreement shall be allocated to the Phoenix Non-Profit Fund;
- 1.3** all liabilities arising in relation to the German WP Investment Element of the GWPF Reinsurance Agreement shall be allocated to the German WP Fund; and
- 1.4** subject to paragraph 1.3 of this Part 2 of Schedule 10, all liabilities under the GWPF Reinsurance Agreement shall be allocated to the Phoenix Non-Profit Fund.

2 Reinsurance arrangements: GWPF Reinsurance Agreement

- 2.1** On and from the Transfer Date, any Premium received on or after the Effective Date in respect of the GWPF Reinsurance Agreement shall be credited to the Phoenix Non-Profit Fund and the German WP Investment Element in respect thereof shall be debited from the Phoenix Non-Profit Fund and credited to the German WP Fund and applied in allocating WP Units in respect of the GWPF Reinsurance Agreement.
- 2.2** If any event occurs which, under the terms of a Policy reinsured under the GWPF Reinsurance Agreement, gives rise to the cancellation of WP Units attaching to the GWPF Reinsurance Agreement, an amount shall be debited from the German WP Fund and credited to the Phoenix Non-Profit Fund equal to the amount which the terms of the relevant underlying Policy provide shall be payable or transferable on cancellation of WP Units in such circumstances.

- 2.3** Any transfer pursuant to paragraph 2.2 of this Part 2 of Schedule 10 shall take account of any applicable final bonus or unit price adjustment (and other charges and deductions properly attributable to the German WP Fund) 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 Phoenix Non-Profit Fund.
- 2.4** From time to time there shall be debited from the German WP Fund and credited to the Phoenix 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 German WP Fund).
- 2.5** In substitution of the arrangements described in this paragraph 2 of Part 2 of Schedule 10, and subject to the provisions of the SLAL Brexit Scheme, the Phoenix Board may at any time effect such alternative arrangements between the German WP Fund and the Phoenix 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 Principle 12 in the FCA Handbook; and (ii) undertaken having regard to the advice of the relevant Phoenix With-Profits Actuary.
- 2.6** The only assets allocated to the German WP Fund, which can be posted as collateral pursuant to Clause 23.2 of the GWPF Reinsurance Agreement are the assets backing:
- 2.6.1** the Current WP Liability (as defined in the GWPF Reinsurance Agreement) in respect of the Reinsured Liabilities (as defined in the GWPF Reinsurance Agreement);
 - 2.6.2** reserves held for outstanding claims in respect of the Reinsured Liabilities; and
 - 2.6.3** reserves held for Accounting Liabilities (as defined in the GWPF Reinsurance Agreement) in respect of the Reinsured Liabilities.
- 2.7** Following the termination of the GWPF Reinsurance Agreement, any amount which is payable by Phoenix 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 Phoenix Shareholders' Fund and the Phoenix Non-Profit Fund.
- 2.8** In this Part 2 of Schedule 10, "**German WP Investment Element**" means, in relation to a Policy that is or becomes a UWP 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 in the German WP Fund, 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 (including in respect of costs of guarantees).

3 Termination of the GWPF Reinsurance Agreement

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

- 3.1** the definition of "German WP Fund" shall be deleted from paragraph 1 of this Scheme;
- 3.2** the definition of "German WP Fund Internal PPFM" shall be deleted from paragraph 1 of this Scheme;
- 3.3** "German WP Fund Internal PPFM" shall be deleted from the definition of "Asset Shares" in paragraph 1 of this Scheme;

- 3.4** "German WP Fund" shall be deleted from the definition of "Former SLAL WP Funds" in paragraph 1 of this Scheme;
- 3.5** "German WP Fund" shall be deleted from the definition of "Scheme Principles of Financial Management" in paragraph 1 of this Scheme;
- 3.6** "German WP Fund Internal PPFM" shall be deleted from the definition of "Scheme Principles of Financial Management" in paragraph 1 of this Scheme;
- 3.7** the definition of "GWPF Reinsurance Agreement" shall be deleted from paragraph 1 of this Scheme;
- 3.8** "German WP Fund" shall be deleted from the definition of "With-Profits Funds" in paragraph 1 of this Scheme;
- 3.9** paragraph 12.2 of this Scheme shall be deleted;
- 3.10** paragraph 15.1.8 of this Scheme shall be deleted;
- 3.11** paragraph 16.1.8 of this Scheme shall be deleted;
- 3.12** "German WP Fund" shall be deleted from paragraph 20.3.1(ii) of this Scheme;
- 3.13** "German WP Fund" shall be deleted from paragraph 24.9 of this Scheme;
- 3.14** "German WP Fund" shall be deleted from paragraph 25.3.3 of this Scheme;
- 3.15** the German WP Fund shall be closed and the provisions of paragraphs 23.8.1 and 23.8.2 of this Scheme shall apply to that Fund as if it was a Relevant With-Profits Fund;
- 3.16** "German WP Fund" shall be deleted from paragraph 29.5 of this Scheme;
- 3.17** paragraph 30.5.8 of this Scheme shall be deleted;
- 3.18** "German WP Fund" shall be deleted from paragraph 33.2 of this Scheme;
- 3.19** "GWPF Reinsurance Agreement" shall be deleted from paragraph 39.5 of this Scheme;
- 3.20** "German WP Fund" shall be deleted from paragraph 4.1.2(iii) of Schedule 1;
- 3.21** "German WP Fund" shall be deleted from paragraph 5.2.1 of Schedule 1;
- 3.22** "German WP Fund" shall be deleted from paragraph 5.2.2 of Schedule 1;
- 3.23** "German WP Fund" shall be deleted from paragraph 5.3 of Schedule 1;
- 3.24** this Schedule 10 and references to "Schedule 10" shall be deleted; and
- 3.25** Schedules, paragraphs and sub-paragraphs will be renumbered and cross-references will be updated to reflect the amendments listed above.

Schedule 11 Heritage WP Fund

Part 1 – Scheme Principles of Financial Management of the Heritage WP Fund

1 Investment policy and bonus philosophy

1.1 The investment policy of the Heritage WP Fund and the bonus philosophy in respect of Heritage WP Fund With-Profits Policies shall be determined by the Phoenix Board (having regard to the advice of the relevant Phoenix With-Profits Actuary).

1.2 The investment policy for the Heritage WP Fund and the bonus philosophy in respect of Heritage WP Fund With-Profits Policies (including the determination of Asset Shares, deductions from Asset Shares for the assessed cost of guarantees and smoothing policy) shall:

1.2.1 be determined as those which would be appropriate to a mutual company (the "**Notional Company**") which:

- (i) has the assets and liabilities of the Heritage WP Fund, excluding:
 - (a) the liability to transfer Recourse Cashflows to the Surplus Transfer Fund pursuant to Part 7 of this Schedule 11;
 - (b) any liability in respect of the obligation under paragraph 3 of this Part 1 of Schedule 11 to distribute the residual estate over time as enhancements to final bonuses; and
 - (c) any asset or liability arising from future shareholder support, apart from that arising under paragraph 1.7 of Part 7 of this Schedule 11 or some other specific arrangement which is in effect under paragraph 27 of this Scheme or is otherwise documented in writing,

plus assets with a value equal to the amount (if any) recorded in the Further Capital Support Account and of a nature to be determined by the Phoenix Board (acting reasonably and having regard to the advice of the relevant Phoenix With-Profits Actuary);

- (ii) has, in addition and irrespective of whether or not Phoenix actually has any such capital (and, for the avoidance of doubt, nothing in this Scheme shall oblige Phoenix to hold such capital or any part of such capital), further capital available to cover its SCR and meet its capital needs (subject to regulatory limits as apply from time to time to such capital) equal to:
 - (a) tier 1 own funds (within the meaning given in the Glossary of the PRA Rulebook) with a value equal to the lesser of £579 million and 1.45% of the sum of its With-Profits Policy Liabilities (SL) and its future costs of contractual guarantees (other than financial options) in respect of Heritage WP Fund 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-Profits Policy Liabilities (SL) and its future costs of contractual guarantees (other than financial options) in respect of Heritage WP Fund With-Profits Policies; and

- (c) tier 2 own funds (within the meaning given in the Glossary of the PRA Rulebook) with a value equal to the lesser of £526 million and 1.32% of the sum of its With-Profits Policy Liabilities (SL) and its future costs of contractual guarantees (other than financial options) in respect of Heritage WP Fund With-Profits Policies;
 - (iii) has no counterparty risk on any transaction with: (a) any Fund of Phoenix other than the Heritage WP Fund; or (b) SL Intl; and
 - (iv) has no requirement to include a risk margin in its calculation of technical provisions for Policies in the Defined Blocks referred to in paragraph 2.3.1 of Part 7 of this Schedule 11 or for rider benefits to Policies in the Defined Blocks referred to in paragraph 2.3.2 of Part 7 of this Schedule 11;
- 1.2.2 have regard to the nature of the liabilities of the Heritage WP Fund including the guarantees on Heritage WP Fund With-Profits 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 Heritage WP Fund with assets of an appropriate nature and term; and
- 1.2.3 have regard to the reasonable expectations of the holders of Heritage WP Fund With-Profits Policies and the duty to treat them fairly.
- 1.3 The bonus philosophy in respect of Heritage WP Fund 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.

2 Use of Asset Shares

- 2.1 In order to ensure equity between different groups of Heritage WP Fund 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 Heritage WP Fund PPFM (as defined in paragraph 5.1 of this Part 1 of Schedule 11) 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 SLAL immediately prior to the Transfer Date. These Asset Shares shall be accumulated after the Transfer Date in accordance with the Heritage WP Fund PPFM and in a manner which:
 - 2.1.1 has regard to the reasonable expectations of the holders of Heritage WP Fund With-Profits Policies;
 - 2.1.2 has regard to SLAC's Asset Share methodology as set out in the PPFM for SLAC in force immediately prior to the effective date of the SLAC Demutualisation Scheme; and
 - 2.1.3 reflects the financial position, performance and experience of the Heritage WP Fund With-Profits Policies and the assets backing the Asset Shares of such Policies.
- 2.2 For the avoidance of doubt:
 - 2.2.1 the Asset Shares at the Transfer Date may be adjusted after the Transfer Date for variations between assumed and actual historic experience to the extent that this is consistent with the Heritage WP Fund PPFM and the reasonable expectations of the holders of Heritage WP Fund With-Profits Policies; and

2.2.2 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 SLAL Brexit Scheme and this Scheme.

2.3 Other than for minor classes of With-Profits Policies, subject to the effect of any smoothing implemented pursuant to the Heritage WP Fund 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 Heritage WP Fund With-Profits Policies shall in aggregate, over time, be targeted on Asset Shares.

3 Role of the residual estate

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

3.1.1 amounts chargeable to the Heritage WP Fund under paragraph 25 of this Scheme and Part 3 of this Schedule 11, except to the extent that such amounts are properly charged to Asset Shares in accordance with the Heritage WP Fund PPFM;

3.1.2 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 Heritage WP Fund PPFM; and

3.1.3 other liabilities attributable to the Heritage WP Fund.

3.2 To the extent that the Phoenix Board is satisfied that the residual estate exceeds that required to meet its primary role as set out in paragraph 3.1 of this Part 1 of Schedule 11, 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 Heritage WP Fund With-Profits Policies. So far as reasonably practicable, such distribution will be restricted to: (i) Policies which were Heritage WP Fund With-Profits Policies within paragraph (a) or (b) of that definition at the effective time of the SLAC Demutualisation Scheme; and (ii) the HWPF Reinsurance Agreement in respect of SL Intl Heritage WPF With-Profits Policies which were Transferred Policies (as defined in the SLAC Demutualisation Scheme).

3.3 Should the residual estate be exhausted, any amounts listed in this paragraph 3 of Part 1 of Schedule 11 that would normally be chargeable to the residual estate shall be met from Recourse Cashflows which would otherwise be transferred to a Surplus Transfer Fund subject to and in accordance with Part 7 of this Schedule 11.

4 Variations to these Scheme Principles of Financial Management

4.1 Paragraph 1.2.1 of this Part 1 of Schedule 11 may be varied if the PRA Rulebook, or other applicable regulation or legislation, is varied and this results in a change to:

4.1.1 the regulatory limits on the extent to which the capital set out in paragraph 1.2.1(ii) of this Part 1 of Schedule 11 is available to cover the SCR of the Notional Company; and/or

4.1.2 the type of securities or other instruments that can represent tier 1 or tier 2 own funds,

provided that any such variation:

- (i) has been approved by each of the Phoenix Board, the relevant Phoenix With-Profits Actuary and an independent actuary appointed by the Phoenix Board with the agreement of the Regulators;
- (ii) is consistent with the reasonable expectations of the holders of Heritage WP Fund With-Profits Policies and PRIN 6 and Principle 12 in the FCA Handbook; and
- (iii) has been communicated to the Regulators and either the Regulators have not objected to the variation within three months of receiving such communication or the Regulators have given earlier confirmation that they have no objection to the variation.

4.2 The allocation of the notional capital in paragraph 1.2.1(ii) of this Part 1 of Schedule 11 reflects Transitional Measures 4 of the PRA Rulebook. The Phoenix Board shall propose a variation of paragraph 1.2.1(ii) of this Part 1 of Schedule 11, in accordance with this paragraph 4, in order that such a variation shall come into effect on the date from which the transitional measures cease to be in force.

5 Principles and practices of financial management

5.1 Phoenix will, on and from the Transfer Date, establish and maintain a PPFM in relation to the Heritage WP Fund (the "**Heritage WP Fund PPFM**") which is consistent with the Scheme Principles of Financial Management of the Heritage WP Fund (or, if there has been a Capital Event, in accordance with Phoenix's conduct pursuant to paragraph 4 of Schedule 1).

5.2 Nothing in this Scheme shall prevent Phoenix from varying the Heritage WP Fund PPFM, provided that such variation is consistent with the Scheme Principles of Financial Management of the Heritage WP Fund (or, if there has been a Capital Event, in accordance with Phoenix's conduct pursuant to paragraph 4 of Schedule 1), the other provisions of this Scheme and all applicable regulatory requirements.

6 Ceasing to maintain the Heritage WP Fund

6.1 If paragraph 23.1 of this Scheme applies and the Heritage WP Fund is to cease to be maintained, the Phoenix Board shall calculate:

6.1.1 the "**WPF Policy Assets**" comprising:

- (i) the value of with-profits assets (having the meaning given in 3.1 of the Surplus Funds section of the PRA Rulebook) of the Heritage WP Fund;
- less
- (ii) the value of the liabilities attributable to the obligations of the Heritage WP Fund in respect of all potential transfers of Reference Period Transfer Amounts to a Surplus Transfer Fund pursuant to Part 7 of this Schedule 11; and
 - (iii) the future policy-related liabilities (having the meaning given in the Glossary of the PRA Rulebook) of the Heritage WP 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 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 Phoenix Board considers appropriate by reference to the recent financial and operating experience of the Heritage WP Fund and the Phoenix Board's best estimate of the likely future financial and other operating experience of the Heritage WP Fund;

6.1.2 in respect of each Heritage WP Fund With-Profits Policy (or, at the sole and absolute discretion of the Phoenix Board, and to the extent permitted by applicable law and regulation, each group of Heritage WP Fund With-Profits Policies):

(i) the "**Guaranteed Value**" comprising 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 Heritage WP Fund holds appropriate matching assets for the liabilities in respect of such guaranteed benefits, provided that any of the future policy-related liabilities referred to in paragraph 6.1.1(iii) of this Part 1 of Schedule 11 shall be excluded from the assessment under this paragraph 6.1.2(i) of this Part 1 of Schedule 11; and

(ii) the "**WPAS**" comprising the corresponding With-Profits Policy Liabilities (SL);

6.1.3 any "**Guarantee Cost**" in respect of each Heritage WP Fund With-Profits Policy (or group of Heritage WP Fund 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

6.1.4 the "**Benefit Value**" attributable to each Heritage WP Fund With-Profits Policy (or group of Heritage WP Fund 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 Heritage WP Fund With-Profits Policies is:

(i) greater than the WPF Policy Assets, the Benefit Value of each Heritage WP Fund 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 Heritage WP Fund With-Profits Policy (or group of Heritage WP Fund With-Profits Policies, as the case may be) on a basis which, in the opinion of the Phoenix 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 Heritage WP Fund With-Profits Policies had paragraph 23.1 of this Scheme not applied, and the Benefit Value shall be the WPAS as adjusted pursuant to this paragraph 6.1.4(ii) of Part 1 of Schedule 11. If and to the extent that, by virtue of an adjustment being made to the WPAS pursuant to this paragraph 6.1.4(ii) of Part 1 of Schedule 11, the Guaranteed Value is altered, the provisions of paragraphs 6.1.2 to 6.1.4 of this Part 1 of Schedule 11 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).

6.2 From the date determined by the Phoenix Board on which the Heritage WP Fund shall cease to be maintained:

6.2.1 the guaranteed benefits payable in respect of each Heritage WP Fund With-Profits Policy shall be amended such that they are:

- (i) compliant with the requirements of PRIN 6 and Principle 12 in the FCA Handbook; and
- (ii) without prejudice to the generality of paragraph 6.2.1(i) of this Part 1 of Schedule 11, 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 Phoenix not ceased to maintain the Heritage WP Fund pursuant to paragraph 23.1 of this Scheme and this paragraph 6 of Part 1 of Schedule 11;

6.2.2 the Heritage WP Fund With-Profits Policies shall cease to carry any right to participate in the profits of Phoenix or any Fund;

6.2.3 (i) the assets and liabilities of the Heritage WP Fund, (ii) the Heritage WP Fund With-Profits Policies (and all other Policies written in or allocated to the Heritage WP Fund) and (iii) all amounts which would under any other provision of this Scheme fall to be allocated to the Heritage WP Fund, shall each be transferred and allocated to the Phoenix Non-Profit Fund;

6.2.4 all provisions of this Scheme which solely relate to the establishment or operation of the Heritage WP Fund shall cease to have effect and, in particular but without limitation, the obligation to maintain the Heritage WP Fund shall no longer apply; and

6.2.5 the provisions of paragraph 20 of the SLAL Brexit Scheme shall apply.

6.3 Any decision, determination or calculation to be made by the Phoenix Board pursuant to paragraph 23.1 or 23.11 of this Scheme or this paragraph 6 of Part 1 of Schedule 11 shall be made having regard to the advice of the relevant Phoenix With-Profits Actuary.

6.4 This paragraph 6 of Part 1 of Schedule 11 may be varied in accordance with paragraph 23.11 of this Scheme.

7 Further Capital Support Account

7.1 From the Transfer Date but with effect from the Effective Date, Phoenix 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 Date is £11,340,768.46. This is the "**Regulatory Capital Component**" of the Further Capital Support Amount and will be reduced by an amount of £3,489,467.22 per annum to reach zero at 31 December 2026.

7.2 Subject to paragraph 7.3 of this Part 1 of Schedule 11, no amount may be transferred (whether by way of dividend or otherwise) from the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund if the effect of such transfer would be to reduce the excess of the value of the assets of the Phoenix Non-Profit Fund and the Phoenix Shareholders' Fund over the value of the liabilities of the Phoenix Non-Profit Fund and the Phoenix Shareholders' Fund, below the Further Capital Support Amount from time to time.

- 7.3** For the purposes of paragraph 7.2 of this Part 1 of Schedule 11, the following shall apply:
- 7.3.1** subject to paragraphs 7.3.2 and 7.3.3 of this Part 1 of Schedule 11, the value of the assets and the value of the liabilities of the Phoenix Non-Profit Fund and the Phoenix Shareholders' Fund shall be calculated by the Phoenix Board in a consistent manner to the calculation of the with-profits fund surplus;
 - 7.3.2** the outstanding balance in respect of any contingent loan or other assets made available to the Heritage WP Fund from the Phoenix Non-Profit Fund and/or the Phoenix Shareholders' Fund from time to time, shall be deemed to constitute an asset of the Phoenix Non-Profit Fund and/or Phoenix Shareholders' Fund (as appropriate); and
 - 7.3.3** the obligations of the Heritage WP Fund in respect of all potential transfers of Reference Period Transfer Amounts to the Surplus Transfer Fund shall not constitute an asset of the Phoenix Non-Profit Fund and/or the Phoenix Shareholders' Fund.

Part 2 – Reinsurance Arrangements

1 Allocation of assets and liabilities to the Heritage WP Fund

Under paragraphs 15 and 16 of this Scheme, for the avoidance of doubt, on the Transfer Date but with effect from the Effective Date:

- 1.1** all rights, benefits, assets and powers arising under the HWPF Reinsurance Agreement shall be allocated to the Heritage WP Fund;
- 1.2** all rights, benefits, assets and powers arising under the agreement entitled "Retrocession Agreement: Euro Denominated Property-Linked Funds", entered into in accordance with paragraph 66 of the SLAL Brexit Scheme (the "**Property-Linked Funds Retrocession Agreement**") shall be allocated to the Heritage WP Fund;
- 1.3** subject to paragraph 1.12 of Part 7 of this Schedule 11, all liabilities under the HWPF Reinsurance Agreement shall be allocated to the Heritage WP Fund; and
- 1.4** all liabilities under the Property-Linked Funds Retrocession Agreement shall be allocated to the Heritage WP Fund.

2 New SLAL Charges

- 2.1** On and with effect from the Transfer Date (by virtue of the order of the Court of Session):
 - 2.1.1** the Brexit Floating Charge, the Property-Linked Floating Charge and the Security Trust Agreement (together, the "**Charge Documents**") shall terminate and cease to have effect; and
 - 2.1.2** the New Property-Linked Floating Charge, the New Security Trust Agreement and the deed of floating charge dated on or around the date of this Scheme between Phoenix and SL Intl (the "**New Brexit Floating Charge**" and together with the New Property-Linked Floating Charge and the New Security Trust Agreement, the "**New Charge Documents**") shall become effective, in respect of the New Brexit Floating Charge, subject to the Court of Session approving the amendments to the SLAL Brexit Scheme,

and thereafter every person's rights, powers, benefits, obligations and liabilities under the Charge Documents or with respect thereto shall be determined solely by reference to the relevant provisions of the New Charge Documents and, in respect of the New Brexit Floating Charge, the SLAL Brexit Scheme. Each of SLAL and Phoenix 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 the New Charge Documents and the termination of the Charge Documents.

3 Replacement arrangements in respect of the SLIF EB Annuities Reinsurance Agreement

3.1 Interpretation

3.1.1 In this paragraph 3 of Part 2 of Schedule 11:

- (i) **"Actual Annuity Payments"** means all payments made or due and payable (and, for the purposes of this paragraph 3 of Part 2 of Schedule 11, amounts which are not permitted to be paid to annuitants by Phoenix 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) Phoenix in respect of Covered Policies during each Calculation Period, but excluding: (A) payments made (or due and payable) by Phoenix in respect of Annuity Augmentations; and (B) any such payments made by Phoenix 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: (A) payments made (or due and payable) by SL Intl in respect of Annuity Augmentations; and (B) any such payments made by SL Intl after the death of the annuitant which are not recovered;
- (ii) **"Adjustment Amount"** has the meaning given to it in paragraph 3.6.4 of this Part 2 of Schedule 11;
- (iii) **"Amendment Effective Date"** has the meaning given to the term "Effective Date" in the Amendment to Deed of Variation dated 15 November 2016 in relation to the SLAL 2011 Scheme;
- (iv) **"Annuity Augmentation"** means:
 - (a) any augmentation or increase to an annuity which was paid, due and payable or secured after the SLAC Demutualisation Scheme Effective Time in respect of a Phoenix Covered Policy which was written in, or allocated to, the SLAL Heritage WP Fund pursuant to the SLAC Demutualisation 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 SLAC Demutualisation Scheme Effective Time in respect of a SL Intl Indirectly Covered Policy which was (A) written in, or allocated to, the SLAL Heritage WP Fund pursuant to the SLAC Demutualisation Scheme, and subsequently (B) written in, or allocated to, the SL Intl HWPF pursuant to the SLAL Brexit Scheme, but excluding any contractual or automatic increase to an annuity (other than a contractual increase which is an Increased Annuity Payment);
- (v) **"Annuity Augmentation Costs"** has the meaning given to it in paragraph 3.4.2 of this Part 2 of Schedule 11;
- (vi) **"Annuity Augmentation Coverage Payments"** means annuity augmentation Premiums, being all Premiums received or applied by:
 - (a) (in respect of Covered Policies) the Heritage WP Fund to secure New Annuity Augmentations including the single Premium cost to the Heritage WP Fund (calculated using the Heritage WP Fund'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 Phoenix pursuant to the HWPF Reinsurance Agreement;
- (vii) **"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;
- (viii) **"Calculation Date"** means, in respect of each Calculation Period, the last Business Day of that Calculation Period;
- (ix) **"Calculation Period"** means each calendar month during the term of the arrangements set out in this paragraph 3 of Part 2 of Schedule 11 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;
- (x) **"Coverage Effective Month"** means the calendar month in which the Amendment Effective Date falls;
- (xi) **"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;

- (xii) **"Covered Policies"** means together:
- (a) (i) all Transferred Policies (as defined in the SLAC Demutualisation Scheme) 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 SLAC Demutualisation Scheme Effective Time, excluding all EEA Policies, but including: (A) Jersey Policies from and with effect from the Jersey Effective Time; and (B) Guernsey Policies from and with effect from the Guernsey Effective Time; and
 - (ii) all reinsurances ceded to SLAC 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 SLAC Demutualisation Scheme Effective Time, including: (A) Jersey Policies prior to the Jersey Effective Time; (B) Guernsey Policies prior to the Guernsey Effective Time; and (C) any such Policies which are comprised within the SLPF Annuity Business,
 - but excluding: (A) Policies, and reinsurances ceded, where the liability in respect of the Policy, or reinsurance, is reinsured pursuant to a third party reinsurance arrangement; and (B) SL Intl Indirectly Covered Policies; and
 - (b) the HWPF Reinsurance Agreement, but only to the extent attributable to SL Intl Indirectly Covered Policies;
- (xiii) **"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;
- (xiv) **"EEA State"** has the meaning set out in paragraph 8, Part I of Schedule 3 to FSMA prior to 1 February 2020;
- (xv) **"Existing Annuity Augmentations"** means Annuity Augmentations that are not New Annuity Augmentations;
- (xvi) **"Guernsey Effective Time"** has the meaning given to it in the SLAC Demutualisation Scheme;
- (xvii) **"Guernsey Policies"** has the meaning given to it in the SLAC Demutualisation Scheme;
- (xviii) **"HWPF With-Profits Policies"** means: (a) Heritage WP Fund With-Profits Policies; and (b) any Policies issued by SL Intl which are reinsured in whole or part into the Heritage WP Fund by virtue of the HWPF Reinsurance Agreement;
- (xix) **"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;
- (xx) **"Initial Expenses"** means distribution and issue expenses allocated to the Heritage WP Fund in respect of the:
- (a) the Covered Policies; or

- (b) the SL Intl Indirectly Covered Policies (prior to their transfer to SL Intl pursuant to the SLAL Brexit Scheme),
- in accordance with Part 4 of this Schedule 11;
- (xxi) **"Interim Refund Amount"** has the meaning given to it in paragraph 3.7.2 of this Part 2 of Schedule 11;
- (xxii) **"Interim SL Intl Refund Amount"** has the meaning given to it in paragraph 4.3.1 of this Part 2 of Schedule 11;
- (xxiii) **"Jersey Effective Time"** has the meaning given to it in the SLAC Demutualisation Scheme;
- (xxiv) **"Jersey Policies"** has the meaning given to it in the SLAC Demutualisation Scheme;
- (xxv) **"Monthly Coverage Payment"** 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 *mutatis mutandis* to the determination of such amount and any reference in that schedule to a "Monthly Reinsurance Premium" being, for the purposes of this paragraph 3 of Part 2 of Schedule 11, a reference to a Monthly Coverage Payment;
- (xxvi) **"Monthly Coverage Payment Deduction"** 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 *mutatis mutandis* to the determination of such amount and any reference in that schedule to a "Monthly Reinsurance Premium Deduction" being, for the purpose of this paragraph 3 of Part 2 of Schedule 11, a reference to a Monthly Coverage Payment Deduction;
- (xxvii) **"Monthly Settlement Date"** means the Business Day immediately following each Calculation Date;
- (xxviii) **"Net Monthly Coverage Payment"** means, in respect of a Calculation Period, the Monthly Coverage Payment less the Monthly Coverage Payment Deduction in respect of that Calculation Period;
- (xxix) **"New Annuity Augmentation"** means any Annuity Augmentation which was paid, due and payable or secured after the Amendment Effective Date;
- (xxx) **"Policyholder"** means any "policyholder" within the meaning of the Financial Services and Markets Act (Meaning of "Policy" and "Policyholder") Order 2001 (SI 2001/2361);
- (xxx1) **"Reimbursed Monthly Reinsurance Premium"** 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 SLAL 2011 Scheme;

- (xxxii) "**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;
- (xxxiii) "**SLAC Demutualisation Scheme Effective Time**" means the "Effective Time" as defined in the SLAC Demutualisation Scheme;
- (xxxiv) "**SLAL Brexit Scheme Effective Time**" means the "Effective Time" as defined in the SLAL Brexit Scheme;
- (xxxv) "**SLIF EB Annuities Reinsurance Agreement**" means the agreement entitled "Reinsurance Agreement: Existing Business (Annuities)" entered into between SLAL (as reinsured) and SLIF (as reinsurer) and dated 7 July 2006 (as varied);
- (xxxvi) "**SL Intl Adjustment Amount**" has the meaning given to it in paragraph 4.3.3 of this Part 2 of Schedule 11;
- (xxxvii) "**SL Intl Indirectly Covered Policies**" means Policies or reinsurances which:
- (a) would have fallen within limb (a) of the definition of Covered Policies immediately prior to the SLAL Brexit Scheme Effective Time; and
 - (b) were transferred to SL Intl and allocated to the SL Intl HWPF pursuant to the SLAL Brexit Scheme,
- other than Policies, and reinsurances ceded, where the liability in respect of the Policy, or reinsurance, is reinsured by SL Intl pursuant to a third party reinsurance arrangement;
- (xxxviii) "**SLPF Annuity Business**" means the business and undertaking of Phoenix, which immediately prior to the Transfer Date, comprised the writing of life or annuity contracts of insurance by SLPF under paragraph I of Part II of Schedule I to the Regulated Activities Order and which, prior to the Transfer Date, was, from time to time, reinsured from SLPF into the Heritage WP Fund; and
- (xxxix) "**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.

3.1.2 Unless otherwise defined in this paragraph 3 of Part 2 of Schedule 11, expressions shall have the meaning ascribed to them in this Scheme.

3.2 Covered Liabilities: Covered Policies and Annuity Augmentations

3.2.1 The coverage by the Phoenix Non-Profit Fund of the Covered Liabilities on the basis set out in this paragraph 3 of Part 2 of Schedule 11 constitutes an alternative arrangement to provide reinsurance to the Heritage WP Fund that was originally required by paragraph 22.1 of the SLAC Demutualisation Scheme (as varied on the terms set out in Schedule 4 to the SLAL 2011 Scheme) and Schedule 4 to the SLAL Brexit Scheme.

3.2.2 The following liabilities:

- (i) the longevity risk in respect of the Covered Policies; and
- (ii) the liabilities in respect of Existing Annuity Augmentations,

shall be borne by the Phoenix Non-Profit Fund on the basis set out in this paragraph 3 of Part 2 of Schedule 11.

3.2.3 The coverage by the Phoenix Non-Profit Fund of the liabilities in respect of any New Annuity Augmentation shall:

- (i) be effected immediately and automatically on, and with effect from, the acceptance of liability in respect of such New Annuity Augmentation by the Heritage WP Fund; and
- (ii) otherwise be implemented on the basis set out in this paragraph 3 of Part 2 of Schedule 11.

3.3 Commissions and brokerage; expenses

3.3.1 Subject to paragraph 3.3.2 of this Part 2 of Schedule 11, the Heritage WP Fund shall be responsible for and bear:

- (i) all administration and management costs and expenses in respect of the Covered Policies (whether directly or indirectly via the HWPF Reinsurance Agreement); and
- (ii) 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).

3.3.2 The Phoenix Non-Profit Fund shall be responsible for and bear:

- (i) the Initial Expenses incurred by Phoenix in accepting liability in respect of a New Annuity Augmentation (whether directly or indirectly via the HWPF Reinsurance Agreement); and
- (ii) all amounts which become due and payable by Phoenix 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 Phoenix Non-Profit Fund shall reimburse such amounts to the Heritage WP Fund in accordance with paragraph 3.4 of this Part 2 of Schedule 11.

3.3.3 Without prejudice to paragraphs 3.3.1 and 3.3.2 of this Part 2 of Schedule 11, each of the Heritage WP Fund and the Phoenix Non-Profit Fund shall bear the costs of investment management in respect of the assets held by it in respect of the Covered Liabilities.

3.4 Settlement and reconciliation

On each Monthly Settlement Date, the Phoenix Non-Profit Fund shall reimburse the Heritage WP Fund with an amount equal to:

- 3.4.1 all Actual Annuity Payments;
- 3.4.2 all Annuity Augmentation Costs;

- 3.4.3 all payments made (or due and payable) by Phoenix 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 Phoenix after the death of an annuitant which are not recovered by Phoenix, and any payments made by SL Intl after the death of an annuitant which are not recovered by SL Intl);
- 3.4.4 the Restricted Annuity Adjustment; and
- 3.4.5 the Reimbursed Monthly Reinsurance Premium,
less:
- 3.4.6 the Net Monthly Coverage Payment;
- 3.4.7 the Annuity Augmentation Coverage Payments;
- 3.4.8 all amounts recovered by Phoenix in respect of: (i) Actual Annuity Payments made by Phoenix; and (ii) all payments made by Phoenix in respect of Annuity Augmentations, in each case where such amounts are recovered as a result of the death of the annuitant; and
- 3.4.9 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.

3.5 Termination

- 3.5.1 Subject to paragraphs 3.5.2 and 3.5.3 of this Part 2 of Schedule 11 and without prejudice to paragraph 4 of this Part 2 of Schedule 11, the arrangements set out in this Schedule may be terminated by the Phoenix Board at any time.
- 3.5.2 The arrangements set out in this paragraph 3 of Part 2 of Schedule 11 may not be terminated under paragraph 3.5.1 of this Part 2 of Schedule 11 without the prior written consent of the relevant Phoenix With-Profits Actuary, given on the basis that the proposed termination is expected to materially and adversely affect neither:
 - (i) the contractual rights of the holders of HWPF With-Profits Policies; nor
 - (ii) the reasonable expectations of the holders of HWPF With-Profits Policies regarding non-contractual rights under such Policies.
- 3.5.3 If it is proposed, intended or envisaged that the arrangements set out in this paragraph 3 of Part 2 of Schedule 11 will be terminated, the Phoenix 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 Phoenix Board to be not materially less beneficial to the Heritage WP Fund than the arrangements set out in this paragraph 3 of Part 2 of Schedule 11 (any such determination to be made having regard to the advice of the relevant Phoenix With-Profits Actuary). Such alternative arrangement may, at the discretion of the Phoenix Board, be provided by a Fund (other than the Heritage WP Fund), any member of the Phoenix Group and/or any other person.

3.6 Consequences of termination

- 3.6.1** If the arrangements set out in this paragraph 3 of Part 2 of Schedule 11 are terminated pursuant to paragraph 3.5 of this Part 2 of Schedule 11, the provisions of this paragraph 3.6 of Part 2 of Schedule 11 shall apply.
- 3.6.2** The Phoenix Non-Profit Fund shall, within three Business Days of the termination becoming effective, refund an amount to the Heritage WP Fund that is equal to the Phoenix Board's good faith estimate of 100% of the technical provisions (net of external reinsurance) held by the Phoenix Non-Profit Fund 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.
- 3.6.3** The liability of the Phoenix Non-Profit Fund to cover the Covered Liabilities on the terms of this paragraph 3 of Part 2 of Schedule 11 shall cease.
- 3.6.4** Within three months of the termination taking effect, the Phoenix Board shall determine the appropriate adjustment to be made to the Interim Refund Amount (by making a transfer from the Heritage WP Fund to the Phoenix Non-Profit Fund or from the Phoenix Non-Profit Fund to the Heritage WP Fund (as the context requires)) in order to ensure that 100% of the technical provisions (gross of external reinsurance) required to be held by the Phoenix Non-Profit Fund in relation to the Covered Liabilities as at the date of termination (the "**Adjustment Amount**") has been transferred to the Heritage WP Fund.
- 3.6.5** Any determination by the Phoenix Board under paragraph 3.6.4 of this Part 2 of Schedule 11 shall be made having regard to the advice of the relevant Phoenix With-Profits Actuary.

3.7 Waivers and variations

The arrangements set out in this paragraph 3 of Part 2 of Schedule 11 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) complies with all applicable laws and regulations and has been consented to in writing by the relevant Phoenix With-Profits Actuary, such consent given on the basis that the proposed waiver or variation is expected to materially and adversely affect neither:

- 3.7.1** the contractual rights of the holders of HWPF With-Profits Policies; nor
- 3.7.2** the reasonable expectations of the holders of HWPF With-Profits Policies regarding non-contractual rights under such Policies.

4 Termination of the HWPF Reinsurance Agreement

- 4.1** In the event that the HWPF Reinsurance Agreement terminates, the provisions of paragraphs 4.2 and 4.3 of this Part 2 of Schedule 11 shall apply.
- 4.2** Where this paragraph 4.2 of Part 2 of Schedule 11 applies, this Scheme shall be automatically varied as follows:
- 4.2.1** paragraph (b) of the definition of "Heritage WP Fund Policies" shall be deleted from paragraph 1 of this Scheme;
- 4.2.2** "in respect of Policies falling within paragraph (a) of the definition of Heritage WP Fund Policies only" shall be deleted from paragraph (a) of the definition of "Heritage WP Fund With-Profits Policies" in paragraph 1 of this Scheme;

- 4.2.3 paragraph (c) of the definition of "Heritage WP Fund With-Profits Policies" shall be deleted from paragraph 1 of this Scheme;
- 4.2.4 the definition of "HWPF Reinsurance Agreement" shall be deleted from paragraph 1 of this Scheme;
- 4.2.5 the definition of "SL Intl Euro PBF" shall be deleted from paragraph 1 of this Scheme;
- 4.2.6 the definition of "SL Intl Heritage Unitised With-Profits Policy" shall be deleted from paragraph 1 of this Scheme;
- 4.2.7 the definition of "SL Intl Heritage With-Profits Units" shall be deleted from paragraph 1 of this Scheme;
- 4.2.8 the definition of "SL Intl Heritage WPF Policies" shall be deleted from paragraph 1 of this Scheme;
- 4.2.9 the definition of "SL Intl Heritage WPF With-Profits Policies" shall be deleted from paragraph 1 of this Scheme;
- 4.2.10 the definition of "SL Intl HWPF" shall be deleted from paragraph 1 of this Scheme;
- 4.2.11 the definition of "SL Intl HWPF Policy" shall be deleted from paragraph 1 of this Scheme;
- 4.2.12 the definition of "SL Intl HWPF Reinsured Policy" shall be deleted from paragraph 1 of this Scheme;
- 4.2.13 the definition of "SL Intl WP Investment Element" shall be deleted from paragraph 1 of this Scheme;
- 4.2.14 "HWPF Reinsurance Agreement" shall be deleted from paragraph 39.5 of this Scheme;
- 4.2.15 the text "(i) Heritage WP Fund With-Profits Policies which were Transferred Policies (as defined in the SLAC Demutualisation Scheme) at the effective time of the SLAC Demutualisation Scheme; and (ii) Excluded Policies (as defined in the SLAC Demutualisation Scheme) treated as Transferred Policies (as defined in the SLAC Demutualisation Scheme) on their transfer to SLAL" in paragraph 3.2 of Part 1 of this Schedule 11 shall be replaced with "Heritage WP Fund With-Profits Policies which are Transferred Policies (as defined in the SLAC Demutualisation Scheme)";
- 4.2.16 paragraph 1 of this Part 2 of Schedule 11 shall be deleted;
- 4.2.17 the text "or SL Intl (as the case may be)" and limb (b) shall be deleted from the definition of "Actual Annuity Payments" in paragraph 3.1.1 of this Part 2 of Schedule 11;
- 4.2.18 limb (b) shall be deleted from the definition of "Annuity Augmentation" in paragraph 3.1.1 of this Part 2 of Schedule 11;
- 4.2.19 limb (b) shall be deleted from the definition of "Annuity Augmentation Coverage Payments" in paragraph 3.1.1 of this Part 2 of Schedule 11;
- 4.2.20 limb (b) shall be deleted from the definition of "Covered Policies" in paragraph 3.1.1 of this Part 2 of Schedule 11;
- 4.2.21 the text "and the Republic of Ireland" shall be deleted from the definition of "EEA Policies" in paragraph 3.1.1 of this Part 2 of Schedule 11;

- 4.2.22 limb (b) shall be deleted from the definition of "HWPF With-Profits Policies" in paragraph 3.1.1 of this Part 2 of Schedule 11;
- 4.2.23 limb (b) shall be deleted from the definition of "Initial Expenses" in paragraph 3.1.1 of this Part 2 of Schedule 11;
- 4.2.24 the text "(whether directly or indirectly via the HWPF Reinsurance Agreement)" shall be deleted from paragraph 3.1.1(i) of this Part 2 of Schedule 11;
- 4.2.25 the text "(whether directly or indirectly via the HWPF Reinsurance Agreement)" shall be deleted from paragraph 3.1.1(ii) of this Part 2 of Schedule 11;
- 4.2.26 the text "(whether directly or indirectly via the HWPF Reinsurance Agreement)" shall be deleted from paragraph 3.3.2(i) of this Part 2 of Schedule 11;
- 4.2.27 the text "(whether directly or indirectly via the HWPF Reinsurance Agreement)" shall be deleted from paragraph 3.3.2(ii) of this Part 2 of Schedule 11;
- 4.2.28 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 paragraph 3.4.3 of this Part 2 of Schedule 11;
- 4.2.29 paragraph 3.4.9 of this Part 2 of Schedule 11 shall be deleted;
- 4.2.30 this paragraph 4 of Part 2 of Schedule 11 shall be deleted;
- 4.2.31 Part 5 of this Schedule 11 shall be deleted;
- 4.2.32 paragraph 1.13 of Part 7 of this Schedule 11 shall be deleted;
- 4.2.33 the text "(including in respect of SL Intl HWPF Reinsured Policies)" in paragraph 1.3 of Part 7 of this Schedule 11 shall be deleted;
- 4.2.34 paragraphs 2.1.7 to 2.1.12 of Part 7 of this Schedule 11 shall be deleted;
- 4.2.35 the text "(but excluding any SL Intl Policies)" in paragraph 2.4.1(xvii)(a) of Part 7 of this Schedule 11 shall be deleted;
- 4.2.36 paragraph 2.4.1(xvii)(e) of Part 7 of this Schedule 11 shall be deleted;
- 4.2.37 the text "and" at the end of paragraph 2.4.1(xvii)(d) of Part 7 of this Schedule 11 shall be deleted and replaced with a comma and the text "and" shall be inserted to the end of paragraph 2.4.1(xvii)(c) of Part 7 of this Schedule 11;
- 4.2.38 paragraphs 2.4.1(v) to (vii) of Part 7 of this Schedule 11 shall be deleted;
- 4.2.39 paragraphs 2.4.1(xix) and (xx) of Part 7 of this Schedule 11 shall be deleted;
- 4.2.40 paragraph 2.4.1(xxii) of Part 7 of this Schedule 11 shall be deleted;
- 4.2.41 the text "(including, for the avoidance of doubt, any part of the HWPF Reinsurance Agreement)" in paragraph 2.5.2(ii) of Part 7 of this Schedule 11 shall be deleted;
- 4.2.42 defined blocks (vii) to (xii) shall be deleted from paragraph 3 of Part 7 of this Schedule 11;
- 4.2.43 any references to the HWPF Reinsurance Agreement from the definition of "with-profits investment" or "invested in with-profits" in paragraph 1.1.1 of Part 8 of this Schedule 11 shall be deleted;

- 4.2.44 the text "(other than the HWPF Reinsurance Agreement, which shall not constitute "business" or "additional business" for the purposes of this paragraph 1 of Part 10 of Schedule 11 and which shall be allocated to the Heritage WP Fund pursuant to paragraph 16 of this Scheme and paragraph 1 of Part 2 of this Schedule 11);" in paragraph 1.3.2(i) of Part 10 of this Schedule 11 shall be deleted;
- 4.2.45 the text "(other than through the HWPF Reinsurance Agreement)" in paragraph 1.3.2(ii) of Part 10 of this Schedule 11 shall be deleted;
- 4.2.46 the text "or SL Intl HWPF Reinsured Policy" shall be deleted from the opening text to paragraph 2.1 of Part 10 of this Schedule 11;
- 4.2.47 the final sentence of paragraph 2.1.1 of Part 10 of this Schedule 11 shall be deleted;
- 4.2.48 the text "(including SL Intl in respect of any SL Intl HWPF Reinsured Policy)" in paragraph 2.1.2 of Part 10 of this Schedule 11 shall be deleted;
- 4.2.49 the text in paragraph 2.1.3 of Part 10 of this Schedule 11 shall be deleted and replaced as follows: "If the relevant Phoenix With-Profits Actuary considers that the Annuity Benefit Cost exceeds that which is reasonable then they may require that Phoenix shall provide such Annuity Benefit from within the Heritage WP Fund. In such circumstances, the Phoenix Board shall be informed as to how the relevant Phoenix With-Profits Actuary has reached their conclusion under this paragraph 2.1.3 of Part 10 of Schedule 11.";
- 4.2.50 the text "(including SL Intl in respect of any SL Intl HWPF Reinsured Policy)" shall be deleted from paragraph 2.1.4 of Part 10 of this Schedule 11;
- 4.2.51 the text "or SL Intl HWPF Reinsured Policy" shall be deleted from paragraph 2.2 of Part 10 of this Schedule 11;
- 4.2.52 the final sentence of Paragraph 2.2.2 of Part 10 of this Schedule 11 shall be deleted; and
- 4.2.53 Schedules, paragraphs and sub-paragraphs will be renumbered and cross-references will be updated to reflect the amendments listed above.

4.3 If the HWPF Reinsurance Agreement is terminated:

- 4.3.1 The Phoenix Non-Profit Fund shall, within three Business Days (as defined in paragraph 3.1.1(vii) of this Part 2 of Schedule 11) of the termination of the HWPF Reinsurance Agreement becoming effective, refund an amount to the Heritage WP Fund that is equal to the Phoenix Board's good faith estimate of 100% of the technical provisions (gross of external reinsurance) held by the Phoenix Non-Profit Fund 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.
- 4.3.2 The liability of the Phoenix Non-Profit Fund to cover the Covered Liabilities in respect of the SL Intl Indirectly Covered Policies on the terms of paragraph 3 of this Part 2 of Schedule 11 shall cease.

- 4.3.3** Within three months of the termination of the HWPF Reinsurance Agreement taking effect, the Phoenix Board shall determine the appropriate adjustment to be made to the Interim SL Intl Refund Amount (by making a transfer from the Heritage WP Fund to the Phoenix Non-Profit Fund or from the Phoenix Non-Profit Fund to the Heritage WP Fund (as the context requires)) in order to ensure that 100% of the technical provisions (gross of external reinsurance) required to be held by the Phoenix Non-Profit Fund 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 Heritage WP Fund.
- 4.3.4** Any determination by the Phoenix Board under paragraph 4.3.3 of this Part 2 of Schedule 11 shall be made having regard to the advice of the relevant Phoenix With-Profits Actuary.

Part 3 – Debits and Credits in Respect of the Heritage WP Fund

1 Debits from the Heritage WP Fund

The provisions of paragraph 25 of this Scheme shall apply in relation to the Heritage WP Fund, provided that, in addition to amounts permitted to be debited from, or charged to, a With-Profits Fund in accordance with paragraph 25 of this Scheme, there shall also be debited from, and charged to, the Heritage WP Fund all of the following:

- 1.1** all amounts to be debited from, or charged to, the Heritage WP Fund pursuant to Part 4 of this Schedule 11;
- 1.2** any amount payable by the Heritage WP Fund in respect of a Contingent Financing Arrangement entered into in accordance with Part 9 of this Schedule 11; and
- 1.3** all amounts paid by Phoenix in respect of the MEP pursuant to paragraph 3.7 of this Scheme and Part 8 of this Schedule 11.

2 Credits to the Heritage WP Fund

The provisions of paragraph 26 of this Scheme shall apply in relation to the Heritage WP Fund, provided that, in addition to amounts permitted to be credited to a With-Profits Fund in accordance with paragraph 26 of this Scheme, there shall be credited to the Heritage WP Fund any amount payable to the Heritage WP Fund in respect of a Contingent Financing Arrangement entered into in accordance with Part 9 of this Schedule 11.

Part 4 – Heritage WP Fund Costs

- 1** Save as set out in this Scheme, there shall be debited from the Heritage WP Fund:
- 1.1** the expenses (including investment management expenses) and commissions which in the reasonable opinion of the Phoenix Board (having regard to the advice of the relevant Phoenix With-Profits Actuary) have been incurred or will be incurred in the operation of the Heritage WP Fund (but, for this purpose, liabilities to either of the SLAC Pension Schemes will only be regarded as having been incurred in the operation of the Heritage WP Fund to the extent that the Phoenix Board (having regard to the advice of the relevant Phoenix With-Profits Actuary) reasonably considers that they relate to or arise out of benefit accruals, or other matters occurring, after the effective time of the SLAC Demutualisation Scheme); and
- 1.2** the additional expenses in Part 5 of this Schedule 11.

- 2** For the purposes of this Part 4 of Schedule 11, "**SLAC Pension Schemes**" means:
- 2.1** the Standard Life Assurance Company Staff Pension Scheme which, as at the effective time of the SLAC Demutualisation Scheme, was governed by rules adopted by a trustee resolution dated 26 October 1993; and
- 2.2** the Standard Life Assurance Company Republic of Ireland Staff Pension Scheme which, as at the effective time of the SLAC Demutualisation Scheme, was governed by rules adopted by a trustee resolution dated 24 November 1992.

Part 5 – Additional Expenses

- 1** In this Part 5 of Schedule 11 the "**German Additional Expense Policies**" are Policies or new business written by the German branch of SLAC, SLAL or SL Intl other than Indax Andante, Indax Allegro, Freelax Sofort Vollgarantier, Freelax Sofort Überschußbeteiligt, Aktien Rente, Private Plus, Job Plus and KlassikPlus Policies where such Policies and new business are reinsured by the Heritage WP Fund under the SL Intl HWPF Reinsurance Agreement.
- 2** The amounts in respect of additional expenses debited from the Heritage WP Fund pursuant to Part 4 of this Schedule 11 are amounts determined monthly in respect of each German Additional Expense Policy by reference to:
- 2.1** 34% of the unallocated Premium for the applicable Policy. The unallocated Premium is the part of the Premium in respect of the relevant Policy not applied or applicable to WP Units; plus
- 2.2** 4% of the standard initial commission amount payable. 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.

Part 6 – Taxation of the Heritage WP Fund

- 1** In respect of any period commencing on or after the effective time of the SLAC Demutualisation Scheme, there shall be debited from or credited to (as appropriate) the Heritage WP Fund (to the extent not debited or credited to the SLAL Heritage WP Fund by the Transfer Date but with effect from the Effective Date) an amount in respect of taxation calculated on the basis of the following assumptions:
- 1.1** the Heritage WP Fund constitutes the whole of the long-term fund of a mutual life assurance company (the "**Notional Life Company**") carrying on business in the United Kingdom and elsewhere with no business other than the business carried on in the Heritage WP Fund;
- 1.2** the amount of taxation debited from or credited to the Heritage WP Fund pursuant to this paragraph 1 of Part 6 of Schedule 11 shall exclude amounts arising because of or by reference to:
- 1.2.1** any Contingent Financing Arrangement; and

- 1.2.2 amounts transferred out of the Heritage WP Fund under paragraph 24 of, and Part 7 of Schedule 11 to, this Scheme;
- 1.3 all Taxation allowances, reliefs and rights to repayment that would reasonably be expected to be claimed or received by the Notional Life Company are successfully claimed and received; and
- 1.4 the Notional Life Company has the benefit of all reliefs and other credits in respect of taxation available for carry forward in relation to the Transferred Business (as defined in the SLAC Demutualisation Scheme) from periods commencing before the effective time of the SLAC Demutualisation Scheme.
- 2 The amounts calculated pursuant to paragraph 1 of this Part 6 of Schedule 11 shall be calculated by the Phoenix Board (having taken such advice as it deems appropriate) on the basis of taxation law and practice prevailing in respect of the period of calculation.
- 3 The amounts debited from or credited to the Heritage WP Fund pursuant to paragraph 1 of this Part 6 of Schedule 11 shall be debited or credited on the latest due date on which they would have been paid or received by the 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.
- 4 If and to the extent that any amount debited from or credited to the Heritage WP Fund pursuant to paragraph 1 of this Part 6 of Schedule 11 is subsequently shown to have been incorrect, an appropriate credit to or debit from the Heritage WP Fund in respect of such amount shall be made. Any amount credited or debited under this paragraph 4 of Part 6 of Schedule 11 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.
- 5 If there is a material change in the basis on which life assurance companies are subject to taxation in the United Kingdom or elsewhere, paragraph 1 of this Part 6 of Schedule 11 shall be amended to the extent that the Phoenix Board (having taken such advice as it deems appropriate) considers necessary or desirable to ensure that the effect of paragraph 1 of this Part 6 of Schedule 11 is that the Heritage WP Fund will be debited or credited in respect of any liability to taxation 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 taxation.
- 6 The allocation of credits and debits in respect of taxation to the Heritage WP Fund under this Scheme, including pursuant to paragraph 1 of this Part 6 of Schedule 11, 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 taxation authority by any member of the Phoenix Group, no amounts in respect of taxation shall be debited from or credited to the Heritage WP Fund in excess of the amounts which would have been so debited or credited on a fair and arm's length basis.
- 7 No amounts in respect of taxation shall be debited from the Heritage WP Fund if and to the extent that such amounts represent penalties which have arisen because of any act or omission occurring after the effective time of the SLAC Demutualisation Scheme.

Part 7 – Allocation of Surplus Arising in the Heritage WP Fund and Transfers out of the Heritage WP Fund

1 Allocation of surplus arising in the Heritage WP Fund and transfers out of the Heritage WP Fund

1.1 Except as expressly permitted or required by this Scheme (including pursuant to this Schedule 11):

1.1.1 no part of any surplus in the Heritage WP 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 reinsured or allocated to, the Heritage WP Fund (including to meet liabilities of the same). The manner and timing of the distribution of such surplus shall be determined by the Phoenix Board in accordance with the Heritage WP Fund PPFM and shall be as fair and equitable as is practicable, subject to the need to ensure that a prudent amount is retained in respect of any amounts which may be charged to the Heritage WP Fund in accordance with this Scheme; and

1.1.2 neither the Phoenix Shareholders' Fund nor the Phoenix Non-Profit Fund shall be entitled to any surplus arising in the Heritage WP Fund.

1.2 The Phoenix Board may, subject to the provisions of this Scheme, carry forward to the next Heritage WP Fund Valuation Period any surplus arising in the Heritage WP Fund as unappropriated.

1.3 Bonuses declared on Policies (including in respect of SL Intl HWPF Reinsured Policies) written in, or allocated to or reinsured to, the Heritage WP Fund shall have regard to the interests and reasonable expectations of the holders of such Policies and be determined in accordance with the Scheme Principles of Financial Management of the Heritage WP Fund (or, if there has been a Capital Event, in accordance with Phoenix's conduct pursuant to paragraph 4 of Schedule 1) and the Heritage WP Fund PPFM.

1.4 On each Heritage WP Fund Valuation Date (each, a "**Reference Valuation Date**"), the Phoenix Board (having regard to the advice of the Phoenix Chief Actuary and the relevant Phoenix With-Profits Actuary) shall determine:

1.4.1 in respect of the Heritage WP Fund Valuation Period which ends on that Reference Valuation Date (the "**Reference Valuation Period**") the Reference Period Transfer Amount, in accordance with paragraph 2 of this Part 7 of Schedule 11; and

1.4.2 the amount which can be transferred out of the Heritage WP 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 Heritage WP Fund;
- (ii) Phoenix 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 Heritage WP Fund; and
- (iii) (unless there is a current Capital Event) the Notional Company having insufficient assets to cover its technical provisions.

- 1.5** In calculating the Transferable Amount for the purposes of paragraph 1.4 of this Part 7 of Schedule 11:
- 1.5.1** the obligation to transfer the Proposed Transfer Amount in respect of such Reference Valuation Period shall be disregarded;
 - 1.5.2** any disapplication of the obligation to transfer future Reference Period Transfer Amounts pursuant to paragraph 1.8 of this Part 7 of Schedule 11 shall be disregarded; and
 - 1.5.3** any loan repayment or transfer of assets to be made pursuant to paragraph 6 of Schedule 1 on the Reference Valuation Date shall be assumed to have already been made.
- 1.6** For the purposes of this Part 7 of Schedule 11, the "**Proposed Transfer Amount**" for each Reference Valuation Period means the sum of:
- 1.6.1** the Reference Period Transfer Amount determined in respect of the Reference Valuation Period pursuant to paragraph 1.4 of this Part 7 of Schedule 11;
 - 1.6.2** any amounts recorded in the Surplus Support Account (as defined in paragraph 1.14 of this Part 7 of Schedule 11) on the immediately preceding Reference Valuation Date; and
 - 1.6.3** an amount equal to the notional interest which would have accrued at SONIA (as defined in paragraph 1.14 of this Part 7 of Schedule 11) (net of tax) on all amounts recorded in the Surplus Support Account (as defined in paragraph 1.14 of this Part 7 of Schedule 11) in the Reference Valuation Period, the amount of such interest being determined by the Phoenix Board.
- 1.7** Where the Proposed Transfer Amount in respect of a Reference Valuation Period is negative:
- 1.7.1** Phoenix will provide (or procure the provision of) a contingent loan (or otherwise make assets available) to the Heritage WP Fund in an amount equal to or, at the Phoenix Board's sole and absolute discretion, greater than the absolute value of the Proposed Transfer Amount. Where any contingent loan is made, or other assets are made available, to the Heritage WP Fund under this paragraph 1.7.1 of Part 7 of Schedule 11:
 - (i) the rate of return on such contingent loan or assets shall be determined by the Phoenix Board but shall, in any event, not exceed:
 - (a) where such loan is, or such assets are, provided by another Fund, notional interest at SONIA (net of tax); or
 - (b) where such loan is, or such assets are, provided by another person, interest at SONIA (gross of tax);
 - (ii) neither the Phoenix Non-Profit Fund nor the Phoenix Shareholders' Fund may treat such loan or assets as an asset for the purposes of complying with paragraph 27.1 of this Scheme; and

- (iii) the contingent loan or assets (and any interest accrued thereon pursuant to paragraph 1.7.1(i) of this Part 7 of Schedule 11) shall be repaid by the Heritage WP Fund or transferred out of the Heritage WP Fund (as appropriate) on such terms (including as to the manner and timing of repayment) as the Phoenix Board thinks fit. Any such repayment or transfer may only be made by using any Proposed Transfer Amounts which are available for transfer to a Surplus Transfer Fund in future Heritage WP Fund Valuation Periods in accordance with the provisions of this paragraph 1 of Part 7 of Schedule 11; and

1.7.2 no transfer shall be made on the Reference Valuation Date to a Surplus Transfer Fund and the Surplus Support Account shall have a balance of zero.

1.8 Where the Proposed Transfer Amount in respect of a Reference Valuation Period is positive, then if, on the Reference Valuation Date:

1.8.1 the Proposed Transfer Amount is less than or equal to the Transferable Amount an amount equal to the Proposed Transfer Amount shall be transferred from the Heritage WP Fund to the Surplus Transfer Fund on the Reference Valuation Date and the Surplus Support Account shall have a balance of zero;

1.8.2 the Proposed Transfer Amount is greater than the Transferable Amount then the obligation of Phoenix to transfer Reference Period Transfer Amounts in the future pursuant to this paragraph 1 of Part 7 of Schedule 11 shall be disapplied on the basis that the obligation in respect of the Reference Period Transfer Amount which would in the future be transferred last shall be disapplied first, the obligation in respect of the Reference Period Transfer Amount which would in the future be transferred second from last shall be disapplied second and so forth until either:

- (i) transferring the entire Proposed Transfer Amount from the Heritage WP Fund to the Surplus Transfer Fund will not result in the occurrence of any Transferable Amount Event; or
- (ii) the obligation in respect of all Reference Period Transfer Amounts required to be transferred in the future has been disapplied under this paragraph 1.8 of Part 7 of Schedule 11,

whichever is the earlier.

1.8.3 Where paragraph 1.8.2(i) of this Part 7 of Schedule 11 applies, the Proposed Transfer Amount shall be transferred to the Surplus Transfer Fund on the Reference Valuation Date and the Surplus Support Account shall have a balance of zero.

1.8.4 Where paragraph 1.8.2(ii) of this Part 7 of Schedule 11 applies:

- (i) to the extent that transferring the Proposed Transfer Amount from the Heritage WP Fund to the Surplus Transfer Fund will result in the occurrence of any Transferable Amount Event such amount shall be recorded in the Surplus Support Account as a "**Withheld Transfer Amount**"; and
- (ii) an amount equal to the Proposed Transfer Amount less such Withheld Transfer Amount (if positive) shall be transferred from the Heritage WP Fund to the Surplus Transfer Fund on the Reference Valuation Date.

- 1.8.5 Any transfer pursuant to this paragraph 1.8 of Part 7 of Schedule 11 may only be made if and to the extent that any amount to be so transferred has not been applied in repaying any contingent loan pursuant to paragraph 1.7.1(iii) of this Part 7 of Schedule 11.
- 1.9 If a Heritage WP Fund Transaction (as defined in paragraph 1.3 of Part 9 of this Schedule 11) in the form of a Contingent Financing Arrangement has been entered into, the proceeds of such loan (or any assets acquired, or being utilised, by Phoenix as collateral or otherwise to provide security in respect of such Contingent Financing Arrangement) shall be applied in making any transfer of the Proposed Transfer Amount (or proportion thereof) required pursuant to this Part 7 of Schedule 11 in priority to the transfer of any other assets.
- 1.10 The Phoenix Board (having regard to the advice of the Phoenix Chief Actuary and the relevant Phoenix With-Profits Actuary) shall determine the Reference Period Transfer Amount, the Transferable Amount and the Proposed Transfer Amount in respect of each Heritage WP Fund Valuation Period ending in 2023 on the basis, and using the methodology, set out in this Part 7 of Schedule 11, notwithstanding the fact that the SLAL Transferred Business was owned by SLAL prior to the Transfer Date and, to the extent necessary, using information and records of SLAL).
- 1.11 The obligations of Phoenix under this paragraph 1 of Part 7 of Schedule 11 shall continue until the Heritage WP Fund ceases to be maintained pursuant to paragraph 23 of this Scheme and this Schedule 11.
- 1.12 Following the termination of the HWPF Reinsurance Agreement, any amount which is payable by Phoenix to SL Intl in accordance with:
- 1.12.1 Clauses 17 and 21 of that agreement can only be transferred out of the Heritage WP Fund to the extent that it does not result in any of the following occurring:
- (i) the elimination of the with-profits fund surplus in the Heritage WP Fund;
 - (ii) Phoenix 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 Heritage WP Fund; and
 - (iii) (unless there is a current Capital Event) the Notional Company having insufficient assets to cover its technical provisions;
- 1.12.2 If the provisions of paragraph 1.12.1 of this Part 7 of Schedule 11 would result in Phoenix paying less than it would have paid SL Intl under Clauses 17 and 21 of the HWPF Reinsurance Agreement had the provisions of paragraph 1.12.1 of this Part 7 of Schedule 11 not applied (the difference between the amount it would have paid and the lesser amount, the "**Termination Amount Shortfall**"), then the Phoenix Shareholders' Fund shall transfer the Termination Amount Shortfall to SL Intl in accordance with the provisions of the HWPF Reinsurance Agreement; and
- 1.12.3 Clause 17 of that agreement, to the extent that 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 Heritage WP Fund but shall be transferred by the Phoenix Shareholders' Fund to SL Intl in accordance with the provisions of that agreement.

1.13 The only assets allocated to the Heritage WP Fund, which can be posted as collateral pursuant to Clause 23.2 of the HWPF Reinsurance Agreement, are the assets backing:

- 1.13.1 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);
- 1.13.2 the Non-Profit BEL (as defined in the HWPF Reinsurance Agreement) in respect of the HWPF Reinsured Liabilities;
- 1.13.3 reserves held for outstanding claims in respect of the HWPF Reinsured Liabilities; and
- 1.13.4 reserves held for Accounting Liabilities (as defined in the HWPF Reinsurance Agreement) held in respect of the HWPF Reinsured Liabilities.

1.14 In this paragraph 1 of Part 7 of Schedule 11:

- 1.14.1 "**Central Bank Rate**" means the Bank of England's Bank Rate as published by the Bank of England from time to time;
- 1.14.2 "**Heritage WP Fund Valuation Date**" means the date on which each Heritage WP Fund Valuation Period ends;
- 1.14.3 "**London Banking Day**" means a day on which commercial banks are open for general business in London;
- 1.14.4 "**SONIA**" means for any day a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate as provided by the administrator of SONIA to, and published by, authorised distributors of the rate as of 9:00 a.m., London time, on a London Banking Day otherwise on the London Banking Day immediately preceding such day and if, for any reason such rate is unavailable for that day the Central Bank Rate prevailing at close of business on that day; and
- 1.14.5 "**Surplus Support Account**" means the memorandum account designated as the surplus support account.

2 Reference Period Transfer Amount

2.1 Components of Reference Period Transfer Amount

For each Reference Valuation Period, the Reference Period Transfer Amount shall be the "**Recourse Cashflow**" (or "**RCF**") in respect of:

- 2.1.1 the CNP Protection and Miscellaneous – Life (UK) Block;
- 2.1.2 the CNP Protection and Miscellaneous – Pensions (UK) Block;
- 2.1.3 the CNP Deferred Annuities – Life (UK) Block;
- 2.1.4 the CNP Deferred Annuities – Pensions (UK) Block;
- 2.1.5 the Unitised Life (UK) Block;
- 2.1.6 the Unitised Pensions (UK) Block;
- 2.1.7 the HWPF Reinsurance Agreement to the extent attributable to the CNP Life (Net Fund) (Ireland) Block;

- 2.1.8 the HWPF Reinsurance Agreement to the extent attributable to the CNP Life (Gross Roll-Up Fund) (Ireland) Block;
 - 2.1.9 the HWPF Reinsurance Agreement to the extent attributable to the CNP Pensions (Ireland) Block;
 - 2.1.10 the HWPF Reinsurance Agreement to the extent attributable to the Unitised Pensions (Ireland) Block;
 - 2.1.11 the HWPF Reinsurance Agreement to the extent attributable to the Unitised Life (Net Fund) (Ireland) Block; and
 - 2.1.12 the HWPF Reinsurance Agreement to the extent attributable to the Unitised Life (Gross Roll-Up Fund) (Ireland) Block,
- (each, a "**Defined Block**").

2.2 Calculation of RCF for Defined Blocks

- 2.2.1 Where the Reference Valuation Date (having the meaning set out in paragraph 1.4 of this Part 7 of Schedule 11) is 31 December, the RCF for the Defined Blocks other than the Unitised Pensions (UK) Block shall be calculated at that date as if the Reference Valuation Period covered the full preceding year. The RCF for the Unitised Pensions (UK) Block shall be calculated as the sum of Part A for the actual Reference Valuation Period and Part B as if the Reference Valuation Period covered the full preceding year.
- 2.2.2 Subject to paragraph 2.2.3 of this Part 7 of Schedule 11, where the Reference Valuation Date (having the meaning set out in paragraph 1.4 of this Part 7 of Schedule 11) is not 31 December, the RCF for the Defined Blocks other than the Unitised Pensions (UK) Block shall be zero. The RCF for the Unitised Pensions (UK) Block shall be calculated as Part A for the actual Reference Valuation Period only.
- 2.2.3 Where the Heritage WP Fund ceases to be maintained on a Reference Valuation Date (having the meaning set out in paragraph 1.4 of this Part 7 of Schedule 11) that is not 31 December, the RCF for the Defined Blocks other than the Unitised Pensions (UK) Block shall be calculated at that date as if the Reference Valuation Period covered the period from the start of the calendar year to the Reference Valuation Date. The RCF for the Unitised Pensions (UK) Block shall be calculated as the sum of Part A for the actual Reference Valuation Period and Part B as if the Reference Valuation Period covered the period from the start of the calendar year to the Reference Valuation Date.

2.3 Recourse Cashflow calculations

For the purposes of:

- 2.3.1 paragraphs 2.1.1 to 2.1.4 and 2.1.7 to 2.1.9 of this Part 7 of Schedule 11, "**RCF**" 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):

RCF = Part A + Part B, where:

Part A = $(P - C - EXP - COMM) \times (1 + (1 - \text{tax}) \times (j - e)/2)$; and

Part B = $-(V1 - (1 + (1 - \text{tax}) \times (i_1 - e)) \times V0)$

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 Part 4 of this Schedule 11, reduced to allow for the tax relief expected to be obtained by the Heritage WP 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 Heritage WP Fund), reduced to allow for the tax relief expected to be obtained on these commissions. 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.

V1 = best estimates held in respect of all 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 V0, 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 V0 but otherwise using the valuation basis applicable at the end of the Reference Valuation Period. For the purpose of calculating V1, the method of constructing the risk-free interest rate term structure underlying V0 (for example, the inclusion, exclusion or nature of any volatility adjustment) should reflect the basis applicable at the end of the Reference Valuation Period.

i_1 = the annually compounding one year spot rate from the risk-free interest rate term structure underlying V0. If i_1 differs within a Defined Block then the element V0 x (1 + (1 - tax) x (i₁ - e)) shall be calculated separately for each i_1 .

j = the simple interest rate defined by

$$\frac{j}{2} = \frac{(1 + i_1)}{(1 + i_{0.5})^{0.5}} - 1$$

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 . If, for a Defined Block, there is more than one risk-free interest rate term structure underlying V_0 and the contribution to V_0 of the best estimates calculated on each risk-free interest rate term structure is non-negative then j shall be calculated separately for each risk-free interest rate term structure and a weighted average taken with the relative weightings being the amounts of the associated best estimates in V_0 . If any of the underlying risk-free interest rate term structures is associated with a negative best estimate, then j shall be based on the basic relevant risk-free interest rate term structure applying at the beginning of the Reference Valuation Period.

tax = the policyholder rate of taxation applicable to Defined Block Policies during the Reference Valuation Period.

e = the rate of investment expenses applicable to Defined Block Policies during the Reference Valuation Period (unadjusted for tax relief).

Each component of the above formula is to be extracted from the records or other relevant data supporting the accounts, balance sheets, abstracts and statements (as appropriate) required to be submitted by Phoenix pursuant to Reporting 2.1 in the PRA Rulebook. The Transitional Measures Instrument 2015 shall be ignored for this calculation.

- 2.3.2** paragraphs 2.1.5, 2.1.6 and 2.1.10 to 2.1.12 of this Part 7 of Schedule 11, "**RCF**" 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):

$RCF = \text{Part A} + \text{Part B}$, where:

Part A = $(P - IP + AMC + UC - REB - EXP - COMM - CLS + SP) \times (1 + (1 - \text{tax}) \times (j - e)/2)$; and

Part B = $-(V^1 - V^0 \times (1 + (1 - \text{tax}) \times (i_1 - e)))$

where:

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

IP = the element of P allocated to UL Units or WP Units. For Premiums allocated to Initial Units the IP will also reflect the application of an actuarial funding factor to reduce the unit liability.

AMC = annual management charges levied in respect of UL Units, and the equivalent management deductions in respect of WP Units, during the Reference Valuation Period.

UC = any other charges or deductions (excluding deductions for the assessed cost of guarantees) taken in respect of UL Units or WP Units during the Reference Valuation Period, whether by the cancellation of such units or otherwise.

REB = rebated charges or rebated deductions (excluding deductions for the assessed cost of guarantees) credited to Defined Block Policies during the Reference Valuation Period, either in the form of an allocation of UL Units or in the form of a credit to the Asset Share of WP Units.

EXP = (i) initial, renewal and termination expenses attributable to Defined Block Policies during the Reference Valuation Period, as calculated in accordance with Part 4 of this Schedule 11; plus (ii) investment expenses attributable to Defined Block Policies during the Reference Valuation Period, as calculated in accordance with Part 4 of this Schedule 11; but only if and to the extent that such investment expenses are in respect of the assets backing the unit liabilities of UL Units or the Asset Shares representing the investment element of With-Profits Policies (and excluding for this purpose any investment expenses levied directly on UL Units by unit price adjustment or by adjustment to 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 Heritage WP 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 Heritage WP Fund), reduced to allow for the tax relief expected to be obtained on these commissions. 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 UL Units and any WP 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. For the purpose of calculating V^1 , the method of constructing the risk-free interest rate term structure underlying V^0 (for example, the inclusion, exclusion or nature of any volatility adjustment) should reflect the basis applicable at the end of the Reference Valuation Period.

i_1 = the annually compounding one year spot rate from the risk-free interest rate term structure underlying V^0 . If i_1 differs within a Defined Block then the element $V^0 \times (1 + (1 - \text{tax}) \times (i_1 - e))$ shall be calculated separately for each i_1 .

j = the simple interest rate defined by

$$\frac{j}{2} = \frac{(1 + i_1)}{(1 + i_{0.5})^{0.5}} - 1$$

where i_t is the annually compounding spot rate for a term of t years from the basic relevant risk-free interest rate term structure applying at the beginning of the Reference Valuation Period.

tax = the policyholder rate of taxation applicable to Defined Block Policies during the Reference Valuation Period.

e = the rate of investment expenses applicable to non-profit technical provisions during the Reference Valuation Period (unadjusted for tax relief).

Each component of the above formula is to be extracted from the records or other relevant data supporting the accounts, balance sheets, abstracts and statements (as appropriate) required to be submitted by Phoenix (or, as applicable, for the part of 2023 prior to the Transfer Date, SLAL) pursuant to Reporting 2.1 in the PRA Rulebook. The Transitional Measures Instrument 2015 shall be ignored for this calculation.

2.4 Other definitions

2.4.1 In this paragraph 2 and in paragraph 3 of this Part 7 of Schedule 11, the following definitions apply:

- (i) **"Basic Life Assurance and General Annuity Business Fund"** means the fund of that name as maintained by Phoenix for the purposes of Phoenix's tax computations;
- (ii) **"best estimate"** has the meaning given in the Glossary of the PRA Rulebook;
- (iii) **"CNP Deferred Annuities – Life (UK) Block"** means the Policies identified as being attributable to such in paragraph 3 of this Part 7 of Schedule 11;
- (iv) **"CNP Deferred Annuities – Pensions (UK) Block"** means the Policies identified as being attributable to such block in paragraph 3 of this Part 7 of Schedule 11;
- (v) **"CNP Life (Gross Roll-Up Fund) (Ireland) Block"** means the HWPF Reinsurance Agreement, to the extent identified as being attributable to such block in paragraph 3 of this Part 7 of Schedule 11;

- (vi) **"CNP Life (Net Fund) (Ireland) Block"** means the HWPF Reinsurance Agreement, to the extent identified as being attributable to such block in paragraph 3 of this Part 7 of Schedule 11;
- (vii) **"CNP Pensions (Ireland) Block"** means the HWPF Reinsurance Agreement, to the extent identified as being attributable to such block in paragraph 3 of this Part 7 of Schedule 11;
- (viii) **"CNP Policy"** means a Policy no part of which is:
 - (a) a With-Profits Policy; or
 - (b) a Property-Linked Policy;
- (ix) **"CNP Protection and Miscellaneous – Life (UK) Block"** means the Policies identified as being attributable to such block in paragraph 3 of this Part 7 of Schedule 11;
- (x) **"CNP Protection and Miscellaneous – Pensions (UK) Block"** means the Policies identified as being attributable to such block in paragraph 3 of this Part 7 of Schedule 11;
- (xi) **"CWP Policy"** means any Policy or any part of a Policy in respect of which the relevant policyholder is eligible to participate in any part of any profits other than by reference to WP Units notionally allocated to that Policy;
- (xii) **"Index-Linked Policy"** means any Policy which falls within paragraph III of Part II of Schedule 1 to the RAO in respect of which the benefits payable are determined by reference to an index of the value of assets of any description (whether or not specified in the Policy);
- (xiii) **"Initial Unit"** means any UL Unit or WP Unit which is, in accordance with the terms of the relevant Policy, allocated during an initial period following the relevant Policy being written and which is subject to:
 - (a) regular charges in addition to the charges ordinarily levied on UL Units or WP Units in respect of the relevant Policy; and/or
 - (b) additional charges which are levied if the relevant Policy is surrendered;
- (xiv) **"New Basis Life Fund"** means the fund of that name as maintained by Phoenix for the purposes of Phoenix's tax computations;
- (xv) **"Old Basis Life Fund"** means the fund of that name as maintained by Phoenix for the purposes of Phoenix's tax computations;
- (xvi) **"Pensions Business Fund"** means the fund of that name as maintained by Phoenix for the purposes of Phoenix's tax computations;
- (xvii) **"Policies"** means:
 - (a) Transferred Policies and Excluded Policies which were allocated to the SLAL Heritage WP Fund immediately prior to the Transfer Date (but excluding any SL Intl Policies);

- (b) Policies which were allocated to the SLAL Heritage WP Fund at the start of the Reference Valuation Period that the Transfer Date falls within, which would have constituted Transferred Policies or Excluded Policies if they remained in force immediately prior to the Transfer Date (but excluding any SL Intl Policies);
- (c) additional business written in or allocated to the Heritage WP Fund pursuant to paragraph 1.1 of Part 10 of this Schedule 11;
- (d) if, and only if, the Phoenix Board so elects, business written in or allocated to the Heritage WP Fund pursuant to paragraph 1.1 of Part 10 of this Schedule 11; and
- (e) 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 business written pursuant to paragraph 3 of Part 10 of this Schedule 11, and "**Policy**" shall be construed accordingly;

- (xviii) "**Property-Linked Policy**" means any Policy which falls within paragraph III of Part II of Schedule 1 to the RAO in respect of which the benefits payable are determined by reference to the value of, or the income from, assets of any description (whether or not specified in the Policy) but excluding an Index-Linked Policy;
- (xix) "**Unitised Life (Gross Roll-Up Fund) (Ireland) Block**" means the HWPF Reinsurance Agreement, to the extent identified as being attributable to such block in paragraph 3 of this Part 7 of Schedule 11;
- (xx) "**Unitised Life (Net Fund) (Ireland) Block**" means the HWPF Reinsurance Agreement, to the extent identified as being attributable to such block in paragraph 3 of this Part 7 of Schedule 11;
- (xxi) "**Unitised Life (UK) Block**" means the Policies identified as being attributable to such block in paragraph 3 of this Part 7 of Schedule 11;
- (xxii) "**Unitised Pensions (Ireland) Block**" means the HWPF Reinsurance Agreement, to the extent identified as being attributable to such block in paragraph 3 of this Part 7 of Schedule 11;
- (xxiii) "**Unitised Pensions (UK) Block**" means the Policies identified as being attributable to such block in paragraph 3 of this Part 7 of Schedule 11;
- (xxiv) "**Unitised Policy**" means a Policy any part of which is:
 - (a) a UWP Policy; or
 - (b) a Property-Linked Policy,
 providing that such Policy or part thereof is not: (A) a CWP Policy; (B) a Policy under which a non-profit endowment or non-profit deferred annuity benefit is provided; or (C) a Capital Accumulation Policy;
- (xxv) all references to "**Defined Block Policies**" shall be deemed to refer to Policies in the relevant Defined Blocks;

- (xxvi) all references to "**risk-free interest rate term structure**" shall mean the relevant risk-free interest rate term structure (as defined in the Glossary of the PRA Rulebook) including any applicable matching adjustments, volatility adjustments or other adjustments. This differs from the 'basic risk-free interest rate term structure' which does not include any such adjustments. Unless otherwise specified (as for the calculation of V1) the adjustments are those applying at the beginning of the Reference Valuation Period; and
- (xxvii) 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 Heritage WP Fund with taxation pursuant to paragraph 33 of this Scheme and Part 6 of this Schedule 11.

2.5 Interpretation

2.5.1 For the purposes of this paragraph 2 of Part 7 of Schedule 11, all Recourse Cashflow calculations shall be made on the basis that any amounts payable or receivable by the Heritage WP Fund pursuant to reinsurances accepted or ceded shall be added to or deducted from (as appropriate) the relevant RCF component, save that, for the avoidance of doubt, any amounts payable or receivable or otherwise to be credited or debited pursuant to paragraph 4 of Part 10 of this Schedule 11 where the Investment Element in respect of a Policy written in, allocated to or reinsured by the Heritage WP Fund is allocated or transferred to, or reinsured by, a Fund other than the Heritage WP Fund shall be disregarded.

2.5.2 If there is any doubt as to whether:

- (i) any amount is properly attributable to a component of any Recourse Cashflow, the Phoenix Board may (having regard to the advice of the relevant Phoenix With-Profits Actuary) determine whether it shall be so attributed; or
- (ii) any Policy (including, for the avoidance of doubt, any part of the HWPF Reinsurance Agreement) is included or excluded from any Defined Block, the Phoenix Board may (having regard to the advice of the relevant Phoenix With-Profits Actuary) determine whether it shall be so included or excluded.

2.5.3 Where any additional business is written in the Heritage WP Fund pursuant to paragraph 1 of Part 10 of this Schedule 11, the Phoenix Board (having regard to the advice of the relevant Phoenix With-Profits Actuary) shall determine whether or not such business shall be included or excluded from the Defined Blocks.

3 Defined Blocks

Defined Block	Policies attributable to Defined Block
(i) CNP Protection and Miscellaneous – Life (UK) Block	CNP Policies of the following types written in the Basic Life Assurance and General Annuity Business Fund: - Term Assurance Whole of Life Lifetime Protection Series Homebuilder Mortgage Protection Plan

Defined Block	Policies attributable to Defined Block
	Contingent Assurance Renewable / Convertible Term Assurance Miscellaneous Conventional Non Profit Savings Capital Accumulation Endowment Assurance Pure Endowment
(ii) CNP Protection and Miscellaneous – Pensions (UK) Block	CNP Policies of the following types written in the Pensions Business Fund: - Term Assurance Group Death In Service Contingent Assurance Capital Accumulation Endowment Assurance Pure Endowment
(iii) CNP Deferred Annuities – Life (UK) Block	CNP Policies of the following types written in the Basic Life Assurance and General Annuity Business Fund: - Deferred Annuity
(iv) CNP Deferred Annuities – Pensions (UK) Block	CNP Policies of the following types written in the Pensions Business Fund: - Deferred Annuity Bulk Buy Out Deferred Annuity
(v) Unitised Life (UK) Block	Unitised Policies of the following types written in the Basic Life Assurance and General Annuity Business Fund: - Capital Investment Bond With Profits Bond Homeplan Special Investment Bond (Peppercorn) Regular Investment Bond Unit Endowment Versatile Investment Plan Variable Investment Bond Variable Protection Plan
(vi) Unitised Pensions (UK) Block	Unitised Policies of the following types written in the Pensions Business Fund:- Executive Pension Plan Small Self Administered Scheme Personal Pension Plan (PPL) Castle Personal Pension Series

Defined Block	Policies attributable to Defined Block
	Personal Pension Plan One Personal Pension Flex Stakeholder Pension Plan Phased Retirement Plan Flexible Pension Plan Pension Fund Withdrawal Plan Free Standing Additional Voluntary Contribution Plan Transfer Plan (Variable Benefit) Individual Buy-Out Plan Retirement Account Plan Group Money Purchase Plan Group Personal Pension Plan Group Additional Voluntary Contribution Plan Group Personal Pension One Plan Group Pensions for Larger Employers Group Stakeholder Pension Plan Corporate Stakeholder Pension Plan Group Personal Pension Flex Trustee Investment Plan Personal Pension Investment Plan Institutional Trustee Investment Plan Institutional Personal Pension Investment Plan Corporate Fund Investment Policy Stakeholder Personal Pension Investment Plan
(vii) CNP Life (Net Fund) (Ireland) Block	SL Intl 'Old Basis Life Fund' CNP Policies of the following types reinsured under the HWPF Reinsurance Agreement:- Term Assurance Whole of Life Lifeplus Protection Series Homebuilder Mortgage Protection Plan Contingent Assurance Renewable / Convertible Term Assurance Miscellaneous Conventional Non Profit Savings Capital Accumulation Endowment Assurance Pure Endowment

Defined Block	Policies attributable to Defined Block
(viii) CNP Life (Gross Roll-up Fund) (Ireland) Block	SL Intl 'New Basis Life Fund' CNP Policies of the following types reinsured under the HWPF Reinsurance Agreement:- Lifeplus Protection Series
(ix) CNP Pensions (Ireland) Block	SL Intl 'Pensions Business Fund' CNP Policies of the following types reinsured under the HWPF Reinsurance Agreement:- Capital Accumulation Contingent Assurance Endowment Assurance Pure Endowment Term Assurance Deferred Annuity
(x) Unitised Pensions (Ireland) Block	SL Intl 'Pensions Business Fund' Unitised Policies of the following types reinsured under the HWPF Reinsurance Agreement:- Tower Pension Series Additional Voluntary Contribution Plan Buy Out Bond Corporate Pension Plan Executive Pension Plan Executive Pension Plus Personal Pension Plan Personal Pension Plus Personal Pension Plan (PPL) Personal Retirement Savings Account Personal Retirement Savings Account for Additional Voluntary Contributions Approved Minimum Retirement Fund Approved Retirement Fund Approved Minimum Retirement Fund 2 Approved Retirement Fund 2 Portfolio Approved Minimum Retirement Fund Portfolio Approved Retirement Fund Group Money Purchase Plan Group Pension Plan Managed Funds
(xi) Unitised Life (Net Fund) (Ireland) Block	SL Intl 'Old Basis Life Fund' Unitised Policies of the following types reinsured under the HWPF Reinsurance Agreement:- Capital Investment Bond

Defined Block	Policies attributable to Defined Block
	With Profit Bond Capital Savings Plan Flexible Life Plan Universal Life Plan Mortgage Plan Special Investment Bond (Peppercorn) Regular Investment Bond Variable Investment Bond Versatile Investment Plan Variable Protection Plan Prosperity Bond (Net) MoneyWorks Bond (Net) MoneyWorks Plan (Net) MoneyWorks Coverplan (Net) MoneyWorks Special Savings Incentive Account (Net)
(xii) Unitised Life (Gross Roll-up Fund) (Ireland) Block	SL Intl 'New Basis Life Fund' Unitised Policies of the following types reinsured under the HWPF Reinsurance Agreement:- Capital Investment Bond With Profit Bond Capital Savings Plan Flexible Life Plan Mortgage Plan Variable Investment Bond Versatile Investment Plan Variable Protection Plan Prosperity Bond (Gross) MoneyWorks Bond (Gross) MoneyWorks Plan (Gross) MoneyWorks Coverplan (Gross) Investment Bond Portfolio Bond MoneyWorks Special Savings Incentive Account (Gross)

Part 8 – Mortgage Endowment Promise

1 Mortgage Endowment Promise

1.1 Definitions; Interpretation

1.1.1 In this Part 8 of Schedule 11, the following definitions apply:

"Eligible MEP Policies" means the Policies listed in paragraph 2 of this Part 8 of Schedule 11, including any such Policies which have been transferred to SL Intl pursuant to the SLAL Brexit Scheme;

"First Policy Review Date" 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;

"Managed Fund" means the unit-linked insured fund bearing the name "Standard Life Managed Life Fund" maintained by SLAL immediately prior to the Transfer Date, which operates as a multi-asset fund to which the Eligible MEP Policies can be linked and includes any successor to that fund, including as a result of any renaming, rebranding, amalgamation, division, restructure or substitution of such fund;

"Maturity Value" means the amount (excluding any amount payable to a policyholder pursuant to this Part 8 of Schedule 11) payable in respect of an MEP Policy on the relevant Policy Maturity Date;

"Maximum Top Up Amount" means an amount equal to the excess of the Original Target Value over the Original Projected Value, subject to a minimum of zero;

"MEP Eligibility Criteria" means the conditions which must be satisfied for the MEP to apply to an Eligible Policy, as specified in paragraph 3 of this Part 8 of Schedule 11;

"MEP Introduction Date" means 28 September 2000;

"MEP Policies" means those Eligible MEP Policies which satisfy the MEP Eligibility Criteria;

"Non Top Up MEP Policy" means an MEP Policy which has an Original Projected Value equal to, or in excess of, the Original Target Value;

"Original Projected Value" 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);

"Original Target Value" means the target maturity value for each MEP Policy as determined by SLAC on the First Policy Review Date;

"Policy Maturity Date" means the date on which an MEP Policy matures;

"Shortfall Amount" means an amount equal to the Original Target Value less the Maturity Value, subject to a minimum of zero;

"Top Up MEP Policy" means an MEP Policy which has an Original Projected Value less than the Original Target Value; and

"with-profits investment" or "invested in with-profits" means an investment giving rise to an entitlement to receive a share of SLAC's profits (prior to the effective time of the SLAC Demutualisation Scheme), SLAL's profits (on and after the effective time of the SLAC Demutualisation Scheme but before the Transfer Date, either directly or indirectly through the HWPF Reinsurance Agreement) or Phoenix's profits (on and after the Transfer Date, either directly or indirectly through the HWPF Reinsurance Agreement) on the basis of the investment being applied in a fund to which some or all of SLAC's, SLAL's or Phoenix's (as appropriate) profits are or are to be credited.

1.1.2 Any reference in this Part 8 of Schedule 11 to:

- (i) a **"paragraph"** (except where there is an explicit reference to a **"paragraph of this Scheme"**) means a paragraph of this Part 8 of Schedule 11; and
- (ii) a **"calculation"**, or **"determination"** of the Phoenix Board shall be deemed to refer to a calculation or determination made or reached having regard to the advice of the relevant Phoenix With-Profits Actuary.

1.2 Payments under the MEP

1.2.1 For all MEP Policies maturing on or after the Transfer Date Phoenix shall, on or about the relevant Policy Maturity Date, pay the holder of the relevant MEP Policy:

- (i) where the relevant MEP Policy is either a Top Up MEP Policy or a Non Top Up MEP Policy and the Average Return on the MEP Assets for the relevant MEP Policy is 6% (six per cent.) or more, the Shortfall Amount; or
- (ii) where the relevant MEP Policy is a Top Up MEP Policy and the Average Return on the MEP Assets is less than 6% (six per cent.), the Maximum Top Up Amount (subject to a maximum of the Shortfall Amount),

provided that: (1) in no circumstances shall any policyholder be paid, by virtue of the application of the MEP, an amount which, in combination with the other maturity proceeds payable in respect of the MEP Policy, is in excess of the Original Target Value; and (2) where the relevant MEP Policy is a Non Top Up MEP Policy and the Average Return on the MEP Assets is less than 6% (six per cent.), no payment shall be due to the holder of such MEP Policy under the MEP.

1.2.2 A payment by Phoenix in accordance with paragraph 1.2.1 shall constitute full and complete satisfaction of the obligations to the relevant policyholder in respect of the MEP.

1.2.3 For the purposes of this paragraph 1.2, **"Average Return on the MEP Assets"** shall be calculated by the Phoenix Board: (1) in respect of the period prior to the Transfer Date, in accordance with the methodology and calculations set and used by the board of directors of SLAL prior to the Transfer Date; and (2) in respect of the period on and following the Transfer Date, in accordance with a methodology determined by the Phoenix Board, provided that such methodology is consistent with the methodology used by the board of directors of SLAL prior to the Transfer Date, in each case, on the basis that:

- (i) where the investment element of Premiums attributable to the relevant MEP Policy is, at the First Policy Review Date, invested solely in with-profits, the return shall be the annualised investment return in respect of the assets backing the Asset Share of such MEP Policy. The annualised investment return shall be calculated by determining the time-weighted rate of return in respect of the assets backing the Asset Share of the relevant MEP Policy for each month from and including the MEP Introduction Date to and including the Policy Maturity Date (net of the taxation assumed in the Asset Share calculation) and then annualising the result;
- (ii) where the investment element of Premiums attributable to the relevant MEP Policy is, at the First Policy Review Date, invested solely in the Managed Fund, the return shall be the average annual increase in the unit value (bid price) of units in that Managed Fund (grossed up for fund management charges) from the MEP Introduction Date to the Policy Maturity Date; and
- (iii) where the investment element of Premiums attributable to the relevant MEP Policy is, at the First Policy Review Date, invested partially in with-profits and partially in the Managed Fund, the return shall be calculated by taking an arithmetic weighted mean of the returns calculated in accordance with paragraphs 1.2.3(i) and 1.2.3(ii). For the purposes of obtaining the arithmetic weighted mean, the weightings shall be the proportions of the investment element of Premiums attributable to the relevant MEP Policy invested in with-profits and the Managed Fund as at the First Policy Review Date.

2 Eligible MEP Policies

The Eligible MEP Policies are:

- 2.1** Minimum Cost (MC) plans, including MC100 (UK and Ireland);
- 2.2** Standing Loan (SL) plans (UK only);
- 2.3** Low Cost (LC) plans (UK only);
- 2.4** Homeplans (UK only);
- 2.5** Versatile Investment Plans marketed and sold as mortgage endowments between 1 July 1989 and 16 October 1991 (UK only); and
- 2.6** Mortgage Plan Policies (Ireland only),

in each case where: (i) such Eligible MEP Policies were written by SLAC prior to the MEP Introduction Date; and (ii) the holder of the relevant Eligible MEP Policies was sent a letter applying the MEP to such Policy.

The MEP shall not apply to Pension or PEP mortgage Policies.

3 Eligibility Criteria

- 3.1** The MEP, as applied and operated in accordance with this Part 8 of Schedule 11, will only apply if all of the following conditions are met between the First Policy Review Date and the Policy Maturity Date:

- 3.1.1** all future Premiums must be paid in full up until the Policy Maturity Date; and

3.1.2 the existing funds, as well as future Premiums, must be invested only in with-profits funds or the Managed Fund (or a mixture of both). Where, on the MEP Introduction Date, the existing funds invested in respect of an Eligible Policy were not invested only in with-profits or the Managed Fund (or a mixture of both), such Policy is deemed to have satisfied this criterion in respect of such existing funds if they were transferred into the Managed Fund within two months of the date of the letter sent to each relevant policyholder notifying the policyholder that such transfer was required in order for the criterion to be met.

3.2 The MEP, as applied and operated in accordance with this Part 8 of Schedule 11, will not apply if any of the following take place between the First Policy Review Date and the Policy Maturity Date:

3.2.1 the Premium amount is reduced (except as a result of the Policy being altered from joint life to single life);

3.2.2 the Policy term is altered;

3.2.3 the Policy is partially or fully surrendered or made paid-up (including where any early maturity option is exercised); or

3.2.4 the Policy is absolutely assigned to a third party (except in the case of divorce) (for example, by sale as a traded endowment Policy).

Part 9 – Transactions in the Heritage WP Fund

1 Transactions in the Heritage WP Fund

1.1 After the Transfer Date Phoenix may enter into any Heritage WP Fund Transaction provided that it is on terms which, in the opinion of the Phoenix Board (having regard to the advice of the relevant Phoenix With-Profits Actuary), are unlikely to have a material adverse effect on the interests of the holders of Heritage WP Fund With-Profits Policies.

1.2 Without prejudice to the generality of paragraph 1.1 of this Part 9 of Schedule 11, if a Heritage WP Fund Transaction includes the making of a loan to a connected person using assets in the Heritage WP Fund, 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 Heritage WP Fund, such Heritage WP Fund Transaction may be effected if the loan or guarantee:

1.2.1 will be on commercial terms;

1.2.2 will be, in the reasonable opinion of the Phoenix Board, beneficial to the holders of Heritage WP Fund With-Profits Policies; and

1.2.3 will not, in the reasonable opinion of the Phoenix Board, expose such policyholders to undue credit or group risk.

1.3 In this Part 9 of Schedule 11, "**Heritage WP Fund Transaction**" means a With-Profits Fund Transaction on behalf of, and to the account of, the Heritage WP Fund.

1.4 This paragraph 1 of Part 9 of Schedule 11 shall not in any way restrict or prohibit Phoenix from entering into any transaction or arrangement which is required to be entered into by this Scheme.

2 Contingent Financing Arrangements

- 2.1** The Phoenix Board may require the Heritage WP Fund to enter into a Contingent Financing Arrangement which is a Heritage WP Fund Transaction provided that it is satisfied that the requirements of paragraph 1.1 of this Part 9 of Schedule 11 and, if relevant, paragraph 1.2 of this Part 9 of Schedule 11 are satisfied on the basis of the provisions of this paragraph 2 of Part 9 of Schedule 11.
- 2.2** For the purposes of paragraph 1.1 of this Part 9 of Schedule 11 (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 Heritage WP Fund With-Profits Policies if the Phoenix Board is reasonably satisfied (having regard to the advice of the relevant Phoenix With-Profits Actuary) that the obligations undertaken by the Heritage WP Fund under the Contingent Financing Arrangement will not be likely to materially and adversely affect: (a) the quantum of the residual estate in the Heritage WP Fund (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, taking into account 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.
- 2.3** For the purposes of paragraph 1.2 of this Part 9 of Schedule 11 (if and to the extent that it is applicable to the Contingent Financing Arrangement being contemplated), the Phoenix Board shall determine at its sole and absolute discretion what form of benefit is appropriate to be provided to the Heritage WP Fund and may otherwise implement the Contingent Financing Arrangement on terms which it deems appropriate.
- 2.4** In this Schedule 11, "**Contingent Financing Arrangement**" means:
- 2.4.1** any contingent loan or similar financing arrangement (including reinsurance, non-reinsurance and securitisation financing arrangements) the repayment or recapture of which is contingent, in whole or in part, upon the emergence of specified cashflows on any block of Policies written in or allocated to the Heritage WP Fund at any time; or
- 2.4.2** any contingent loan or similar financing arrangement (including reinsurance, non-reinsurance and securitisation financing arrangements) made by the Heritage WP Fund the repayment or recapture of which is contingent, in whole or in part, upon the emergence of specified cashflows on defined blocks of business written by Phoenix or another member of the Phoenix Group.

Part 10 – Maintenance of the Heritage WP Fund and business written in and allocated to it

1 Additional business

- 1.1** The Phoenix Board may, from time to time, write business in the Heritage WP Fund provided that it has determined (any such determination to be made in accordance with the advice of the relevant Phoenix With-Profits Actuary) that the writing of such proposed business:
- 1.1.1** is not expected to materially and adversely affect the quantum of the residual estate of the Heritage WP Fund or to impose any material constraint on the manner and timing of its distribution;

- 1.1.2 is not expected to materially and adversely affect the reasonable expectations of the holders of Policies written in or allocated to the Heritage WP Fund; and
- 1.1.3 will not be inconsistent with any of the Scheme Principles of Financial Management of the Heritage WP Fund (or, if there has been a Capital Event, in accordance with Phoenix's conduct pursuant to paragraph 4 of Schedule 1) or the Heritage WP Fund PPFM.

If any such business is written pursuant to this paragraph 1.1 of Part 10 of Schedule 11, the Phoenix Board shall ensure that the Heritage WP Fund is remunerated appropriately for the use of its capital, and the risks which it is assuming, in writing or accepting such business.

1.2 Other than business permitted to be written in the Heritage WP Fund pursuant to paragraph 1.1 of this Part 10 of Schedule 11, the only additional business which may be written in the Heritage WP Fund after the Transfer Date is:

- 1.2.1 replacement Policies (but not new or additional Policies) written by Phoenix pursuant to paragraphs 5.4 or 6.2 of this Scheme in respect of Heritage WP Fund Policies;
- 1.2.2 Excluded Policies being transferred to Phoenix pursuant to paragraph 6.4 of this Scheme and allocated to the Heritage WP Fund under Part D of this Scheme;
- 1.2.3 increases to Premiums or benefits in respect of Heritage WP Fund Policies, including Annuity Augmentations (as defined in paragraph 3 of Part 2 of this Schedule 11);
- 1.2.4 Policies which would, had they been written at or prior to the effective time of the SLAC Demutualisation Scheme, have been administered as increments to Policies which were subsequently allocated to the SLAL Heritage WP Fund;
- 1.2.5 Policies issued on the exercise of options or rights under Heritage WP Fund Policies, other than non-profit immediate annuities issued on the vesting of Policies to which paragraph 2 of this Part 10 of Schedule 11 applies;
- 1.2.6 additional business arising in respect of new members of group Policies which are allocated to the Heritage WP Fund and which at the effective time of the SLAC Demutualisation Scheme were administered on 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;
- 1.2.7 Policies written in substitution of Heritage WP Fund Policies that are cancelled;
- 1.2.8 additional business comprised of reinsurances accepted by Phoenix after the Transfer Date pursuant to reinsurance treaties assumed by SLAL that were entered into prior to the effective time of the SLAC Demutualisation Scheme where the corresponding liability would, had it been accepted at or prior to the effective time of the SLAC Demutualisation Scheme, have been administered as an increment; and
- 1.2.9 any amounts transferred or allocated from a Fund other than the Heritage WP Fund to the Heritage WP Fund pursuant to paragraph 4.6 of this Part 10 of Schedule 11.

1.3 For the purposes of this paragraph 1 of Part 10 of Schedule 11 "**business**" (in paragraph 1.1) and "**additional business**" (in paragraph 1.2) shall include:

- 1.3.1 the allocation of Policies written after the effective time of the SLAC Demutualisation Scheme to the Heritage WP Fund; and

1.3.2 the transfer or allocation to the Heritage WP Fund of any liability in respect of:

- (i) a Policy written in another Fund or by another member of the Phoenix Group (other than the HWPF Reinsurance Agreement, which shall not constitute "business" or "additional business" for the purposes of this paragraph 1 of Part 10 of Schedule 11 and which shall be allocated to the Heritage WP Fund pursuant to paragraph 16 of this Scheme and paragraph 1 of Part 2 of this Schedule 11); or
- (ii) a reinsurance accepted by Phoenix (other than through the HWPF Reinsurance Agreement), whether or not from another member of the Phoenix Group,

including the transfer or allocation to the Heritage WP Fund from another Fund of the WP Investment Element of any UWP Policies written by, or reinsured to, such other Fund (including any amounts transferred into the Heritage WP Fund from another Fund in respect of switches from UL Units to WP Units) in each case pursuant to paragraph 3 of this Part 10 of Schedule 11.

2 Re-allocation of Policies on vesting

2.1 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 Heritage WP Fund Policy (or other Policy written in or allocated to the Heritage WP 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:

2.1.1 Subject to paragraph 2.1.3 of this Part 10 of Schedule 11, Phoenix shall provide the Annuity Benefit from within a Fund (other than the Heritage WP Fund) or procure its provision by another member of the Phoenix Group and an amount equal to the cost of such Annuity Benefit, as determined in accordance with paragraph 2.1.2 of this Part 10 of Schedule 11 (the "**Annuity Benefit Cost**"), shall be debited from the Heritage WP Fund and credited to the relevant Fund or paid to the relevant member of the Phoenix Group (as appropriate). In respect of a SL Intl HWPF Reinsured Policy, the Annuity Benefit Cost shall be debited from the Heritage WP Fund and transferred to SL Intl pursuant to the HWPF Reinsurance Agreement, unless paragraph 31.1(C) of the SLAL Brexit Scheme applies.

2.1.2 The Annuity Benefit Cost is to be determined by the Phoenix 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 members of the Phoenix Group (including SL Intl in respect of any SL Intl HWPF Reinsured Policy) and Funds (other than the Heritage WP 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 Phoenix Board.

2.1.3

- (i) If the relevant Phoenix With-Profits Actuary considers that the Annuity Benefit Cost exceeds that which is reasonable then they may require that Phoenix shall provide such Annuity Benefit from within the Heritage WP 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 SLAL Brexit Scheme arise). In such circumstances, the Phoenix Board shall be informed as to how the relevant Phoenix With-Profits Actuary has reached their conclusion under this paragraph 2.1.3 of Part 10 of Schedule 11.
- (ii) If the Phoenix Board considers pursuant to paragraph 31.1(C) of the SLAL Brexit Scheme that the Annuity Benefit Cost exceeds that which is reasonable and requires that Phoenix shall provide such Annuity Benefit from within the Heritage WP 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 Heritage WP Fund in respect of that SL Intl HWPF Reinsured Policy pursuant to the HWPF Reinsurance Agreement shall, unless the relevant Phoenix With-Profits Actuary agrees otherwise in writing or that liability is reinsured by a person other than Phoenix, and subject to paragraph 2.1.3(i) of this Part 10 of Schedule 11, be allocated to the Phoenix Non-Profit Fund.

2.1.4 All costs and liabilities relating to the provision of the Annuity Benefit will be reinsured by, transferred to, or remain in, as the case may be, the Fund or other member of the Phoenix Group (including SL Intl in respect of any SL Intl HWPF Reinsured Policy) from which the Annuity Benefit is to be provided. This paragraph 2.1.4 of this Part 10 of Schedule 11 shall not prevent the liabilities in respect of any Annuity Benefit from being reinsured with a third party, such reinsurance to be on terms acceptable to the relevant Phoenix With-Profits Actuary if the Annuity Benefit is to be provided from the Heritage WP Fund.

2.2 If, in the event of vesting of a Heritage WP Fund Policy (or other Policy written in or allocated to the Heritage WP 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, Phoenix shall transfer the cash (or relevant proportion of the cash) from the Heritage WP Fund:

2.2.1 where the annuity is to be provided by another Fund, to the 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 Phoenix Board; or

2.2.2 where the annuity is to be provided by another member of the Phoenix Group, to the relevant member of the Phoenix Group, in which case the annuity shall be provided on the basis of the annuity rate being offered by the relevant member of the Phoenix Group. In respect of a SL Intl HWPF Reinsured Policy, the cash (or relevant proportion of the cash) shall be transferred from the Heritage WP 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.

3 Arrangements for with-profits investment into the Heritage WP Fund by Policies not written in, allocated to or reinsured by the Heritage WP Fund

3.1 This paragraph 3 of Part 10 of Schedule 11 applies to any Policy written in, allocated to, or reinsured by any fund (the "**Primary Fund**") of:

3.1.1 SLAL prior to the Transfer Date other than the SLAL Heritage WP Fund; or

3.1.2 Phoenix after the Transfer Date other than the Heritage WP Fund,

but, in each case, only if and to the extent that the WP Investment Element relating to that Policy is transferred or allocated to, or reinsured by, the Heritage WP Fund. Any Policy which this paragraph 3 of Part 10 of Schedule 11 applies to is referred to as a "**UWP Primary Fund Policy**".

3.2 This paragraph 3 of Part 10 of Schedule 11 continues the arrangement set out in paragraph 23 of the SLAC Demutualisation Scheme for the transfer, allocation or reinsurance of the WP Investment Element of the UWP Primary Fund Policies from the Primary Fund to the Heritage WP Fund. After the Transfer Date, such transfer, allocation or reinsurance shall be subject to the limitations specified in paragraph 1 of this Part 10 of Schedule 11.

3.3 On and from the Transfer Date, any Premium received on or after the Effective Date in respect of 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 Heritage WP Fund and applied in allocating WP Units in respect of such UWP Primary Fund Policy.

3.4 Any amounts in respect of a UWP Primary Fund Policy to be allocated to WP Units on or after the Transfer Date 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 Heritage WP Fund and applied in allocating WP Units in respect of the relevant Policy.

3.5 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 (other than switches to other types of WP Units in the Heritage WP Fund), an amount shall be debited from the Heritage WP Fund 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.

3.6 Any transfer pursuant to paragraph 3.5 of Part 10 of Schedule 11 shall take account of any applicable final bonus or unit price adjustment (and other charges and deductions properly attributable to the Heritage WP Fund in accordance with its 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.

3.7 From time to time there shall be debited from the Heritage WP 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 Heritage WP Fund) less investment management fees debited from the Heritage WP Fund pursuant to Part 4 of this Schedule 11 in respect of such Asset Shares.

3.8 The liability of the Heritage WP Fund 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.

3.9 In substitution of the arrangements described in this paragraph 3 of Part 10 of Schedule 11, the Phoenix Board may at any time effect such alternative arrangements between the Heritage WP 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, Principle 12 in the FCA Handbook and the limitations set out in paragraph 1 of this Part 10 of Schedule 11; and (ii) undertaken having regard to the advice of the relevant Phoenix With-Profits Actuary.

4 Arrangements for investment into other Funds by Policies written in, allocated to or reinsured by the Heritage WP Fund

4.1 This paragraph 4 of Part 10 of Schedule 11 applies to any Policy or SL Intl HWPF Reinsured Policy written in, allocated to or reinsured by:

4.1.1 the SLAL Heritage WP Fund prior to the Transfer Date; or

4.1.2 the Heritage WP Fund after the Transfer Date,

but in each case, 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 Fund other than the Heritage WP Fund (the "**Investment Fund**"). Any Policy or SL Intl HWPF Reinsured Policy which this paragraph 4 of Part 10 of Schedule 11 applies to is referred to as a "**Heritage WP Fund Hybrid Policy**".

4.2 This paragraph 4 of Part 10 of Schedule 11 continues the arrangement set out in paragraph 24 of the SLAC Demutualisation Scheme for the transfer, allocation or reinsurance of the Investment Element from the Heritage WP Fund to the Investment Fund.

4.3 On and from the Transfer Date, any Premium received on or after the Effective Date in respect of a Heritage WP Fund Hybrid Policy shall be credited to the Heritage WP Fund and the Investment Element in respect thereof, to the extent that it is transferred to allocated to, or reinsured by, an Investment Fund, shall be debited from the Heritage WP Fund and credited to the relevant Investment Fund and applied by allocating WP Units or UL Units (as appropriate) (together, "**Units**") to such Heritage WP Fund Hybrid Policy in the relevant Investment Fund ("**Investment Fund Units**").

4.4 Any amounts to be allocated to Investment Fund Units on or after the Transfer Date as a result of a switch from Units in the Heritage WP Fund to Investment Fund Units, or otherwise, in accordance with the terms of the relevant Policy shall be debited from the Heritage WP Fund and credited to the relevant Investment Fund and applied in allocating Investment Fund Units in respect of the relevant Heritage WP Fund Hybrid Policy.

4.5 Any amounts debited from the Heritage WP Fund pursuant to paragraph 4.4 shall take account of any applicable final bonus or unit price adjustment (and other charges and deductions made in accordance with the Heritage WP Fund PPFM) required by the terms of the relevant Policy or SL Intl HWPF Reinsured Policy.

- 4.6** If any event occurs which, under the terms of a Heritage WP Fund Hybrid Policy, gives rise to the cancellation of Investment Fund Units attaching to such Heritage WP Fund Hybrid Policy (other than switches to other Investment Fund Units), an amount shall be debited from the relevant Investment Fund and credited to the Heritage WP Fund equal to the amount which the terms of the relevant Heritage WP Fund Hybrid Policy and, if applicable, the PPFM applicable to the relevant Investment Fund, provide shall be payable or transferrable on cancellation of 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 Heritage WP Fund Hybrid Policy.
- 4.7** From time to time there shall be debited from the relevant Investment Fund and credited to the Heritage WP Fund all charges levied on the Investment Fund Units allocated to the Heritage WP Fund Hybrid Policy (including as a result of any switch) in accordance with the terms of the relevant Heritage WP Fund Hybrid Policy, less any investment management expenses incurred by the Investment Fund in respect of such Investment Fund Units.
- 4.8** In substitution of the arrangements described in this paragraph 4 of Part 10 of Schedule 11, the Phoenix Board may at any time effect such alternative arrangements between the Heritage WP Fund and the relevant 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 Principle 12 in the FCA Handbook; and (ii) undertaken having regard to the advice of the relevant Phoenix With-Profits Actuary.

Part 11 – Linked Funds related to Heritage WP Fund Linked Policies

- 1** In this Part 11 of Schedule 11:
- 1.1** "**Investment Fund**" has the meaning given to it in paragraph 4.1 of Part 10 of Schedule 11;
- 1.2** "**Heritage WP Fund Linked Policies**" means Heritage WP Fund Hybrid Policies which may invest in Linked Funds;
- 1.3** "**Relevant Linked Funds**" means the Linked Funds within the Investment Fund to which the UL Investment Element for the Heritage WP Fund Linked Policies is allocated from time to time; and
- 1.4** "**Required Amount**" means the amount required to be allocated to the Relevant Linked Funds in accordance with the PRA Rulebook.
- 2** In accordance with paragraph 18 of this Scheme and paragraph 4 of Part 10 of this Schedule 11, the Investment Fund to which the UL Investment Element for the Heritage WP Fund Linked Policies are to be allocated from time to time is the Phoenix Non-Profit Fund.
- 3** Notwithstanding any other provision of this Scheme, including Part 7 of this Schedule 11, the amount from time to time allocated to the Relevant Linked Funds in excess of the Required Amount may be released to the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund provided that Phoenix shall allocate additional amounts (from the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund) to the Relevant Linked Funds if at any time the amounts allocated to the Relevant Linked Funds are less than the Required Amount.
- 4** For the avoidance of doubt, paragraph 3 of this Part 11 of Schedule 11 does not affect:
- 4.1** any cashflows in relation to the Heritage WP Fund Linked Policies or any other Policies that are defined in this Scheme; or

4.2 the liabilities of the Phoenix Non-Profit Fund in relation to the UL Investment Element of the Heritage WP Fund Linked Policies under paragraphs 4.6 and 4.7 of Part 10 of this Schedule 11.

Schedule 12

LL WP Fund

Part 1 – Scheme Principles of Financial Management of the LL WP Fund

1 Bonus declarations

- 1.1** Bonuses will be determined having regard to the experience of the LL WP Fund and to the fair and equitable distribution of surplus (including any estate that may arise in the LL WP Fund which the Phoenix Board considers may be distributed but excluding any capital support provided under the terms of the PCP) amongst holders of Policies allocated or reinsured to the LL WP Fund according to the actuarial principles described in this Part 1 of Schedule 12.

2 Actuarial principles

- 2.1** The actuarial principles adopted in determining bonuses in the LL WP Fund will continue to be such as will satisfy the reasonable expectations of the holders of Policies allocated or reinsured to the LL WP Fund. Such expectations will be determined, inter alia, by the experience of the LL WP Fund and the overall financial position of Phoenix.
- 2.2** The actuarial principles are based on the Asset Share concept. Asset Shares of different groups of Policies shall accumulate on a basis described in the PPFM for the LL WP Fund and as determined by the Phoenix Board, having regard to appropriate actuarial advice. Without limitation, such basis may include an allocation of investment return as if distinct and different asset mixes had been allocated to identified groups of Policies (whether or not the LL WP Fund in fact holds such assets) or any other form of hypothecation.
- 2.3** Asset Share calculations and the basis for determining bonuses for Policies within the LL WP Fund will not be changed to reflect any charge in respect of financial support of any kind, either explicit (in accordance with paragraph 27 of this Scheme or otherwise) or implicit (in terms of the availability of assets outside the LL WP Fund to provide support). For the avoidance of doubt, this paragraph shall not restrict or prohibit the deduction of such charges where, prior to the implementation of this Scheme, such deductions were made.
- 2.4** The estate may (to the extent that the following debits and credits are not met by adjustments to Asset Share calculations or bonuses made in accordance with the terms of this Scheme and the PPFM for the LL WP Fund):
- 2.4.1** act as a smoothing account for the purposes of paragraph 2.6 of this Part 1 of Schedule 12 and shall accordingly be credited or debited with the difference between payouts (excluding any increase due to payment of guaranteed benefits) and Asset Shares;
 - 2.4.2** be debited with the cost of providing guarantees; and
 - 2.4.3** be debited or credited with the difference between amounts allocated or charged to Asset Share and the amounts allocated or charged to the LL WP Fund in accordance with the PPFM for the LL WP Fund (excluding amounts allocated to or charged for any capital support provided to the LL WP Fund).

- 2.5** Any capital support provided by Phoenix to the LL WP Fund shall be repayable to the Phoenix Shareholders' Fund or the Phoenix Non-Profit Fund (as the case may be) from amounts which might otherwise be attributed to the estate pursuant to paragraph 2.4 of this Part 1 of Schedule 12, at the discretion of the Phoenix Board.
- 2.6** Central to the operation of the with-profits funds is the smoothing of short term investment fluctuations in determining returns on with-profits policies. Phoenix will pursue an approach to smoothing for the LL WP Fund that is consistent with the reasonable expectations of the holders of Policies allocated or reinsured to the LL WP Fund. The normal operation of smoothing is intended to be balanced in that good years for investment returns will even out bad years. If the good years outweigh the bad years then the benefit will be passed on to policyholders. In the event that this does not prove to be the case, then adjustments to Asset Share calculations will be incorporated to an extent consistent with policyholders' reasonable expectations. Any further assets required to support smoothing will be met by the estate of the LL WP Fund or, if necessary, by support made available under the PCP and, in any event, policyholders will receive their guaranteed benefits.
- 2.7** Asset Share techniques will incorporate any changes which are appropriate in the opinion of the Phoenix Board, having regard to appropriate actuarial advice. These may be brought about either by improvements in practices (within the company or the industry) or by changes to professional guidance amongst other things.

3 Investment policy

- 3.1** The investment policy for the LL WP Fund from time to time shall be determined by the Phoenix Board, having regard to appropriate actuarial advice. In setting the investment policy for the LL WP Fund, the Phoenix Board shall use reasonable endeavours to pursue an investment policy for the assets attributed to Policies allocated or reinsured to the LL WP Fund which is in the best interests of the holders of those Policies, subject to normal considerations of prudence and having regard to any reserving requirements of the LL WP Fund and the capital resource requirements which would be applicable to the LL WP Fund if it constituted the entire Phoenix Long-Term Fund.
- 3.2** The investment policy of the LL WP Fund will not be changed for the purpose of reducing any capital support required for the LL WP Fund, although it may be changed to ensure that Phoenix as a whole can continue to meet UK statutory solvency and regulatory capital requirements. Nothing in this Part 1 of Schedule 12 will prevent Phoenix from applying asset liability management techniques typical in the industry and in accordance with policyholders' reasonable expectations.
- 3.3** The investment policy in respect of any Policy allocated to the sub-fund bearing the name "Life With-Profits Fund" maintained by London Life as at the operative date of the PLAL 2012 Scheme as a sub-fund of the Long-Term Fund of London Life in accordance with the LL Scheme (as defined in paragraph 2.6 of Part 2 of this Schedule 12) (the "**Old LL Life WP Fund**") prior to the operative date of the PLAL 2012 Scheme will not be changed for the purpose of meeting the cost of any guarantees contained within Policies allocated to the Old LL Life WP Fund prior to the operative date of the PLAL 2012 Scheme.

4 Asset Share charges

4.1 No liabilities, including any charges or expenses, shall be deducted from the Asset Share of any Policy allocated to the LL WP Fund following the Transfer Date except to the extent that such liabilities were deducted from Asset Shares prior to the Transfer Date in accordance with the PPFM for the PLAL LL WP Fund in force immediately prior to the Transfer Date, including in respect of:

4.1.1 any costs arising from the future experience of the Long-Term Insurance Business in the LL WP Fund over and above those provided for in realistic policyholder liabilities (such as the cost of providing guaranteed benefits); and

4.1.2 taxation.

5 Closure Uplifts

For the purposes of paragraph 23 of this Scheme, any amount transferred into the LL WP Fund by way of capital support, including any interest accrued thereon, shall not be accounted for as a liability of the LL WP Fund to the extent that the Phoenix Chief Actuary determines that the value of the assets allocated to the LL WP Fund would, if it were so counted, be less than the amount necessary to meet the reasonable expectations of the holders of Policies allocated to the LL WP Fund.

6 New business and reinsurance

6.1 No new Long-Term Insurance Business undertaken by Phoenix after the Transfer Date shall be allocated to the LL WP Fund other than:

6.1.1 new Long-Term Insurance Business which can be allocated to a With-Profits Fund pursuant to paragraph 20.3 of this Scheme; and

6.1.2 additional Premiums or increments receivable in respect of, or Policies coming into force as a result of any option or right contained in, any Policy allocated to the LL WP Fund which:

- (i) arise otherwise than at the instigation of the holder of such a Policy;
- (ii) would be allocated to such Policy in accordance with the practices or procedures of PLAL applicable to such Policy prior to the Transfer Date; or
- (iii) would, in the opinion of the Phoenix Chief Actuary, if allocated to any fund other than the LL WP Fund, fail to satisfy the reasonable expectations of the holder of such a Policy.

6.2 Reinsurance business will only be accepted by Phoenix in respect of the LL WP Fund on such terms and in such volumes as approved by the Phoenix Board, having regard to appropriate actuarial advice and having regard to the reasonable expectations of the holders of Policies allocated or reinsured to the LL WP Fund. Approval of the terms will be given if, in addition to normal controls and guidance, the relevant Phoenix With-Profits Actuary is satisfied that such reinsurance will not absorb capital within Phoenix which can reasonably be foreseen as necessary to support the business of the LL WP Fund.

7 Mis-selling liabilities

- 7.1** Subject to paragraph 7.2 of this Part 1 of Schedule 12 and notwithstanding any provision contained in this Scheme, any liability for compensation or redress or other costs in respect of the mis-selling of Policies allocated to the LL WP Fund shall be met by the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund, as the Phoenix Board, having regard to appropriate actuarial advice, shall determine.
- 7.2** A payment or transfer of liabilities made to correct an error and which has the effect of restoring a policyholder, or former policyholder, and the LL WP Fund to the position that they would have been in if the error had not occurred is not a payment of compensation or redress for the purposes of paragraph 7.1 of this Part 1 of Schedule 12.

Part 2 – Costs, Expenses and Charges to the LL WP Fund

- 1** Except as provided in paragraph 4 of this Part 2 of Schedule 12, the expenses attributable to the LL WP Fund for each calendar year (the "**Relevant Year**") in respect of administration services and investment management services shall be calculated by aggregating:
- 1.1** in respect of administration expenses:
- 1.1.1** 6.60 per cent. of annualised Premium (or, in the case of single Premium Policies, 0.66 per cent. of such single Premium) payable in respect of new Policies allocated to the LL WP Fund in the Relevant Year; and
- 1.1.2** the Relevant Amount (as set out in paragraph 2.8 of this Part 2 of Schedule 12) per Policy in force on 1 January of the Relevant Year and allocated to the LL WP Fund, increased to reflect the percentage increase in RPI plus 1% for the period from November 2022 to the November before the Relevant Year applied on 1 January of the Relevant Year (or, in the case of Group Pension Policies allocated to the LL WP Fund, 0.248 per cent. of reserves attributable to those Policies as at 1 January in the Relevant Year); and
- 1.2** in respect of investment management expenses, such amount as is determined by the Phoenix Board, having regard to appropriate actuarial advice, to be fairly and equitably allocable to the LL WP Fund in the Relevant Year.
- 2** For the purposes of this Part 2 and Part 3 of Schedule 12:
- 2.1** "**AMP**" means Resolution Life Australian Limited (formerly AMP Life Limited), a company incorporated in Australia with Australian Business Number 84 079 300 379, which was formerly known as Australian Mutual Provident Society prior to its demutualisation and reconstruction pursuant to the Australian Mutual Provident Society (Demutualisation and Reconstruction) Act 1997;
- 2.2** "**AMP UK Branch Policy**" means any Policy on the United Kingdom branch register of AMP as at the LL Scheme Transfer Date which transferred to London Life pursuant to the LL Scheme;
- 2.3** "**Group Pension Policies**" means a Policy issued to the trustees of a pension scheme for the purposes of providing benefits in retirement but where such benefits are not ascribed to individual members of such scheme;
- 2.4** "**LLF Policies**" means all Policies:
- 2.4.1** written by the London Life Association Limited and transferred to AMP pursuant to the London Life Association Scheme; and

2.4.2 written by AMP following the London Life Association Scheme Transfer Date which were classified by AMP as part of the "London Life Fund",

which transferred to LL pursuant to the LL Scheme;

2.5 "LL Hybrid Policies" means:

2.5.1 all Policies allocated to the LL WP Fund which were written by London Life prior to the LL Scheme Transfer Date that were not Policies issued to the trustees of a pension scheme for the purpose of providing benefits in retirement (where such benefits were not ascribed to individual members of that pension scheme); and

2.5.2 all LLF Policies,

under the terms of which the policyholder is entitled to switch between with-profits and unit-linked benefits;

2.6 "LL Scheme" means the scheme sanctioned by an order of the Court dated 2 September 1997 providing for the transfer of part of the Long-Term Insurance Business of AMP to London Life;

2.7 "LL Scheme Transfer Date" means the time and date on which the LL Scheme became effective, being 13.01 GMT on 31 December 1997; and

2.8 "Relevant Amount" means:

2.8.1 in respect of a basic life and general annuities With-Profits Policy that was an AMP UK Branch Policy, £45.09;

2.8.2 in respect of a pension business With-Profits Policy that was an AMP UK Branch Policy, £45.42;

2.8.3 in respect of (i) a basic life and general annuities With-Profits Policy that was an LLF Policy or (ii) a life LL Hybrid Policy, £45.09;

2.8.4 in respect of a pension business With-Profits Policy that was an LLF Policy (excluding pension LL Hybrid Policies), £45.42;

2.8.5 in respect of a Secure Pension Plus With-Profits Annuity, £42.75; and

2.8.6 in respect of a pension LL Hybrid Policy, £148.88.

3 Where the period in respect of which an amount is payable in accordance with paragraph 2 of this Part 2 of Schedule 12 is a fraction of a calendar year the amount payable shall be determined in accordance with the formula $P = A \times (D/Y)$, where:

P = amount payable;

A = amount calculated in accordance with paragraph 2 of this Part 2 of Schedule 12;

D = days comprised in the period in respect of which the amount is payable; and

Y = 365 or, if the calendar year concerned is a leap year, 366.

4 The provisions of paragraphs 1 to 3 of this Part 2 of Schedule 12 shall not apply to any Policy written by Phoenix into the LL WP Fund after the Transfer Date that does not fall within a category of Policy listed in paragraph 2 of this Part 2 of Schedule 12. Any expenses payable in respect of administration services and investment management services attributable to any such Policy shall be debited and charged as determined by the Phoenix Board, having regard to appropriate actuarial advice.

- 5** Phoenix may review the operation of paragraphs 1 to 3 of this Part 2 of Schedule 12 at any time and make such modifications to its provisions as are approved by the With-Profits Committee, having regard to appropriate actuarial advice.

Part 3 – LL Hybrid Policies

- 1** On the Transfer Date but with effect from the Effective Date:
- 1.1** any Premium received in respect of a LL Hybrid Policy shall be credited to the LL WP Fund and the UL Investment Element of such Premium shall be transferred to the Phoenix Non-Profit Fund;
- 1.2** whenever a UL Switch is effected under the terms of a LL Hybrid Policy, the UL Investment Element arising in respect of that switch shall be transferred from the LL WP Fund to the Phoenix Non-Profit Fund;
- 1.3** upon the occurrence of any event which causes some or all of the UL Units allocated to a LL Hybrid Policy to cease to be so allocated, such UL Units shall be cancelled and the value of the UL Units (as determined by the Phoenix Board, having regard to appropriate actuarial advice, in accordance with the terms of the relevant Policy) shall be transferred to the LL WP Fund; and
- 1.4** any payment due to the holder of a LL Hybrid Policy shall be made from the LL WP Fund.
- 2** In this Part 3 of Schedule 12, "**UL Switch**" means any transaction effected by the holder of any Policy pursuant to which UL Units are allocated to such Policy and the entitlement of the Policy to participate in profits is reduced or extinguished.

Schedule 13 NPL WP Fund

Part 1 – Scheme Principles of Financial Management of the NPL WP Fund

1 General principles

- 1.1** The affairs of the NPL WP Fund shall be conducted in a sound and prudent manner.
- 1.2** The investment and bonus policies for the NPL WP Fund:
- 1.2.1** shall have regard to the interests and reasonable expectations (as modified by the NPLL Scheme and the PLAL 2015 Scheme, and having particular regard to the principles specified in these Scheme Principles of Financial Management of the NPL WP Fund) of the holders of NPL WP Fund Policies; and
- 1.2.2** shall be determined by reference to, and shall not be constrained in any way other than by, the financial position, performance and experience of the NPL WP Fund and in accordance with the principles specified in this Part 1 of Schedule 13.
- 1.3** References to Asset Shares in this Part 1 of Schedule 13 shall mean Asset Shares determined by the Phoenix Board, having regard to appropriate actuarial advice, in accordance with the principles in this Part 1 of Schedule 13.

2 Investment policy

- 2.1** In accordance with Part 4 of this Schedule 13, the With-Profits Committee may exercise all of the powers of the Phoenix Board in connection with the investment policy of the NPL WP Fund, excluding the investment policy for any assets provided as capital support to the NPL WP Fund in accordance with the PCP.
- 2.2** The investment policy for the NPL WP Fund shall have regard to the nature of the liabilities of the NPL WP Fund and shall seek to maximise the investment return on the assets of the NPL WP Fund attributable to With-Profits Policies, whilst recognising the need to safeguard the financial security of the NPL WP Fund.
- 2.3** The investment policy for the NPL WP Fund shall be set on the basis that no support will be provided to the NPL WP Fund by the assets of any Fund within the Phoenix Long-Term Fund or of the Phoenix Shareholders' Fund, save to the extent that the Phoenix Board agrees to make such support available in accordance with the PCP), and having regard to any reserving requirements of the NPL WP Fund and the capital resource requirements which would be applicable to the NPL WP Fund if it constituted the entire Phoenix Long-Term Fund.

3 Bonus policy

- 3.1** In accordance with Part 4 of this Schedule 13, the With-Profits Committee may exercise all of the powers of the Phoenix Board in connection with the bonus policy of the NPL WP Fund.

3.2 The terminal bonus policy for NPL WP Fund Policies:

- 3.2.1** shall smooth payouts so as to avoid excessive differences in payouts (per unit of Premium) on similar Policies over short periods of time consistent with Phoenix's smoothing policy in respect of the NPL WP Fund from time to time, which itself will have regard to NPLL's smoothing policy at the operative date of the PLAL 2015 Scheme, NPI's smoothing policy at the NPLL Scheme Effective Date and PLAL's smoothing policy as at the Transfer Date, so far as appropriate;
- 3.2.2** subject to paragraph 3.2.1 and paragraph 3.2.3 of this Part 1 of Schedule 13, shall be determined with the intention of distributing equitably all the assets of the NPL WP Fund (including all future surplus arising in the fund but excluding, as far as possible, any capital support provided to the NPL WP Fund in accordance with the PCP) over the remaining life of the NPL WP Fund Policies; and
- 3.2.3** shall aim to distribute equitably to holders of With-Profits Policies written by NPLL that were in force continuously from 11.59pm on 1 October 1998 until the NPLL Scheme Effective Date (or were immediately prior to such date treated by NPLL as having been in force continuously during that period) ("**Eligible With-Profits Policies**") in accordance with paragraph 3.3 of this Part 1 of Schedule 13, the surplus assets in the NPL WP Fund in excess of those allocated from time to time to the Asset Shares of NPL WP Fund Policies (which, for the avoidance of doubt, do not include any capital support provided to the NPL WP Fund in accordance with the PCP).

3.3 Asset Share calculations shall be made and records of them shall be maintained and referred to in setting bonus rates in order to ensure equity between different groups of holders of NPL WP Fund Policies. In accordance with the terms of the NPLL Scheme, Asset Shares were determined by the Appointed Actuary of NPLL as at the NPLL Scheme Effective Date using NPI's approach at 31 December 1998 and were thereafter accumulated by reference to the financial position, performance and experience of the National Provident Life Fund maintained by NPLL as at the effective date of the PLAL 2015 Scheme, in accordance with the NPLL Scheme (the "**National Provident Life Fund**") until such date (a "**Hypothecation Date**") as the National Provident Life Fund Supervisory Board established under the PLAL 2015 Scheme, having regard to appropriate actuarial advice, determined that Asset Shares of different groups of Policies should accumulate on an alternative basis described in the PPFM for the National Provident Life Fund. The first Hypothecation Date occurred on 1 February 2014. Following the Transfer Date, until such further Hypothecation Date (if any) as the Phoenix Board may select, Asset Shares shall continue to be accumulated on a basis consistent with that described in the PPFM for the PLAL NPL WP Fund in force immediately prior to the Transfer Date. With effect from any further Hypothecation Date, Asset Shares of different groups of Policies shall accumulate on a basis described in the relevant PPFM and determined by the Phoenix Board, having regard to appropriate actuarial advice. Without limitation, such basis may include an allocation of investment return as if distinct and different asset mixes had been allocated to identified groups of Policies, whether or not the NPL WP Fund in fact holds such assets. The Phoenix Board shall give written notice to the Regulators of, and consult with the Regulators about, such proposed basis for the future accumulation of Asset Shares. Phoenix shall not be entitled to implement the proposed basis for the future accumulation of Asset Shares until it has received notice in writing of the Regulators' non-objection to such proposal.

- 3.4** Subject to smoothing as referred to in paragraphs 3.2.1 and 4 of this Part 1 of Schedule 13, payouts at maturity shall be targeted on 100 per cent. of Asset Shares, subject to any guaranteed minimum amounts, with the addition (in the case of Eligible With-Profits Policies as defined in paragraph 3.2.3 of this Part 1 of Schedule 13) of an enhancement to reflect a fair and equitable distribution of the surplus assets referred to in paragraph 3.2.2 of this Part 1 of Schedule 13 between different categories and generations of NPL WP Fund Policies on a basis determined by the Phoenix Board, having regard to appropriate actuarial advice, and approved by the With-Profits Committee.

4 Smoothing account

A smoothing account shall be maintained to which shall be credited the difference between claim payments (excluding the enhancement described in paragraph 3.4 of this Part 1 of Schedule 13) on NPL WP Fund Policies and Asset Shares. Subject to the reasonable expectations of the holders of NPL WP Fund Policies and to paragraph 3.2.1 of this Part 1 of Schedule 13, the intention at all times shall be to aim for neither surplus nor deficit in the smoothing account over time.

5 Charges

Discretionary charges on NPL WP Fund Policies shall be determined by the Phoenix Board, having regard to appropriate actuarial advice, and shall be managed in a manner consistent with the reasonable expectations of the holders of such Policies, having regard, inter alia, to PLAL's practice prior to the Transfer Date.

6 New business

No new Long-Term Insurance Business undertaken by Phoenix after the Transfer Date shall be allocated to the NPL WP Fund other than:

- 6.1** new Long-Term Insurance Business which can be allocated to a With-Profits Fund pursuant to paragraph 20.3 of this Scheme; and
- 6.2** additional Premiums or increments receivable in respect of, or Policies coming into force as a result of any option or right contained in, any Policy allocated to the NPL WP Fund which:
- 6.2.1** arise otherwise than at the instigation of the holder of such a Policy;
 - 6.2.2** would be allocated to such Policy in accordance with the practices or procedures of PLAL applicable to such Policy prior to the Transfer Date; or
 - 6.2.3** would, in the opinion of the Phoenix Chief Actuary if allocated to any fund other than the NPL WP Fund, fail to satisfy the reasonable expectations of the holder of such a Policy.

7 Mis-selling liabilities

- 7.1** Subject to paragraph 7.2 of this Part 1 of Schedule 13 and notwithstanding any other provision in this Scheme or any provision in the NPLL Scheme, any liability for compensation or redress or other costs in respect of the mis-selling of Policies allocated to the NPL WP Fund shall be met by the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund, as the Phoenix Board, having regard to appropriate actuarial advice, shall determine.

- 7.2** A payment or transfer of liabilities made to correct an error and which has the effect of restoring a policyholder, or former policyholder, and the NPL WP Fund to the position that they would have been in if the error had not occurred is not in breach of paragraph 7.1 of this Part 1 of Schedule 13 Such rectification payments may include, for example, a payment to a policyholder or former policyholder to correct an erroneous underpayment of Policy proceeds, or a reimbursement of Premiums overpaid.

8 Definitions

In this Part 1 of Schedule 13:

- 8.1** "**NPLL Scheme**" means the scheme sanctioned by an order of the Court dated 7 October 1999 and amended by order of the Court dated 9 February 2010 providing for the transfer of the whole of the Long-Term Insurance Business of NPI to NPLL;
- 8.2** "**NPLL Scheme Effective Date**" means 00.01 GMT on 1 January 2000; and
- 8.3** "**NPL WP Fund Policies**" means Policies which are allocated to, written in the NPL WP Fund from time to time.

Part 2 – Reinsurance Arrangements

The provisions of paragraphs 35, 36 and 37 of this Scheme shall apply in relation to the NPL WP Fund, provided that the terms of any such reinsurance (and the terms of any amendment or termination of such reinsurance) shall first have been approved by the With-Profits Committee.

Part 3 – Debits in Respect of the NPL WP Fund

1 Debits

The provisions of paragraph 25 of this Scheme shall apply in relation to the NPL WP Fund, provided that, in addition to amounts permitted to be debited from, or charged to, a With-Profits Fund in accordance with paragraph 25 of this Scheme (and without prejudice to Phoenix's ability to charge any such cost or expense or other amount to any other With-Profits Fund, whether in accordance with the terms of this Scheme or past practice or otherwise), Phoenix shall be entitled to debit from, or charge to, the NPL WP Fund a fair proportion of:

- 1.1** the costs of the Phoenix Chief Actuary and the relevant With-Profits Actuary; and
- 1.2** any levy imposed on Phoenix by the Regulators or any other governmental, statutory or other body in any jurisdiction with authority in respect of Phoenix (including the Financial Services Compensation Scheme, or such other governmental, statutory or other body as shall from time to time carry out such functions in relation to Long-Term Insurance Business carried on in the United Kingdom as were at the date of this Scheme allocated to the Financial Services Compensation Scheme under FSMA).

2 Allocation of expenses and charges to the NPL WP Fund

2.1 Allocations of expenses and charges relating to the operation of the NPL WP Fund shall be made by the Phoenix Board in accordance with applicable laws and regulations from time to time (including any regulations made by the Regulators regarding the allocation of costs and charges to with-profits funds) and any provisions of this Scheme providing for such allocation, including this paragraph 2 of Part 3 of Schedule 13, shall be applied subject to such applicable laws and regulations. There shall be allocated to the NPL WP Fund only such amounts in respect of maintenance and termination expenses, new increment expenses and investment management fees as are determined in accordance with this Part 3 of Schedule 13.

2.2 Amounts in respect of maintenance and termination expenses (excluding investment management fees) allocated to the NPL WP Fund in respect of Policies allocated to the NPL WP Fund shall be calculated as the aggregate of the amounts determined by multiplying the annual per Policy charge applicable at the time (determined as referred to below) by the number of Policies in force on 1 July in each calendar year and shall, so far as practicable, be so allocated monthly in advance. For this purpose, the annual per Policy charges shall be set at the levels set out in the following table, adjusted (on a compound basis) on 30 June in each calendar year, commencing on 30 June 2023, by reference to the sum of:

2.2.1 the change in RPI over the previous 12 months; and

2.2.2 1 percent. per annum.

	Regular Premium non-paid-up Policy charges (£)	Single Premium and paid-up Policy charges (£)
Endowments/Term assurances	156.57	78.15
Capital Pension Plan	625.56	312.77
Visible Growth Fund/Capital Accumulation Plan	875.78	437.78
Life and Pension Annuities	0.00	58.49
Executive Pension Plan	455.72	227.83
Pension Transfer Plan	0.00	93.77
Flexible Investment Plan	0.00	284.89
Personal Pension Plan Rebate	106.94	62.80
Group Money Purchase Rebate	250.25	156.57
With Profit Bond/Capital Investment Bond/Distribution Investment Bond	0.00	78.23
Maximum Investment Plan	209.82	167.77
Personal Pension Plan	127.83	82.84
Personal Pension Investment Plan	73.52	58.66
Free Standing Additional Voluntary Contribution (AVC) Plan	147.92	95.28

	Regular Premium non-paid-up Policy charges (£)	Single Premium and paid-up Policy charges (£)
Group Money Purchase/Variable Group Personal Pension Plan	117.58	103.75
Penfund	0.00	110.72
Phased Retirement Account	0.00	185.02
Extra Income Plan	0.00	58.49
Trustee WP Bond	0.00	78.23
Trustee Transfer Plan	0.00	93.77
High Transfer Value Personal Pension Plan	127.83	82.84
New Approach Personal Pension Plan	127.83	82.84
New Approach Free Standing AVC Plan	147.92	95.28
New Approach Executive Pension Plan	455.72	227.83

2.3 For the purposes of paragraph 2.2 of this Part 3 of Schedule 13, the number of Policies in force may be calculated so as to take into account any constituent parts of a Policy which, in the opinion of the Phoenix Chief Actuary, give rise to a separate benefit.

2.4 In respect of new increment or other acquisition and set-up expenses allocated to the NPL WP Fund in respect of Policies written in the NPL WP Fund pursuant to paragraphs 7.1 and 6.2 of Part 1 of this Schedule 13, the following shall apply:

2.4.1 for such Policies which do not specify explicit charges, amounts in respect of such charges to be allocated to the NPL WP Fund shall be set at the levels set out in the following table; and

2.4.2 for such Policies which do specify explicit charges, amounts in respect of such charges to be allocated to the NPL WP Fund may, with the approval of the With-Profits Committee (which shall not be unreasonably withheld in circumstances where, if Phoenix had itself incurred such expenses, such a variation would be justified), be varied from time to time in a manner consistent with the terms of such Policies and the reasonable expectations of the relevant policyholders.

	Percentage of new annual Premium increments	Percentage of single Premium increments
Personal Pension Plan	24.22	2.82
Personal Pension Investment Plan	32.30	2.82
Flexible Income Plan	0.00	2.02
Rebate Pensions	30.68	-
FSAVC	24.22	2.82

EPP (Unit Linked and Capital Account)	45.22	3.40
New Approach PPP	17.76	-
New Approach FSAVC	17.76	-
New Approach EPP	11.30	-
Phased Retirement Account	-	2.82
Group Money Purchase/VGPPP	30.68	3.23
Penfund	-	3.88
Trustee With Profit Bond	-	3.64
Capital Investment Bond	-	2.42
With Profit Bond	-	3.64
Annuities	-	2.42

- 2.5** At any time following the Transfer Date the Phoenix Board may (and shall, where so requested by the With-Profits Committee) review the operation of paragraphs 2.2 to 2.4 of this Part 3 of Schedule 13 and make such modifications to its provisions as are approved by the With-Profits Committee, having regard to appropriate actuarial advice.
- 2.6** Amounts allocated to the NPL WP Fund in respect of investment management fees shall be determined by the Phoenix Board on such basis as the With-Profits Committee may approve, such approval not to be unreasonably withheld.

Part 4 – The with-Profits Committee Duties and Powers in Respect of the NPL WP Fund

1 Role of the With-Profits Committee in respect of the NPL WP Fund

- 1.1** In addition to its general role and duties, as set out from time to time in the With-Profits Committee Terms of Reference, the With-Profits Committee shall exercise certain additional duties, powers, rights and responsibilities in respect of the NPL WP Fund, as contemplated by this Scheme and this Part 4 of Schedule 13.
- 1.2** Subject always to paragraph 1.3 of this Part 4 of Schedule 13, the Phoenix Board shall implement all decisions required of it in accordance with this Scheme and this Part 4 of Schedule 13 by the With-Profits Committee, it being acknowledged that certain of the powers, rights and responsibilities of the With-Profits Committee in relation to the NPL WP Fund may not be given effect unless the Phoenix Board executes a document, or otherwise acts, on behalf of Phoenix in a manner which is consistent with the exercise by the With-Profits Committee of such powers, rights and responsibilities.
- 1.3** Notwithstanding any other provision of the PLAL 2012 Scheme or this Scheme, including this Part 4 of Schedule 13, the Phoenix Board shall not be required to, and the With-Profits Committee shall not, take (or omit to take) any action if the Phoenix Board (acting reasonably) considers that such action (or omission) would give rise to a breach by Phoenix of any legal obligation or otherwise give grounds for intervention by the Regulators and/or by any additional regulatory body whose decisions are binding upon Phoenix.

2 General duties in respect of the NPL WP Fund

In exercising its duties, powers, responsibilities and discretions in relation to the NPL WP Fund, the With-Profits Committee shall:

- 2.1** observe and perform the terms of this Scheme and, subject thereto, shall, in carrying out its duties, have regard solely to the interests and reasonable expectations (as modified by the PLAL 2015 Scheme) of the holders of Policies allocated or reinsured to the NPL WP Fund;
- 2.2** in having regard solely to those interests, be required to take into account the assets and liabilities of the NPL WP Fund as if the NPL WP Fund constituted the whole of the Long-Term Fund of a separate mutual life assurance company; and
- 2.3** be required to take into account any contractual or other provision restricting or otherwise controlling the acquisition, retention and/or disposal by or for the account of the NPL WP Fund of any investment or other assets.

3 Specific duties, powers, responsibilities and discretions in respect of the NPL WP Fund

- 3.1** The With-Profits Committee's powers, rights and responsibilities shall (save as otherwise provided in this Part 4 of Schedule 13 and subject to this Scheme) at all times include the following in relation to the NPL WP Fund (but not any other Fund):

- 3.1.1** it may exercise all of the powers of the Phoenix Board in connection with the investment policy of the NPL WP Fund, excluding the investment policy for any assets provided as capital support to the NPL WP Fund in accordance with the PCP;

- 3.1.2** it may exercise all of the powers of the Phoenix Board in connection with the bonus policy applied to Policies allocated or reinsured to the NPL WP Fund; and

- 3.1.3** it may take the advice of the Phoenix Chief Actuary and/or the relevant Phoenix With-Profits Actuary on any issues that may affect the fair and equitable treatment of policyholders.

- 3.2** The Phoenix Board and the With-Profits Committee shall use their respective powers to procure, so far as they are able, that no action or decision relating to any of the following reserved matters will be taken without the prior approval of the Phoenix Board and the With-Profits Committee:

- 3.2.1** the engagement or change of any investment manager for the NPL WP Fund;

- 3.2.2** the engagement or change of any employee or provider of actuarial, finance, administration and management services for the account of the NPL WP Fund;

- 3.2.3** the acquisition of any assets for the account of the NPL WP Fund otherwise than for investment purposes; and

- 3.2.4** the sale or disposal of any part of the business or assets of the NPL WP Fund other than the disposal of investments for investment purposes.

4 Miscellaneous

- 4.1** Any Member may discuss the implementation of this Scheme or the reasonable expectations of the holders of Policies allocated or reinsured to the NPL WP Fund with the Regulators, but only after first discussing the matter with the With-Profits Committee, the Phoenix Board and the relevant Phoenix With-Profits Actuary.

- 4.2** Each Member of the With-Profits Committee (and any adviser appointed to advise the With-Profits Committee in respect of the NPL WP Fund) shall be entitled:
- 4.2.1** during normal business hours and on reasonable notice to examine the books, records and accounts of Phoenix or any other member of the Phoenix Group, to the extent that such books, records or accounts are relevant to the NPL WP Fund and to the duties of the With-Profits Committee in respect of the NPL WP Fund;
 - 4.2.2** to be promptly supplied with such information, including reports, analyses and projections of an actuarial nature from the Phoenix Chief Actuary and the relevant Phoenix With-Profits Actuary, in such form, at such times and with such frequency as each may reasonably require to keep them properly informed about the business of Phoenix or any member of the Phoenix Group insofar as it relates to the NPL WP Fund; and
 - 4.2.3** to have reasonable access to the Phoenix Chief Actuary and the relevant Phoenix With-Profits Actuary and to the auditors of Phoenix.
- 4.3** The With-Profits Committee may take such external financial, accounting, actuarial, legal or other advice as it reasonably requires, and Phoenix shall provide such administrative and secretarial support to the With-Profits Committee as is reasonably necessary, to enable the With-Profits Committee properly to carry out its functions in respect of the NPL WP Fund under this Scheme.
- 4.4** Phoenix shall procure that details of any complaint, enquiry, investigation or disciplinary proceedings emanating from the Regulators or any other regulatory body having or claiming jurisdiction over the NPL WP Fund relating to any matter which might reasonably be expected to affect adversely the NPL WP Fund or the interests of any holders of Policies allocated to the NPL WP Fund shall be promptly submitted to the Members of the With-Profits Committee.
- 4.5** Provided that the Member has first discussed a matter as envisaged by paragraph 4.1 of this Part 4 of Schedule 13 with the With-Profits Committee and the relevant Phoenix With-Profits Actuary, they shall be entitled to request the Phoenix Board to convene a board meeting for the sole purpose of discussing the matter in question. Such meeting shall be held as soon as practicable and in any event within fourteen days of such request.

Part 5 – Service Standards

- 1** Phoenix shall use reasonable endeavours to ensure that the overall standard of service provided to holders of Transferred Policies allocated to the NPL WP Fund is (except as otherwise agreed by the With-Profits Committee) no less favourable than that provided in relation to equivalent business of holders of Transferred Policies allocated to the LL WP Fund, the Pearl WP Fund and the SERP Fund.

Part 6 – Transactions between the NPL WP Fund and other Funds

- 1** At any time following the Transfer Date, Phoenix may enter into any transaction on behalf of, and for the account of, the NPL WP Fund with another Fund provided that it is on terms which in the opinion of the Phoenix Board (having regard to the advice of the relevant Phoenix With-Profits Actuary) are unlikely to have a material adverse effect on the interests of the holders of With-Profits Policies in the NPL WP Fund.

Schedule 14

Pearl WP Fund

Part 1 – Scheme Principles of Financial Management of the Pearl WP Fund

1 Investment policy

1.1 The investment policy for the Pearl WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

1.2 In setting the investment policy for the Pearl WP Fund, the Phoenix Board shall:

1.2.1 use reasonable endeavours to pursue an investment policy for the assets attributed to the Policies allocated or reinsured to the Pearl WP Fund which is in the best interests of the holders of those Policies, subject to normal considerations of prudence, and having regard to the bonus policy in paragraph 2 of this Part 1 of Schedule 14;

1.2.2 to the extent that this is considered necessary to ensure that the investment policy for the Pearl WP Fund is consistent with policyholders' reasonable expectations, have regard to the excess assets over regulatory capital requirements, if any, in the Phoenix Non-Profit Fund and the Phoenix Shareholders' Fund, but otherwise set the investment policy on the basis that no support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund or the Phoenix Shareholders' Fund (save to the extent that the Phoenix Board, having regard to appropriate actuarial advice, so determines) and having regard to any reserving requirements of the Pearl WP Fund and the capital resource requirements which would be applicable to the Pearl WP Fund if it constituted the entire Phoenix Long-Term Fund;

1.2.3 subject to paragraph 4 of Schedule 1, maintain the asset mix for With-Profits Policies allocated or reinsured to the Pearl WP Fund in proportions which are consistent with the interests of policyholders; and

1.2.4 use reasonable endeavours (provided that such endeavours will not result in another sub-fund of Phoenix being treated unfairly) to ensure that the Pearl WP Fund is not treated unfairly in comparison with the other sub-funds of the Phoenix Long-Term Fund,

provided that nothing in this paragraph 1.2 shall prevent Phoenix from implementing short term tactical asset allocation decisions from time to time which may not be consistent with these requirements.

2 Bonus policy

2.1 The bonus policy for the Pearl WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

2.2 In determining the bonus policy for With-Profits Policies which are allocated or reinsured to the Pearl WP Fund, the Phoenix Board shall have regard to:

2.2.1 the bonus and surrender policy adopted by PLAL in relation to the PLAL Pearl WP Fund prior to the Transfer Date, as set out in the PPFM of PLAL in relation to the PLAL Pearl WP Fund in force immediately prior to the Transfer Date;

2.2.2 the financial position and performance of the Pearl WP Fund from time to time;

- 2.2.3 the liabilities of the Pearl WP Fund, calculated in accordance with all applicable regulatory requirements, as set out in Phoenix's annual return to the Regulator; and
- 2.2.4 the capital resource requirements which would be applicable to the Pearl WP Fund if it constituted the entire Phoenix Long-Term Fund,

but shall not set the bonus policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, having regard to appropriate actuarial advice, so determines.

2.3 In particular the bonus policy for the Pearl WP Fund shall aim to distribute the surplus assets in the Pearl WP Fund (which shall include any estate in the Pearl WP Fund determined to be distributable by the Phoenix Board but exclude any capital support provided under the terms of the PCP) to With-Profits Policies allocated or reinsured to the Pearl WP Fund (to the extent that participation by such With-Profits Policies in the distribution of such surplus assets is appropriate), such that distributions of surplus shall:

- 2.3.1 take place progressively and equitably during the anticipated period of existence of the Pearl WP Fund, taking into account the financial strength of the Pearl WP Fund from time to time;
- 2.3.2 take account of the anticipated transfers out of the Pearl WP Fund in accordance with paragraph 24.5 of this Scheme; and
- 2.3.3 seek to produce the result that after all sums falling to be paid in respect of all With-Profits Policies allocated or reinsured to the Pearl WP Fund have been so paid, no such surplus shall remain.

For the avoidance of doubt, no Long-Term Insurance Business reinsured into or allocated to the Pearl WP Fund on or immediately following the Transfer Date (including all future Premiums, increments or switches under the relevant Policies) shall be entitled to participate in any distribution of surplus assets in the Pearl WP Fund.

2.4 Where With-Profits Policies allocated or reinsured to the Pearl WP Fund contain any discretion to determine the amount or value of any benefit, accrual or charge, including any discretion in relation to the determination of:

- 2.4.1 benefits allocated to Policies, whether by way of bonus, interest or otherwise;
- 2.4.2 the surrender, transfer and paid up value of any Policy; or
- 2.4.3 variable charges levied in relation to With-Profits Policies,

Phoenix shall be responsible for securing within the Pearl WP Fund the fair and equitable treatment of, and the fair and equitable allocation of benefits to, holders of such Policies, having regard to appropriate actuarial advice and having regard to the different classes of such Policies within the Pearl WP Fund.

3 Smoothing

The intention is that smoothing will be cost neutral over time.

4 Charges

Where charges are applied to Policies allocated or reinsured to the Pearl WP Fund by reference to, or having regard to, solvency or financial position or prospects, only the solvency or financial position or prospects of the Pearl WP Fund shall be taken into account.

5 Hypothecation

5.1 Assets allocated to the Pearl WP Fund may be hypothecated providing that prior to the hypothecation being implemented the Phoenix Board, having regard to appropriate advice (including appropriate actuarial advice), has confirmed in writing that it considers that:

5.1.1 the hypothecation (i) is unlikely to have a material adverse effect on the interests of any group or generation of holders of Policies allocated or reinsured to the Pearl WP Fund and (ii) is unlikely to have an adverse effect on the interests of holders of Policies allocated or reinsured to the Pearl WP Fund considered as a whole. If the hypothecation is likely to result or does result in a distribution of surplus assets in the Pearl WP Fund to holders of those Policies which is different from the distribution of those surplus assets which would occur or would have occurred had the hypothecation not been implemented, that shall not of itself be considered to be an adverse effect on the interests of holders of such Policies if the Phoenix Board is of the opinion that the distribution of surplus assets following implementation of the hypothecation is fair; and

5.1.2 if applicable, the hypothecation is unlikely to have a material adverse effect on the interests of any group or generation of holders of Policies in With-Profits Funds other than the Pearl WP Fund (as appropriate).

5.2 The provisions of paragraph 5.1 of this Part 1 of Schedule 14 shall apply notwithstanding any term of any Policy or any pre-existing practice of Phoenix that would or might otherwise preclude the implementation of the hypothecation and, to the extent that these provisions conflict with any other provisions of this Scheme, the provisions of paragraph 5.1 of this Part 1 of Schedule 14 shall prevail.

6 Miscellaneous business risk

Any business risk (other than the provision of guaranteed and contractual benefits charged to Asset Shares, smoothing risk, and the profits or losses on non-profit business associated with a particular bonus series of with-profits business) which results in additional cost or reserve requirements for which the Pearl WP Fund has been deemed liable shall be charged to the estate of the Pearl WP Fund in accordance with the PPFM for the Pearl WP Fund. If, and to the extent that, the estate of the Pearl WP Fund is insufficient to meet the relevant cost or reserve requirement in accordance with the PPFM for the Pearl WP Fund, such costs or reserve requirements shall be met by the Phoenix Shareholders' Fund or the Phoenix Non-Profit Fund (as determined by the Phoenix Board, having regard to appropriate actuarial advice).

Part 2 – Former NPIL UWP Policies

1 The liabilities under the WP Asset Share Element of Former NPIL UWP Policies are, immediately prior to the Transfer Date, reinsured from the Phoenix Non-Profit Fund to the NPI WP Fund in accordance with paragraph 26 of the Phoenix 2012 Scheme, and shall from the Transfer Date but with effect from the Effective Date be reallocated from the NPI WP Fund to the Pearl WP Fund in accordance with paragraph 17 of this Scheme and be reinsured from the Phoenix Non-Profit Fund to the Pearl WP Fund on the equivalent terms set out in this Part 2 of Schedule 14.

- 2** The WP Asset Share Element of premiums paid (other than amounts arising as a result of switches from unit linked investment or index-linked investment to with-profits investment in accordance with paragraph 4 of this Part 2 of Schedule 14) in respect of each Former NPIL UWP Policy shall be allocated to the Pearl WP Fund and applied to purchase WP Units in respect of the relevant Policy.
- 3** On any claim (whether arising by reason of death, disability, maturity, surrender or otherwise other than in relation to a switch from with-profits investments in accordance with paragraph 5 of this Part 2 of Schedule 14) or in respect of any charges, expenses or fees payable under the terms of a Policy referred to in paragraph 2 of this Part 2 of Schedule 14, the Value of the WP Asset Share Element under any Former NPIL UWP Policy shall be re-allocated from the Pearl WP Fund to the Phoenix Non-Profit Fund and WP Units allocated to the relevant Policy in the Pearl WP Fund shall be cancelled.
- 4** If at any time a switch is made from unit linked investment or index-linked investment to with-profits investment in respect of a Former NPIL UWP Policy, assets having an appropriate value shall be re-allocated from the Phoenix Non-Profit Fund to the Pearl WP Fund and applied to purchase WP Units and, where appropriate, units in the relevant Linked Funds shall be cancelled.
- 5** If at any time a switch is made from with-profits investment to unit linked investment or index-linked investment in respect of a Former NPIL UWP Policy, assets having an appropriate value shall be re-allocated from the Pearl WP Fund to the Phoenix Non-Profit Fund and, in the case of a switch to unit linked investment, applied to purchase units in the relevant Linked Funds and WP Units shall be cancelled in respect of the amount switched.

Schedule 15

Phoenix WP Fund

Part 1 – Scheme Principles of Financial Management of the Phoenix WP Fund

1 Investment policy

1.1 The investment policy for the Phoenix WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

1.2 In setting the investment policy for the Phoenix WP Fund, the Phoenix Board shall:

1.2.1 use all reasonable endeavours to pursue an investment policy for the assets backing the Policies allocated or reinsured to the Phoenix WP Fund which is in the best interests of the holders of those Policies, subject to normal considerations of prudence, and having regard to the bonus policy in paragraph 2 of this Part 1 of Schedule 15;

1.2.2 have regard to any reserving requirements of the Phoenix WP Fund and the capital resource requirements which would be applicable to the Phoenix WP Fund if it constituted the entire Phoenix Long-Term Fund;

1.2.3 subject to paragraph 4 of Schedule 1, maintain the asset mix for With-Profits Policies allocated or reinsured to the Phoenix WP Fund in proportions which are consistent with the interests of policyholders;

1.2.4 use all reasonable endeavours (provided that such endeavours will not result in another sub-fund of Phoenix being treated unfairly) to ensure that the Phoenix WP Fund is not treated unfairly in comparison with the other sub-funds of the Phoenix Long-Term Fund; and

1.2.5 not set the investment policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, in its absolute discretion and having regard to appropriate actuarial advice, so determines,

provided that nothing in this paragraph 1.2 shall prevent Phoenix from implementing short term tactical asset allocation decisions from time to time which may not be consistent with these requirements.

2 Bonus policy

2.1 The bonus policy for the Phoenix WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

2.2 In relation to determining the future bonus policy for With-Profits Policies which are allocated or reinsured to the Phoenix WP Fund, the Phoenix Board shall have regard to:

2.2.1 the bonus policy adopted by Phoenix in relation to the Phoenix WP Fund prior to the Transfer Date;

2.2.2 the financial position and performance of the Phoenix WP Fund from time to time;

2.2.3 the liabilities of the Phoenix WP Fund as set out in the annual return to the Regulator; and

2.2.4 the capital resources requirements which would be applicable to the Phoenix WP Fund if it constituted the entire Phoenix Long-Term Fund,

but shall not set the bonus policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, in its absolute discretion and having regard to appropriate actuarial advice, so determines.

2.3 In particular the bonus policy for the Phoenix WP Fund shall aim to distribute the surplus assets in the Phoenix WP Fund to With-Profits Policies allocated or reinsured to the Phoenix WP Fund, such that distributions of surplus assets shall:

2.3.1 take place progressively and equitably during the anticipated period of existence of the Phoenix WP Fund, taking into account the financial strength of the Phoenix WP Fund from time to time;

2.3.2 take account of the anticipated transfers out of the Phoenix WP Fund in accordance with paragraph 24.5 of this Scheme; and

2.3.3 seek to produce the result that after all sums falling to be paid in respect of all With-Profits Policies allocated or reinsured to the Phoenix WP Fund, no such surplus shall remain.

2.4 Where With-Profits Policies allocated or reinsured to the Phoenix WP Fund contain any discretion to determine the amount or value of any benefit, accrual or charge including any discretion in relation to the determination of:

2.4.1 benefits allocated to Policies, whether by way of bonus, interest or otherwise;

2.4.2 the surrender, transfer and paid up value of any Policy; or

2.4.3 variable charges levied in relation to With-Profits Policies,

Phoenix shall be responsible for securing within the Phoenix WP Fund the fair and equitable treatment of, and the fair and equitable allocation of benefits to, holders of such Policies, having regard to appropriate actuarial advice and having regard to the different classes of such Policies within the Phoenix WP Fund.

Schedule 16

SAL WP Fund

Part 1 – Scheme Principles of Financial Management of the SAL WP Fund

1 Investment policy

1.1 The investment policy for the SAL WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

1.2 In setting the investment policy for the SAL WP Fund, the Phoenix Board shall:

1.2.1 comply with the terms of the PALAL Part 26 Scheme;

1.2.2 use all reasonable endeavours to pursue an investment policy for the assets backing the Policies allocated or reinsured to the SAL WP Fund which is in the best interests of the holders of those Policies, subject to normal considerations of prudence, and having regard to the bonus policy in paragraph 2 of this Part 1 of Schedule 16;

1.2.3 have regard to any reserving requirements of the SAL WP Fund and the capital resource requirements which would be applicable to the SAL WP Fund if it constituted the entire Phoenix Long-Term Fund;

1.2.4 subject to paragraph 4 of Schedule 1, maintain the asset mix for With-Profits Policies allocated or reinsured to the SAL WP Fund in proportions which are consistent with the interests of policyholders;

1.2.5 use all reasonable endeavours (provided that such endeavours will not result in another sub-fund of Phoenix being treated unfairly) to ensure that the SAL WP Fund is not treated unfairly in comparison with the other sub-funds of the Phoenix Long-Term Fund; and

1.2.6 not set the investment policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, in its absolute discretion and having regard to appropriate actuarial advice, so determines,

provided that nothing in this paragraph 1.2 shall prevent Phoenix from implementing short term tactical asset allocation decisions from time to time which may not be consistent with these requirements.

2 Bonus policy

2.1 The bonus policy for the SAL WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

2.2 In relation to determining the future bonus policy for With-Profits Policies which are allocated or reinsured to the SAL WP Fund, the Phoenix Board shall have regard to:

2.2.1 the terms of the PALAL Part 26 Scheme;

2.2.2 the bonus policy adopted by Phoenix in relation to the SAL WP Fund prior to the Transfer Date;

2.2.3 the financial position and performance of the SAL WP Fund from time to time;

- 2.2.4 the liabilities of the SAL WP Fund as set out in the annual return to the Regulator; and
- 2.2.5 the capital resources requirements which would be applicable to the SAL WP Fund if it constituted the entire Phoenix Long-Term Fund,

but shall not set the bonus policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, in its absolute discretion and having regard to appropriate actuarial advice, so determines.

- 2.3 In particular the bonus policy for the SAL WP Fund shall aim to distribute the surplus assets in the SAL WP Fund, to With-Profits Policies allocated or reinsured to the SAL WP Fund, such that distributions of surplus assets shall:

- 2.3.1 take place progressively and equitably during the anticipated period of existence of the SAL WP Fund, taking into account the financial strength of the SAL WP Fund from time to time;
- 2.3.2 take account of the anticipated transfers out of the SAL WP Fund in accordance with paragraph 24.5 of this Scheme; and
- 2.3.3 seek to produce the result that after all sums falling to be paid in respect of all With-Profits Policies allocated or reinsured to the SAL WP Fund, no such surplus shall remain.

- 2.4 Where With-Profits Policies allocated or reinsured to the SAL WP Fund contain any discretion to determine the amount or value of any benefit, accrual or charge including any discretion in relation to the determination of:

- 2.4.1 benefits allocated to Policies, whether by way of bonus, interest or otherwise;
- 2.4.2 the surrender, transfer and paid up value of any Policy; or
- 2.4.3 variable charges levied in relation to With-Profits Policies,

Phoenix shall be responsible for securing within the SAL WP Fund the fair and equitable treatment of, and the fair and equitable allocation of benefits to, holders of such Policies, having regard to appropriate actuarial advice and having regard to the different classes of such Policies within the SAL WP Fund.

3 Investment policy in relation to PALAL Part 26 Scheme included Policies

- 3.1 If:

- 3.1.1 the proportion of assets invested in equity shares and commercial property for the Relevant Specimen GPR Policies should fall below a threshold of 65% (and below 65/70ths of the lower percentages applicable for any Relevant Specimen GPR Policy with less than nine years remaining as set out in clause 4.3(b) of the PALAL Part 26 Scheme) (the "**Threshold**"); or
- 3.1.2 Phoenix intends to take any action which might reasonably be expected to cause the proportion of assets invested in equity shares and commercial property for Relevant Specimen GPR Policies to fall or remain below the Threshold,

then Phoenix shall immediately notify the Regulators of: (a) the fall and the cause; or (b) the intended action and the reason, and:

- (i) in the event of a fall, put in place actions to restore the asset mix to above the Threshold as soon as reasonably practicable (and inform the Regulators of those actions); or
- (ii) in the event of an intended action, not to take that action until the Phoenix Board has consulted with the With-Profits Committee and the relevant Phoenix With-Profits Actuary and has obtained the Regulators' non objection to the action.

4 Definitions

In this Part 1 of Schedule 16:

- 4.1 "PALAL Part 26 Scheme"** means the scheme of arrangement pursuant to Part 26 of the Companies Act 2006 between PALAL and certain of its holders of With-Profits Policies with guaranteed annuity rates ("**GARs**") who had not opted out of the scheme ("**Included Policyholders**") sanctioned by an order of the Court dated 11 December 2009, under which Included Policyholders gave up their rights to GARs in return for receiving an uplift to their underlying asset share and a change in the investment mix backing their With-Profits Policies; and
- 4.2 "Relevant Specimen GPR Policies"** has the meaning set out in the PALAL Part 26 Scheme.

Schedule 17

SERP Fund

Part 1 – Scheme Principles of Financial Management of the SERP Fund

1 Investment policy

1.1 The Phoenix Board shall determine the investment policy of the SERP Fund, having regard to appropriate actuarial advice.

1.2 In setting investment policy for the SERP Fund, the Phoenix Board shall:

1.2.1 use reasonable endeavours to pursue an investment policy for the assets attributed to the Policies allocated or reinsured to the SERP Fund which is in the best interests of the holders of those Policies, subject to normal considerations of prudence, and having regard to the bonus policy set out in paragraph 2 of this Part 1 of Schedule 17;

1.2.2 have regard to any reserving requirements of the SERP Fund and the capital resource requirements which would be applicable to the SERP Fund if it constituted the entire Phoenix Long-Term Fund;

1.2.3 subject to paragraph 4 of Schedule 1, maintain the asset mix for With-Profits Policies allocated or reinsured to the SERP Fund in proportions which are consistent with the interests of policyholders;

1.2.4 use reasonable endeavours (provided that such endeavours will not result in another sub-fund of Phoenix being treated unfairly) to ensure that the SERP Fund is not treated unfairly in comparison with the other sub-funds of the Phoenix Long-Term Fund; and

1.2.5 not set the investment policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, having regard to appropriate actuarial advice, so determines,

provided that nothing in this paragraph 1.2 shall prevent Phoenix from implementing short term tactical asset allocation decisions from time to time which may not be consistent with these requirements.

2 Bonus policy

2.1 The bonus policy for the SERP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

2.2 In determining the bonus policy for With-Profits Policies which are allocated or reinsured to the SERP Fund, the Phoenix Board shall have regard to:

2.2.1 the bonus and surrender policy adopted by PLAL in relation to the PLAL SERP Fund prior to the Transfer Date, as set out in the PPFM of PLAL in relation to the PLAL SERP Fund;

2.2.2 the financial position and performance of the SERP Fund from time to time;

2.2.3 the liabilities of the SERP Fund calculated in accordance with all applicable regulatory requirements, as set out in Phoenix's annual return to the Regulator; and

2.2.4 the capital resource requirements which would be applicable to the SERP Fund if it constituted the entire Phoenix Long-Term Fund,

but shall not set the bonus policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, having regard to appropriate actuarial advice, so determines.

2.3 Subject to smoothing as referred to in paragraph 3 of this Part 1 of Schedule 17, the bonus policy for Policies allocated to the SERP Fund shall be determined with the intention of distributing equitably all of the assets of the SERP Fund to the holders of such Policies, including any estate arising in the SERP Fund determined to be distributable by the Phoenix Board but excluding any capital support provided under the terms of the PCP.

3 Smoothing

A smoothing account shall be maintained which shall be credited or debited with the difference between the payouts (excluding any increase due to payment of guaranteed benefits) and the Asset Shares. The intention is that smoothing will be cost neutral over time.

Part 2 – Costs, Expenses and Charges to the SERP Fund

1 There shall be allocated to the SERP Fund only such amounts in respect of expenses and charges as are determined in accordance with this Part 2 of Schedule 17.

2 Subject to paragraph 4 of this Part 2 of Schedule 17, amounts in respect of maintenance and termination expenses (excluding investment management fees) to be allocated to the SERP Fund in respect of Policies allocated to the SERP Fund (the "**SERP Fund Charges**") shall be calculated annually by multiplying the annual per Policy charge applicable at the time (determined as referred to in the provisions below) by the number of Policies in force on 1 July in each calendar year and shall, so far as practicable, be so allocated monthly in advance. For this purpose, the annual per Policy charges shall be set at the levels set out in the following table, adjusted (on a compound basis) on 30 June in each calendar year, commencing on 30 June 2023, by reference to the sum of:

2.1 the change in RPI over the previous 12 months; and

2.2 1 per cent. per annum.

Per Policy expenses applicable from 30 June 2023	Regular Premium non-paid-up Policy charges (£)	Single Premium and paid-up Policy charges (£)
Self Employed Retirement Plan	97.42	39.14

3 Amounts in respect of investment management fees to be allocated to the SERP Fund shall at any time be the lower of:

3.1 a monthly fixed charge equivalent to an annual rate equal to 0.1125 per cent. of the average value of the assets of the SERP Fund; and

3.2 the equivalent charge incurred by the NPL WP Fund for similar services pursuant to paragraph 5 of Part 1 of Schedule 13.

- 4** The total increase (in percentage terms) applying to the SERP Fund Charges after 31 December 2009, based on the annual adjustments made in accordance with paragraphs 2.1 and 2.2 of this Part 1 of Schedule 17, shall not at any time be more than the total increase (in percentage terms) in the same period which applies to charges for similar services incurred by the NPL WP Fund for similar services pursuant to Part 3 of Schedule 13.

Schedule 18

Scottish Mutual WP Fund

Part 1 – Scheme Principles of Financial Management of the Scottish Mutual WP Fund

1 Investment policy

1.1 The investment policy for the Scottish Mutual WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

1.2 In setting the investment policy for the Scottish Mutual WP Fund, the Phoenix Board shall:

1.2.1 use all reasonable endeavours to pursue an investment policy for the assets backing the Policies allocated or reinsured to the Scottish Mutual WP Fund which is in the best interests of the holders of those Policies, subject to normal considerations of prudence, and having regard to the bonus policy in paragraph 2 of this Part 1 of Schedule 18;

1.2.2 have regard to any reserving requirements of the Scottish Mutual WP Fund and the capital resource requirements which would be applicable to the Scottish Mutual WP Fund if it constituted the entire Phoenix Long-Term Fund;

1.2.3 subject to paragraph 4 of Schedule 1, maintain the asset mix for With-Profits Policies and the WP Asset Share Element of SMA DC Policies allocated or reinsured to the Scottish Mutual WP Fund in proportions which are consistent with the interests of policyholders;

1.2.4 use all reasonable endeavours (provided that such endeavours will not result in another sub-fund of Phoenix being treated unfairly) to ensure that the Scottish Mutual WP Fund is not treated unfairly in comparison with the other sub-funds of the Phoenix Long-Term Fund; and

1.2.5 not set the investment policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, in its absolute discretion and having regard to appropriate actuarial advice, so determines,

provided that nothing in this paragraph 1.2 shall prevent Phoenix from implementing short term tactical asset allocation decisions from time to time which may not be consistent with these requirements.

2 Bonus policy

2.1 The bonus policy for the Scottish Mutual WP Fund shall be set by the Phoenix Board, having regard to appropriate actuarial advice.

2.2 In relation to determining the future bonus policy for With-Profits Policies which are allocated or reinsured to the Scottish Mutual WP Fund, the Phoenix Board shall have regard to:

2.2.1 the bonus policy adopted by Phoenix prior to the Transfer Date;

2.2.2 the financial position and performance of the Scottish Mutual WP Fund from time to time;

2.2.3 the liabilities of the Scottish Mutual WP Fund as set out in the annual return to the Regulator; and

2.2.4 the capital resources requirements which would be applicable to the Scottish Mutual WP Fund if it constituted the entire Phoenix Long-Term Fund,

but shall not set the bonus policy on the basis that support will be provided by the free assets of any other sub-fund of the Phoenix Long-Term Fund, save to the extent that the Phoenix Board, in its absolute discretion and having regard to appropriate actuarial advice, so determines.

2.3 The WP Asset Share Element of SMA DC Policies shall participate in any estate distribution in the Scottish Mutual WP Fund.

2.4 In particular the bonus policy for the Scottish Mutual WP Fund shall aim to distribute the surplus assets in the Scottish Mutual WP Fund, to With-Profits Policies allocated or reinsured to the Scottish Mutual WP Fund, such that distributions of surplus assets shall:

2.4.1 take place progressively and equitably during the anticipated period of existence of the Scottish Mutual WP Fund, taking into account the financial strength of the Scottish Mutual WP Fund from time to time;

2.4.2 take account of the anticipated transfers out of the Scottish Mutual WP Fund in accordance with paragraph 24.5 of this Scheme; and

2.4.3 seek to produce the result that after all sums falling to be paid in respect of all With-Profits Policies allocated or reinsured to the Scottish Mutual WP Fund, no such surplus shall remain.

2.5 Where With-Profits Policies allocated or reinsured to the Scottish Mutual WP Fund contain any discretion to determine the amount or value of any benefit, accrual or charge including any discretion in relation to the determination of:

2.5.1 benefits allocated to Policies, whether by way of bonus, interest or otherwise;

2.5.2 the surrender, transfer and paid up value of any Policy; or

2.5.3 variable charges levied in relation to With-Profits Policies,

Phoenix shall be responsible for securing within the Scottish Mutual WP Fund the fair and equitable treatment of, and the fair and equitable allocation of benefits to, holders of such Policies, having regard to appropriate actuarial advice and having regard to the different classes of such Policies within the Scottish Mutual WP Fund.

3 Surrender values

3.1 Payouts on surrender of Policies allocated or reinsured to the Scottish Mutual WP Fund will be determined in accordance with the relevant Scottish Mutual WP Fund PPFM from time to time.

3.2 Phoenix will not, in relation to any of the Policies allocated or reinsured to the Scottish Mutual WP Fund which were in force on 1 January 1992, alter to the detriment of the holders of such Policies the bases used prior to the Transfer Date for calculating surrender values or the terms or extent to which any such Policy shall be declared to be paid up, unless the relevant Phoenix With-Profits Actuary shall certify to the Phoenix Board that such alteration is justified by reference to changes in trading conditions (which, for the avoidance of doubt, include regulatory requirements or practice).

4 Charges on SMA DC Policies

Phoenix will not, in relation to any of the SMA DC Policies which were in force on 1 January 1992, alter the charges in respect of such Policies to the detriment of holders of such Policies, unless the relevant Phoenix With-Profits Actuary shall certify to the Phoenix Board that such alteration is justified by reference to changes in trading conditions (which, for the avoidance of doubt, include regulatory requirements or practice).

5 Hypothecation

5.1 In addition to any hypothecation effected immediately before the Transfer Date in accordance with any pre-existing practices of Phoenix, assets allocated to the Scottish Mutual WP Fund may be hypothecated providing the following conditions are satisfied upon the hypothecation being implemented:

5.1.1 in the written opinion of the Phoenix Board having taken appropriate advice the hypothecation is unlikely to have a material adverse effect on the interests of holders of Policies in the Scottish Mutual WP Fund (or whose benefits are reinsured to the Fund). If the hypothecation does or is likely to result in a distribution of surplus assets in the Scottish Mutual WP Fund to holders of those Policies (or in respect of benefits so reinsured) which is different from the distribution of those surplus assets had the hypothecation not been implemented, that shall not of itself have a material adverse effect on the interests of holders of such Policies (or persons whose benefits are so reinsured) if the Phoenix Board is of the opinion that the distribution of surplus assets following implementation of the hypothecation is fair; and

5.1.2 if applicable, in the written opinion of the Phoenix Board, the hypothecation is unlikely to have a material adverse effect on the interests of holders of Policies in With-Profits Funds other than the Scottish Mutual WP Fund as appropriate.

5.2 The provisions of paragraph 5.1 of this Part 1 of Schedule 18 shall apply notwithstanding any term of any Policy or any pre-existing practice of Phoenix that would or might otherwise preclude the implementation of the hypothecation and, to the extent that these provisions conflict with any other provisions of this Scheme, the provisions of paragraph 5.1 of this Part 1 of Schedule 18 shall prevail.

Part 2 – SMA DC Policies

1 The assets and liabilities under the WP Asset Share Element of SMA DC Policies are, as at the Transfer Date, reinsured from the Phoenix Non-Profit Fund to the Scottish Mutual WP Fund in accordance with paragraph 38 of the Phoenix 2009 Scheme, and shall from the Transfer Date continue to be reinsured from the Phoenix Non-Profit Fund to the Scottish Mutual WP Fund on the equivalent terms set out in this Part 2 of Schedule 18.

2 On this basis, Phoenix shall maintain arrangements equivalent to reinsurance whereby 100 per cent. of the liabilities, net of any external reinsurance, under the WP Asset Share Element of SMA DC Policies are, and shall be, internally reinsured to the Scottish Mutual WP Fund.

3 The WP Asset Share Element of Premiums paid (net of external reinsurance and other than amounts arising as a result of switches from unit-linked investment or index-linked investment to with-profits investment in accordance with paragraph 6 of this Part 2 of Schedule 18) in respect of each SMA DC Policy shall continue to be re-allocated from the Phoenix Non-Profit Fund to the Scottish Mutual WP Fund and applied to purchase WP Units in respect of the relevant Policy.

- 4 Bonuses and market value reductions shall be set by the With-Profits Committee, having regard to appropriate actuarial advice, in respect of the business internally reinsured to the Scottish Mutual WP Fund in accordance, where applicable, with the Scheme Principles of Financial Management of the Scottish Mutual WP Fund.
- 5 On any claim (whether arising by reason of death, disability, maturity, surrender or otherwise other than in relation to a switch from with-profits investments in accordance with paragraph 7 of this Part 2 of Schedule 18) or in respect of any charges, expenses or fees payable under the terms of a Policy referred to in paragraph 3 of this Part 2 of Schedule 18, the Value of the WP Asset Share Element shall be re-allocated from the Scottish Mutual WP Fund to the Phoenix Non-Profit Fund and, where appropriate, WP Units allocated to the relevant Policy in the Scottish Mutual WP Fund shall be cancelled.
- 6 If at any time a switch is made from unit-linked investment or index-linked investment to with-profits investment in respect of a SMA DC Policy, assets having an appropriate value shall be re-allocated from the Phoenix Non-Profit Fund to the Scottish Mutual WP Fund and applied to purchase WP Units and, where appropriate, units in the relevant Linked Funds shall be cancelled.
- 7 If at any time a switch is made from with-profits investment to unit-linked investment or index-linked investment in respect of a SMA DC Policy, assets having an appropriate value shall be re-allocated from the Scottish Mutual WP Fund to the Phoenix Non-Profit Fund and, in the case of a switch to unit-linked investment, applied to purchase units in the relevant Linked Funds and, where appropriate, WP Units shall be cancelled in respect of the amount switched.

Part 3 – Debits in respect of the Scottish Mutual WP Fund

- 1 The provisions of paragraph 25 of this Scheme shall apply in relation to the Scottish Mutual WP Fund, provided that, in addition to amounts permitted to be debited from, or charged to, a With-Profits Fund in accordance with paragraph 25 of this Scheme, there shall be debited from the Scottish Mutual WP Fund and credited to the Phoenix Non-Profit Fund in respect of management charges, calculated and payable on a daily basis on the total aggregate Value of WP Units in respect of all SMA DC Policies, at the rate of one thirty-six thousand five hundredth ($1/36,500$), subject as provided in paragraph 4 of Part 1 of this Schedule 18, to be determined by the Phoenix With-Profits Actuary.

Schedule 19

SPI WP Fund

Part 1 – Scheme Principles of Financial Management of the SPI WP Fund

1 General principles

- 1.1** Where there is any conflict between the terms of this Schedule 19 and the relevant PPFM, the terms of this Schedule 19 shall prevail.
- 1.2** The affairs of the SPI WP Fund shall be conducted in a sound and prudent manner.
- 1.3** The investment policy and bonus policy for the SPI WP Fund shall have regard to the interests and reasonable expectations of the holders of SPI WP Fund With-Profits Policies. Such investment and bonus policies will not be constrained in any way other than by the financial position of the SPI WP Fund and in accordance with the principles specified in this Part 1 of this Schedule 19 and the relevant PPFM.
- 1.4** In this Schedule 19, "**SPI**" means the Phoenix Life SCP Institution, a company incorporated in Scotland with registered number SZ000005, which changed its name from the Scottish Provident Institution on 29 January 2009.

2 Investment policy

- 2.1** The investment policy for the SPI WP Fund shall be determined by the With-Profits Committee having regard to the recommendations of the relevant Phoenix With-Profits Actuary and to the nature of the liabilities of the SPI WP Fund, and shall seek to maximise the investment return earned on the assets in the SPI WP Fund while recognising the need to safeguard the SPI WP Fund's financial security.

3 Bonus policy

- 3.1** The bonus policy in respect of SPI WP Fund With-Profits Policies shall be determined by the With-Profits Committee, having taken account of the advice of the relevant Phoenix With-Profits Actuary, by reference to the financial position, investment performance and operating experience of the SPI WP Fund.
- 3.2** Subject to paragraph 24.5 of this Scheme, the overriding aim will be to distribute, in an equitable manner, all the surplus of assets over liabilities in the SPI WP Fund as benefits under SPI WP Fund With-Profits Policies (including all future surplus in the SPI WP Fund) over the remaining lifetime in force of those Policies, having regard to the need to maintain at all times sufficient assets in the SPI WP Fund to meet the liabilities of the SPI WP Fund.
- 3.3** Reversionary bonuses will be maintained at levels consistent with the reasonable expectations of holders of SPI WP Fund With-Profits Policies having regard to the practice of Phoenix prior to the Transfer Date. Consistent with past practice, any changes to reversionary or annual bonus rates will be gradual under normal circumstances.
- 3.4** Terminal bonus rates for SPI WP Fund With-Profits Policies will be set having regard to the intention that payouts on maturity, vesting and surrender should be determined by reference to Asset Shares determined and enhanced as described in the applicable PPFM, subject to the application of smoothing as described in paragraph 5 of this Part 1 of Schedule 19.

- 3.5** The credited returns on Simplified Pension Investment Funding Plans which were With-Profits Policies of SPL immediately prior to the effective date of the Phoenix 2009 Scheme (the "**Active Simplified Pension Investment Funding Plans**"), after taking account of any guaranteed minimum rates of credited interest that may apply, will be set having regard to the intention that payouts on maturity and vesting should be determined by reference to Asset Shares determined and enhanced as described in the applicable PPFM, subject to the application of smoothing as described in paragraph 5 of this Part 1 of Schedule 19.
- 3.6** The WP Asset Share Element of SP DC Policies shall participate in any estate distribution in the SPI WP Fund.

4 Transfers from the SPI WP Fund

- 4.1** Amounts transferred from the SPI WP Fund to the Phoenix Non-Profit Fund in respect of management charges on SPI WP Fund With-Profits Policies which are UWP Policies (other than DC Policies) will be charged to the Asset Shares of those Policies only to the extent that the With-Profits Committee, having taken advice from the relevant Phoenix With-Profits Actuary, considers this to be consistent with the reasonable expectations of the holders of such UWP Policies. Any excess of such management charges over the amount to be charged to Asset Shares will be met from the surplus assets in the SPI WP Fund to the extent possible, or otherwise reflected in the miscellaneous profits or losses arising in that Fund.
- 4.2** Amounts transferred from the SPI WP Fund to the Phoenix Non-Profit Fund or the Phoenix Shareholders' Fund as permitted by paragraph 24.5 of this Scheme equal to one-ninth of the aggregate cost of reversionary and terminal bonuses on SPI WP Fund With-Profits Policies (including, as the context requires, any additional term assurance or other benefits attaching thereto) which are not UWP Policies (other than DC Policies), the WP Asset Share Element of DC Policies or a Simplified Pension Investment Funding Plan will not be charged to the Asset Shares of those Policies but will be met from the surplus assets in the SPI WP Fund to the extent possible, or otherwise reflected in the miscellaneous profits or losses arising in that Fund.

5 Smoothing of claim payments on maturity, vesting and surrender

Payouts at maturity, on vesting and on surrender of SPI WP Fund With-Profits Policies will, subject to any minimum guaranteed amounts, be determined by reference to Asset Shares (determined and adjusted as described in the applicable PPFM) and may be smoothed in accordance with any smoothing policy applicable to the SPI WP Fund from time to time as set out in the relevant PPFM.

6 Hypothecation

- 6.1** In determining the underlying rate of the investment return applicable to the accumulation of Asset Shares in respect of each class of SPI WP Fund With-Profits Policies, assets will be notionally hypothecated separately to UK business and Irish business and, within each such territory, separately to Active Simplified Pension Investment Funding Plans (as defined in paragraph 3.5 of this Part 1 of Schedule 19) and other SPI WP Fund With-Profits Policies, having regard to Phoenix's practice in respect of such notional hypothecation of assets prior to the Transfer Date.

- 6.2** In addition to the hypothecation contemplated by paragraph 6.1 of this Part 1 of Schedule 19, assets allocated to the SPI WP Fund may be hypothecated providing the following conditions are satisfied upon the hypothecation being implemented:
- 6.2.1** in the written opinion of the With-Profits Committee, having taken appropriate advice, the hypothecation is unlikely to have a material adverse effect on the interests of holders of Policies in the SPI WP Fund (or whose benefits are reinsured to the SPI WP Fund). If the hypothecation does or is likely to result in a distribution of surplus assets in the SPI WP Fund to holders of those Policies (or in respect of benefits so reinsured) which is different from the distribution of those surplus assets had the hypothecation not been implemented, that shall not of itself have a material adverse effect on the interests of holders of such Policies (or persons whose benefits are so reinsured) if the With-Profits Committee is of the opinion that the distribution of surplus assets following implementation of the hypothecation is fair; and
 - 6.2.2** if applicable, in the written opinion of the Phoenix Board, the hypothecation is unlikely to have a material adverse effect on the interests of holders of Policies in With-Profits Funds other than the SPI WP Fund.
- 6.3** The provisions of paragraph 6.2 of this Part 1 of Schedule 19 shall apply notwithstanding any term of any Policy or any pre-existing practice of Phoenix that would or might otherwise preclude the implementation of the hypothecation and, to the extent that these provisions conflict with any other provisions of this Scheme, the provisions of paragraph 6.2 of this Part 1 of Schedule 19 shall prevail.
- 6.4** The provisions of paragraph 6.2 of this Part 1 of Schedule 19 shall apply, with appropriate modifications, in respect of any proposal to change the existing arrangements for hypothecation referred to in paragraph 6.1 of this Part 1 of Schedule 19.

Part 2 – Reinsurance Arrangements

1 Guaranteed Annuity Options

- 1.1** In this Part 2 of Schedule 19, "**Guaranteed Annuity Option**" means a term of a Policy giving the holder the right to elect to convert a cash benefit under the Policy into an annuity at a guaranteed rate.
- 1.2** Phoenix shall maintain arrangements equivalent to reinsurance whereby 100 per cent. of the assets and liabilities in respect of the Guaranteed Annuity Options applying to Policies allocated to the the fund bearing the name "the SPL Non Profit Fund" maintained by SPL immediately prior to the effective date of the Phoenix 2009 Scheme shall be deemed to be reinsured by the Phoenix Non-Profit Fund to the SPI WP Fund.
- 1.3** The reinsurance is, at the Transfer Date, and will continue from the Transfer Date to be, on the basis that upon the making of a claim (on maturity, death or otherwise) where a Guaranteed Annuity Option applies in respect of any Policy to which this paragraph 1 of Part 2 of Schedule 19 applies, such additional amount as the Phoenix Chief Actuary determines is required to be added to the cash benefit under that Policy to enable the purchase of an annuity at the relevant guaranteed rate shall be transferred from the SPI WP Fund to the Phoenix Non-Profit Fund in settlement of the obligations of the SPI WP Fund in respect of that Policy under the reinsurance arrangements.

- 1.4** In respect of any Non-Profit Policies which are Linked Policies and to which this paragraph 1 of Part 2 of Schedule 19 applies:
- 1.4.1** if the Phoenix Chief Actuary determines from time to time that, due to the requirements of the PRA Rulebook or the FCA Handbook, liabilities are required to be matched by assets within a Linked Fund, a deposit arrangement shall be instituted whereby assets of such amount as the Phoenix Chief Actuary shall determine shall be transferred from the SPI WP Fund to the Phoenix Non-Profit Fund (such assets from time to time held in the Phoenix Non-Profit Fund being the "**Deposit**" which shall not at any time be less than zero);
- 1.4.2** if the Phoenix Chief Actuary determines, from time to time, that assets deposited by the SPI WP Fund with the Phoenix Non-Profit Fund are no longer required to be held in the Phoenix Non-Profit Fund in order to satisfy the requirements of the PRA Rulebook or the FCA Handbook (whether as a result of a claim under paragraph 1.3 of this Part 2 of Schedule 19 or otherwise), assets of such amount as the Phoenix Chief Actuary determines are excess shall be transferred from the Phoenix Non-Profit Fund to the SPI WP Fund;
- 1.4.3** assets transferred from the SPI WP Fund to the Phoenix Non-Profit Fund or transferred from the Phoenix Non-Profit Fund to the SPI WP Fund pursuant to paragraphs 1.4.1 and 1.4.2 of this Part 2 of Schedule 19 shall from time to time be deemed invested in or disinvested from (as the case may be) the Linked Funds by reference to which benefits under such Linked Policies are calculated, and units in those Linked Funds representing the Deposit shall be notionally allocated to or de-allocated from (as the case may be) the Deposit at the bid price; and
- 1.4.4** promptly at the end of each calendar month, assets of an amount equal to such part of the annual management charge applicable in that month in respect of units notionally allocated to the Deposit shall be transferred from the Phoenix Non-Profit Fund to the SPI WP Fund or credited to the Deposit by allocation of additional units at the bid price, as the Phoenix Chief Actuary may determine from time to time.

2 Internal SP DC Policy Reinsurance Arrangements

- 2.1** The assets and liabilities under the WP Asset Share Element of SP DC Policies are, as at the Transfer Date, reinsured from the Phoenix Non-Profit Fund to the SPI WP Fund in accordance with paragraph 38 of the Phoenix 2009 Scheme, and shall from the Transfer Date continue to be reinsured from the Phoenix Non-Profit Fund to the SPI WP Fund on the equivalent terms set out in this paragraph 2 of Part 2 of Schedule 19.
- 2.2** On this basis, Phoenix shall maintain arrangements equivalent to reinsurance whereby 100 per cent. of the liabilities, net of any external reinsurance, under the WP Asset Share Element of SP DC Policies are, and shall be, internally reinsured to the SPI WP Fund.
- 2.3** The WP Asset Share Element of Premiums paid (net of external reinsurance and other than amounts arising as a result of switches from unit-linked investment or index-linked investment to with-profits investment in accordance with paragraph 2.6 of this Part 2 of Schedule 19) in respect of each SP DC Policy shall continue to be re-allocated from the Phoenix Non-Profit Fund to the SPI WP Fund and applied to purchase WP Units in respect of the relevant Policy.

- 2.4** Bonuses and market value reductions shall be set by the With-Profits Committee, having regard to appropriate actuarial advice, in respect of the business internally reinsured to the SPI WP Fund in accordance, where applicable, with the Scheme Principles of Financial Management of the SPI WP Fund.
- 2.5** On any claim (whether arising by reason of death, disability, maturity, surrender or otherwise other than in relation to a switch from with-profits investments in accordance with paragraph 2.7 of this Part 2 of Schedule 19) or in respect of any charges, expenses or fees payable under the terms of a Policy referred to in paragraph 2.3 of this Part 2 of Schedule 19, the Value of the WP Asset Share Element shall be re-allocated from the SPI WP Fund to the Phoenix Non-Profit Fund and, where appropriate, WP Units allocated to the relevant Policy in the SPI WP Fund shall be cancelled.
- 2.6** If at any time a switch is made from unit-linked investment or index-linked investment to with-profits investment in respect of a SP DC Policy, assets having an appropriate value shall be re-allocated from the Phoenix Non-Profit Fund to the SPI WP Fund and applied to purchase WP Units and, where appropriate, units in the relevant Linked Funds shall be cancelled.
- 2.7** If at any time a switch is made from with-profits investment to unit-linked investment or index-linked investment in respect of a SP DC Policy, assets having an appropriate value shall be re-allocated from the SPI WP Fund to the Phoenix Non-Profit Fund and, in the case of a switch to unit-linked investment, applied to purchase units in the relevant Linked Funds and, where appropriate, WP Units shall be cancelled in respect of the amount switched.
- 2.8** There shall be debited from the SPI WP Fund and credited to the Phoenix Non-Profit Fund in respect of management charges, monthly in arrears, an amount of 0.08333 per cent. of the value of the WP Asset Share Element in respect of each SP DC Policy.

Part 3 – Debits and Credits in Respect of the SPI WP Fund

1 Credits to the SPI WP Fund

- 1.1** The provisions of paragraph 26 of this Scheme shall apply in relation to the SPI WP Fund, provided that, in addition to amounts permitted to be credited to a With-Profits Fund in accordance with paragraph 26 of this Scheme, there shall be credited to the SPI WP Fund the following:
- 1.1.1** such assets as are transferred to the SPI WP Fund pursuant to any transaction pursuant to paragraph 31 of this Scheme or paragraph 1.1 of Part 7 of this Schedule 19;
 - 1.1.2** all amounts in respect of financial assistance or support arranged by the With-Profits Committee pursuant to paragraph 27 or paragraph 2.1.3 of Part 6 of this Schedule 19 of this Scheme insofar as it relates to the SPI WP Fund;
 - 1.1.3** any amounts of commission claimed back from intermediaries and other third parties in respect of Policies allocated or reinsured to the SPI WP Fund;
 - 1.1.4** any amounts received in respect of unit trust rebates in respect of units allocated from time to time to the SPI WP Fund;

- 1.1.5 that proportion of any repayment or credit in respect of value added tax received by the Phoenix Group as is determined by the relevant Phoenix With-Profits Actuary on a just and reasonable basis to be referable to amounts debited or charged to the SPI WP Fund, any such credit to be made within one month after the date on which the Phoenix Group receives the benefit of the relevant repayment or credit in respect of value added tax; and
- 1.1.6 any other amounts which are determined by the relevant Phoenix With-Profits Actuary in accordance with the principles underlying this Scheme to be properly attributable to or properly received by the SPI WP Fund.

2 Debits from the SPI WP Fund

2.1 The provisions of paragraph 25 of this Scheme shall apply in relation to the SPI WP Fund, provided that, in addition to amounts permitted to be debited from, or charged to, a With-Profits Fund in accordance with paragraph 25 of this Scheme, Phoenix shall be entitled to debit from, or charge to, the SPI WP Fund all of the following:

- 2.1.1 any amounts chargeable to the SPI WP Fund under paragraph 3 of this Part 3 of Schedule 19;
- 2.1.2 such assets as are transferred from the SPI WP Fund pursuant to any transaction pursuant to paragraph 1 of Part 7 of this Schedule 19;
- 2.1.3 subject to paragraph 3 of this Part 3 of Schedule 19, the costs, liabilities and expenses incurred, in respect of the acquisition, holding (including management costs), valuation or disposal of any assets comprised in the SPI WP Fund, including all commissions and expenses;
- 2.1.4 such remuneration and expenses (including the costs of any external actuarial, legal or other advice) as are paid in respect of the With-Profits Committee in the performance of its duties as set out in paragraph 28 of this Scheme and Part 6 of this Schedule 19 to this Scheme and the cost of purchasing and maintaining insurance for the benefit of its members pursuant to paragraph 3.1.7 of Part 6 of this Schedule 19;
- 2.1.5 commissions paid to intermediaries and other third parties in respect of Policies allocated or reinsured to the SPI WP Fund;
- 2.1.6 payments of principal and interest in respect of any liabilities of the SPI WP Fund in respect of borrowed monies, including any financial assistance or support arranged by the With-Profits Committee;
- 2.1.7 such amounts as are to be transferred to the Phoenix Shareholders' Fund or to the Phoenix Non-Profit Fund in accordance with paragraph 24.5 of this Scheme;
- 2.1.8 liabilities, costs, expenditure and losses arising out of the exercise or performance of (or the omission to exercise or perform) the duties, powers, responsibilities and directions of the With-Profits Committee in relation to the SPI WP Fund in relation to the SPI Fund;
- 2.1.9 liabilities that would have fallen to be allocated to the SPI Fund pursuant to paragraph 15 of the SPI Scheme had the SPI Scheme continued in full force and effect;

2.1.10 any other amounts which are required by this Scheme or the Phoenix 2009 Scheme to be debited or charged to the SPI WP Fund or which are determined by the relevant Phoenix With-Profits Actuary and the With-Profits Committee (in each case acting reasonably) in accordance with the principles underlying this Scheme to be properly attributable to the SPI WP Fund.

2.2 If Phoenix by debit from the Phoenix Shareholders' Fund or by debit from the Phoenix Non-Profit Fund, or any other member of the Phoenix Group, makes any payment in respect of any of the amounts specifically charged to the SPI WP Fund pursuant to paragraph 25 of this Scheme or this Part 3 of Schedule 19, an amount equal to that payment, or if the payment would have been less had it been paid directly from the SPI WP Fund such lesser amount, shall be re-allocated from the SPI WP Fund to the Phoenix Shareholders' Fund, the Phoenix Non-Profit Fund, or such other fund or company, as the case may be, following which the liability of the SPI WP Fund in respect of such amount shall be deemed to have been satisfied.

2.3 For the avoidance of doubt, paragraphs 32 to 34 of this Scheme are not relevant to any amounts which may be charged to the SPI WP Fund in respect of taxation liabilities under Part 5 of this Schedule 19 or in accordance with paragraph 2.1.9 of this Part 3 of Schedule 19.

2.4 In this paragraph 2 of Part 3 of Schedule 19:

2.4.1 "**SPI**" means the Phoenix Life SCP Institution, a company incorporated in Scotland with registered number SZ000005, which changed its name from the Scottish Provident Institution on 29 January 2009;

2.4.2 "**SPI Fund**" means the separate sub-fund of that name within SPL's long-term fund maintained under the SPI Scheme; and

2.4.3 "**SPI Scheme**" means the scheme sanctioned by an order of the Court of Session dated 13 July 2001 which provided for the transfer of the long-term business of SPI to SPL under section 49 and Schedule 2C to the Insurance Companies Act 1982.

3 Costs, expenses and charges to the SPI WP Fund

3.1 Except as otherwise provided in this Scheme and the remaining sub-paragraphs of this paragraph 3 of Part 3 of Schedule 19, there shall be charged to and borne by the SPI WP Fund only such part of the total costs, liabilities and expenses incurred by Phoenix (or such other company in the Phoenix Group as may be providing administration services to the SPI WP Fund carrying on its business) as the relevant Phoenix With-Profits Actuary and the With-Profits Committee (acting reasonably and having regard to appropriate actuarial advice) considers fair and equitable in each case, having regard to policyholders' reasonable expectations.

3.2 From the Transfer Date but with effect from the Effective Date the charges to be borne by the SPI WP Fund in respect of initial expenses and renewal expenses shall (subject to paragraph 3.3 of this Part 3 of Schedule 19) be the applicable charges calculated in accordance with the following:

3.2.1 for initial expenses in respect of Policies written in the SPI WP Fund, the charges set out in paragraph 1 of Part 4 of this Schedule 19; and

3.2.2 for renewal expenses in respect of Policies written in the SPI WP Fund, the charges set out in paragraph 2 of Part 4 of this Schedule 19,

in each case with monetary amounts increasing on 31 December 2023 and annually thereafter in proportion to the increase in RPI over the previous 12 months plus 0.75 per cent.

3.3 In relation to any financial year of Phoenix, the charges referred to in paragraph 3.1 of this Part 3 of Schedule 19 shall not be less than 85 per cent. or more than 115 per cent. of the costs actually incurred by Phoenix (or such other company in the Phoenix Group as may be providing administration services to the SPI WP Fund) in respect of the business in the SPI WP Fund and such charges shall be reviewed by the With-Profits Committee with a view to ensuring that they comply with the terms of this paragraph 3.3.

3.4 The charge to be borne by the SPI WP Fund for investment management services shall be a monthly charge equal to 0.01166 per cent. multiplied by the average of the value of the assets in the SPI WP Fund (excluding assets equal in value to the Value of the WP Asset Share Element in respect of SP DC Policies) at the beginning and end of each month, such assets to be valued in accordance with the PRA Rulebook.

3.5 The amounts referred to in this paragraph 3 of Part 3 of Schedule 19 are inclusive of any applicable value added tax.

Part 4 – Initial and Renewal Expenses in Respect of the SPI WP Fund

1 Initial expenses

1.1 The following table shows the per Policy or per benefit charges (as applicable depending on the type of Policies) to be made for initial expenses in respect of regular Premium and single Premium/paid up Policies as referred to in paragraph 3.2 of Part 3 of this Schedule 19. The number of Policies or benefits (as applicable depending on the type of Policies) are to be determined on a consistent basis to that used to derive these charges by SPI in 1999.

1.2 Initial expenses - UK business

	Initial Expenses (% Lautro/SP commission)	Initial Expenses (£ per case)
Other non-linked life, regular	40.0%	417.21
Non-linked life, single	40.0%	417.21
Conventional PPP, regular	40.0%	625.81
Conventional PPP, single	40.0%	417.21
Conventional EPP, regular	40.0%	941.26
Conventional EPP, single	40.0%	732.65
Compulsory purchase annuities	-	312.90

1.2.1 For new low start cases sold with contractual increases, the initial commission used for calculating the initial expense assumption is based on the equivalent level Premium commission multiplied by 135 per cent. for 10 per cent. p.a. increases and 170 per cent. for 20 per cent. p.a. increases.

1.2.2 For Policies sold with indexation increases, where the increases are compound rather than simple, the factors applied to the equivalent level commission rate on the initial Premium are 125 per cent., 120 per cent. and 110 per cent. for increases at 10 per cent., of average earnings and RPI respectively.

1.2.3 For ad hoc increment business (i.e. other than contractual and indexation increases where no initial expense is assumed to apply) the fixed expense loading is 50 per cent. of the figure shown above for new contracts, but the full commission-related expense applies.

1.3 Initial expenses - Irish business

	Initial Expenses (% IIF scale)	Initial Expenses (Euros per case)
With-profits life regular	31.0%	518.96
With-profits bonds	31.0%	518.96
SEDA, regular	31.0%	778.44
SEDA, single	31.0%	518.96
E-type, regular	31.0%	1170.21
E-type, single	31.0%	908.18
E-type, regular increment	31.0%	585.10
E-type, single increment	31.0%	455.36
Pension annuity in payment	31.0%	-

2 Renewal expenses

2.1 The following tables show the per Policy charges (as applicable depending on the type of Policies) to be made for renewal expenses in respect of regular Premium and single Premium/paid up Policies as referred to in paragraph 3.2 of Part 3 of this Schedule 19. The number of Policies are to be determined on a consistent basis to that used to derive these charges by SPI in 1999.

2.2 Renewal expenses – UK business (£ per Policy)

	Premium Paying	Paid-up/Single Premium
Conventional life, non profit	48.36	36.25
Conventional life, with-profit	75.99	56.98
Conventional pensions, non profit	102.29	-
Annuities in payment	-	74.33
Conventional personal pensions, with-profit	208.68	154.62
Conventional executive pensions, with-profit	324.66	231.88

2.2.1 In addition, claim costs of £394.31 for stand-alone critical illness and £267.11 for accelerated critical illness are included.

2.2.2 For the Simplified Pension Investment Funding Plan, the maintenance expense allowance is 0.8 per cent. p.a. of funds.

2.2.3 For pensions increment business where a reduced Policy charge applies, the maintenance expense allowances shown in the above table are reduced in proportion.

2.3 Renewal expenses – Irish business (Euros per Policy)

	Premium Paying	Paid-up/Single Premium
Conventional with-profits life	86.01	64.54
Annuities in payment	-	82.68
SEDA	197.66	146.38
E-type	307.41	219.59
E-type increments	65.89	43.93

Part 5 – Taxation of the SPI WP Fund

- 1 The amounts charged or credited to the SPI WP Fund pursuant to paragraph 33.2 of this Scheme shall be charged or credited on the latest due date or dates on which they would have been paid or received by the SPI WP Fund if it were a separate mutual life assurance company. To the extent that they are not actually charged or credited on such dates, the amounts charged or credited shall be adjusted to reflect the delay between the time when they were due and the time when they are actually made.
- 2 The SPI WP Fund shall be credited or charged (as appropriate) with any amount by which any charge or credit pursuant to paragraph 33.2 of this Scheme, is subsequently shown to have been excessive or inadequate. Any amount credited or charged under this paragraph 2 of Part 5 of Schedule 19 shall be adjusted to reflect the delay between the time when the adjusting credit or charge is made and the time when the original credit or charge was made, or the time when the last correcting credit or charge in respect of the same period was made, whichever is the later.
- 3 The allocation of credits and debits in respect of taxation to the SPI WP Fund under this Scheme, including pursuant to paragraph 33 of this Scheme, 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 taxation authority by any member of the Phoenix Group, no amounts in respect of taxation shall be debited or credited to the SPI WP Fund in excess of the amounts which would have been so debited or credited on a fair and arm's length basis. No amounts in respect of taxation shall be debited to the SPI WP Fund to the extent that such amounts represent penalties which have arisen as a result of any act or omission occurring after the operative date of the Phoenix 2009 Scheme.

Part 6 – With-Profits Committee Duties and Powers in Respect of the SPI WP Fund

1 Duty of the With-Profits Committee in respect of the SPI WP Fund and co-ordination with the Phoenix Board

- 1.1** In discharging its duties in respect of the SPI WP Fund, the With-Profits Committee shall be under a duty to act, at all times, in the best interests of the holders of the SPI WP Fund With-Profits Policies.
- 1.2** Subject always to paragraph 1.3 of this Part 6 of Schedule 19, the Phoenix Board shall implement all decisions required of it in accordance with paragraph 28 of this Scheme and this Part 6 of Schedule 19 by the With-Profits Committee, it being acknowledged that certain of the powers, rights and responsibilities of the With-Profits Committee in relation to the SPI WP Fund may not be given effect unless the Phoenix Board executes a document, or otherwise acts, on behalf of Phoenix in a manner which is consistent with the exercise by the With-Profits Committee of such powers, rights and responsibilities.
- 1.3** Notwithstanding any other provision of this Scheme or of the With-Profits Committee Terms of Reference, the Phoenix Board shall not be required to, and the With-Profits Committee shall not, take (or omit to take) any action if the Phoenix Board (acting reasonably) considers that such action (or omission) would give rise to a breach by Phoenix of any legal obligation or otherwise give grounds for intervention by a regulator or by any additional body whose decisions are binding upon Phoenix.

2 General duties in respect of the SPI WP Fund

- 2.1** In exercising its duties, powers, responsibilities and discretions in relation to the SPI WP Fund the With-Profits Committee shall:
- 2.1.1** have regard solely to the interests and reasonable expectations of the holders of SPI WP Fund With-Profits Policies;
- 2.1.2** in having regard solely to those interests, be required to take into account the assets and liabilities of the SPI WP Fund as if the SPI WP Fund constituted the whole of the long-term fund of a separate mutual life assurance company; and
- 2.1.3** be required to take into account any contractual or other provision restricting or otherwise controlling the acquisition, retention and/or disposal by or for the account of the SPI WP Fund of any investment or other assets.

3 Specific duties, powers, responsibilities and discretions in respect of the SPI WP Fund

- 3.1** The With-Profits Committee's powers, rights and responsibilities shall (subject as provided in paragraph 28 of this Scheme) at all times also include the following in relation to the SPI WP Fund (but not any other Fund):
- 3.1.1** responsibility for the investment and bonus policy of the SPI WP Fund having regard to the recommendations of the relevant Phoenix With-Profits Actuary;
- 3.1.2** considering and, if thought fit, approving material changes to the investment management arrangements for the SPI WP Fund as recommended by the management of Phoenix;

- 3.1.3** power to obtain (from the Phoenix Group or from any third party provider) capital support for the SPI WP Fund on such terms as it may determine (and on the basis that the SPI WP Fund shall bear the cost thereof and that all obligations thereunder, including the obligation to repay such capital, shall be met from the SPI WP Fund), to determine the amount of any such capital support that is utilised from time to time and, where such capital support is obtained from a person other than Phoenix, to require Phoenix to enter into any relevant contractual arrangements, provided always that:
- (i) the Phoenix Board has approved such terms and any relevant arrangements, such approval not to be unreasonably withheld or delayed; and
 - (ii) neither Phoenix nor any member of the Phoenix Group shall be obliged to provide capital support other than as required under the PCP;
- 3.1.4** to determine whether or not to ratify the relevant Phoenix With-Profits Actuary's use of discretion under paragraph 3.1.3(ii) of Part 7 of this Schedule 19;
- 3.1.5** to determine a fair and equitable amount to be charged to and borne by the SPI WP Fund in accordance with paragraph 3.1 of Part 3 of this Schedule 19 (acting reasonably and having regard to appropriate actuarial advice);
- 3.1.6** to consult with the relevant Phoenix With-Profits Actuary in respect of material transactions in relation to the SPI WP Fund in accordance with paragraph 1 of Part 7 of this Schedule 19;
- 3.1.7** to purchase and maintain for the benefit of each individual who is and/or has been a member of the With-Profits Committee insurance against any personal liability which may be or may have been incurred at any time by them in respect of any act or omission in the actual or purported exercise of their powers, duties and/or responsibilities as a member of the With-Profits Committee (so far as it relates to acts or omissions in connection with the SPI WP Fund). The costs of purchasing and maintaining any such insurance shall be charged to the SPI WP Fund;
- 3.1.8** responsibility to determine the investment policies for the SPI WP Fund (having regard to the recommendations of the relevant Phoenix With-Profits Actuary) in accordance with paragraph 2 of Part 1 of this Schedule 19;
- 3.1.9** responsibility to determine the bonus policies in respect of the SPI WP Fund With-Profits Policies (having regard to the advice of the relevant Phoenix With-Profits Actuary) in accordance with paragraph 3 of Part 1 of this Schedule 19;
- 3.1.10** to determine whether management charges may be charged on the Asset Shares of SPI WP Fund With-Profits Policies which are SP DC Policies in accordance with paragraph 4.1 of Part 1 of this Schedule 19 (having regard to the advice of the relevant Phoenix With-Profits Actuary); and
- 3.1.11** to consider and, if thought fit, to approve any contractual or other provision restricting or otherwise controlling the acquisition, retention and/or disposal by or for the account of the SPI WP Fund, of any investment or other assets.

4 Miscellaneous

- 4.1** To the extent permitted by law, the members and former members of the With-Profits Committee shall be under no personal liability in relation to, or arising from, their role as members of the With-Profits Committee (so far as their role relates to the SPI WP Fund), other than in relation to, or arising from, fraud or wilful default on their part and, accordingly, to the extent permitted by law, they shall not be personally liable in respect of any negligence, default, breach of duty or breach of trust, except insofar as any of these is committed wilfully or fraudulently.
- 4.2** No member or former member of the With-Profits Committee shall be taken to have been or, as the case may be, to be, acting as a director or as an officer of Phoenix at any time merely by reason of their being a member of the With-Profits Committee.
- 4.3** The With-Profits Committee may take such external financial, accounting, actuarial, legal or other advice as it reasonably requires and secure the attendance at its meetings of any advisers providing such advice. If such advice is taken in respect of the exercise of any of the duties, powers, responsibilities and discretions set out in paragraphs 2 and 3 of this Part 6 of Schedule 19, the cost of such advice shall be met from the SPI WP Fund.

Part 7 – Fund Maintenance of the SPI WP Fund

1 Transactions affecting the SPI WP Fund

1.1 After the Transfer Date:

- 1.1.1** Phoenix may not enter into any transaction (including reinsurance or loan arrangements) on behalf of and for the account of the SPI WP Fund; and
- 1.1.2** Phoenix will procure that any subsidiary allocated to the SPI WP Fund will not enter into any transaction (including reinsurance or loan arrangements),

with any other sub-fund of the Phoenix Long-Term Fund, the Phoenix Shareholders' Fund or any member of the Phoenix Group or, in either case, any transaction which otherwise affects the assets or liabilities of the SPI WP Fund or the SPI WP Fund With-Profits Policies on terms which in the opinion of the relevant Phoenix With-Profits Actuary are less favourable to the SPI WP Fund than arm's length commercial terms or will, in the opinion of the relevant Phoenix With-Profits Actuary, adversely affect the reasonable expectations of the holders of SPI WP Fund With-Profits Policies, except that this paragraph shall not apply to any transactions which are required to be entered into by the terms of this Scheme or to any financial assistance or support provided pursuant to paragraph 27 of this Scheme.

- 1.2** In the case of any transactions referred to in paragraph 1.1 of this Part 7 of Schedule 19 which the relevant Phoenix With-Profits Actuary believes are material to the SPI WP Fund, the relevant Phoenix With-Profits Actuary shall consult with the With-Profits Committee and no such transaction shall go ahead until the relevant Phoenix With-Profits Actuary has certified to the With-Profits Committee that the transaction satisfies the requirements of this paragraph 1 of Part 7 of Schedule 19.

2 New business

2.1 No new business (including the allocation or reinsurance of WP Asset Share Elements, but subject to paragraph 2.6 of Part 2 of this Schedule 19) shall be written in the SPI WP Fund after the Transfer Date other than:

2.1.1 Policies written by Phoenix in the SPI WP Fund pursuant to paragraph 5.4 or paragraph 6.2 of this Scheme in relation to any Transferred Policy or Excluded Policy;

2.1.2 contractual and other automatic increases to Premiums (whether regular Premiums or by way of single Premium) and benefits, including any increases (or new Policies) required by any relevant Regulator, on SPI WP Fund Policies;

2.1.3 Policies issued as increments on the exercise of options (including options to switch into with-profits) or rights under SPI WP Fund Policies where the allocation of such new Policy to any other sub-fund of Phoenix other than the SPI WP Fund would, in the opinion of the Phoenix Chief Actuary, fail to satisfy the reasonable expectations of the holders of Policies of that kind provided that Phoenix may procure that any authorised insurer in the Phoenix Group in the United Kingdom or Ireland shall offer policyholders an equivalent Policy but only to the extent that the issue of such a Policy by such other authorised insurer would not, in the opinion of the Phoenix Chief Actuary, result in the relevant policyholder suffering a detriment as compared with the position if such Policy had been issued by Phoenix, or otherwise fail to satisfy the reasonable expectations of holders of Policies of that kind;

2.1.4 Excluded Policies which are novated to Phoenix and allocated to the SPI WP Fund in accordance with paragraph 6.5 of this Scheme; and

2.1.5 Policies written by Phoenix in the SPI WP Fund pursuant to a court order (or "qualifying agreement") (as defined in the Welfare Reform and Pensions Act 1999 (and related regulations)) relating to pension sharing on divorce and resulting from divorce or nullity proceedings commenced after 1 December 2000.

2.2 Discretionary increments in respect of SPI WP Fund Policies other than those referred to in paragraph 2.1.3 of this Part 7 of Schedule 19 shall be written in another sub-fund of Phoenix or as new Policies in any other authorised insurer in the Phoenix Group in the United Kingdom or Ireland.

3 Vesting of annuities

3.1 In the event that a non-profit annuity or a non-profit deferred annuity (the "**Annuity Benefit**") is provided:

3.1.1 on vesting of an SPI WP Fund Policy in respect of which the principal benefits are expressed in terms of an annuity;

3.1.2 under an option in respect of an SPI WP Fund Policy which requires an annuity to be issued at a guaranteed rate; or

3.1.3 to a member of a Simplified Pension Investment Funding Plan under the terms of that Policy or on termination of that Policy,

then,

(i) subject to paragraph 3.1.2 of this Part 7 of Schedule 19, Phoenix shall provide an appropriate Annuity Benefit from within the Phoenix Non-Profit

Fund subject to there being transferred from the SPI WP Fund and credited to the Phoenix Non-Profit Fund an amount equal to such cost to the Phoenix Non-Profit Fund of providing such Annuity Benefit as the Phoenix Chief Actuary shall determine based on the appropriate annuity rates being used at that time by Phoenix or any other authorised insurer in the Phoenix Group for the provision of such an Annuity Benefit or, if unavailable, on rates consistent with those generally available in the market for provision of a similar annuity or deferred annuity (as the case may be);

- (ii) if the relevant Phoenix With-Profits Actuary (acting reasonably) considers that the amount that would be transferred from the SPI WP Fund to the Phoenix Non-Profit Fund in respect of the provision of an appropriate Annuity Benefit pursuant to paragraph 3.1.1 of this Part 7 of Schedule 19 exceeds that which is reasonable based on Premium rates for such Annuity Benefit generally available in the market at the relevant time, then they may recommend that Phoenix (and on such recommendation Phoenix shall) provide such Annuity Benefit from within the SPI WP Fund, provided that the With-Profits Committee shall be informed at regular intervals as to how the relevant Phoenix With-Profits Actuary has used their discretion within this paragraph 3.1.2 of Part 7 of Schedule 19 and shall have the right to require that any relevant Annuity Benefit instead be written in the SPI WP Fund or not be written in the SPI WP Fund, as the case may be, and, subject to paragraph 1.3 of Part 6 of this Schedule 19, Phoenix shall immediately implement any such requirement;
- (iii) all liabilities in respect of such vesting Policy or such part of such Simplified Pension Investment Funding Plan as relates to the provision of the Annuity Benefit will be transferred to, or remain in, as the case may be, the fund from which the Annuity Benefit is to be provided; and
- (iv) such SPI WP Fund Policy or that part of such Policy as relates to the provision of the Annuity Benefit shall cease to be entitled to share in the profits of the SPI WP Fund.

3.2 If in the event of vesting of an SPI WP Fund 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 SPI WP Fund 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 to be provided by Phoenix, the cash (or relevant proportion of the cash) shall be transferred from the SPI WP Fund to the Phoenix Non-Profit Fund and the annuity shall be provided from the Phoenix Non-Profit Fund based on such annuity rates as the Phoenix Chief Actuary shall (with the approval of the relevant Phoenix With-Profits Actuary, such approval not to be unreasonably withheld or delayed) determine. Such vesting Policy shall cease to be entitled to share in the profits of the SPI WP Fund.

Part 8 – Policies that were formerly part of the Special Fund

1 With effect from the effective date of the Phoenix 2009 Scheme, the SPI WP Fund Policies which were With-Profits Policies of the separate sub-fund bearing the name "Special Fund" within SPL's Long-Term Fund maintained under the SPI Scheme (as defined in paragraph 2.4.3 of Part 3 of this Schedule 19) (the "**Special Fund**") (and any Policies of the Special Fund issued pursuant to an option contained in any of the Special Fund With-Profits Policies) immediately prior to the effective date of the Phoenix 2009 Scheme:

- 1.1** do not entitle the holders thereof to participate in any surplus of Phoenix determined in respect of any period ending after the effective date of the Phoenix 2009 Scheme; and
- 1.2** entitle the holders thereof to additional guaranteed bonuses at the rates set out below:
- 1.2.1 Annual bonus rate:** 3.0% applied to the sum of the guaranteed assured sum plus the accumulated attaching annual bonuses; and
- 1.2.2 Guaranteed final bonus rate:** the guaranteed final bonus rates (as set out in the table below) applied to the sum of the guaranteed assured sum plus the accumulated attaching annual bonuses calculated as set out in paragraph 1.2.1 of this Part 8 of Schedule 19.

Year of entry	Year of maturity or earlier claim							
	2021	2022	2023	2024	2025	2026	2027	2028
1971	68%	76%	85%	102%	103%	105%	107%	109%
1972	68%	76%	85%	102%	103%	105%	107%	109%
1973	68%	76%	85%	102%	103%	105%	107%	109%
1974	68%	76%	85%	102%	103%	105%	107%	109%
1975	68%	76%	85%	102%	103%	105%	107%	109%
1976	68%	76%	85%	102%	103%	105%	107%	109%
1977	68%	76%	85%	102%	103%	105%	107%	109%
1978	68%	76%	85%	102%	103%	105%	107%	109%
1979	68%	76%	85%	102%	103%	105%	107%	109%
1980	67%	75%	85%	102%	103%	105%	107%	109%
1981	64%	73%	83%	99%	102%	104%	106%	108%
1982	63%	72%	82%	99%	101%	103%	105%	107%
1983	61%	71%	79%	97%	99%	101%	103%	105%
1984	58%	67%	76%	92%	94%	96%	98%	100%
1985	55%	64%	72%	89%	90%	92%	94%	96%
1986	52%	60%	69%	84%	86%	88%	90%	92%
1987	51%	59%	69%	84%	85%	87%	89%	90%
1988	50%	58%	67%	83%	84%	86%	87%	89%
1989	44%	51%	60%	75%	76%	78%	79%	81%
1990	37%	45%	53%	67%	68%	70%	71%	73%
1991	31%	38%	46%	59%	61%	62%	63%	64%
1992	24%	31%	39%	52%	53%	54%	55%	56%
1993	21%	29%	35%	49%	50%	51%	52%	53%

Year of entry	Year of maturity or earlier claim									
	2029	2030	2031	2032	2033	2034	2035	2026	2037	2038
1971	112%	114%	116%	119%	121%	123%	126%	128%	131%	133%
1972	112%	114%	116%	119%	121%	123%	126%	128%	131%	133%
1973	112%	114%	116%	119%	121%	123%	126%	128%	131%	133%
1974	112%	114%	116%	119%	121%	123%	126%	128%	131%	133%
1975	112%	114%	116%	119%	121%	123%	126%	128%	131%	133%
1976	112%	114%	116%	119%	121%	123%	126%	128%	131%	133%
1977	112%	114%	116%	119%	121%	123%	126%	128%	131%	133%
1978	112%	114%	116%	119%	121%	123%	126%	128%	131%	133%
1979	112%	114%	116%	119%	121%	123%	126%	128%	131%	133%
1980	112%	114%	116%	119%	121%	123%	126%	128%	131%	133%
1981	110%	112%	115%	117%	119%	122%	124%	127%	129%	132%
1982	109%	111%	113%	116%	118%	120%	123%	125%	128%	130%
1983	107%	110%	112%	114%	116%	119%	121%	123%	126%	128%
1984	102%	104%	106%	108%	110%	113%	115%	117%	119%	122%
1985	98%	100%	102%	104%	106%	108%	110%	112%	115%	117%
1986	94%	95%	97%	99%	101%	103%	105%	107%	110%	112%
1987	92%	94%	96%	98%	100%	102%	104%	106%	108%	110%
1988	91%	93%	94%	96%	98%	100%	102%	104%	106%	108%
1989	82%	84%	86%	87%	89%	91%	93%	95%	97%	98%
1990	74%	76%	77%	79%	80%	82%	83%	85%	87%	88%
1991	66%	67%	68%	70%	71%	72%	74%	75%	77%	78%
1992	57%	58%	60%	61%	62%	63%	65%	66%	67%	68%
1993	55%	56%	57%	58%	59%	60%	61%	63%	64%	65%

Year of entry	Year of maturity or earlier claim									
	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
1971	136%	139%	142%	144%	147%	150%	153%	156%	160%	163%
1972	136%	139%	142%	144%	147%	150%	153%	156%	160%	163%
1973	136%	139%	142%	144%	147%	150%	153%	156%	160%	163%
1974	136%	139%	142%	144%	147%	150%	153%	156%	160%	163%
1975	136%	139%	142%	144%	147%	150%	153%	156%	160%	163%
1976	136%	139%	142%	144%	147%	150%	153%	156%	160%	163%
1977	136%	139%	142%	144%	147%	150%	153%	156%	160%	163%

Year of entry	Year of maturity or earlier claim									
	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048
1978	136%	139%	142%	144%	147%	150%	153%	156%	160%	163%
1979	136%	139%	142%	144%	147%	150%	153%	156%	160%	163%
1980	136%	139%	142%	144%	147%	150%	153%	156%	160%	163%
1981	134%	137%	140%	143%	146%	148%	151%	154%	158%	161%
1982	133%	135%	138%	141%	144%	147%	149%	152%	156%	159%
1983	131%	134%	136%	139%	142%	145%	148%	151%	154%	157%
1984	124%	127%	129%	132%	134%	137%	140%	143%	146%	148%
1985	119%	122%	124%	126%	129%	132%	134%	137%	140%	142%
1986	114%	116%	119%	121%	123%	126%	128%	131%	134%	136%
1987	112%	115%	117%	119%	122%	124%	127%	129%	132%	134%
1988	111%	113%	115%	117%	120%	122%	125%	127%	130%	132%
1989	100%	102%	104%	107%	109%	111%	113%	115%	118%	120%
1990	90%	92%	94%	96%	98%	100%	102%	104%	106%	108%
1991	80%	82%	83%	85%	87%	88%	90%	92%	94%	96%
1992	70%	71%	73%	74%	76%	77%	79%	80%	82%	83%
1993	66%	68%	69%	71%	72%	73%	75%	76%	78%	79%

For claims after 2048, the bonus rates for 2048 should be used.

2 Subject as hereinafter otherwise appears, if as a result of the implementation of this Scheme or the Phoenix 2009 Scheme, any SPI WP Fund Policy which was a With-Profits Policy of the Special Fund immediately prior to the effective date of the Phoenix 2009 Scheme ceases to be a "qualifying policy" for the purposes of Schedule 15 of the Income and Corporation Taxes Act 1988 and such status would not have been lost but for the implementation of this Scheme or the Phoenix 2009 Scheme, the With-Profits Committee will ensure that:

2.1 the policyholder shall continue to pay Premiums and receive benefits under the Policy at the same level as if the entitlement to Life Assurance Premium Relief ("**LAPR**") had continued insofar as entitlement to LAPR would have been available but for implementation of this Scheme and the Phoenix 2009 Scheme; and

2.2 the policyholder will be fully indemnified for any additional tax payable by the policyholder which would not have been payable by the policyholder but for the loss of "qualifying policy" status,

provided always that the foregoing provisions of this paragraph 2 of Part 8 of Schedule 19 shall not apply where the loss of "qualifying policy" status arises as a result of:

2.2.1 any change in tax legislation which comes or came into force after the effective date of the Phoenix 2009 Scheme; or

2.2.2 any change in Policy terms or conditions made or some other event occurring, in any such case, on or after the effective date of the Phoenix 2009 Scheme, which is neither contemplated by the terms and conditions of such policy nor one which could reasonably be expected to be made or to occur (as the case may be) in view of past practice in relation to the Policy in question.

3 Where a SPI WP Fund Policy which was a With-Profits Policy of the Special Fund immediately prior to the effective date of the Phoenix 2009 Scheme has ceased to be a "qualifying policy" and the proviso to paragraph 2 of this Part 8 of Schedule 19 shall not apply, Phoenix shall advise the policyholder that the "qualifying policy" status of such Policy has been lost.

4 The cost of any indemnification pursuant to paragraph 2.2 of this Part 8 of Schedule 19 shall be borne as to 50 per cent. by the SPI WP Fund and as to 50 per cent. by the Phoenix Shareholders' Fund or the Phoenix Non-Profit Fund.

Schedule 20
UKSM WP Fund

Part 1 – Scheme Principles of Financial Management of the UKSM WP Fund

- 1** The UKSM WP Fund shall be managed and operated in accordance with the PPFM for the UKSM WP Fund and any other practices, procedures, policies, frameworks, agreements or similar arrangements put in place under, or in accordance with, the PPFM for the UKSM WP Fund.
- 2** Phoenix shall maintain the PPFM for the UKSM WP Fund unless the Phoenix Board, having regard to 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 Scheme Principles of Financial Management for the UKSM WP Fund shall be deemed to refer to that alternative form of protection.

Schedule 21
Guaranteed bonuses for Former Century With-Profits Policies

1 The Phoenix Board shall maintain the guaranteed bonuses set out below for certain Non-Profit Policies that transferred from Century to Phoenix under the Phoenix 2006 Scheme.

1.1 Policies transferred to Century pursuant to the scheme sanctioned by an order of the Court dated 24 February 1993 providing for the transfer to Century of the Long-Term Insurance Business of Century Life Assurance Company Limited that were With-Profits Policies as at 31 December 1992:

Regular Bonus

Bonus Series/Policy	Bonus date	Bonus rate	Bonus rate based on
Issued prior to 1 September 1975	31 December	2.0%	sum assured, exclusive of bonuses previously declared thereon
Issued after 31 August 1975	31 December	1.0%	sum assured, exclusive of bonuses previously declared thereon
New Series	31 December	2.5%	sum assured, exclusive of bonuses previously declared thereon

1.2 Policies formerly comprised within the MLC Sub-fund of Century that were With-Profits Policies as at 31 March 2001:

Regular Bonus

Bonus Series/Policy	Bonus date	Bonus rate	Bonus rate based on
First Series	31 March	4.3%	then sum assured plus attaching reversionary bonuses
Second Series	31 March	5.1%	then sum assured plus attaching reversionary bonuses
Third Series	31 March	3.9%	then sum assured plus attaching reversionary bonuses

1.3 Policies formerly comprised within the Hiscox WP Sub-fund of Century that were With-Profits Policies as at 31 March 2001:

Regular Bonus

Bonus Series/Policy	Bonus date	Bonus rate	Bonus based on
Whole Life and Series I endowments	31 December	3.2%	sum assured (or basic annuity) with then attaching bonuses
Series II endowments	31 December	3.0%	sum assured (or basic annuity) with then attaching bonuses

Bonus Series/Policy	Bonus date	Bonus rate	Bonus based on
Pure endowments	31 December	4.2%	sum assured (or basic annuity) with then attaching bonuses
Deferred annuities Series I	31 December	0.75%	sum assured (or basic annuity) with then attaching bonuses
Group pensions and other deferred annuities (excluding Personal Retirement Plans)	31 December	4.2%	sum assured (or basic annuity) with then attaching bonuses

Terminal Bonus

On such a Policy becoming a claim by death or maturity a further bonus will be payable as follows:

Bonus Series/Policy	Bonus rate	Bonus based on
Whole life, Series I and II endowments and pure endowments	$(35 + 2n)$ % subject to a minimum of 75% and maximum of 105%	then attaching bonuses
Deferred annuities and group pensions (excluding Personal Retirement Plans)	75%	then attaching bonuses

Where "n" is the complete number of years the Policy has been in force at the date of the claim.

Interest will be credited to Personal Retirement Plans each 1 April at the annualised gross yield on the unit-linked Century/OMLA Money Pension Fund for the year prior to the date the interest is credited less a management charge of 1.25%. If the Century/OMLA Money Pension Fund is or has been merged with another similar unit-linked fund, the yield on the merged fund will be used to determine the interest credited.

- 1.4** Policies formerly comprised within the Lamont Sub-fund of Century that were With-Profits Policies as at 31 March 2001:

Regular Bonus

A bonus shall be paid of 8% of the basic annuity payable each 30 September.

- 1.5** Policies formerly comprised within the FMI Sub-fund of Century that were With-Profits Policies as at 31 March 2001:

Bonus Series/Policy	Bonus date	Bonus rate	Bonus based on
Compound bonus series	31 December	3%	sum assured or annuity, plus attaching bonus

Simple bonus series	31 December	3.2%	sum assured
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Terminal Bonus

On any such Policy becoming a claim by death or maturity, a further bonus of 50% of the attaching reversionary and interim bonuses as at 31 December 1993 will be payable.

- 1.6** Policies formerly comprised within the OM WP Life Sub-fund of Century that were With-Profits Policies as at 31 March 2001

Regular Bonus

Bonus Series/Policy	Bonus Date	Bonus rate	Bonus based on
Endowment Plus and Protection Plus	31 December	1.35%	sum assured and then attaching reversionary bonuses
Guaranteed Security Bond	Policy anniversary	bonus of ((c) – 0.90)%	the Premiums paid and then attaching bonuses
Guaranteed	Policy anniversary	bonus of ((c) +	the Premiums paid and then
Savings Plan and Guaranteed Capital Builder		0.10)%	attaching bonuses

Where "c" is the annualised yield on the unit-linked Century/OMLA Money Life Fund for the year prior to the date the bonus is credited net of tax and before any management charges. If the Century/OMLA Money Life Fund is or has been merged with another similar unit-linked fund, the yield on the merged fund will be used to determine the bonus.

- 1.7** Policies formerly comprised within the OM WP Pension Sub-fund of Century that were With-Profits Policies as at 31 March 2001:

Regular Bonus

Bonus Series/Policy	Bonus date	Bonus rate	Bonus based on
Immediate annuities	6 April	reversionary bonus of 5.85%	annuity and then attaching bonuses
Personal Pension Plan issued prior to April 1980	6 April	bonus of j% plus a further 4.1%	(other than in respect of additional Premiums or Premium increases paid after 31 March 2001) of Premiums paid and then attaching bonuses
Other Policies	See table below	bonus of j% plus a further	(other than in respect of additional Premiums or

		5.1% for Accumulation Units bonus of (j - 3)% plus a further 5.1% for Capital Units	Premium increases paid after 31 March 2001) of Premiums paid and then attaching bonuses
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The bonuses will be added on the following dates:

Bonus Series/Policy	Bonus date
Executive Pension Plan and Personal Pension Plan issued after April 1980	Policy anniversary
Capital Pension Plan	6 April
Group Deposit Administration	31 December

Where "j" is the annualised yield on the Century/OMLA Money Pension Fund for the year prior to the date the bonus is credited before any management charges. If the Century/OMLA Money Pension Fund is merged with another similar unit-linked fund, the yield on this fund will be used to determine the bonus.

Schedule 22
Rights of Policies transferred to Phoenix under the Phoenix 2018 Scheme

Part 1 – Guaranteed Bonuses for Former With-Profits Policies of the Former Abbey Life WP Funds

1 The former With-Profits Policies of the Former Abbey Life WP Funds shall, with effect from the transfer date of the Phoenix 2018 Scheme, entitle the holders thereof to additional guaranteed future bonuses at the rates set out below.

1.1 Guaranteed bonus rates of the Abbey Life PB Fund:

1.1.1 Planned Investment Endowments:

(i) **Guaranteed annual bonus rate:** The annual bonus rates set out below per £1,000 of the sum assured.

Planned Investment Endowment Annual Bonus Rates	
Original Policy term selected at the outset of the Policy	Annual Bonus rate (£)
49	136.8
50	139.6
51	140.8
52	140.8
53	142.3
54	142.3
55	142.3
56	142.3
57	142.3
58	143.9
59	143.9
60	143.9
61	145.1
62	148.0
63	148.0
64	148.0
65	148.0

(ii) **Guaranteed final bonus:** the aggregate of:

(a) The final bonus rate declared on the transfer date of the Phoenix 2018 Scheme: 81% applied to the bid value of units held, excluding any units bought with bonuses; and

- (b) The non-profit final bonus rate: calculated each year based on the relevant Policy's proportionate share of the distribution received from the underlying unit trust or open-ended investment company. For the avoidance of doubt, the policyholder will not be entitled to any part of the assets supporting the non-profit final bonus. The non-profit final bonus process will not involve the exercise of discretion or allow for any other sources of surplus.

1.1.2 Conventional Endowment Policy:

- (i) **Guaranteed annual bonus rate:** £157.2 per £1,000 of the sum assured.
- (ii) **Guaranteed final bonus:** Nil.

1.1.3 Whole of Life Policies:

- (i) **Guaranteed annual bonus rate:** £78.60 per £1,000 of the sum assured
- (ii) **Guaranteed final bonus:** Nil.

1.2 Guaranteed bonus rates of the Hill Samuel PB Fund:

1.2.1 Guaranteed annual bonus rate: 0.5% applied to the sum of the sum assured plus attaching annual bonuses.

1.2.2 Guaranteed final bonus rate: set out in the table below. The rate is determined by reference to the calendar year of claim and Policy duration (measured in number of complete years) and applied to the attaching annual bonuses calculated as set out in paragraph 1.2.1 of this Part 1 of Schedule 22.

Policy Duration (complete years)	Final Bonus Rate (% of allocated reversionary bonus)												
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
-													
30	10.6%	6.7%	2.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
31	13.5%	9.6%	5.7%	1.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
32	16.4%	12.5%	8.6%	4.7%	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
33	19.3%	15.4%	11.5%	7.6%	3.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
34	22.2%	18.3%	14.4%	10.5%	6.6%	2.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
35	25.1%	21.2%	17.3%	13.4%	9.5%	5.6%	1.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
36	28.0%	24.1%	20.2%	16.3%	12.4%	8.5%	4.6%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%
37	30.9%	27.0%	23.1%	19.2%	15.3%	11.4%	7.5%	3.6%	0.0%	0.0%	0.0%	0.0%	0.0%
38	33.8%	29.9%	26.0%	22.1%	18.2%	14.3%	10.4%	6.5%	2.6%	0.0%	0.0%	0.0%	0.0%
39	36.7%	32.8%	28.9%	25.0%	21.1%	17.2%	13.3%	9.4%	5.5%	1.6%	0.0%	0.0%	0.0%
40	39.6%	35.7%	31.8%	27.9%	24.0%	20.1%	16.2%	12.3%	8.4%	4.5%	0.6%	0.0%	0.0%
41	42.5%	38.6%	34.7%	30.8%	26.9%	23.0%	19.1%	15.2%	11.3%	7.4%	3.5%	0.0%	0.0%
42	45.4%	41.5%	37.6%	33.7%	29.8%	25.9%	22.0%	18.1%	14.2%	10.3%	6.4%	2.5%	0.0%
43	48.3%	44.4%	40.5%	36.6%	32.7%	28.8%	24.9%	21.0%	17.1%	13.2%	9.3%	5.4%	1.5%
44	51.2%	47.3%	43.4%	39.5%	35.6%	31.7%	27.8%	23.9%	20.0%	16.1%	12.2%	8.3%	4.4%
45	54.1%	50.2%	46.3%	42.4%	38.5%	34.6%	30.7%	26.8%	22.9%	19.0%	15.1%	11.2%	7.3%
46	57.0%	53.1%	49.2%	45.3%	41.4%	37.5%	33.6%	29.7%	25.8%	21.9%	18.0%	14.1%	10.2%
47	59.9%	56.0%	52.1%	48.2%	44.3%	40.4%	36.5%	32.6%	28.7%	24.8%	20.9%	17.0%	13.1%
48	62.8%	58.9%	55.0%	51.1%	47.2%	43.3%	39.4%	35.5%	31.6%	27.7%	23.8%	19.9%	16.0%
49	65.7%	61.8%	57.9%	54.0%	50.1%	46.2%	42.3%	38.4%	34.5%	30.6%	26.7%	22.8%	18.9%
50	68.6%	64.7%	60.8%	56.9%	53.0%	49.1%	45.2%	41.3%	37.4%	33.5%	29.6%	25.7%	21.8%
51	71.5%	67.6%	63.7%	59.8%	55.9%	52.0%	48.1%	44.2%	40.3%	36.4%	32.5%	28.6%	24.7%
52	74.4%	70.5%	66.6%	62.7%	58.8%	54.9%	51.0%	47.1%	43.2%	39.3%	35.4%	31.5%	27.6%
53	77.3%	73.4%	69.5%	65.6%	61.7%	57.8%	53.9%	50.0%	46.1%	42.2%	38.3%	34.4%	30.5%
54	80.2%	76.3%	72.4%	68.5%	64.6%	60.7%	56.8%	52.9%	49.0%	45.1%	41.2%	37.3%	33.4%
55	83.1%	79.2%	75.3%	71.4%	67.5%	63.6%	59.7%	55.8%	51.9%	48.0%	44.1%	40.2%	36.3%
56	86.0%	82.1%	78.2%	74.3%	70.4%	66.5%	62.6%	58.7%	54.8%	50.9%	47.0%	43.1%	39.2%
57	88.9%	85.0%	81.1%	77.2%	73.3%	69.4%	65.5%	61.6%	57.7%	53.8%	49.9%	46.0%	42.1%
58	91.8%	87.9%	84.0%	80.1%	76.2%	72.3%	68.4%	64.5%	60.6%	56.7%	52.8%	48.9%	45.0%
59	94.7%	90.8%	86.9%	83.0%	79.1%	75.2%	71.3%	67.4%	63.5%	59.6%	55.7%	51.8%	47.9%
60	97.6%	93.7%	89.8%	85.9%	82.0%	78.1%	74.2%	70.3%	66.4%	62.5%	58.6%	54.7%	50.8%
61	100.5%	96.6%	92.7%	88.8%	84.90%	81.0%	77.1%	73.2%	69.3%	65.4%	61.5%	57.6%	53.7%
62	103.4%	99.5%	95.6%	91.7%	87.80%	83.9%	80.0%	76.1%	72.2%	68.3%	64.4%	60.5%	56.6%
63	106.3%	102.4%	98.5%	94.6%	90.70%	86.8%	82.9%	79.0%	75.1%	71.2%	67.3%	63.4%	59.5%
64	109.2%	105.3%	101.4%	97.5%	93.60%	89.7%	85.8%	81.9%	78.0%	74.1%	70.2%	66.3%	62.4%
65	112.1%	108.2%	104.3%	100.4%	96.50%	92.6%	88.7%	84.8%	80.9%	77.0%	73.1%	69.2%	65.3%

Policy Duration (complete years)	Final Bonus Rate (% of allocated reversionary bonus)										
	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042
-	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
30	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
31	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
32	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
33	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
34	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
36	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
37	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
38	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
39	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
40	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
41	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
42	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
43	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
44	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
45	3.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
46	6.3%	2.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
47	9.2%	5.3%	1.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
48	12.1%	8.2%	4.3%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
49	15.0%	11.1%	7.2%	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
50	17.9%	14.0%	10.1%	6.2%	2.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
51	20.8%	16.9%	13.0%	9.1%	5.2%	1.3%	0.0%	0.0%	0.0%	0.0%	0.0%
52	23.7%	19.8%	15.9%	12.0%	8.1%	4.2%	0.3%	0.0%	0.0%	0.0%	0.0%
53	26.6%	22.7%	18.8%	14.9%	11.0%	7.1%	3.2%	0.0%	0.0%	0.0%	0.0%
54	29.5%	25.6%	21.7%	17.8%	13.9%	10.0%	6.1%	2.2%	0.0%	0.0%	0.0%
55	32.4%	28.5%	24.6%	20.7%	16.8%	12.9%	9.0%	5.1%	1.2%	0.0%	0.0%
56	35.3%	31.4%	27.5%	23.6%	19.7%	15.8%	11.9%	8.0%	4.1%	0.2%	0.0%
57	38.2%	34.3%	30.4%	26.5%	22.6%	18.7%	14.8%	10.9%	7.0%	3.1%	0.0%
58	41.1%	37.2%	33.3%	29.4%	25.5%	21.6%	17.7%	13.8%	9.9%	6.0%	2.1%
59	44.0%	40.1%	36.2%	32.3%	28.4%	24.5%	20.6%	16.7%	12.8%	8.9%	5.0%
60	46.9%	43.0%	39.1%	35.2%	31.3%	27.4%	23.5%	19.6%	15.7%	11.8%	7.9%
61	49.8%	45.9%	42.0%	38.1%	34.2%	30.3%	26.4%	22.5%	18.6%	14.7%	10.8%
62	52.7%	48.8%	44.9%	41.0%	37.1%	33.2%	29.3%	25.4%	21.5%	17.6%	13.7%
63	55.6%	51.7%	47.8%	43.9%	40.0%	36.1%	32.2%	28.3%	24.4%	20.5%	16.6%
64	58.5%	54.6%	50.7%	46.8%	42.9%	39.0%	35.1%	31.2%	27.3%	23.4%	19.5%
65	61.4%	57.5%	53.6%	49.7%	45.8%	41.9%	38.0%	34.1%	30.2%	26.3%	22.4%
66	64.3%	60.4%	56.5%	52.6%	48.7%	44.8%	40.9%	37.0%	33.1%	29.2%	25.3%
67	67.2%	63.3%	59.4%	55.5%	51.6%	47.7%	43.8%	39.9%	36.0%	32.1%	28.2%
68	70.1%	66.2%	62.3%	58.4%	54.5%	50.6%	46.7%	42.8%	38.9%	35.0%	31.1%
69	73.0%	69.1%	65.2%	61.3%	57.4%	53.5%	49.6%	45.7%	41.8%	37.9%	34.0%

Policy Duration (complete years)	Final Bonus Rate (% of allocated reversionary bonus)										
	70	75.9%	72.0%	68.1%	64.2%	60.3%	56.4%	52.5%	48.6%	44.7%	40.8%

Policy Duration (complete years)	Final Bonus Rate (% of allocated reversionary bonus)									
	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052
-										
30	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
31	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
32	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
33	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
34	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
35	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
36	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
37	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
38	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
39	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
40	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
41	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
42	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
43	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
44	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
45	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
46	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
47	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
48	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
49	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
50	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
51	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
52	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
53	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
54	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
55	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
56	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
57	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
58	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
59	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
60	4.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
61	6.9%	3.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
62	9.8%	5.9%	2.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
63	12.7%	8.8%	4.9%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
64	15.6%	11.7%	7.8%	3.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
65	18.5%	14.6%	10.7%	6.8%	2.9%	0.0%	0.0%	0.0%	0.0%	0.0%
66	21.4%	17.5%	13.6%	9.7%	5.8%	1.9%	0.0%	0.0%	0.0%	0.0%
67	24.3%	20.4%	16.5%	12.6%	8.7%	4.8%	0.9%	0.0%	0.0%	0.0%
68	27.2%	23.3%	19.4%	15.5%	11.6%	7.7%	3.8%	0.0%	0.0%	0.0%
69	30.1%	26.2%	22.3%	18.4%	14.5%	10.6%	6.7%	2.8%	0.0%	0.0%

Policy Duration (complete years)	Final Bonus Rate (% of allocated reversionary bonus)									
	33.0%	29.1%	25.2%	21.3%	17.4%	13.5%	9.6%	5.7%	1.8%	0.0%
70										

For Policies with a duration of over 70 years and any claims made in a calendar year after 2052, the guaranteed final bonus rate shall be determined by extrapolating the rates set out in the table above.

2 Subject as hereinafter otherwise appears, if as a result of the implementation of the Phoenix 2018 Scheme or this Scheme, any Policy formerly within the Former Abbey Life WP Funds that met the requirements to be treated as a "qualifying policy" for the purposes of Schedule 15 of the Income and Corporations Taxes Act 1988 as at the transfer date of the Phoenix 2018 Scheme should lose its treatment as such, Phoenix will ensure that the policyholder will be fully indemnified for:

2.1 any additional tax payable by the policyholder which would not have been payable by the policyholder but for the loss of "qualifying policy" treatment; and

2.2 any other reasonable losses arising solely as result of a loss of "qualifying policy" treatment, provided always that the foregoing provisions of this clause shall not apply where the loss of "qualifying policy" treatment arises as a result of:

2.2.1 any change in legislation which comes into force after the transfer date of the Phoenix 2018 Scheme;

2.2.2 any change in Policy terms or conditions made after the transfer date of the Phoenix 2018 Scheme; or

2.2.3 any other event occurring on or after the transfer date of the Phoenix 2018 Scheme, which is neither contemplated by the terms and conditions of such Policy nor one which can reasonably be expected to be made or to occur (as the case may be) in view of past practice in relation to the Policy in question.

3 Where a Policy formerly within the Former Abbey Life WP Funds has lost its treatment as a "qualifying policy" and the proviso to paragraph 2 of this Part 1 of Schedule 22 shall not apply, Phoenix shall advise the policyholder that the "qualifying policy" treatment of such Policy has been lost. The cost of any indemnification pursuant to paragraph 2 of this Part 1 of Schedule 22 shall be borne by the Phoenix Shareholders' Fund.

Part 2 – Rights Deriving from the Former Ambassador WP Policies – Ambassador Scheme and Hill Samuel Scheme

1 Rights deriving from the Former Ambassador WP Policies – Ambassador Scheme

1.1 Those With-Profits Policies formerly comprised in the business of Ambassador, which were in force on 1 January 1998 and which were transferred to Abbey Life pursuant to the **Ambassador Scheme** (the "**Former Ambassador WP Policies**") shall continue to have the following rights:

- 1.1.1 in the case of those Policies formerly known as unit linked with-profits policies, which were linked to a holding of units in the Lloyds Bank Balanced Unit Trust, the right to receive as bonus amounts equal to any distribution yield in excess of 1.25% per annum, net of tax, received by Phoenix on those units (such bonus to be shared among those Policies in proportion to the value of each such Policy); and
 - 1.1.2 in the case of those Policies (other than those within paragraph 1.1.1 of this Part 2 of Schedule 22) that were originally written by Excess Life Assurance Company Limited, the right to receive reversionary bonuses at the fixed annual rate of 10% of guaranteed sum assured and attaching bonuses.
- 1.2** Phoenix undertakes to reimburse any holder of a Former Ambassador WP Policy for any additional tax suffered as a result of the modification of that Policy under the Ambassador Scheme or as set out under paragraph 1.1 of this Part 2 of Schedule 22 if and when the relevant tax liability arises.
- 1.3** For the purposes of this paragraph 1 of Part 2 of Schedule 22:
- 1.3.1 "**Ambassador**" means Ambassador Life Assurance Company Limited, a company incorporated in England and Wales with registered number 00907336, which changed its name to Antelope Life Assurance Company Limited and which was dissolved on 3 March 2009; and
 - 1.3.2 "**Ambassador Scheme**" means the scheme sanctioned by an order of the Court dated 8 December 1997, providing for the transfer to Abbey Life of certain Long-Term Insurance Business of Ambassador.

2 Rights deriving from the Hill Samuel Scheme

- 2.1** The terms of those Policies forming part of the Former Hill Samuel Linked Funds will continue to be modified so that Phoenix will be entitled at any time and from time to time:
- 2.1.1 to merge any two or more of its Linked Funds to form a single Linked Fund, or to sub-divide any of its Linked Funds, and to reclassify units allocated to Policies (or cancel units and issue new units in substitution for them), upon such terms and conditions as the Phoenix Chief Actuary may determine;
 - 2.1.2 to modify or enlarge the investment objectives of any of its Linked Funds upon such terms and conditions as the Phoenix Chief Actuary may determine, to the extent necessary to enable that fund to invest in another of its Linked Funds having similar investment objects to that fund; and
 - 2.1.3 alter the investment objective of any Available Linked Fund so as to permit investment in assets similar to, or providing similar investment exposure to, those already held or permitted to be held in that Available Linked Fund,
 - 2.1.4 provided that:
 - (i) this power may only be exercised with the prior consent of the FCA (or such other governmental, statutory or other authority or authorities as shall from time to time carry out such functions in relation to Long-Term Insurance Business carried on in the United Kingdom as were at the date of this Scheme allocated to the FCA); and
 - (ii) any exercise of this power will be subject to the Phoenix Chief Actuary first certifying that the proposed action is fair and equitable between the policyholders.

2.2 For the purposes of this paragraph 2 of Part 2 of Schedule 22:

2.2.1 "**Available Linked Fund**" means any internal fund of Phoenix which is, or in the future becomes, available to be linked to any of the Policies that were formerly part of the linked business of Hill Samuel, whether that internal fund is established pursuant to this Scheme or is in existence prior to the implementation of this Scheme or is established by Phoenix at some point after the implementation of this Scheme, but shall not include any Client Private Fund;

2.2.2 "**Client Private Fund**" means any internal fund of Abbey Life which was prior to the Hill Samuel Scheme an internal fund of Hill Samuel designed by Hill Samuel as a "client private fund", and any successor internal fund corresponding to such internal fund established by Phoenix pursuant to paragraphs 14.1 and 14.2 of the Phoenix 2018 Scheme; and

2.2.3 "**Hill Samuel Scheme**" means the scheme sanctioned by an order of the Court dated 18 December 1997, providing for the transfer to Abbey Life of certain Long-Term Insurance Business of Hill Samuel.

2.3 Under the Phoenix 2018 Scheme, Phoenix established a new Linked Fund known as the Hill Samuel Property Fund to which the assets and liabilities comprised in or allocated to the Linked Fund of Abbey Life known as the Hill Samuel Property Fund as at the transfer date of the Phoenix 2018 Scheme were allocated. This Linked Fund of Abbey Life was originally established as part of the Hill Samuel Scheme which replicated the provisions of the Target Scheme and contains the assets and liabilities that were comprised in or allocated to the internal linked fund of Hill Samuel Residual Assets Limited (then called Hill Samuel Life Assurance Limited) known as the Hill Samuel Property Fund. In replicating the Target Scheme, the Hill Samuel Scheme provided for the class of units in the Hill Samuel Property Fund known as "S" units to be valued for all purposes after making due allowance for the liability of Abbey Life to tax on capital gains on the assets comprised in that internal fund. The terms of operation of the Phoenix Hill Samuel Property Fund shall replicate the terms of operation of the corresponding Linked Fund of Abbey Life such that with effect from the transfer date of the Phoenix 2018 Scheme, the class of units in the Hill Samuel Property Fund known as "S" units to be valued for all purposes after making due allowance for the liability of Phoenix to tax on capital gains on the assets comprised in that Linked Fund. The terms of those Transferred Policies which have or are eligible to have benefits linked to the Phoenix Hill Samuel Property Fund will continue to be modified (as set out in paragraph 2.1 of this Part 2 of Schedule 22) following the Transfer Date.

2.4 The With-Profits Policies of Hill Samuel (then called Target Life Assurance Company Limited) which were in force on 31 July 1995, shall continue to have the right to receive bonuses at the fixed monthly rate of £30.00 per £1,000 of guaranteed sum assured following the Transfer Date.

Schedule 23

Rights of SPL Transferred Policies deriving from the Phoenix 2009 Scheme

1 Reviewable charges and benefits

Discretionary charges on SPL Transferred Policies which are Linked Policies and/or SP DC Policies or Policies which are increments to such Policies, and reviewable Premiums on SPL Transferred Policies that are Non-Profit Policies, shall continue to be managed on and with effect from the Transfer Date in a manner consistent with the reasonable expectations of the holders of such Policies, having regard, inter alia, to Phoenix's practice prior to the Transfer Date.

2 Service standards

Phoenix shall use reasonable endeavours to ensure that the service levels provided to holders of SPL Transferred Policies and Policies issued as increments thereto are to be no less favourable than those provided to policyholders whose Policies (or benefits) are Policies transferred from SMA to Phoenix under and subject to the Phoenix 2009 Scheme so long as they remain Policies within a fund of Phoenix or another member of the Phoenix Group.

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
INSOLVENCY AND COMPANIES LIST (ChD)**

**IN THE MATTER OF
PHOENIX LIFE ASSURANCE LIMITED
and
IN THE MATTER OF
STANDARD LIFE ASSURANCE LIMITED
and
IN THE MATTER OF
STANDARD LIFE PENSION FUNDS LIMITED
and
IN THE MATTER OF
PHOENIX LIFE LIMITED
and
IN THE MATTER OF
THE FINANCIAL SERVICES AND MARKETS ACT 2000**

SCHEME

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