Agreed form IoT: 02.03.26 (as amended on 17 July 2026, 4 August 2026, 2 September 2026 and 18 September 2026)

DATE: 2026

INSTRUMENT OF TRANSFER OF ENGAGEMENTS

Between

FAMILY ASSURANCE FRIENDLY SOCIETY LIMITED
(as Transferee)

and

SCOTTISH FRIENDLY ASSURANCE SOCIETY LIMITED
(as Transferor)

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DISCUSSION DRAFT. CONFIDENTIAL. SUBJECT TO CONTRACT.

THIS INSTRUMENT OF TRANSFER is made the [●] day of [●] 2026 between:

(1) **FAMILY ASSURANCE FRIENDLY SOCIETY LIMITED** (incorporated and registered under the Friendly Societies Act 1992 in England and Wales under company registration number 939F), the registered office of which is at 17 West Street, Brighton, BN1 2RL (the "**Transferee**"); and

(2) **SCOTTISH FRIENDLY ASSURANCE SOCIETY LIMITED** (incorporated and registered under the Friendly Societies Act 1992 under company registration number 3COLS), the registered office of which is at Galbraith House, 16 Blythswood Square, Glasgow, G2 4HJ, (the "**Transferor**"),

together referred to as the "**Parties**" and each as a "**Party**".

RECITALS

(A) The Parties are each incorporated friendly societies authorised under FSMA with permissions under Part 4A of FSMA to effect and carry out insurance business.

(B) The Transferor wishes to transfer the whole of its engagements to the Transferee under section 86 of the Act and the Transferee wishes to accept such transfer on the terms and conditions of this Instrument.

(C) The Parties intend this Instrument to be the instrument of transfer of engagements for all the purposes of the Act.

OPERATIVE PROVISIONS

PART A - DEFINITIONS AND INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 In this Instrument the following words and expressions have the following meanings:

"**Act**" means the Friendly Societies Act 1992;

"Actual Merger Allocation" means an amount calculated using the formula:

$$\sum_{n=0.5}^{24.5} (Projected\ asset\ share\ at\ time\ n\ \times Merger\ enhancement\ multiplier \times Discount\ factor\ at\ time\ n)$$

For the purposes of this calculation the terms above are defined as follows:

(a) ***Merger allocation multiplier*** = 1.828%;

(b) $\boldsymbol{RFR_n}$ means the Solvency UK risk-free spot rate applicable for duration n, as published by the Bank of England for GBP liabilities on the Effective Date;

(c) ***Projected asset share at time n*** means the projected Asset Share at time *n* for each With-Profits Policy allocated to the Transferor Main Fund and which were in force on the Cut-Off Date. This projection will be produced on the basis outlined below:

(i) assuming annual time steps;

(ii) using the Transferor's best estimate actuarial assumptions as at 31 December 2025 which are used in the 2025 year end valuation;

(iii) allowing for investment returns in line with the forward curve implied by the $RFR_{n;}$

(iv) allowing for the Transferor's best estimate of all future premiums in respect of the Transferor's in force With-Profits Policies where the Transferor is contractually required to accept these; and

(v) based on the Transferor's in force With-Profits Policies as at the Effective Date which were in force on the Cut-Off Date using time zero Asset Shares as at the Effective Date; and

(d) ***Discount factor at time n*** = $1 / (1 + RFR_n)$^(n);

"**Actuarial Advice**" means advice from the Chief Actuary and/or the With-Profits Actuary, as appropriate;

"**Applicable Law and Regulation**" means any and all:

(a) legislation (including statutes, statutory instruments, treaties, regulations, orders, directives, by-laws and decrees) and common law;

(b) regulations (including the principles, rules, codes of practice, handbooks and binding guidance of any Regulatory Authority, including the PRA Rulebook and the FCA Handbook);

(c) binding judgments, resolutions, decisions, orders, notices or demands of a competent court, tribunal, arbitrator or applicable regulator; and

(d) mandatory industry guidelines, standards or codes of conduct,

in each case in any jurisdiction and to the extent applicable to the relevant person in the context of the matters contemplated by this Instrument from time to time;

"**Assets**" means any asset and property of every kind and description, wherever located, whether real, personal or mixed, tangible or intangible, that is owned, leased by or licensed to the Transferor or Transferee (as the context may require) including all rights, benefits and powers in respect thereof;

"**Asset Shares**" means the accumulation of premiums less charges for expenses, tax, guarantees, the cost of life assurance and other risk benefits and less any benefits paid, plus the investment return on the underlying asset;

"**Average Number of Policies**" means in relation to each Policy Type and in respect of a Quarter, the average number of With-Profits Policies of that Policy Type which were allocated to the SFAS Sub-fund during that Quarter which shall be calculated, within 30 days of the end of the relevant Quarter, by taking the sum of (i) the Number of Relevant Policies in-force at the start of that Quarter and (ii) the Number of Relevant Policies at the end of that Quarter, and then dividing that number by two;

"**Best Estimate Liabilities**" means the probability-weighted average of future cash-flows, taking account of the time value of money (expected present value of future cash-flows), using

the relevant risk-free interest rate term structure, calculated in accordance with chapter 3 of the Technical Provisions part of the PRA Rulebook;

"**Board**" means the board of directors of the Transferee or the Transferor (as applicable);

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for business in both London and Glasgow;

"**Canada Life Scheme**" means the scheme for the transfer of insurance business from Canada Life Limited (as transferor) to the Transferor (as transferee) under Part VII of FSMA which was sanctioned by the court on 22 October 2019 and which became effective on 1 November 2019;

"**Capital Support**" means the provision of capital support to the SFAS Sub-fund pursuant to paragraph 22.2;

"**Cessation Charge**" means an amount that is equal to:

(a) the marginal cost of capital that will be incurred by the Non-Profit Fund as a result of the cessation and merger of the SFAS Sub-fund into the Non-Profit Fund pursuant to paragraph 23. This shall be determined as follows:

(i) based on the marginal increase in capital requirements for non-hedgeable risks which will arise in the Non-Profit Fund as a result of the cessation and merger of the SFAS Sub-fund pursuant to paragraph 23, and

(ii) using a cost of capital rate which is determined on a fair basis by the Transferee Board (having regard to the advice of the Chief Actuary and the With-Profits Actuary);

plus

(b) a fair share of the actual costs incurred by the Transferee in relation to the cessation and merger of the SFAS Sub-fund pursuant to paragraph 23, as determined, by the Transferee Board (having regard to the advice of the Chief Actuary and With-Profits Actuary)

or, where having taken Actuarial Advice, the Transferee Board considers that the full amount of the Cessation Charge calculated in accordance with paragraphs (a) and (b) of this definition should not be charged to the SFAS Sub-fund, such lower amount that the Transferee Board may determine (which, for the avoidance of doubt, may be zero);

"**Cessation Date**" means the date determined by the Transferee Board upon which the SFAS Sub-fund shall cease to be maintained as a separate sub-fund and is merged into the Non-Profit Fund pursuant to paragraphs 23.1 and 23.2;

"**Chief Actuary**" means the person approved to perform the "Chief Actuary function" on behalf of the Transferor or the Transferee (as the context requires) 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;

"**Conflict**" has the meaning given to it in paragraph 31.3;

"**Continuing Schemes and Instruments**" means any Scheme or Other Instrument of Transfer with extant provisions;

"**CPI**" means the Consumer Price Index maintained by the Office for National Statistics or such substantially equivalent index as the Transferee Board, having obtained Actuarial Advice, may substitute;

"**Consumer Duty**" has the meaning given that term in the glossary section of the FCA Handbook;

"**Contingent Loan**" has the meaning given to it in paragraph 22.2.1;

"**Controller**" has the meaning given to that term in the Data Protection Legislation;

"Cut-Off Date" means the last day of the calendar month in which the Signing Date falls;

"**Data Protection Legislation**" means:

(a) any law, statute, declaration, decree, directive, legislative enactment, order, ordinance, regulation, rule or other binding restriction (as amended, consolidated or re-enacted from time to time) which relates to the protection of individuals with regard to the Processing of Personal Data to which a party is subject, including, but not limited to, the Privacy and Electronic Communications Regulations 2003 (as amended by SI 2011/1208 no. 6), the Data Protection Act 2018 and the General Data Protection Regulation (EU) (2016/679) ("**EU GDPR**") as each is amended in accordance with the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019 (as amended by SI 2020 no. 1586) and incorporated into United Kingdom Domestic law by virtue of the European Union (Withdrawal) Act 2018, and further amended by the Data (Use and Access) Act 2025. The EU GDPR as amended shall be referred to as the "**UK GDPR**"; and

(b) any code of practice or guidance which relates to the protection of individuals with regard to the Processing of Personal Data to which a party is subject published by an applicable Regulatory Authority from time to time;

"**Data Subject**" has the meaning set out in Data Protection Legislation;

"**Deficit**" means, at any time, the amount, if any, by which in the opinion of the Transferee Board (having taken Actuarial Advice) the Regulatory Value of Assets comprised in the SFAS Sub-fund falls short of the Minimum Asset Requirement to be held by the SFAS Sub-fund at the relevant time (ignoring any actual or contingent liabilities to repay any Capital Support);

"**Direct Marketing**" has the meaning set out in Data Protection Legislation;

"**DP Consent**" has the meaning given to the term "consent" in the Data Protection Legislation;

"**Effective Date**" means the time and date on which this Instrument becomes effective in accordance with paragraph 28;

"**Encumbrance**" means any encumbrance or security interest of any kind whatsoever including a mortgage, charge (fixed or floating), pledge, lien, hypothecation, restriction, right to acquire, right of pre-emption, option, conversion right, third party right or interest, right of set-off or counterclaim, equities, trust arrangement or any other type of preferential agreement (such as a retention of title arrangement) having similar effect or any other rights exercisable by or claims by third parties;

"**Estimated Merger Allocation**" means the amount determined pursuant to clause 7 of the Framework Agreement;

"**FCA**" means the United Kingdom Financial Conduct Authority or such other governmental, statutory or other authority or authorities as shall from time to time perform such regulatory and supervisory functions in relation to the Transferring Engagements as are at the date of this Instrument allocated to the Financial Conduct Authority under FSMA;

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

["**FIL Life Scheme**" means the Scheme for the transfer of insurance business from FIL Life Insurance Limited (as transferor) to the Transferor (as transferee) under Part VII of FSMA which was sanctioned by the court on [●] and which became effective on [●];][1]

"**Framework Agreement**" means the agreement entered into as a deed dated 2 February 2026 between the Transferee and the Transferor providing, inter alia, for the entering into of this Instrument;

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

"**Goodwill**" means the goodwill of the Transferor in relation to the Transferring Engagements immediately before the Effective Date, and the exclusive right of the Transferee to represent itself as carrying on the Transferring Engagements in succession to the Transferor including goodwill associated with the Trade Marks;

"**Historical Administration Errors**" means an error or omission in relation to the underwriting or administration of, or processes relating to, one or more Transferring Policies which:

(a) was made before the Effective Date;

(b) results in:

(i) amounts being or having been paid (or amounts becoming due to be paid in the future) to one or more Policyholders which, by reference to the amount actually due (or becoming due in the future) to such Policyholders under or in respect of their Transferring Policy, were (or will be) incorrect;

(ii) incorrect statements or calculations being made with respect to the Transferring Policies;

(iii) a Transferring Policy falling outside applicable underwriting guidelines;

(iv) a Transferring Policy being provided to the relevant Policyholder which does not reflect the contractual benefits actually due to such Policyholder or the amount of premium actually payable by such Policyholder; or

(v) a breach of any Transferring Policy or Applicable Law and Regulation;

"**Independent Actuary**" means the person appointed to prepare a report on the terms of the Transfer pursuant to section 88 of the Act;

[1] Note to draft: Definition to be updated or removed closer to the Effective Date once it is known whether Project Tahoe will be included in the Transfer or not.

"**Initial Policy Uplift**" means the uplift to the Asset Shares of the Relevant With-Profits Policies. Such uplift shall:

(a) be calculated by 30 October 2026 by the Transferor's Chief Actuary having regard to the SFAS Run-Off Plan and paragraph 26.2; and

(b) be subject to the approval of the Transferor's Board (upon the recommendation of the Transferor's with-profits committee);

"**Instrument**" means this Instrument of Transfer in its original form or as amended in accordance with paragraph 29;

"**Insurance Regulators**" means the PRA and/or the FCA (as the case may be) or such other authority or authorities as shall from time to time carry out such functions in relation to the prudential regulation and/or financial conduct of insurance business as carried on in the United Kingdom by the Transferee or the Transferor (as applicable) as are on the date hereof carried out by the PRA and the FCA;

"**Investment Services**" means all services provided by or on behalf of the Transferee to a fund or sub-fund maintained in the Long-Term Business Fund in relation to managing the investment of the assets of that fund or sub-fund including, without limitation, in respect of investment accounting, unit pricing, custody, investment advice and transition management;

"**Investment Services Fees**" means an amount in respect of the SFAS Sub-fund which represents the fair allocation of direct internal and external actual costs, as between the SFAS Sub-fund and any other funds or sub-funds maintained in the Long-Term Business Fund from time to time, incurred by the Transferee in relation to the provision of Investment Services, which, if the amount exceeds the equivalent of 20 bps per annum of the total assets held in the SFAS Sub-fund at the relevant time, shall be subject to the approval of the Transferee Board upon the recommendation of the With-Profits Committee (and, for the avoidance of doubt no further amounts shall be deducted or otherwise charged to the SFAS Sub-fund in connection with the provision of Investment Services);

"**IP Rights**" means all rights and interests in the nature of registered designs and unregistered designs and design rights, trade mark rights, topography rights, copyright (including, without limitation, copyright in software), moral rights, database rights, rights in inventions, patents, know-how, procedural manuals (including claims manuals and technical manuals), trade secrets and other confidential information, and all other intellectual property rights and rights of a similar or corresponding character which may exist now or in the future subsist in any part of the world (whether registered or not or the subject of an application for registration) and including all rights to apply for, and obtain, registrations in respect of any and all of the foregoing including extensions, revivals and renewals thereof;

"**Liability**" means any debt, liability, duty or obligation of any kind or description (whether direct or indirect, present or future, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due) including any liability to Taxation, and including all costs and expenses relating thereto;

"**Linked Fund**" means an internal fund operated and maintained for the purposes of calculating benefits payable under Linked Policies;

"**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 property of any description (whether or not specified in the Policy) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified);

"**Long Term Business**" means the business of effecting and carrying out long-term insurance contracts as principal, being contracts falling within Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001;

"Long-Term Business Fund" means the long term business fund of the Transferee or Transferor (as the context so requires) established and maintained by it in respect of Long Term Business (and which, in the case of the Transferee, upon the Transfer taking effect will comprise the Non-Profit Fund, the Scottish Friendly Sub-funds and the Transferee's existing with-profits sub-fund known as WP2);

"**Losses**" means any loss, expense, liability, claim, damages, penalty, fine, cost (including legal costs and experts' and consultants' fees and including, for the avoidance of doubt, Taxation), charges, demands, actions or proceedings and such term shall include any costs or expenses incurred for the purpose of settling any complaint or claim or any agreed settlement or compensation or compromise (including an ex gratia payment made in the interests of saving or reducing any such loss, costs or expenses);

"**M&G Scheme**" means the scheme for the transfer of insurance business from Marine & General Mutual Life Assurance Society (as transferor) to the Transferor (as transferee) under Part VII of FSMA which was sanctioned by the court on 22 May 2015 and which became effective on 1 June 2015;

"**M&G Sub-fund**" means:

(a) in respect of the Transferor, the internal sub-fund with this name established and maintained before the Effective Date within the Transferor Main Fund;

(b) in respect of the Transferee, the newly created internal sub-fund established and maintained within the Transferee's Long-Term Business Fund pursuant to paragraph 7.1.1 of this Instrument,

in respect of the business transferred from Marine & General Mutual Life Assurance Society to the Transferor pursuant to the M&G Scheme;

"**Manulife Sub-fund**" means:

(a) in respect of the Transferor, the internal sub-fund with this name established and maintained before the Effective Date within the Transferor Main Fund;

(b) in respect of the Transferee, the newly created internal sub-fund established and maintained within the Transferee's Long-Term Business Fund pursuant to paragraph 7.1.1 of this Instrument,

in respect of the business transferred from Canada Life Limited to the Transferor pursuant to the Canada Life Scheme;

"**Merger Allocation**" means the Estimated Merger Allocation and/or the Actual Merger Allocation (as the context so requires);

"**Minimum Asset Requirement**" means the minimum amount of Assets required from time to time by the relevant Prudential Regulation to be held by the SFAS Sub-Fund or the Non-Profit Fund (as the context so requires) provided that such amount shall be determined:

(a) as if the SFAS Sub-fund or the Non-Profit Fund (as the context so requires) comprised a separate Notional Friendly Society;

(b) allowing for legitimate management actions to the extent such actions are in accordance with Prudential Regulation; and

(c) excluding any capital requirements in respect of the business in the SFAS Sub-fund or the Non-Profit Fund (as the context so requires) that can, under Prudential Regulation, be met from assets outside of the SFAS Sub-fund or the Non-Profit Fund (as the context so requires);

"**Mis-selling Liabilities**" means any liabilities, losses, costs and/or expenses (whether incurred as a result of any agreed settlement or compromise (including 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 Transferring Policies (or any policies or options whose proceeds were used, wholly or in part, to pay the premium for a Transferring Policy) by or on behalf of the Transferor (including advice provided by or on behalf of the 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 the 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) the 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;

"**Non-Profit Fund**" means the fund bearing the name "Non-Profit Fund" maintained as part of the Transferee's Long Term Business Fund for business other than business held in the Scottish Friendly Sub-funds and other sub-funds maintained from time to time in the Long-Term Business Fund by the Transferee;

"Notional Friendly Society" means in respect of the SFAS Sub-fund or the Non-Profit Fund (as the context so requires), a stand-alone friendly society carrying on insurance business having the assets and liabilities of the SFAS Sub-fund or the Non-Profit Fund (as the context so requires) and subject to the Applicable Law and Regulation applicable from time to time to such a friendly society authorised and regulated in the United Kingdom;

"**Number of Relevant Policies**" means:

(a) subject to (b) below, the number of individual Policies for each Policy Type recorded on the Sonata administration system (or any replacement or successor system) at the relevant time (which, for the avoidance of doubt, is not the same as the number of Policyholders holding a Policy of each Policy Type); and

(b) where a single Policy recorded on the Sonata administration system (or any replacement or successor system) invests in both unit linked and unitised with-profits funds, the Policy shall be counted as X for the purposes of determining the Number of Relevant Policies for use in the calculation of the Quarterly Policy Charge, and where 'X' is the percentage (shown as a decimal where decimal = percent/100) of the Policy which is held in unitised with-profits funds at the relevant time;

"**Operational Services**" means the Services excluding the Investment Services;

"**Operational Service Charge**" means, in respect of each Quarter, the amount that equals the sum of the Quarterly Policy Charges for each Policy Type;

"**Other Instrument of Transfer**" means an instrument of transfer pursuant to which the Transferor acquired insurance business under Part VIII of the Act including but not limited to the Scottish Legal Life Instrument, the Scottish Legal Life Transfer Agreement and the Royal Standard Instrument;

"**Pension Scheme**" means the MGM Assurance Staff Pension Plan;

"**Personal Data**" has the meaning given to that term in the Data Protection Legislation;

"**Policy**" has the meaning set out in paragraph 2 of the Financial Services and Markets Act 2000 (Meaning of Policy and Policyholder) Order 2001 (SI 2001/2361);

"**Policyholder**" has the meaning set out in paragraph 3 of the Financial Services and Markets Act 2000 (Meaning of Policy and Policyholder) Order 2001 (SI 2001/2361);

"**Policy Type**" means each policy type listed in column (A) of the table in Schedule 1 (*SFAS Sub-fund Rate Card*);

"**PPFM**" means the Principles and Practices of Financial Management prepared and issued from time to time by the Transferee in respect of a relevant sub-fund within the Long Term Business Fund;

"**PRA**" means the United Kingdom Prudential Regulation Authority or such other governmental, statutory or other authority or authorities as shall from time to time carry out all or any of such functions as were at the date of this Instrument allocated to the Prudential Regulation Authority under FSMA;

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

"**Proceedings**" means any claim, counterclaim, complaint, petition, suit appeal or other legal process (including any application), whether current or future as at the Effective Date and 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;

"**Processing**" has the meaning given to the term in the Data Protection Legislation and "**Process**" and "**Processed**" shall be construed accordingly;

"**ProfitShare**" means the mechanism used by the Transferor to share miscellaneous surplus arising in the Transferor Main Fund with its With-Profits Policyholders (in their capacity as such) before the Effective Date at the discretion of the Transferor Board;

"**Properties**" means all and whole those premises known as and forming 15, 16 and 17 Blythswood Square, Glasgow, registered in the Land Register of Scotland under Title Number GLA101143;

"Prudential Regulation" means the rules and principles prescribed by the PRA Rulebook for the valuation of Assets, Technical Provisions and other Liabilities, and for the calculation of capital requirements, for insurance companies carrying on business of the type carried on by the Transferee;

"**Quarter**" means a calendar quarter but, in relation to the calendar quarter in which the Effective Date falls, it is the period from and including the Effective Date to the end of the relevant calendar quarter;

"**Quarterly Policy Charge**" means in respect of each Policy Type listed in column A of Schedule 1 (*SFAS Sub-fund Rate Card*), the (£) amount that is:

The Average Number of Policies in a Quarter	multiplied by	The amount (£) that is equal to X of the charges set out in the corresponding rows of column B of Schedule 1 (such amounts to be adjusted annually in the fourth calendar quarter by the rate of CPI inflation as published in December of each year plus 1% (including, for the avoidance of doubt, in December 2026))

where X is:

(a) if the relevant Quarter is a calendar quarter, 25%; or

(b) if the relevant Quarter is shorter than a calendar quarter, such proportionate percentage below 25% that shall be approved by the Transferee Board (having received advice from the Chief Actuary and the With-Profits Actuary);

"**Reasonable Person**" means a reasonable person with appropriate knowledge and expertise acting reasonably and in good faith;

"**Records**" means all documents (including all written legal, tax and accounting opinions and advice obtained by the Transferor), files and other records, whether in physical or electronic form, relating to the Transferring Engagements, the Transferring Assets, the Transferring Policies and the Transferring Liabilities which are in the possession of, or under the control of, the Transferor;

"**Registration Certificate**" means the registration certificate issued by the FCA to the Transferee in respect of the Transfer under section 86(4)(b) of the Act;

"**Regulatory Authority**" means the Insurance Regulators, The Pensions Regulator, the Financial Ombudsman Service, the Information Commissioner, the Bank of England and the Advertising Standards Authority (but, for the avoidance of doubt, not any Tax Authority);

"**Regulatory Change**" has the meaning given in paragraph 29.3.2;

"**Regulatory Requirements**" means in relation to each Party, the Act, FSMA, the PRA Rulebook, the FCA Handbook and such other legal or regulatory requirement (including, for the avoidance of doubt, requirements under any public law and under any civil law) that applies to it from time to time;

"**Regulatory Value**" means a value determined in accordance with Prudential Regulation;

"**Reinsurance Policies**" means the outwards reinsurance policies between the Transferor and its third party reinsurers which provide reinsurance in respect of the Transferring Policies, together with the Transferor's interest in all assets or cash deposits associated with such reinsurance policies, and shall include those reinsurance policies listed in Part B of Schedule 4 (*Transferring Contracts*);

"**Relevant With-Profits Policies**" means the With-Profits Policies that are allocated to the SFAS Sub-fund on the Effective Date and which were in force on the Cut-Off Date;

"**Residual Merger Allocation**" means the amount equal to the Actual Merger Allocation less the increase in the Best Estimate Liabilities of the SFAS Sub-fund arising on the application of the Initial Policy Uplift to the Relevant With-Profits Policies pursuant to paragraph 26.1;

"**Royal Standard Instrument**" means the instrument of transfer between Royal Standard Friendly Society (as transferor) and the Transferor (as transferee) dated 19 September 2012 (and registered on 20 September 2012) which effected the transfer of the whole of the transferor's engagements to the Transferor pursuant to section 86 of, and Schedule 15 to, the Act;

"**Scheme"** means an insurance business transfer scheme under Part VII of FSMA pursuant to which insurance business acquired by the Transferor was transferred to it (including, without limitation, the Canada Life Scheme, the M&G Scheme and the FIL Life Scheme)[2];

"**Scottish Friendly Sub-funds**" means the SFAS Sub-Fund and the Transferee Notional Sub-funds together, and each of these sub-funds shall be a "**Scottish Friendly Sub-fund**";

"**Scottish Legal Life Sub-fund**" means:

(a) in respect of the Transferor, the internal sub-fund with this name established and maintained before the Effective Date within the Transferor Main Fund;

(b) in respect of the Transferee, the newly created internal sub-fund established and maintained within the Transferee's Long-Term Business Fund pursuant to paragraph 7.1.1 of this Instrument,

in respect of the business transferred from The Scottish Legal Life Assurance Society Limited to the Transferor pursuant to the Scottish Legal Life Instrument;

"**Scottish Legal Life Instrument**" means the Instrument of Transfer of Engagements pursuant to Part VIII of the Act between The Scottish Legal Life Assurance Society Limited (as transferor) and the Transferor (as transferee) which became effective on 1 October 2007;

[2] Note to draft: Definition to be updated once it is known whether the FIL Life Scheme will be included in the Transfer or not.

"**Scottish Legal Life Transfer Agreement**" means the transfer agreement between The Scottish Legal Life Assurance Society Limited and Scottish Friendly Assurance Society Limited dated 20 April 2007;

"**Services**" means the complete set of business as usual services (including, without limitation, administration services, Investment Services and regulatory and governance oversight, control and reporting services) provided by or on behalf of the Transferee to the SFAS Sub-fund from time to time pursuant to and in accordance with the provisions of this Instrument but excluding any services relating to any exceptional, non-recurring or one-off project costs;

"**SFAS Run-Off Plan**" means the run-off plan for the SFAS Sub-fund prepared pursuant to Appendix 2 of the Supervision Sourcebook (SUP) in the FCA Handbook;

"**SFAS Sub-fund**" means the newly created closed ring-fenced with-profits sub-fund to be established and maintained as a sub-fund of the Transferee's Long Term Business Fund pursuant to paragraph 7.1.2;

"**Shares**" means the shares held by the Transferor in the Transferring Subsidiaries comprising 100% of the share capital in the Transferring Subsidiaries, as more particularly set out in Schedule 2 (*Shares*);

"**Signing Date**" means the date that the Framework Agreement is executed by the Parties;

"**Systems**" means the information technology systems owned, used by or leased by or licensed by the Transferor;

"**Tax**" or "**Taxation**" means all forms of tax, duty, rate, levy, charge or other imposition or withholding whenever and by whatever authority imposed and whether of the United Kingdom or elsewhere, including (without limitation) income tax (including income tax or amounts equivalent to or in respect of income tax required to be deducted or withheld from or accounted for in respect of any payment), corporation tax, capital gains tax, value added tax, stamp duty, stamp duty reserve tax, stamp duty land tax, land and buildings transaction tax, national insurance and other similar contributions, and any other taxes, duties, rates, levies, charges, imposts or withholdings corresponding to, similar to, replaced by or replacing any of them, together with any interest, penalty, surcharge or fine in connection with such taxation or in connection with the failure to file any return for the purposes of any taxation;

"**Technical Provisions"** has the meaning given to that term in the PRA Rulebook;

"**Trade Marks**" means the registered trade marks listed in Schedule 3 (*Trade Marks*);

"**Transfer**" means the transfer of the Transferring Engagements of the Transferor to the Transferee under section 86 of the Act as contemplated by this Instrument;

"**Transferee Board**" means the board of directors of the Transferee;

"**Transferee Group**" means the Transferee and its subsidiaries and subsidiary undertakings from time to time;

"**Transferee Linked Funds**" has the meaning given to it in paragraph 17.1;

"**Transferee Membership Rights**" means the membership rights of persons who are members of the Transferee immediately before the Effective Date;

"**Transferee Notional Sub-funds**" means the following notional internal sub-funds which mirror the corresponding Transferor Notional Sub-funds:

(a) the Scottish Legal Life Sub-fund;

(b) the M&G Sub-fund;

(c) the Manulife Sub-fund,

and "**Transferee Notional Sub-fund**" shall be construed accordingly;

"**Transferor Board**" means the board of directors of the Transferor;

"**Transferor Business**" means the entirety of the undertakings and business of the Transferor and of the Transferring Subsidiaries which is to be transferred to the Transferee pursuant to this Instrument;

"**Transferor Group**" means the Transferor and its Transferring Subsidiaries and subsidiary undertakings from time to time;

"**Transferor Main Fund**" means the long term business fund of the Transferor, which includes within it the Transferor Notional Sub-funds;

"**Transferor Members**" means the members of the Transferor pursuant to its memorandum and rules;

"**Transferor Notional Sub-funds**" means the following notional internal sub-funds established and maintained within the Transferor Main Fund:

(a) the Scottish Legal Life Sub-fund;

(b) the M&G Sub-fund;

(c) the Manulife Sub-fund,

and "**Transferor Notional Sub-fund**" shall be construed accordingly;

"**Transferring Assets**" means all assets, property, benefits, authorities, powers, interests, titles and rights of the Transferor as at the Effective Date of whatever nature and in whatsoever capacity held (including as trustee) and whether or not capable of being transferred or assigned as they exist immediately before the Effective Date, including (without prejudice to the generality of the foregoing) in respect of:

(a) the rights, benefits and powers of the Transferor under or by virtue of the Transferring Policies;

(b) all assets, property and rights owned or held by the Transferor that relate exclusively to the administration of the Transferring Policies;

(c) the rights, benefits and powers of the Transferor under or by virtue of the Transferring Contracts;

(d) the Records, including the rights, title and interest of the Transferor in the Records;

(e) the Transferring IP;

(f) the Goodwill;

(g) the Systems;

(h) all information technology infrastructure (including hardware, software, firmware, networks and connecting media) and all other manuals or other documents relating to the Transferring Engagements;

(i) the Properties;

(j) all the property and assets of the Transferor Main Fund and each of its sub-funds, including all undistributed surpluses;

(k) any assets relating to Taxation;

(l) the Shares; and

(m) the rights, benefits and property of the Transferor to any defences, claims, counterclaims, defences to counterclaims, settlements and rights of set-off and any other rights available to the Transferor before or as at the Effective Date in respect of the Transferring Liabilities and the Transferring Assets as set out in limbs (a) to (l) above;

"**Transferring Contracts**" means all of the Transferor's written contracts, commitments, agreements, indentures, notes, bonds, mortgages, loans, instruments, leases or licenses, including (without limitation) the Reinsurance Policies and the agreements listed in Schedule 4 (*Transferring Contracts*);

"**Transferring Engagements**" means whole of the engagements of the Transferor including, without prejudice to the generality of the foregoing:

(a) the whole of the Transferor Business carried on immediately before the Effective Date;

(b) all activities carried on in connection with or for the purposes of such business and including any proposals received by or on behalf of the Transferor for insurance not yet accepted as at the Effective Date; and

(c) the Transferring Assets, the Transferring Liabilities and the Transferring Policies;

"**Transferring Hybrid Policy**" means a Transferring Policy the effecting or carrying out of which constitutes in whole or in part 'linked long-term' business within the meaning ascribed to that term in the glossary section of the FCA Handbook and which may include the option to invest in both Unit Linked Units and/or With-Profits Units, and any Policy written by the Transferee on or after the Effective Date further to the exercise of a right or option arising under the terms of such a Policy;

"**Transferring IP**" means all IP Rights owned by the Transferor, including any and all IP Rights in respect of the Trade Marks;

"**Transferring Liabilities**" means all liabilities of the Transferor of every kind and description (whether present or future, actual or contingent, lapsed, expired or reinstated) comprised in or attributable to the Transferring Engagements immediately before the Effective Date, and in particular (but without prejudice to the generality of the foregoing) all liabilities (including non-contractual obligations) under the Transferring Policies (including, for the avoidance of doubt, liabilities relating to Transferring Policies written or assumed by the Transferor which have lapsed or matured on or before the Effective Date), the Transferring Assets and the Transferring Contracts, any Mis-selling Liabilities and any liabilities relating

to Historical Administration Errors and any judgement, settlement, order or award against the Transferor including for the avoidance of doubt any liabilities of the Transferor identified by the Financial Ombudsman Service, any liabilities of the Transferor relating to the Pension Scheme (including, for the avoidance of doubt, any liability to indemnify any trustee in connection with the Pension Scheme) and all liability to Taxation attributable to the Transferring Engagements or to the Transfer, howsoever and whensoever incurred;

"**Transferring Policies**" means Policies written or assumed by the Transferor before the Effective Date under which any liability or contingent liability remains unsatisfied or outstanding immediately before the Effective Date including, for the avoidance of doubt, any such Policy that has lapsed on or before the Effective Date and which is reinstated by the Transferee on or after the Effective Date, and "**Transferring Policy**" shall be construed accordingly;

"**Transferring Subsidiaries**" means the subsidiaries of the Transferor the details of which are set out in Schedule 2 (*Shares*);

"**True-Up Payment**" means the amount calculated by deducting the amount of the Estimated Merger Allocation from the amount of the Actual Merger Allocation (which may be a positive or negative number);

"**Unit Linked Units**" means notional units whose value or number vary by reference to the value of a Linked Fund, for the purpose of calculating benefits payable under Transferring Hybrid Policies;

"**Unit Linked Units Part**" means that part of a Transferring Hybrid Policy that invests in Unit Linked Units;

"**Value of the With-Profits Part**" means in relation to a Transferring Hybrid Policy at any time the bid value at that time of all With-Profits Units less any applicable deductions (as determined in accordance with the terms of the relevant Policy and the relevant PPFM), adjusted, if appropriate, in accordance with the relevant PPFM to take account of any applicable market value adjustments or allocation of interim or terminal bonus;

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

"**With-Profits Committee**" means the with-profits committee (as such term is defined in the glossary of the FCA Handbook) of the Transferee or such other alternative governance arrangement of the Transferee that is permitted under COBS 20.5.1R of the FCA Handbook;

"**With-Profits Part**" means that part of a Transferring Hybrid Policy that invests in With-Profits Units;

"**With-Profits Policy**" has the meaning given to this term in the PRA Rulebook and "**With-Profits Policyholder**" shall be construed accordingly (and, for the avoidance of doubt, references to a With-Profits Policy in this Instrument shall include the With-Profits Part of a Transferring Hybrid Policy); and

"**With-Profits Units**" means notional units whose value or number vary by reference to premiums paid, to charges applied, to bonuses declared or surpluses otherwise distributed, by

the Transferor before the Effective Date or by the Transferee thereafter, for the purposes of calculating benefits under Transferring Hybrid Policies.

1.2 Unless the subject or context requires otherwise, in this Instrument:

1.2.1 "**property**" includes 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), assets, 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 property 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;

1.2.2 "**liabilities**" includes duties and obligations of every description (whether present or future, actual or contingent);

1.2.3 "**transfer**" includes (as the context may require) "assign," "assignation" or "assignment," "dispose" or "disposal," or "convey" or "conveyance";

1.2.4 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;

1.2.5 any reference in this Instrument to an enactment, a statutory provision or any subordinate legislation shall be deemed to include a reference to that enactment, 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;

1.2.6 any reference to any rules, regulations or guidance issued by a Regulatory Authority shall be deemed to include a reference to such rules, regulations 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 Transferee Board shall (having taken appropriate advice) determine the most appropriate replacement provision (if any);

1.2.7 any reference to the Board of the Transferor or the Transferee shall be deemed to include a reference to a duly constituted committee or duly authorised representative of that Board;

1.2.8 any references to Policies allocated to a fund shall include references to Policies reinsured to that fund;

1.2.9 the expressions "subsidiary" and "subsidiary undertakings" shall have the meaning given in the Companies Act 2006;

1.2.10 any reference to this Instrument shall include the Schedules to it and references to paragraphs, Parts or the Schedules are to paragraphs or Parts of or the Schedules to this Instrument;

1.2.11 any references to this Instrument or any other document include references to this Instrument or such other document as varied, supplemented and/or replaced in any manner from time to time;

1.2.12 headings are inserted for convenience only and shall not affect the construction of this Instrument;

1.2.13 the "United Kingdom" shall bear the same meaning as in the Interpretation Act 1978;

1.2.14 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;

1.2.15 any reference to writing shall include any modes of reproducing words in a legible and non-transitory form;

1.2.16 any reference to a calculation, decision, determination or opinion of any of the Transferor Board or Transferee Board shall be deemed to include a calculation, decision, determination or opinion of a duly constituted committee or duly authorised representative of the Transferor Board or the Transferee Board (as appropriate);

1.2.17 a reference to "**including**" or "**includes**" means including or includes without limitation;

1.2.18 the expression "**variation**" shall include any variation, supplement, deletion, replacement or termination, however effected;

1.2.19 any reference to pounds or £ shall be to pounds sterling or £ sterling in the currency of the United Kingdom;

1.2.20 any reference to an amount shall be exclusive of any applicable value added or other tax;

1.2.21 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 the Transferor and the Transferee (as the context so requires) 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); and

1.2.22 references to a "**person**" shall be construed so as to include any individual, firm, company, corporation, body corporate, government, state or agency of a state, local or municipal authority or government body or any joint venture, association or partnership (whether or not having separate legal personality) and including, for the avoidance of doubt, a trustee.

PART B - TRANSFER

2. TRANSFER OF ENGAGEMENTS

2.1 On and with effect from the Effective Date, each part of the Transferring Engagements (including the Transferring Policies, the Transferring Assets and the Transferring Liabilities) shall be transferred to and be vested in the Transferee and shall comprise a transfer of the Transferring Engagements pursuant to section 86 of the Act in accordance with this Instrument, so that:

2.1.1 each Transferring Asset and all the interest and property of the Transferor in it shall, by this Instrument, the Registration Certificate and without any further act or instrument, be transferred to and be vested in the Transferee and the Transferee shall succeed to each Transferring Asset as if in all respects it were the same person in law as the Transferor, subject to all Encumbrances (if any) affecting such Transferring Asset;

2.1.2 each Transferring Liability shall, by this Instrument and the Registration Certificate and without any further act or instrument, transfer to and become a liability of the Transferee, and the Transferee shall succeed to the Transferring Liability as if in all respects it were the same person in law as the Transferor, and the Transferring Liability shall cease to be a liability of the Transferor; and

2.1.3 the Transferor shall be automatically dissolved following the Transfer pursuant to section 86(5)(b) of the Act.

2.2 The Transferring Policies, Transferring Assets and Transferring Liabilities shall be allocated to the Transferee in accordance with paragraphs 10 to 12 of this Instrument.

2.3 The Transferee shall accept without investigation or requisition such title as the Transferor shall have to the Transferring Engagements at the Effective Date.

2.4 By way of confirmation, in consideration of the rights and obligations of each Party under this Instrument, and on and with effect from the Effective Date, the Transferor hereby assigns to the Transferee all rights, title and interest in and to the Transferring IP, comprising:

2.4.1 all statutory and common law rights attaching to the Transferring IP; and

2.4.2 the right to bring, make, oppose, defend, appeal proceedings, claims or actions and obtain relief (and to retain any damages recovered) in respect of any infringement or any other cause of action (including passing off) arising from ownership of the Transferring IP whether occurring before, on or after the Effective Date.

3. CONTINUITY OF PROCEEDINGS

3.1 On and with effect from the Effective Date, any Proceedings issued, served, pending, threatened or otherwise in connection with the Transferring Engagements in respect of which the 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 the Transferor on or after the Effective Date, shall be continued or commenced by or

against the Transferee and the Transferee shall be entitled to all defences, claims, counterclaims, settlements, rights of set-off and any other rights that would have been available to the Transferor in relation to the Transferring Engagements and such Proceedings.

3.2 Any judgment, settlement, order or award obtained by or against the Transferor to the extent that it relates to any part of the Transferring Engagements on and from the Effective Date shall, to the extent to which it was enforceable by or against the Transferor immediately before the Effective Date, become enforceable by or against the Transferee (to the exclusion of the Transferor).

3.3 In respect of any Proceedings in relation to the Transferring Policies which are (i) commenced but not settled before the Effective Date, or (ii) commenced on or after the Effective Date in respect of acts or omissions of the Transferor before the Effective Date, the Transferee undertakes to comply with:

3.3.1 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

3.3.2 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 any Regulatory Requirements and any such judgment, settlement, order or award as is referred to in paragraph 3.3.2 shall be enforceable against the Transferee (to the exclusion of the Transferor).

4. DATA PROTECTION

4.1 The Transferor shall ensure that all Personal Data transferred to the Transferee as part of the Transferring Engagements is transferred in compliance with the provisions of all relevant Data Protection Legislation and may be used by the Transferee for the same purposes that the Personal Data was Processed by the Transferor and its agents or contractors before the Effective Date for all purposes in connection with the Transferring Engagements including, in particular, the administration thereof and all matters relevant or incidental thereto.

4.2 On and with effect from the Effective Date, the Transferee shall:

4.2.1 succeed to all rights, liabilities and obligations of the Transferor in respect of any Personal Data which relates to or is contained in the Transferring Engagements and which is subject to the Data Protection Legislation;

4.2.2 become the Controller of any Personal Data which relates to the Transferring Engagements and which is subject to the Data Protection Legislation in place of the Transferor;

4.2.3 provide (to all Data Subjects whose Personal Data has transferred under this Instrument) privacy notices, and ensure that valid DP Consents are in place for such Data Subjects for any Direct Marketing that the Transferee elects to undertake, in each case in accordance with and as required by relevant Data Protection Legislation; and

4.2.4 comply with the Data Protection Legislation in connection with its Processing of Personal Data which relates to the Transferring Engagements.

4.3 On and with effect from the Effective Date, the Transferee shall owe to the Policyholders of the Transferring Policies and to any other person the same duties of confidentiality and privacy (whether pursuant to statute or contract) as those which the Transferor owed under the Transferring Policies immediately before the Effective Date.

5. RIGHTS AND OBLIGATIONS IN RELATION TO THE TRANSFERRING ENGAGEMENTS

5.1 On and with effect from the Effective Date, the Transferee shall become entitled to all the rights, claims, benefits and powers of the Transferor whatsoever subsisting immediately before the Effective Date under or by virtue of the Transferring Engagements and shall become subject to all the Liabilities and obligations whatsoever of the Transferor immediately before the Effective Date under or by virtue of the Transferring Engagements.

5.2 Every person who is a holder of any of the Transferring Policies or is a party to, or has the benefit of, any other agreement with the Transferor relating to the Transferring Engagements shall, on and with effect from the Effective Date, become entitled, in succession to, and to the exclusion of, any rights which he may have had against the Transferor under any of the Transferring Policies or any other such agreement relating to the Transferring Engagements, to the same rights against the Transferee as were available to him against the Transferor under such Policies or such other agreement relating to the Transferring Engagements and (as regards Transferring Policies under which premiums or other sums attributable or referable thereto continue to be payable) shall, on and with effect from the Effective Date, account to the Transferee for any further or additional premiums or other sums attributable or referable thereto as and when the same become due and payable (including, for the avoidance of doubt, any amount due and payable, but unpaid as at the Effective Date).

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

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

5.3.2 it is appropriate in the opinion of the Chief Actuary of the Transferee 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 Transferee of a Policy which complies with the terms of such right or option. Without prejudice to the right of such person to have the right or option satisfied by the issue of such a Policy, if the Transferee is not at the time of the exercise of such right or option writing Policies complying exactly with the Policy to which the right or option refers, the Transferee shall be entitled to offer to such person as an alternative (and, if accepted in lieu thereof), the Policy commonly offered by the Transferee at that time, which the Transferee considers to be the nearest equivalent policy, in accordance with the terms and conditions applicable to Policies at that time.

5.4 All references relating to the Transferring Engagements in any Transferring Policy, any Transferring Contract or any other agreement or document (including in a contract to which

the Transferor is party, a contract to which the Transferor is not party or elsewhere and whether in writing or not) to the Transferor, the Transferor Board, the Transferor's Chief Actuary, the Transferor's With-Profits Actuary or any other officers, employees or agents of the Transferor shall, on and from the Effective Date, be read and construed as references to the Transferee, the Transferee Board, the Transferee's Chief Actuary, the Transferee's With-Profits Actuary or any other officers, employees or agents of the Transferee as applicable and such references shall take effect as if the Transferee was an original party (in respect of the Transferring Assets and Transferring Liabilities only) in place of the Transferor. In particular, but without limitation, all rights and duties exercisable or expressed to be exercisable or responsibilities to be performed by the Transferor, the Transferor Board, its Chief Actuary, its With-Profits Actuary or any other officers, employees or agents of the Transferor in relation to any Transferring Policy, Transferring Contract or other agreement or document relating, in each case to the Transferring Engagements (including in a contract to which the Transferor is party, a contract to which the Transferor is not party or elsewhere and whether in writing or not) shall, on and from the Effective Date, be exercisable or required to be performed by the Transferee, the Transferee Board, the Transferee's Chief Actuary, its With-Profits Actuary or any other officers, employees or agents of the Transferee. All references in a Transferring Policy and a Transferring Contract to the Transferor Group shall, where the context requires, be read and construed from the Effective Date, as references to the Transferee Group.

5.5 On and with effect from the Effective Date, all references in a Transferring Policy, Transferring Contract or any other agreement or document to the Transferor Main Fund, a Transferor Notional Sub-fund or a Linked Fund of the Transferor shall be replaced by a reference to the Non-Profit Fund, the SFAS Sub-fund, a corresponding Transferee Notional Sub-fund or the corresponding Linked Fund of the Transferee established pursuant to paragraph 17.3 (as the case may be) and all other provisions associated therewith shall be construed accordingly.

5.6 The Transferee shall, on and from the Effective Date, take over from the Transferor the administration and negotiation of proposals for insurance which would be Transferring Policies if the Transferee determined to accept them. Nothing contained herein shall oblige the Transferee to accept any proposal for insurance received by or on behalf of the Transferor before the Effective Date but not accepted by the Transferor by then.

5.7 On and with effect from the Effective Date, the Records which may include Personal Data protected by the Data Protection Legislation, shall be transferred to the Transferee in a manner that permits the Transferee to Process the Personal Data for the same purposes that the Personal Data was Processed by the Transferor and any agent or contractor of the Transferor Group before the Effective Date for all purposes in connection with the Transferring Policies and the Transferring Contracts including, in particular, administration thereof and all matters relevant or incidental thereto, and no DP Consent from the individual Transferring Policyholders in respect of such transfer or the use of Records shall be required.

5.8 To the extent that an authority has been given to the Transferor or any subsidiary in connection with a Transferring Policy by the Policyholder thereof or by any other relevant person pursuant to the Data Protection Legislation or otherwise, such authority shall, on and after the

Effective Date, be deemed to have been given to the Transferee in respect of such Transferring Policy.

6. PREMIUMS, MANDATES AND OTHER PAYMENTS

6.1 All premiums attributable or referable to the Transferring Policies shall on and after the Effective Date be payable to the Transferee and shall on and with effect from the Effective Date be receivable and received by the Transferee, and shall be allocated to the fund to which such Transferring Policy is allocated pursuant to paragraph 10.

6.2 Any mandate or other instruction in force immediately before the Effective 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 or any other amount payable to the Transferor under or in respect of any of the Transferring Policies or other Transferring Assets shall on and from the Effective Date take effect as if it had provided for and authorised such payment to the Transferee.

6.3 Any mandate or other instruction in force immediately before the Effective Date as to the manner of payment of any sum payable by the Transferor under any of the Transferring Policies or other Transferring Assets shall, on and from the Effective Date, continue in force as an effective mandate, instruction or authority to the Transferee (in place of the Transferor).

PART C – FUND STRUCTURE, ALLOCATIONS AND NEW BUSINESS

7. ESTABLISHMENT OF SUB-FUNDS

7.1 On and with effect from the Effective Date, the Transferee shall establish:

7.1.1 each of the Transferee Notional Sub-funds; and

7.1.2 the SFAS Sub-fund,

as separate sub-funds of the Transferee's Long-Term Business Fund (and in addition to any other separate sub-funds of the Transferee's Long-Term Business Fund which are maintained by the Transferee).

8. LONG-TERM BUSINESS FUND MAINTENANCE

8.1 Nothing in this Instrument shall at any time prevent the Transferee from:

8.1.1 establishing and maintaining other long term funds or other sub-funds of the Transferee's Long-Term Business Fund and writing in or reinsuring to any such other long term funds or sub-funds any new Long Term Business or any business of other long term funds or sub-funds of Transferee;

8.1.2 subject to paragraph 18, writing in or reinsuring to the Long-Term Business Fund any new business; or

8.1.3 writing in or reinsuring to any fund, Policies issued pursuant to rights or options under the terms of the Transferring Policies.

9. PURPOSE OF ALLOCATIONS

9.1 Any allocation of property or attribution of liabilities, and any reallocation or reattribution of the same, which is made under the terms of this Instrument is for the purpose of establishing or recognising respective policyholder entitlements from time to time and shall not be taken to limit the availability of any or all the property from time to time of the Transferee to meet the liabilities which it is obliged by law to meet.

10. ALLOCATION OF TRANSFERRING POLICIES

10.1 On and with effect from the Effective Date, the Transferring Policies comprised in the Transferring Engagements shall be allocated on the basis that:

10.1.1 those allocated to a Transferor Notional Sub-fund immediately before the Effective Date shall be allocated to the corresponding Transferee Notional Sub-fund;

10.1.2 the With-Profits Policies allocated to the Transferor Main Fund immediately before the Effective Date (excluding, for the avoidance of doubt, the Transferring Hybrid Policies) shall be allocated to the SFAS Sub-fund; and

10.1.3 all other Transferring Policies allocated to the Transferor Main Fund immediately before the Effective Date (including, for the avoidance of doubt, the Transferring Hybrid Policies) shall be allocated to the Transferee Non-Profit Fund.

11. ALLOCATION OF TRANSFERRING ASSETS

11.1 On and with effect from the Effective Date, each of the following shall be allocated to the relevant Transferee Notional Sub-fund:

11.1.1 all of the Transferring Assets which were comprised in the corresponding Transferor Notional Sub-fund immediately before the Effective Date and that are otherwise attributable to the Transferring Policies which are allocated to the relevant Transferee Notional Sub-fund pursuant to paragraph 10.1; and

11.1.2 to the extent that the same relates to any Transferring Asset falling within paragraph 11.1.1, all rights and benefits arising under the Reinsurance Policies.

11.2 On and with effect from the Effective Date, each of the following shall be allocated to the SFAS Sub-fund:

11.2.1 all of the Transferring Assets which were comprised in the Transferor Main Fund immediately before the Effective Date that are attributable to the With-Profits Policies allocated to the Transferor Main Fund immediately before the Effective Date and which, for the avoidance of doubt, shall include:

(a) an amount in respect of, and equal to, the Estimated Merger Allocation; and

(b) such Transferring Assets that relate to the With-Profits Part of the Transferring Hybrid Policies (which, for the avoidance of doubt, shall include assets relating to the Best Estimate Liabilities of death benefits under such Policies); and

11.2.2 to the extent that the same relates to any Transferring Asset falling within paragraph 11.2.1, all rights and benefits arising under the Reinsurance Policies.

11.3 On and with effect from the Effective Date, each of the following shall be allocated to the Transferee Non-Profit Fund:

11.3.1 all of the Transferring Assets which were comprised in the Transferor Main Fund immediately before the Effective Date (including, for the avoidance of doubt, the Shares and such Transferring Assets that relate to the Unit Linked Units Part of the Transferring Hybrid Policies), other than those allocated in accordance with paragraphs 11.1 to 11.2 above; and

11.3.2 to the extent that the same relates to any Transferring Asset falling within paragraph 11.3.1, all rights and benefits arising under the Reinsurance Policies.

11.4 The Parties acknowledge that the Merger Allocation is the Transferor's (in the case of the Estimated Merger Allocation) and the Transferee's (in the case of the Actual Merger Allocation) assessment of the amount required to satisfy the reasonable expectations of holders of Relevant With-Profits Policies to ProfitShare in the future if the Transfer had not been effected and, in each case, on the advice of the Transferor's with-profits committee and the With-Profits Committee (as appropriate).

12. ALLOCATION OF TRANSFERRING LIABILITIES

12.1 Subject to paragraph 12.2, on and with effect from the Effective Date, all Transferring Liabilities attributable to a Transferring Policy and / or Transferring Asset which has been allocated pursuant to paragraphs 10 and 11 (including liabilities pursuant to a Reinsurance Policy to the extent relating to the business to which a Transferring Asset relates) shall also be allocated to the relevant fund of the Transferee.

12.2 For the avoidance of doubt:

12.2.1 any Mis-selling Liabilities and any liabilities relating to Historical Administration Errors:

(a) in respect of the Policies that are allocated to the Scottish Legal Life Sub-fund and relate to the period on and from 1 October 2007;

(b) in respect of the Policies that are allocated to the M&G Sub-fund and relate to the period on and from 1 June 2015; and

(c) in respect of the Policies that are allocated to the Manulife Sub-fund and relate to the period on and from 1 November 2019,

which liabilities are, immediately before the Effective Date, allocated to the Transferor Main Fund shall, on and with effect from the Effective Date, be allocated to the Non-Profit Fund and not the relevant Transferee Notional Sub-fund only to the extent this is provided for in the relevant Continuing Schemes and Instruments and otherwise Mis-selling Liabilities and any liabilities relating to Historical Administration Errors shall be allocated to the relevant Transferee Notional Sub-fund;

12.2.2 any Mis-selling Liabilities in respect of With-Profits Policies and any liabilities relating to Historical Administration Errors in respect of With-Profits Policies which, in each case, are allocated to the Transferor Main Fund immediately before the Effective Date and which relate to the period before the Effective Date shall, on and with effect from the Effective Date, be allocated to the SFAS Sub-fund and any liabilities relating to mis-selling and/or administration errors which are incurred and relate to the period on and from the Effective Date shall be allocated to the Non-Profit Fund;

12.2.3 such Transferring Liabilities that relate to the With-Profits Part of the Transferring Hybrid Policies (which, for the avoidance of doubt, shall include the liabilities relating to death benefits under such Policies) shall, on and with effect from the Effective Date, be allocated to the SFAS Sub-fund and such Transferring Liabilities that relate to the Unit Linked Units Part of the Transferring Hybrid Policies shall, on and with effect from the Effective Date, be allocated to the Non-Profit Fund; and

12.2.4 any liabilities of the Transferor relating to the Pension Scheme (including, for the avoidance of doubt, any liability to indemnify any trustee in connection with the Pension Scheme) shall be allocated on and with effect from the Effective Date to the M&G Sub-fund.

13. DISPUTES IN RELATION TO ALLOCATIONS

13.1 If any doubt, error or difference shall arise as to the allocation of any Transferring Asset, Transferring Liability or Transferring Policy in accordance with this Instrument, having regard to the obligation to treat policyholders fairly, the same shall be determined by the Transferee Board, having taken Actuarial Advice.

14. TRANSFERRING POLICIES ALLOCATED TO THE NON-PROFIT FUND

14.1 Any reviews after the Effective Date of the charges applied to any Transferring Policies allocated to the Non-Profit Fund from time to time (including in respect of discretionary and non-guaranteed aspects and features of the Transferring Policies) shall be subject to the same governance arrangements that are in-force from time to time for all other policies in the Non-Profit Fund.

15. OPERATION OF NOTIONAL SUB-FUNDS

15.1 Subject to the provisions of this Instrument, at all times after the Effective Date the Transferee Notional Sub-funds shall be managed and operated in accordance with Applicable Law and Regulation, this Instrument, the Continuing Schemes and Instruments (as applicable) and the relevant PPFM.

16. TRANSFERRING HYBRID POLICIES

16.1 Whenever a switch is effected into Unit Linked Units in respect of that part of a Transferring Hybrid Policy which is at the relevant time represented by With-Profits Units, an amount equal to the Value of the With-Profits Part attributable to the With-Profits Units cancelled in respect of such Policy shall be transferred from the SFAS Sub-fund to the Non-Profit Fund.

17. LINKED POLICIES

17.1 On and with effect from the Effective Date the property and any associated liabilities comprised in each Linked Fund of the Transferor shall be allocated to and become comprised in a corresponding Linked Fund of the Transferee within the Non-Profit Fund (the "**Transferee Linked Funds**") comprising, immediately following the Effective Date, the same number and value of units as were comprised within the relevant Linked Fund of the Transferor immediately before the Effective Date.

17.2 On and with effect from the Effective Date:

17.2.1 subject always to the provisions of this paragraph 17, in relation to any benefits under Transferring Policies which are linked to a Transferee Linked Fund, the Transferee shall become entitled to the same rights and powers and be subject to the same duties and liabilities as applied to the Transferor in relation to the corresponding Linked Fund of the Transferor immediately before the Effective Date; and

17.2.2 benefits under any Transferring Policy which, immediately before the Effective Date, were linked to any one or more Linked Fund(s) of the Transferor shall become linked to the corresponding Transferee Linked Fund(s) and the Transferee shall, as at the Effective Date, allocate to each such Transferring Policy the same number and classes of units in the corresponding Transferee Linked Fund(s) as the number and classes of units in the relevant Linked Fund(s) of the Transferor which were allocated to the Transferring Policy immediately before the Effective Date.

17.3 The Transferee Linked Funds shall initially be established with the same investment objectives, investment restrictions and investment policies as were applied by the Transferor to the corresponding Linked Fund of the Transferor immediately before the Effective Date.

17.4 Having regard to Actuarial Advice and the obligation to treat policyholders fairly, the Transferee shall be at liberty at any time and from time to time to open new Linked Funds, close any Transferee Linked Funds, to merge or otherwise amalgamate or transfer any Transferee Linked Fund or any part or parts thereof with or to (as the context requires) any other Linked Fund (including any other Transferee Linked Fund) or any part or parts thereof or to divide any Transferee Linked Fund into one or more Linked Funds, to change the investment objectives, investment restrictions and/or investment policies of the Transferee Linked Funds or to effect any combination of the aforesaid, in each case whether or not the Transferor would, before the Effective Date, have been so entitled in respect of the corresponding Linked Fund of the Transferor.

18. NEW BUSINESS

18.1 Subject to paragraph 18.2, on and from the Effective Date no new business shall be written in any Scottish Friendly Sub-fund, other than:

18.1.1 any policies written to satisfy the exercise by a Policyholder then holding a Policy allocated to a Scottish Friendly Sub-fund, of a right or option for a new, additional or replacement Policy;

18.1.2 renewals and contractual increments to Transferring Policies allocated to a Scottish Friendly Sub-fund; and

18.1.3 other automatic increases to premiums and benefits, including, without limitation, any increases (or new Policies) required by an Insurance Regulator, on Transferring Policies allocated to a Scottish Friendly Sub-fund.

18.2 In the event of a conflict between paragraph 18.1 and the terms of a relevant Continuing Scheme and Instrument the latter shall prevail.

PART D – MANAGEMENT OF THE SFAS SUB-FUND

19. OPERATION OF SFAS SUB-FUND

19.1 Subject to the provisions of this Instrument, at all times on and from the Effective Date until the Cessation Date, the Transferee shall procure that:

19.1.1 the SFAS Sub-fund is a separate, closed, ring-fenced sub-fund established as a sub-fund of the Transferee's Long-Term Business Fund;

19.1.2 separate accounting records for the SFAS Sub-fund are at all times maintained which are sufficient to enable the separate identification of the property and liabilities allocated to the SFAS Sub-fund;

19.1.3 the SFAS Sub-fund is managed in accordance with Applicable Law and Regulation, this Instrument, the Continuing Schemes and Instruments (as applicable) and the relevant PPFM;

19.1.4 subject to paragraph 9.1, any surplus arising in respect of the SFAS Sub-fund shall belong exclusively to the SFAS Sub-fund and shall, if the Transferee Board elects to make any distributions, be distributed solely and exclusively to Policyholders whose With-Profits Policies are allocated to the SFAS Sub-fund.

19.2 If there is a distribution of surplus from the Non-Profit Fund to members of the Transferee, Policyholders whose With-Profits Policies are allocated to the SFAS Sub-fund shall, in their capacity as members of the Transferee, have the same entitlement to any such distribution as the members holding policies allocated to the Non-Profit Fund at the relevant time.

20. SFAS SUB-FUND: EXPENSES AND ALLOCATION OF COSTS AND EXPENSES

20.1 On and from the Effective Date until the Cessation Date, there shall, for the avoidance of doubt, be debited and charged by the Transferee to the SFAS Sub-fund:

20.1.1 in consideration for the provision of Operational Services by (or on behalf of) the Transferee to the With-Profits Policies allocated from time to time to the SFAS Sub-fund and in respect of each Quarter; the Operational Service Charge in respect of that Quarter (such amount shall be calculated by Transferee within 30 days of the end of the relevant Quarter) which shall be debited and charged to the SFAS Sub-fund and credited to the Non-Profit Fund within 20 days of it being calculated;

20.1.2 any Losses arising or accruing or otherwise falling due for payment after the Effective Date in relation to those Transferring Liabilities allocated to the SFAS Sub-fund in accordance with the provisions of this Instrument (which, for the avoidance of doubt, shall include any operational losses in respect of the period before, but not on and from, the Effective Date which relate to the With-Profits Policies allocated to the SFAS Sub-fund pursuant to this Instrument);

20.1.3 any exceptional, non-recurring or one-off project costs where such costs are incurred by the Transferee as a result of work: (i) required in respect of some or all of the With-Profits Policies allocated to the SFAS Sub-fund; or (ii) that is expected to bring a benefit (whether financial or non-financial) to some or all of the With-Profits Policies allocated to the SFAS Sub-fund as determined, on a fair basis, by the Transferee Board (having regard to the advice of the With-Profits Actuary and the

With-Profits Committee) which shall be debited and charged to the SFAS Sub-fund and credited to the Non-Profit fund; and

20.1.4 any other amounts which are required by the provisions of this Instrument to be debited or charged to the SFAS Sub-fund or which are determined by the Transferee Board (having regard to the advice of the With-Profits Actuary) to be properly attributable to the SFAS Sub-fund in accordance with the principles underlying this Instrument. For the avoidance of doubt, if it is not contrary to such principles, the Transferee Board may determine that exceptional costs may be allocated to the SFAS Sub-fund if such costs are of a type that:

(a) were not reasonably foreseeable at the Effective Date; and

(b) in the opinion of a Reasonable Person would have been allocated to the SFAS Sub-fund under this Instrument had they been reasonably foreseeable,

and where it would be fair to do so, taking account of policyholders' reasonable expectations and the obligation to treat policyholders fairly.

21. SFAS SUB-FUND: INVESTMENT SERVICES FEES

21.1 On and from the Effective Date until the Cessation Date, the SFAS Sub-fund shall, subject to paragraph 21.2, be charged the Investment Services Fees for the provision of Investment Services to the SFAS Sub-fund.

21.2 The Investment Services Fees shall:

21.2.1 on and with effect from the Effective Date be calculated by the Transferee as soon as reasonably practicable following the end of each Quarter; and

21.2.2 be paid within 20 Business Days of its calculation pursuant to paragraph 21.2.1 by debiting the fee from the SFAS Sub-fund and crediting it to the Non-Profit Fund.

22. SFAS SUB-FUND: CAPITAL SUPPORT

22.1 The SFAS Sub-fund shall be operated as though it is a stand-alone entity with no expectation of capital support.

22.2 Subject to paragraph 22.3, if notwithstanding the overarching principle in paragraph 22.1, a Deficit arises or is increased at any time before the Cessation Date, the Transferee Board shall, having regard to Actuarial Advice, to the extent necessary:

22.2.1 provide, or procure the provision of Assets from the Non-Profit Fund to the SFAS Sub-fund on a contingent basis (a "**Contingent Loan**") such that:

(a) the Regulatory Value of the Assets made available shall be at least equal to the amount of the Deficit;

(b) making such Assets available shall not give rise to a Liability in the SFAS Sub-fund or an asset in the Non-Profit Fund;

(c) interest on the Contingent Loan shall be charged at no higher than arm's length commercial terms at the prevailing market interest rate and on terms which will not detrimentally affect the reasonable expectations of Policyholders whose With-Profits Policies are allocated to the SFAS Sub-

fund in each case as agreed by the Transferee Board having regard to the advice of the With-Profits Actuary; and

(d) repayment of the Contingent Loan shall occur only in accordance with paragraph 22.5; or

22.2.2 provide, or procure the provision of, Capital Support in any alternative manner and upon such terms (including, for the avoidance of doubt, upon terms that no interest or other charge shall be applied for the provision of Capital Support) that the Transferee Board in its absolute discretion sees fit, having regard to Actuarial Advice, provided that the Transferee Board shall be satisfied that such alternative arrangements (including arrangements for subsequent reduction in Capital Support) do not materially adversely affect the reasonable expectations of the holders of With-Profits Policies in the SFAS Sub-fund from time to time relative to the position had the Capital Support been made available in accordance with paragraph 22.2.1.

22.3 No obligation to provide Capital Support pursuant to paragraph 22.2 shall arise to the extent that, in the opinion of the Transferee Board having regard to the advice of the Chief Actuary, the Regulatory Value of the Assets in the Non-Profit Fund falls short of the Minimum Asset Requirement to be held in the Non-Profit Fund or the provision of Capital Support would cause the Non-Profit Fund to fall short of the Minimum Asset Requirement to be held in the Non-Profit Fund.

22.4 Notwithstanding any other provision of this Instrument, following the date on which Capital Support is provided to the SFAS Sub-fund, the SFAS Sub-fund shall be managed with the intention that the requirement of the SFAS Sub-fund for Capital Support shall be eliminated at the earliest possible opportunity provided that this shall not require the Transferee to take any action that may result in the minimum guaranteed benefits of holders of With-Profits Policies in the SFAS Sub-fund not being met or which the Transferee otherwise considers (acting reasonably and in good faith) is not consistent with its obligations under the Consumer Duty.

22.5 If Capital Support has been provided in the form of one or more Assets transferred into the SFAS Sub-fund and the Transferee Board (having regard to Actuarial Advice) is of the opinion that the Regulatory Value of Assets comprised in the SFAS Sub-fund exceeds the Minimum Asset Requirement to be held by the SFAS Sub-fund (ignoring any actual or contingent liabilities to repay the Capital Support), such assessment is to be made on a quarterly basis (or such other frequency that the Chief Actuary may recommend and the Transferee Board may approve), the Transferee shall be entitled to effect a settlement from the SFAS Sub-fund to the Non-Profit Fund of Assets with a Regulatory Value of no more than the lower of:

22.5.1 the value of the Capital Support at the relevant time; and

22.5.2 the maximum amount that can be settled without giving rise to a Deficit.

22.6 If Capital Support has been provided in an alternative manner pursuant to paragraph 22.2.2 the Transferee Board shall (having regard to Actuarial Advice) repay the Capital Support and any related charges as soon as is reasonably practicable. For the avoidance of doubt, repayment of the Capital Support and any related charges may be in instalments.

22.7 Subject to paragraph 22.8, no financial assistance or support shall be provided from the SFAS Sub-fund to another fund or sub-fund in the Long-Term Business Fund unless:

22.7.1 the With-Profits Actuary has certified to the Transferee Board and the With-Profits Committee that the terms of the financial assistance or support to be provided from the SFAS Sub-fund are, in the opinion of the With-Profits Actuary, no less favourable than arm's length commercial terms and will not materially adversely affect the reasonable expectations of the holders of With-Profits Policies allocated to the SFAS Sub-fund from time to time; and

22.7.2 the Transferee Board approves the provision of financial assistance or support by the SFAS Sub-fund on the terms proposed.

22.8 No financial assistance or support shall be provided from the SFAS Sub-Fund to the Non-Profit Fund pursuant to paragraph 22.7 if, in the opinion of the Transferee Board having regard to the advice of the Chief Actuary, the Regulatory Value of the Assets in the Non-Profit Fund exceeds the Minimum Asset Requirement to be held in the Non-Profit Fund.

23. SFAS SUB-FUND: CESSATION AND MERGER

23.1 Subject to paragraph 23.2, the Transferee may elect to cease to maintain the SFAS Sub-fund as a separate sub-fund in the Long-Term Business Fund in accordance with paragraph 23.3 where the aggregate market value of Assets in the SFAS Sub-fund falls below:

23.1.1 £50 million (such amount to be adjusted annually on 31 December of each year (including, for the avoidance of doubt, on 31 December 2026) in line with the published rate of CPI inflation in respect of the relevant year); or

23.1.2 such greater amount below which the Transferee Board considers:

(a) the continued maintenance of the SFAS Sub-fund as a separate sub-fund of the Long-Term Business Fund is (having regard to the advice of the Chief Actuary) materially adverse to the interests of holders of Policies allocated to the Non-Profit Fund; and

(b) cessation of the SFAS Sub-fund is (having regard to the advice of the With-Profits Actuary) not materially adverse to the interests of holders of With-Profits Policies allocated to the SFAS Sub-fund.

23.2 If the aggregate market value of Assets in the SFAS Sub-fund falls below £25 million (such amount to be adjusted annually on 31 December of each year (including, for the avoidance of doubt, on 31 December 2026) in line with the published rate of CPI inflation in respect of the relevant year), the Transferee shall, as soon as practicable and within 24 months of that occurrence, cease to maintain the SFAS Sub-fund as a separate sub-fund in the Long-Term Business Fund on the Cessation Date in accordance with paragraph 23.3.

23.3 If the Transferee elects (under paragraph 23.1) or is required (under paragraph 23.2) to cease to maintain the SFAS Sub-fund as a separate sub-fund:

23.3.1 subject to paragraph 23.3.2, any excess of the total realistic value of the aggregate of the Assets within the SFAS Sub-fund over the total realistic value of the aggregate of the Liabilities within the SFAS Sub-fund less the Cessation Charge shall be allocated as enhancements to With-Profits Policies on the Cessation Date in a

manner and at such times as the Transferee Board, having regard to Actuarial Advice, believes is fair having regard to the security and reasonable expectations from time to time of holders of With-Profits Policies allocated to the SFAS Sub-fund;

23.3.2 if, immediately before the Cessation Date, the SFAS Sub-fund is in receipt of Capital Support in order to meet its liabilities, then repayment of that Capital Support shall take priority over any enhancements being made pursuant to paragraph 23.3.1;

23.3.3 the Transferee Board may, upon the advice of the With-Profits Actuary, decide to convert, on and from the Cessation Date, the With-Profits Policies allocated to the SFAS Sub-fund into unit-linked or non-profit Policies upon such terms that it shall approve and on the basis that upon conversion the Policies shall be treated in a manner consistent with other such Policies in the Non-Profit Fund;

23.3.4 on and from the Cessation Date, all of the Policies, Assets and Liabilities allocated to the SFAS Sub-fund immediately before the Cessation Date shall be transferred from the SFAS Sub-fund to the Non-Profit Fund;

23.3.5 on and from the Cessation Date, the provisions of this Instrument relating to the maintenance of the SFAS Sub-fund as a separate sub-fund shall cease to apply; and

23.3.6 such other modifications and/or additions shall be made to this Instrument pursuant to paragraph 29 as may be necessary to give effect to the cessation of the SFAS Sub-fund on the Cessation Date.

24. ALLOCATION OF EXPENSES AND CHARGES

24.1 All expenses and charges other than those attributable to the Scottish Friendly Sub-funds in accordance with paragraphs 15 and 20 shall be allocated to the Non-Profit Fund.

25. MERGER ALLOCATION

25.1 The Transferee shall, by no later than two months following the Effective Date, and with oversight of the Transferee's Chief Actuary, calculate:

25.1.1 the Actual Merger Allocation; and

25.1.2 the True-Up Payment.

25.2 The Transferee's calculation pursuant to paragraph 25.1 of the Actual Merger Allocation and of the True-Up Payment shall be subject to the approval of the Transferee Board having taken advice from the Transferee's With-Profits Actuary and the With-Profits Committee.

25.3 Within 5 Business Days of the Transferee Board's approval of the amount of the True-Up Payment pursuant to paragraph 25.2, the Transferee shall, if the amount of the True-Up Payment is:

25.3.1 a positive number, debit an amount equal to the amount of the True-Up Payment from the Non-Profit Fund and credit the same amount to the SFAS Sub-fund; or

25.3.2 a negative number, debit an amount equal to the amount of the True-Up Payment from the SFAS Sub-fund and credit the same amount to the Non-Profit Fund.

26. ENHANCEMENTS FOR WITH-PROFITS POLICYHOLDERS

26.1 The Transferee shall, on the Business Day immediately following the Effective Date, apply the Initial Policy Uplift to the Asset Share of each Relevant With-Profits Policy.

26.2 The determination of the Initial Policy Uplift will be such that the increase in the Best Estimate Liabilities arising on the application of the Initial Policy Uplift shall not exceed 50% of the Estimated Merger Allocation.

26.3 The Transferee shall distribute any Residual Merger Allocation to the Relevant With-Profits Policies over time, in such amounts and in such manner, having regard to fairness and the reasonable expectations of the relevant Policyholders, as may be approved by the Transferee's Board having taken Actuarial Advice and advice from the With-Profits Committee.

27. TAX

27.1 Any Tax to be levied on, or Tax to be credited to, the SFAS Sub-Fund shall, so far as possible, be calculated as a best estimate of the amounts in respect of Taxation that would be charged or credited to the SFAS Sub-Fund if the SFAS Sub-fund was the sole long term business fund of a Notional Friendly Society.

PART E – MISCELLANEOUS PROVISIONS

28. EFFECTIVE DATE

28.1 Subject to the Framework Agreement becoming effective in accordance with its terms, this Instrument shall become effective at the time and date specified by the FCA pursuant to section 86(4) of the Act, intended to be 28 February 2027, unless the Parties agree otherwise in writing.

29. MODIFICATION OR ADDITIONS

29.1 Any modification of or addition to this Instrument before the Effective Date shall only be effective with the prior written consent of the Transferor, the Transferee, the Independent Actuary and the Insurance Regulators.

29.2 Subject to paragraph 29.3, at any time after the Effective Date, the Transferee shall be at liberty to apply to the Insurance Regulators for consent to amend its terms, provided that in any such case such application shall be accompanied by a certificate from the Transferee's Chief Actuary and also from its With-Profits Actuary to the effect that, in each case, in their opinion the proposed amendment will not have a material adverse effect on the reasonable expectations or benefit security of the Transferee's Policyholders. If such consent is granted, the Transferee may amend the terms of this Instrument in accordance with such consent.

29.3 The consent or confirmation of the Insurance Regulators shall not be required in relation to:

29.3.1 minor and/or technical amendments to the terms of this Instrument and amendments necessary to correct an error or omission in the Instrument, provided that such amendments do not have a material adverse effect on the reasonable expectations or benefit expectations of the Transferee's Policyholders, the Insurance Regulators have been notified of the same in writing by the Transferee and have not raised any objection or query which has not been withdrawn within 45 days of such notification and the Transferee Board has received Actuarial Advice in relation to the amendments and their impact on the Transferee's Policyholders;

29.3.2 amendments to the provisions of this Instrument which are reasonably considered by the Transferee Board to be necessary to ensure the provisions of this Instrument operate in the intended manner in circumstances where the provision to which the proposed variation applies will be materially affected by a variation of FSMA, the PRA Rulebook or the FCA Handbook (in this paragraph a "**Regulatory Change**"), provided that:

(a) the Insurance Regulators have been notified of the proposed amendments by the Transferee and have not objected thereto within 90 days of such notification; and

(b) the Transferee's Chief Actuary and its With-Profits Actuary have each provided the Transferee with a report to the effect that in his opinion the implementation of the proposed amendments will not have a material adverse effect on the reasonable expectations or benefit security of the Transferee's Policyholders (which reports have been provided to the Insurance Regulators).

30. MEMBERSHIP

30.1 On and with effect from the Effective Date:

30.1.1 the members of the Transferor shall become members of the Transferee with the same members' rights as the Transferee Membership Rights; and

30.1.2 any rights of membership of the Transferor Members in the Transferor shall cease.

31. CONTINUITY OF PREVIOUS TRANSFERS

31.1 The extant provisions in Continuing Schemes and Instruments shall, except as otherwise set out in this Instrument, continue in full force and effect on the basis that on and with effect from the Effective Date:

31.1.1 the Transferee is a party to the Continuing Schemes and Instruments instead of the Transferor and any reference in the Continuing Schemes and Instruments to the Transferor shall be read as a reference to the Transferee and all rights and obligations of the Transferor under or relating to the Continuing Schemes and Instruments shall be rights and obligations of the Transferee; and

31.1.2 the other parties to the Continuing Schemes and Instruments can exercise against the Transferee any rights that they may have which are capable of being exercised against the Transferor immediately before the Effective Date under the Continuing Schemes and Instruments.

31.2 Without prejudice to the generality of paragraph 31.1, on and with effect from the Effective Date:

31.2.1 references in the M&G Scheme to the 'M&G Sub-Fund' (which was established pursuant to paragraph 12 thereof) shall be read as a reference to the M&G Sub-fund established pursuant to paragraph 7.1.1 of this Instrument;

31.2.2 references in the Scottish Legal Life Instrument and the Scottish Legal Life Transfer Agreement to the 'SLL Fund' (which was established pursuant to clause 7 of the Scottish Legal Life Transfer Agreement) shall be read as a reference to the Scottish Legal Life Sub-fund established pursuant to paragraph 7.1.1 of this Instrument;

31.2.3 references in the Canada Life Scheme to the 'New Manulife Fund' (which was established pursuant to paragraph 13 thereof) shall be read as a reference to the Manulife Sub-fund established pursuant to paragraph 7.1.1 of this Instrument; and

31.2.4 references in the Continuing Schemes and Instruments to the Transferor's Long-Term Business Fund shall be read as a reference to the Transferee's Long-Term Business Fund and references to the Transferor Main Fund shall be read as a reference to the Transferee's Non-Profit Fund.

31.3 Save as provided for in paragraph 18.2, if there is a conflict between the terms of this Instrument of Transfer and a Continuing Scheme and Instrument (a "**Conflict**") the Transferee's Board shall, upon taking Actuarial Advice and in accordance with Applicable Law and Regulation, decide which of the conflicting provisions shall prevail and shall promptly notify the Insurance Regulators of the Conflict and its decision. The Transferee may only take action in relation to a Conflict and in line with the Board's decision if the relevant Insurance Regulator has not objected within 30 days of such notification or, sooner, if a failure

to act will, in the Transferee's reasonable opinion, materially adversely affect Policyholders or cause the Transferee to be in breach of Applicable Law and Regulation.

32. INCONSISTENCY WITH APPLICABLE LAW AND REGULATION

32.1 In the event of any inconsistency between the provisions of this Instrument and Applicable Law and Regulation from time to time, Applicable Law and Regulation shall prevail.

33. INVALIDITY

33.1 If at any time any provision of this Instrument is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair the legality, validity or enforceability:

33.1.1 in that jurisdiction of any other provision of this Instrument; or

33.1.2 under the law of any other jurisdiction of that or any other provision of this Instrument.

34. SUCCESSORS AND ASSIGNS

34.1 This Instrument will bind, and enure to the benefit of, the successors and assigns of the Transferee.

35. THIRD PARTY RIGHTS

35.1 The Parties do not intend that any term of this Instrument should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a Party to this Instrument.

36. COUNTERPARTS

36.1 This Instrument may be executed in any number of counterparts, and by the Parties on separate counterparts, but shall not be effective until each Party has executed at least one counterpart.

36.2 Each counterpart shall constitute an original of this Instrument, but all the counterparts shall together constitute but one and the same instrument.

37. GOVERNING LAW AND JURISDICTION

37.1 This Instrument is to be governed by and construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this Instrument, whether contractual or non-contractual, is to be governed by and determined in accordance with English law.

AS WITNESS the hands of the duly authorised representatives of the Parties the day and year first above written.

SCHEDULE 1
SFAS SUB-FUND RATE CARD

	(A)	(B)
	Policy Type	**Per-Policy Amount*** (£)
1.	Unitised With-Profits Policies (excl. MyPlans)	43.92
2.	MyPlans Unitised With-Profits Policies	33.92
3.	With-Profits Institutional Whole of Life	27.40
4.	Conventional With-Profits Policies – All	33.59

**The per-policy amounts stated in this table are annual figures as at 31 December 2025.*

SCHEDULE 2
SHARES

Transferring Subsidiaries	**Transferring Shares**
Scottish Friendly Asset Managers Limited (registered number: SC187215)	1,600,000 ordinary shares of £1.00 each
Scottish Friendly Insurance Services Limited (registered number: SC113007)	599,905 ordinary shares of £1.00 each
MGM Assurance (Trustees) Limited (registered number: 01279948)	1,000 ordinary shares of £1.00 each
SF Pension Managers & Trustees Limited (registered number: 01488962)	10,000 ordinary shares of £1.00 each
SFIS (Nominees) Limited (registered number: SC397351)	1 ordinary share of £1.00

SCHEDULE 3
TRADE MARKS

	Reg.	Status	Trade Mark	µ	Classes
1.	**GB**	Registered *UK00003264643 (19-10-2017)* *UK00003264643 (19-01-2018)* ***(10-11-2017)***	**My Prime Investments**		**36**
2.	**GB**	Registered *UK00003260157 (29-09-2017)* *UK00003260157 (22-12-2017)* ***(13-10-2017)***	**My Prime Investments Powered by Scottish Friendly**		**36**
3.	**GB**	Registered *UK00002484446 (09-04-2008)* *UK00002484446 (31-10-2008)* ***(25-07-2008)***	**SCOTTISH BOND**		**36**
4.	**GB**	Registered *UK00002480378 (21-02-2008)* *UK00002480378 (12-12-2008)* ***(03-10-2008)***	**SCOTTISH FRIENDLY**		**36**
5.	**GB**	Registered *UK00001517043 (29-10-1992)* *UK00001517043 (25-02-1994)* ***(17-11-1993)***			**36**
6.	**GB**	Registered *UK00001517267 (29-10-1992)* *UK00001517267 (19-08-1994)* ***(15-06-1994)***	**Scottish Friendly**		**36**
7.	**GB**	Registered *UK00002611175 (21-02-2012)* *UK00002611175 (25-05-2012)* ***(16-03-2012)***			**36**

SCHEDULE 4
TRANSFERRING CONTRACTS

All references to contracts in this Schedule shall mean those contracts as amended from time to time.

Part A
Non Reinsurance Policies

TRANSFERRING CONTRACT	PARTIES	CONTRACT DATE
Investment Management Agreements		
Investment Management Agreement with Aberdeen	(1) Aberdeen Asset Managers Limited (2) Scottish Friendly Assurance Society Limited	21 July 2021
Investment Management Agreement with JPMorgan	(1) JPMorgan Asset Management (UK) Limited (2) Scottish Friendly Assurance Society Limited	26 July 2021
Investment Management Agreement with Schroders	(1) Schroder Investment Management Limited (2) Scottish Friendly Assurance Society Limited	12 March 2025
Distribution / Partnership Agreements		
Memorandum of Understanding originally between Marine & General Mutual Life Assurance Society and Lutine Assurance Services Limited	(1) Scottish Friendly Assurance Society Limited (2) Lutine Assurance Services Limited	10 September 2001
Memorandum of Understanding for Term Assurance Products	(1) Scottish Friendly Assurance Society Limited (2) Lutine Assurance Services Limited	31 March 2006
Agreement for the provision of advice and the arrangement of products in respect of life insurance (as novated and amended from time to time)	(1) Family Assurance Friendly Society Limited (2) Scottish Friendly Assurance Society Limited (3) OneFamily Advice Limited	29 June 2012

TRANSFERRING CONTRACT	PARTIES	CONTRACT DATE
Insurance Distribution & Arrangements Agreement	(1) Scottish Friendly Assurance Society Limited (2) Union Income Benefit Holdings Limited	27 April 2017
Appointed Representative Agreement (as novated and amended and restated from time to time)	(1) Scottish Friendly Assurance Society Limited (2) Guardian Financial Services Limited	28 May 2018
Distribution Agreement in relation to Investment Protect Insurance Plan Proposition	(1) Scottish Friendly Assurance Society Limited (2) Resolution Compliance Limited (3) Certua Protect Limited	Undated
Restated Distribution Agreement with Neilson Group	(1) Neilson Financial Services Limited (2) The Neilson Group Limited (3) Scottish Friendly Assurance Society Limited	30 September 2022
Distribution Agreement with Unisure	(1) Scottish Friendly Assurance Society Limited (2) Unisure Limited	31 March 2023
Outsourcing Agreements		
Agreement for Outsourced Administrative Services (as novated and amended from time to time)	(1) Aegon UK Corporate Services Limited (2) Investment Solutions Limited	5 May 2010
Unisure Outsourcing Services Agreement	(1) Scottish Friendly Assurance Society Limited (2) Unisure Limited	31 March 2023
Outsourcing Agreement relating to the Administration and Distribution of an Offshore Bond	(1) Nucleus Financial Services Limited (2) Scottish Friendly Assurance Society Limited	6 November 2014

TRANSFERRING CONTRACT	PARTIES	CONTRACT DATE
	(3) Scottish Friendly Insurance Services Limited	
Financial Agreements		
Onshore Bond Agreement	(1) Investment Funds Direct Limited (2) Scottish Friendly Assurance Society Limited	28 February 2014
Custody Agreement	(1) Nucleus Financial Services Limited (2) Scottish Friendly Assurance Society Limited	13 June 2017
Third Party Security over Account and Deposit Moneys	(1) Guardian Financial Services Limited (2) Scottish Friendly Assurance Society Limited	30 April 2025
Deed of Priority	(1) Guardian Financial Services Limited (2) Scottish Friendly Assurance Society Limited (3) Punter Southall Group Limited	30 April 2025
Technology Agreements		
Bravura Services Agreement (as amended from time to time)	(1) Bravura Solutions (UK) Limited (2) Scottish Friendly Assurance Society Limited	2 May 2014
Bravura Licence and Support Agreement (as amended from time to time)	1) Bravura Solutions (UK) Limited (2) Scottish Friendly Assurance Society Limited	2 May 2014
SaaS Services Order Form and Master Subscription Agreement	(1) Scottish Friendly Assurance Society Limited (2) Creatio Britain Ltd	30 March 2024

TRANSFERRING CONTRACT	PARTIES	CONTRACT DATE
SaaS Subscription Agreement with Mantle Services Limited	(1) Mantle Services Limited (2) Scottish Friendly Assurance Society Limited	21 October 2024
Master Agreement for the Supply of Software and Support and Maintenances Services (as amended from time to time)	(1) Linedata Limited (2) Scottish Friendly Assurance Society Limited	16 March 2015
Other Agreements		
Tripartite Agreement with Nucleus and Citibank	(1) Scottish Friendly Assurance Society Limited (2) Scottish Friendly Insurance Services Limited (3) Nucleus Financial Services Limited (4) Citibank International plc	23 December 2011
Fulfilment Management Services Agreement	(1) Scottish Friendly Assurance Society Limited (2) CX Services Limited	31 April 2021

Part B

Reinsurance Policies and Connected Security Arrangements

REINSURER COUNTERPART(Y)(IES)	CONTRACT DATE
Reinsurance Policies	
SCOR	
SCOR VIE (Since renamed: SCOR Global Life S.A.)	30 September 2006
SCOR Global Life SE- UK Branch	18 December 2013
(1) SCOR Global Life SE- UK Branch (2) SCOR Global Life Reinsurance Ireland Dac	19 January 2018 (Partially signed)
Munich	
Munich Reinsurance Company, United Kingdom Life Branch	01 January 1984
Munich Reinsurance Company, United Kingdom Life Branch	01 January 1984

REINSURER COUNTERPART(Y)(IES)	CONTRACT DATE
Munich Reinsurance Company, United Kingdom Life Branch	01 January 1985
Munich Reinsurance Company, United Kingdom Life Branch	01 October 1991
Munich Reinsurance Company, United Kingdom Life Branch	23 November 1993
Munich Reinsurance Company, United Kingdom Life Branch	10 April 1995
Munich Reinsurance Company, United Kingdom Life Branch	10 October 1997
Munich Reinsurance Company, United Kingdom Life Branch	01 April 1998
Munich Reinsurance Company, United Kingdom Life Branch	11 April 2003
Munich Reinsurance Company, United Kingdom Life Branch	01 September 2005
Munich Reinsurance Company, United Kingdom Life Branch	1 April 2025
Pacific Life	
Pacific Life Re Limited	22 December 2009
Pacific Life Re Limited	06 October 2016 (Partially Signed)
Pacific Life Re Limited	Undated, Unsigned (for identification purposes, this contract transfers the mortality risk from the "Reviti" life insurance products from the Transferor to Pacific Life Re Limited)
Hannover	
Hannover Rückversicherungs-Aktiengesellschaft	01 January 1997
Hannover Life Reassurance (UK) Limited (Since renamed: Hannover Rückversicherungs-Aktiengesellschaft)	20 February 2002
Hannover Life Reassurance (UK) Limited	01 December 2002
Hannover Life Reassurance (UK) Limited	08 April 2003
Hannover Life Reassurance (UK) Limited	07July 2006
1) Hannover Life Reassurance (UK) Limited 2) Hannover Life Reassurance (Ireland) Limited	15 August 2006
Hannover Life Reassurance (UK) Limited	29 June 2012

REINSURER COUNTERPART(Y)(IES)	CONTRACT DATE
Hannover Re UK Life Branch	24 October 2013
Hannover Life Reassurance Bermuda Ltd	21 December 2017
Hannover Re UK Life Branch	21 May 2018
Hannover Rück SE	01 October 2024
Swiss	
The Mercantile and General Reinsurance Company Limited- (Since renamed: Swiss Re Life and Health Limited)	01 April 1974
The Victory Insurance Company Limited (Since renamed: Swiss Re Europe S.A. UK Branch)	01 January 1978
The Victory Insurance Company Limited (Since renamed: Swiss Re Europe S.A. UK Branch)	01 October 1980
NRG Victory Reinsurance Limited- (Since renamed: Swiss Re Europe S.A. UK Branch)	19 April 1993
Swiss Re Life and Health Limited	14 February 1994
The Mercantile and General Reinsurance Company Limited- (Since renamed: Swiss Re Life and Health Limited)	28 February 1994
Swiss Re Life and Health Limited	01 June 2000
GE Frankona Reasurance Limited (Since renamed: Swiss Re Life and Health Limited)	23 October 2002
Swiss Re Europe S.A. UK Branch	06 August 2012
Swiss Re Europe S.A. UK Branch	01 January 2015
Swiss Re Europe S.A. UK Branch	01 August 2016
Swiss Re Europe S.A. UK Branch	19 January 2024
Mobius	
Mobius Life Limited	07 November 2018
Mercantile	
Mercantile and General Reinsurance Company Plc	01 January 1988
RGA	
RGA International Reinsurance Company Limited	25 November 2014

REINSURER COUNTERPART(Y)(IES)	CONTRACT DATE
RGA International Reinsurance Company Limited	31 December 2016 (Unsigned)
General Reinsurance	
(1) General & Cologne Life Re UK Limited (Since renamed: General Cologne Life Re UK Limited (2) Kölnische Rückversicherungs-Gesellschaft AG (Since renamed: General Reinsurance AG)	08 March 1999
(1) General Cologne Life Re UK Limited (Since renamed: General Reinsurance, London Branch) (2) Kölnische Rückversicherungs-Gesellschaft AG (Since renamed: General Reinsurance AG)	22 December 2017
General Reinsurance, London Branch	21 December 2017
General Reinsurance, London Branch	2021 (partially executed)
General Reinsurance, London Branch	30 March 2023 (partially executed)
AWP Health & Life S.A. (Allianz)	
AWP Health & Life S.A.	1 February 2023

SECURITY ARRANGEMENTS	PARTIES	CONTRACT DATE
MOBIUS LIFE REINSURANCE		
Security Assignment	(1) Mobius Life Limited (2) Scottish Friendly Assurance Society Limited	7 November 2018
RGA REINSURANCE		
Security Deed	(1) RGA International Reinsurance Company Limited (2) Marine and General Mutual Life Assurance Society	25 November 2014
Deed of Novation	(1) Stonehaven UK Limited	25 November 2014

SECURITY ARRANGEMENTS	PARTIES	CONTRACT DATE
	(2) Marine and General Mutual Life Assurance Society (3) RGA Atlantic Reinsurance Company, Ltd	
ERM Security Deed	(1) RGA Atlantic Reinsurance Company, Ltd (2) Marine and General Mutual Life Assurance Society	25 November 2014
Asset Purchase Agreement	(1) Marine and General Mutual Life Assurance Society (2) RGA Atlantic Reinsurance Company, Ltd	25 November 2014

Signed by ……	)	
for and on behalf of	)	
FAMILY ASSURANCE FRIENDLY	)	
SOCIETY LIMITED	)	……
	)	Director/Duly Authorised Signatory

Signed by for and on behalf of	)	
SCOTTISH FRIENDLY ASSURANCE	)	
SOCIETY LIMITED	)	……
	)	Director/Duly Authorised Signatory

	)	
	)	
	)	……
	)	Director/Duly Authorised Signatory