Guaranteed Growth Funds and Offshore With-Profits
With-profits summary

On 31 December 2015 business from other insurance company subsidiaries of Lloyds Banking Group was transferred into Clerical Medical Investment Group Limited, which contains the Clerical Medical With-Profits Fund. That company was then renamed Scottish Widows Limited. Scottish Widows Limited runs two With-Profits Funds, namely the Clerical Medical With-Profits Fund and the Scottish Widows With-Profits Fund. This guide only considers the Clerical Medical With-Profits Fund (also referred to as the “Fund” or “With-Profits Fund” in this document).

Since 28 March 2019 all the Guaranteed Growth Fund (GGF) business in the Clerical Medical With-Profits Fund is through two reinsurance agreements. Before 28 March 2019 there was a reinsurance agreement with RL360 Life Insurance Company Limited (‘RL360’). As part of the 2019 Transfer (when European business was transferred to Scottish Widows Europe SA (‘SWE’)) a second reinsurance agreement came into effect, on 28 March 2019, allowing the SWE with-profits policies to invest in GGFs. Prior to the 2019 Transfer these policies invested directly in the GGFs. There is no change to the management of the GGFs as a result of the reinsurance agreements.

New business in the Fund is currently limited to:

- additional investment where existing policies allow it, including investment for new members of group schemes
- where pension policies issued in Germany and Austria allow a with-profits annuity to commence on retirement.

Aims of this summary

This is an important document that should be filed for future reference.

- It explains how the Clerical Medical With-Profits Fund works for Guaranteed Growth Fund and Offshore With-Profits investors.
- It will help you discuss with-profits with your financial adviser.

When to read the summary

- You may be considering an additional investment and may wish to read this summary to build on information provided in the policy documents and your personal illustration.
1. Introduction

What this summary covers

This summary covers both Guaranteed Growth Fund and Offshore With-Profits investors and covers all currency options. Both of these investments are part of the Clerical Medical With-Profits Fund, and the operation of the Fund has a direct impact on your investment.

In this summary we use the term ‘Clerical Medical With-Profits Fund’ (or ‘Fund’) to refer to the Fund as a whole and the information provided is relevant to everyone. Where appropriate we provide information that relates specifically to different groups of investors.

This document is current as at April 2019. Our approach to managing the Clerical Medical With-Profits Fund can change, and we will tell you if we make any changes that may significantly affect your investment.

2. What is a with-profits investment?

Investment details

Scottish Widows Limited runs two With-Profits Funds, namely the Clerical Medical With-Profits Fund and the Scottish Widows With-Profits Fund. This guide only relates to the Clerical Medical With-Profits Fund. It is a long established fund that is run for current and future investors. However, depending on the currency and type of investment, separate groups of assets are used to set bonus levels for different groups of investors.

For example, sterling investors have a group of assets that are mainly denominated in sterling and include exposure to UK shares.

This summary is not designed to promote or encourage further investment; if you have any questions then you should contact your financial adviser; they may charge you for any advice given.

- You may already have an investment and wish to remind yourself of its features.

Throughout this document, we have highlighted a number of key points that relate to your investment.

The Fund is currently closed to new investments into Offshore With-Profits and Guaranteed Growth Funds, except for additional investments into some existing policies.

This summary explains how the main types of with-profits policy sold internationally are managed. Other ‘bonus classes’ are the funds in which Passport Series policies invest, which differ in some respects, summarised in section 6.
Your investment should be considered as a medium to long term one – meaning it should be held for at least five years, but preferably longer.

It is designed to generate capital growth and provide some guarantees over the medium to long term, and also provide some stability against market ups and downs in the short term.

The guarantees provided will vary between policies, and are stated in your policy documents. The guarantees only apply when you take money out of the Fund in circumstances specified in your policy, for instance:

- for an endowment policy, on the maturity date
- for some bonds, on the optional encashment date or dates, on a specified anniversary of the start date
- for some bonds, when you take fixed regular withdrawals of a limited size that you chose when you took out the bond, or
- for all plans, on death.

When we add regular bonuses to your investment, they increase the guaranteed amounts that we are committed to pay in these circumstances.

You may get back less than you invested. Your money is pooled with that of other Clerical Medical With-Profits Fund investors, with all collectively sharing in the fortunes of the Fund.

This Fund is then invested in a mix of assets which includes shares in companies, fixed-interest investments and other types of investment (including cash). Investing in a mix of assets helps spread risk as it ensures returns aren’t dependent on any one asset. Stability in the short term is also helped by smoothing.

Smoothing

Your investment has a special feature called ‘smoothing’. Smoothing works by keeping back some of the gains earned in good investment years and using them to help pay bonuses in poor investment years.

Smoothing will not protect your investment fully from large or long-term falls in investments. Even with smoothing, if there are large changes in stockmarkets, final bonuses (and market value adjusters and surrender adjustments – see page 9) and therefore payouts can sometimes move up or down very significantly, even within a few months.

Returns

Because of the smoothing process, the return you get is not based on the precise level of the stock market on the day you invest, or the precise level on the day you take money out.

By smoothing through the fluctuations, you may receive a higher or lower return than the unsmoothed performance.

Investors do not all get the same returns. It depends, amongst other things, on the particular terms of your investment.

Risk profile

Over the longer term, the potential performance of the Clerical Medical With-Profits Fund’s assets is similar to a unit-linked fund with a similar asset mix. But over the short term, smoothing reduces the effect of market ups and downs. The performance of the Fund is also impacted by the cost of the valuable guarantees provided by the Fund.
3. What affects the performance of your investment?

Investment returns

The returns earned by assets applicable to your policy have the biggest impact on the value of your investment.

We aim to achieve growth over the long term whilst ensuring that we can meet the Fund’s guarantees. We do this by having a significant proportion of the assets in higher-risk assets such as company shares and property.

Company shares are higher risk than fixed interest investments, and their value tends to go up and down to a greater extent than other types of assets such as cash and government bonds. Over longer periods, they have also tended to produce better returns, although this is not guaranteed to continue in the future.

Sometimes, we may also use a type of investment called a ‘derivative’. An example is an investment whose return depends on an index (such as the FTSE 100) without having to buy the underlying shares or fixed interest securities within the index.

We constantly monitor and manage the assets in which the Fund is invested and will change them depending on:

- our view of investment market conditions
- the total amount of guarantees provided on policies in the Clerical Medical With-Profits Fund.

Investment returns will also be affected by the type of investment you have, as summarised in the following table:

<table>
<thead>
<tr>
<th>Variations</th>
<th></th>
</tr>
</thead>
</table>
| Offshore With-Profits (OWP)       | OWP policies can be in sterling, euros or US dollars; and separate groups of assets are used for each currency. The assets for each currency have a similar mix of fixed-interest and higher-risk assets, but there are two differences:
|                                   | • Most of the assets are in the same currency as the OWP policy and are invested in the investment markets of that currency area. |
|                                   | • The proportion of assets in property varies between each OWP currency. |
| Guaranteed Growth Funds (GGFs)    | GGF policies can be in a number of currencies, the main ones being sterling, euros and US dollars. |
|                                   | There are a number of GGFs and the assets vary between them. |
|                                   | Most of the assets are in the same currency as the GGF policy and are invested in the investment markets of that currency area. |

Taxes

Currently, no deductions for tax are made.
4. What affects my share of the Fund?

We share out the distributable performance of the Clerical Medical With-Profits Fund to its investors through bonuses.

The following sections describe how we share out returns to investors and why these returns can vary between different groups of investors.

Bonuses

Bonuses differ depending on the type of investment you have. The following table explains the position.

<table>
<thead>
<tr>
<th>Offshore With-Profits investments</th>
<th>Guaranteed Growth Fund investments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Regular bonuses</strong></td>
<td><strong>Final bonuses</strong></td>
</tr>
<tr>
<td><strong>Bonus interest</strong></td>
<td><strong>Terminal bonus</strong></td>
</tr>
<tr>
<td>Added to the value of your investment on a daily basis by increasing the value of the units you hold in the OWP fund.</td>
<td></td>
</tr>
<tr>
<td><strong>Annual dividend</strong></td>
<td><strong>Claim bonus dividend</strong></td>
</tr>
<tr>
<td>Added to the value of your investment on a daily basis by increasing the value of units you hold in the GGF.</td>
<td></td>
</tr>
</tbody>
</table>

How do you decide the bonus rates?

Regular bonus

- We take a long-term view of future economic conditions and the resulting investment returns. This is very important in deciding regular bonuses.

- We also have to bear in mind that, where guarantees apply, we cannot take away regular bonuses once we have added them to your investment. This means that we set the rate lower than we otherwise might do, and we may set regular bonus rates at zero. If we didn’t set rates this way, the guarantees in the Clerical Medical With-Profits Fund could become big enough to force us to increase the percentage of the Fund’s assets invested in fixed-interest assets.
This would mean we would expect to achieve a lower total return on your investment over the long term, even though the guaranteed part of the return on your investment that comes from regular bonuses might be higher.

- If stock markets fall, the potential cost of the guarantees increases because the value of the assets in the Clerical Medical With-Profits Fund is reduced, and we may have to reduce regular bonus rates by more than we otherwise might do.

Final bonus

- Normally the investment returns we have not passed on as a regular bonus build up, in which case we pay a final bonus to top up what we pay out to a fair level.

The final bonus top up therefore depends on how the Clerical Medical With-Profits Fund’s assets have performed, which means the amount can vary greatly between investments made over different periods.

- A final bonus is not certain as it depends on how investments move during the time your policy is invested with us.

When we decide final bonuses, we consider:

- the returns that the Clerical Medical With-Profits Fund has achieved over the term of your investment

- what the total payout should be, based on a fair share of the total distributable Clerical Medical With-Profits Fund value after allowing for smoothing

- expected investment returns for the coming six months. Normally, we do not make changes to final bonuses during the coming six months, and only do so if there is a significant change in investment conditions from those we expected, and

- the amount paid out for similar policies in the immediate past.

Smoothing

The return you get is not based on the precise level of investment markets on the day you invest, or the precise level on the day you take money out. By smoothing through the ups and downs of market movements, you may receive a higher or lower return than the unsmoothed performance.

The bonuses we pay aim to share out all the Fund’s distributable performance. We do not aim to hold money back over the longer term. We aim to control the payout carefully to ensure that each investor does not get too much or too little.

In summary we aim to:

- smooth through some of the peaks and troughs of stock market values

- pay out all the Fund’s distributable returns we have earned to investors as a group

- pay out a fair share of investment performance to each investor.

Smoothing will not protect your investment fully from large or long-term falls in investments. Even with smoothing, if there are large changes in stockmarkets, final bonuses, and market value adjusters payouts can sometimes move up or down very significantly, even within a few months.
However, we aim to limit changes in payout to a maximum of 10% over any 6-month period or 15% over any 12-month period. In certain circumstances, we may increase these limits on changes:

- Sustained periods of depressed markets can mean that we are unable to limit reductions in payouts to these maximum changes and we have to increase the limits. If we were not to do this, we would pay too much to policyholders leaving the Fund, which would not be fair to investors remaining in the Fund. For example, we reduced payments by more than the maximum in the years 2000 to 2003, and 2007 to 2009, when there were large sustained falls in the stock market, with the FTSE 100 falling respectively 50% and 40% from its previous peak.

- If the excess estate available for distribution (see page 12) increases, we’ll distribute it by increasing final bonus rates (and reducing market value adjuster (MVA) rates, where they apply) and we may increase the limits in order to distribute a fair share of that excess estate to investors leaving the Fund. Similarly, if the position of the Fund worsens and the amount available decreases, then we will reduce final bonus rates and increase MVA rates, and that reduction may be by more than our usual limits.

The chart opposite shows how we have operated smoothing on a Sterling Offshore With-Profits investment since 1998. We have used this as an example, but the chart illustrates the principle for any of our with-profits products.
An example of how smoothing works: OWP investment returns since launch

Source: Clerical Medical. Basis: £25,000 investment. The figure without market value adjuster (MVA) would only be applicable where a guarantee was in force. The return is after deducting the annual management charge, but not the contract fees.


The chart illustrates the effect of smoothing for one policy. The effect of smoothing varies between policies. The figures refer to the past and past performance is not a reliable indicator of future results.

In particular, from 2009 we reduced the element of smoothing, so payouts will go up and down a bit more than they did before as they will reflect market conditions at the time more closely. But the ups and downs will not be as extreme as they would be without any smoothing at all so this is still a valuable feature of your with-profits investment.
Market value adjusters (MVAs) – Offshore With-Profits

In normal stock market conditions, we would expect to apply the same smoothing approach on money taken out of the OWP fund, regardless of whether the money is being taken out in circumstances when guarantees apply. We do this by adding a final bonus to the amount we pay. We may apply an MVA if the face value of the units is expected to exceed your fair share of the fund, for example when stock markets are low.

When you come to take money out of the OWP fund, and a guarantee doesn’t apply (see section 2), we may need to make a reduction called a market value adjuster (MVA). Market value adjusters are never made if you receive a payout under your investment when a guarantee applies (the times when guarantees apply are explained on page 3).

When a guarantee does not apply a market value adjuster would still only be made if the value of your units meant your investment would be worth more than your fair share (see “Working out your fair share” on page 10). In this event, the MVA would have the effect of reducing the amount paid out, so that it was in line with your fair share.

This is a fundamental aim of a with-profits investment, ensuring that everyone receives a fair share of the Fund’s fortunes.

Surrender adjustments – Guaranteed Growth Fund

When you take money from the GGF and guarantees do not apply, we apply a different smoothing approach.

Surrender bonus dividend
If investment performance has been good enough over the time that you have been in the GGF, we pay a surrender bonus dividend in addition to the annual dividends that have already been added.

Market value adjuster
If the investment performance has not been good enough, we make a Market Value Adjustment, otherwise your total payout would be more than a fair share. As a result we will pay out less than the value of units.

We apply an MVA that reflects changes in asset values with very little allowance for smoothing out the ups and downs of market movements over the term of the investment.
Charges
The charges we make vary between products. Full details are set out in product literature. As part of the normal operation of the Fund, there are no deductions for administration expenses on your policy, other than the charges, and the costs related to buying, selling and holding assets. However, we may charge to the With-Profits Fund exceptional costs relating to the operation of the Fund. These costs would be paid from the With-Profits Fund’s estate, (for an explanation of the estate and estate distribution – see section 5), and so they would reduce what is available for future distribution to policyholders from the estate.

Guarantees
When we add regular bonuses to your investment we are committing to pay them on specific events (see section 2), depending on your policy (for instance, on death). So we have to ensure that the Clerical Medical With-Profits Fund is able to meet these guaranteed payouts in the future.

We currently make a deduction from the return earned by the Clerical Medical With-Profits Fund to cover the expected cost of meeting these guarantees.

The future level of deduction largely depends on two things:

- past and future performance of the assets applicable to policies invested in the Fund
- the overall amount of money paid into, and withdrawn from, the Fund.

The level of deduction we apply is not expected to exceed 1% in any one year. But, in very adverse market conditions, we may have to deduct more than this to ensure that guarantees are met across the Fund.

We regularly monitor the level of deductions to check that they are fair for each group of policyholders as a whole. We are currently deducting less for premiums paid after 1 January 2008 than for premiums paid before 1 January 2008, but this may not continue in the future.

Working out your fair share
To calculate your fair share, we calculate the amount resulting from investing premiums less deductions on typical policies and this mainly determines what we pay out as each policy’s share of the Fund. This is called the ‘asset share’.

We aim to pay amounts that are within 20% of the asset share, where asset shares are calculated by reference to typical policies.

We expect to achieve that aim most of the time and for at least 90% of policies, but we may not achieve it all the time. For example, if stock markets rise or fall by unusual amounts in a short period, we may decide not to change bonuses immediately to adjust the amount being paid out, or we may limit the change to ensure it is not excessive.

The chart on the next page demonstrates how our fair share principle works in practice. Like the previous chart, it is based on a sterling offshore with-profits investment at launch in 1998.
This chart is for illustrative purposes only

Source: Clerical Medical. Basis: £25,000 investment. The figure without market value adjuster (MVA) would only be applicable where a guarantee was in force. The return is after deducting the annual management charge, but not the contract fees.


The chart illustrates the effect of smoothing for one policy. The effect of smoothing varies between policies. The figures refer to the past and past performance is not a reliable indicator of future results.

In particular, from 2009 we reduced the element of smoothing, so payouts will go up and down a bit more than they did before as they will reflect market conditions at the time more closely. But the ups and downs will not be as extreme as they would be without any smoothing at all so this is still a valuable feature of your with-profits investment.

In the event that a guarantee applies when you take money out, we pay the guaranteed amount even if this is higher than the asset share.

5. How do you ensure the Clerical Medical With-Profits Fund is managed fairly and effectively?

Fairness

In this document we have briefly explained how we operate the Clerical Medical With-Profits Fund using rules which are designed to ensure fairness. More detail on the information in this summary is set out in our Principles and Practices of Financial Management (PPFM) that can be found on our websites – please see section 7.

The rules still allow us an element of discretion, and we believe that this works to the benefit of investors. Stock markets can be volatile. If we were to follow rules mechanically in all investment conditions, there would be times when those rules could work unfairly in favour of one class of investor at the expense of another class.

We have a formal framework to ensure that we operate fairly. We have a With-Profits...
Committee which considers any significant transactions and issues that could cause a conflict between different classes of policyholders and between policyholders and the shareholder. It advises the company’s Board, aiming to ensure that policyholders’ interests are dealt with fairly. The terms of reference of this committee can be found on the www.clericalmedical.co.uk website.

Investment strategy
The company’s Board sets the investment strategy. A committee reporting to the Board advises on how much of the Fund to invest in each type of asset, allowing the investment managers some freedom to depart from this within a set range. Our investment managers then aim to invest in the most attractive assets taking into account the investment risk. We may manage holdings in some types of asset so that those assets track stockmarket indices.

Rather than have one investment strategy for the whole Fund, we have a different investment strategy for each part of the Fund’s assets.

- The assets which support the asset shares and principally drive future bonus amounts and therefore policy payouts. A significant proportion is usually invested in higher risk assets, such as company shares and property, which have the potential for higher returns and therefore growth. We may invest in UK and overseas company shares and the balance between these will change from time to time.

- The remaining assets in the Fund, collectively known as ‘the estate’, held as a cushion to support payouts in adverse conditions such as a fall in stock market values. We have a more cautious investment strategy, which is to hold assets such as cash deposits and UK government bonds, for this part of the Fund than we do for the asset shares. We also invest the part of the excess estate which is added to asset shares in this way. This helps keep the value of the estate stable, which in turn allows us to keep a significant proportion of the assets supporting the asset shares invested in higher risk assets.

Prudent management
The Board takes advice from its actuaries, including the With-Profits Actuary on the prudent management of the Fund, managing the risks to the Fund in such a way that the company can meet the guarantees it provides. Committees regularly monitor the impact of risks on the financial position of the Fund and, if needed, they ensure that actions are taken to control the risks.

Distribution of excess estate
Unless the Fund is re-opened to new business generally, with little new business coming into it, the Fund will reduce in size over time. At least once a year, we review the level of the estate needed to meet the aims of prudent management of the Fund. Following a review of the amount needed to support the Fund, a distribution of excess estate was started from 1 February 2010. This is being done through the normal periodic bonus review processes, gradually setting slightly higher amounts of final bonus than would otherwise apply, or lower MVAs, where they apply. In the event that a guarantee applies when you take your money out, we pay the guaranteed amount if this is higher than the amount we would otherwise pay you when your policy is surrendered or matures.

For money invested after 1 February 2010, the amount we add depends on when the money is invested; for an amount to be added there will need to be an increase in the level of estate distribution after the date the money is invested.
We review periodically the level of estate against what is needed. There may be times when we can increase the amount of any excess estate included in any final bonus, but there may be times when we have to reduce it or possibly not pay anything extra at all.

Eligibility for distribution of excess estate

The following rules describe which policies are eligible to share in the distribution of estate that started on 1 February 2010.

We will tell you if we make any changes in eligibility criteria for sharing in this or future distributions.

- If you have a policy that commenced before 1 January 2011 and ended after 1 February 2010, you are eligible for any extra bonus amount relating to this estate distribution.
- If you had a policy that was ended before 1 February 2010, you won’t be eligible for any such extra bonus amount.

These rules are subject to the following exceptions and clarifications for certain policies, including the following:

- If you switched to another fund out of the with-profits before 1 February 2010, you won’t be eligible for any such extra bonus amount.
- If you have an existing single premium policy that was in force as at 1 January 2011 and make an additional investment after that date, the additional investment will be eligible for any such extra bonus amount.
- If you have a regular premium policy that was in force as at 1 January 2011, the regular premiums and increments to regular premiums paid into the policy after 1 January 2011 will be eligible for any such extra bonus amount.
- If you have a policy that started before 1 January 2011 that allows you to reinvest for a further term at the end of the current investment term, as stated in your policy certificate, you’ll be eligible for any extra bonus amount when you get to the end of the current investment term. And, if you decide to reinvest for a further term, you will be eligible for any such extra bonus amount on your policy after the reinvestment date.
- If you have a policy that was started before 1 January 2011 which offers a choice between sterling, dollar or euro with profits funds, you will be eligible for any extra bonus amount if you switch from one currency to another. You will not however be eligible for any extra bonus amount for the period after you’ve switched.

How we make decisions

Like every insurance company, we have appointed a senior actuary – the With-Profits Actuary – to advise on the fair exercise of discretion in running the Fund. The Board and its committees make decisions taking into account the advice of the With-Profits Actuary and the With-Profits committee.

Arrangements on low levels of new business or closing to new business

New business in the Fund is currently limited to:

- additional investment where existing policies allow it, including investment for new members of group schemes
- where pension policies issued in Germany and Austria allow a with-profits annuity to commence on retirement.
We continue to manage the Fund in the same way as if it were more generally open to new business. It is possible that the Fund could be reopened to new business at a later date.

Assets held outside the Fund
In most circumstances payouts are met from the Fund. However, the with-profits policies with benefits payable from the Fund can rely, in extreme circumstances, on assets of the company which are held outside the Clerical Medical With-Profits Fund.

6. Different bonus classes
Scottish Widows Limited runs two With-Profits Funds, namely the Clerical Medical With-Profits Fund and the Scottish Widows With-Profits Fund. This guide only considers the Clerical Medical With-Profits Fund. All the different types of with-profits policies, UK and overseas, are supported by the same Fund. However the Fund is notionally subdivided for specific purposes, for example:

- Setting bonuses – different groups of policies called ‘bonus classes’ may have different bonus and MVA rates.
- Investment management – the Fund may hold different groups of assets for different bonus classes.

Guaranteed Growth Funds
There are a number of Guaranteed Growth Funds and each may have different rates of regular and final bonuses and different MVAs. This is because the assets and currencies vary between different GGFs.

Offshore With-Profits
Depending on the currency of the OWP fund, there may be different rates of regular and final bonuses and different MVAs.

Passport Series
This summary explains how investments in Guaranteed Growth Funds and Offshore With-Profits Funds are managed. Another bonus class is the funds in which Passport Series policies invest. They are managed according to the same principles and practices, except for differences in some respects, as follows.

Passport Series currently has a different interest structure, smoothing policy, and asset mix. There is a single tier of bonus, the ‘Fund Addition’, and compared with bonus classes where there are two tiers of bonus – regular bonus and final bonus – there is greater smoothing of performance over different investment periods. This could lead to more occasions when payouts are more than 20% away from asset share. The proportion in company shares is lower than for UK business. For more detail, please see the full PPFM document.

7. Where to get more information
Our Principles and Practices of Financial Management (PPFM) provides more detail on the information in this summary. If you want a copy of the PPFM you can call us on 0345 788 3333 or +44 1179 290290 if calling from overseas.

A copy can also be found on our website www.clericalmedical.co.uk
The table below gives a summary of the most recent changes we’ve made to the way we manage the Fund (the ‘practices’).

<table>
<thead>
<tr>
<th>Date</th>
<th>Change to practices</th>
<th>Where to find more information</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 2009</td>
<td>We announced changes to the investment strategy of part of the Fund and a change to our approach to smoothing.</td>
<td>Go to pages 12 and 6</td>
</tr>
<tr>
<td>May 2010</td>
<td>We announced that we were starting to distribute the excess estate within the Fund by adding an extra bonus amount when policies paid out.</td>
<td>Go to page 12</td>
</tr>
<tr>
<td>January 2011</td>
<td>We introduced eligibility conditions for the distribution of any excess estate.</td>
<td>Go to page 13</td>
</tr>
<tr>
<td>April 2011</td>
<td>We clarified the effect that the distribution of the excess estate will have on our smoothing approach. And we clarified that for money invested after 1 February 2010 the amount of extra bonus from the distribution of any excess estate depends on when money was invested in the Fund.</td>
<td>Go to pages 7 and 13</td>
</tr>
<tr>
<td>May 2012</td>
<td>We announced:</td>
<td>Go to pages 10 12 13</td>
</tr>
<tr>
<td></td>
<td>• Lower deductions to cover the cost of guarantees.</td>
<td></td>
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<tr>
<td></td>
<td>• Changes to our approach to managing the assets within the Fund.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Our position with regard to accepting new with-profits business.</td>
<td></td>
</tr>
<tr>
<td>February 2014</td>
<td>We announced changes in our approach to the investment in company shares. We clarified that the distributed estate is invested in more cautious assets than the assets supporting the asset shares. We clarified how we apply an MVA. We clarified the role of the With-Profits committee.</td>
<td>Go to pages 12 12 9 12</td>
</tr>
<tr>
<td>January 2016</td>
<td>Changes to explain that on 31 December 2015 business from other insurance company subsidiaries of Lloyds Banking Group was transferred into Clerical Medical Investment Group Limited, which contains the Clerical Medical With-Profits Fund. That company was then re-named Scottish Widows Limited.</td>
<td>Go to page 2</td>
</tr>
<tr>
<td>Date</td>
<td>Change to practices</td>
<td>Where to find more information</td>
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<tr>
<td>February 2019</td>
<td>We changed the approach for guarantee costs to allow for the expected cost that will arise over the long term. We clarified that target ranges apply to asset shares based on typical policies.</td>
<td>Go to page 10</td>
</tr>
<tr>
<td>April 2019</td>
<td>Changes to explain that on 28th March 2019 European business was transferred to Scottish Widows Europe SA, but continues to invest in the Clerical Medical With-Profits Fund through a reinsurance agreement.</td>
<td>Go to page 1</td>
</tr>
</tbody>
</table>