

Rothsay

Remuneration Committee

Terms of Reference

September 2019



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Remuneration Committee

Terms of Reference

1. Definitions

Annual Report	The Group's annual report and accounts
Board	Rothesay Limited board of directors
Chair	Chair of the Committee
Chief Executive Officer	The Group's chief executive officer
Chief Financial Officer	The Group's chief financial officer
Chief Risk Officer	The Group's chief risk officer
Committee	Rothesay Limited Remuneration Committee
Company	Rothesay Limited
Company Secretary	The company secretary(s) for Rothesay Limited
Executive Director	Executive director of the Company or Rothesay Life Plc
Group	Rothesay Limited and its subsidiaries
Independent Non-Executive Director	Non-Executive Director of the Company or Rothesay Life Plc who is independent in the opinion of the Board
Managing Director	The Group's managing director
Nomination Committee	Nomination Committee of the Company
Non-Executive Director	Director of the Company or Rothesay Life Plc who is not an Executive Director
Rothesay Life Board	Rothesay Life Plc board of directors

2. Purpose

The Committee is responsible for overseeing the design and development of the Group's remuneration policy and remuneration practices, their implementation and operation, and making recommendations to the Board regarding the remuneration policy of the Group. Within the context of the Group's remuneration policy, the Committee is specifically responsible for determining the remuneration packages of the Independent Non-Executive Directors, the Group's chair, the Executive Directors, and individuals whose remuneration is regulated under applicable regulation (including, but not limited to, the Solvency II regulation) and other senior managers of the Group. The Committee is further responsible for monitoring and determining the level and structure of remuneration for the employees of the Group.

3. Membership

- 3.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee, in consultation with the Chair.
- 3.2 The Board shall appoint the Chair who should be either the chair of the Board or an Independent Non-Executive Director.
- 3.3 Appointments shall be for a period of up to three years, extendable by additional periods of three years, so long as members continue to meet the criteria for membership of the Committee.
- 3.4 The Committee shall consist of not less than three members.
- 3.5 All members of the Committee shall be Non-Executive Directors.

4. Meetings and attendance

- 4.1 Only members of the Committee have the right to attend Committee meetings. Other individuals, such as Board or Rothesay Life Board members, members of senior management and any external advisers appointed by the Committee may attend all or any part of any meeting of the Committee if invited by the Committee, as and when appropriate and necessary.
- 4.2 No director or senior manager shall be involved in any discussions as to their own remuneration.
- 4.3 In the absence of the Chair, the remaining members present shall elect one of the other members to chair the meeting.

5. Quorum and voting

- 5.1 A quorum necessary for the transaction of business shall be three members including two Independent Non-Executive Directors.
- 5.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 5.3 Only members of the Committee may vote at Committee meetings.
- 5.4 Matters arising at any Committee meeting shall be determined by a majority of votes.
- 5.5 In the case of an equality of votes, the Chair shall have a second or casting vote (unless he/she is not entitled to vote on the resolution in question).

6. Approvals in writing

The Committee may exercise all or any of the authorities, powers and discretions vested in or exercisable by it by written resolution. Any such written resolution may be effected by email. The quorum for approval of any written resolution by the Committee shall be three members including two Independent Non-Executive Directors, indicating their agreement to the same.

7. Secretary

- 7.1 The Company Secretary or their nominee shall act as secretary of the Committee.
- 7.2 The secretary of the Committee shall ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

8. Frequency and notice of meetings

- 8.1 The Committee shall meet not less than three times a year and at such other times as are required.
- 8.2 Meetings of the Committee shall be called by the secretary of the Committee at the request of the Chair.
- 8.3 The Chair or any other member of the Committee may convene additional meetings at any time to deal with matters in the remit of the Committee.
- 8.4 The chair of the Board, the Chief Executive Officer, the Managing Director or the Chief Financial Officer may also request a meeting via the Chair if considered necessary.
- 8.5 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend, no later than five working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other attendees as appropriate, at the same time.

9. Minutes of meetings

- 9.1 The secretary of the Committee shall minute the proceedings of all meetings of the Committee, including recording the names of those present and in attendance and retain copies of the papers.
- 9.2 Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes should be circulated to all other members of the Board unless in the opinion of the Chair it would be inappropriate to do so.
- 9.3 The secretary of the Committee shall record all actions, and ensure that they are clearly assigned, completed and reported back to the Committee.
- 9.4 Final signed copies of the minutes of the meetings of the Committee should be maintained for the Company's records.

10. Duties

The Committee is responsible for:

- 10.1 recommending to the Board and monitoring the level and structure of remuneration for the Executive Directors and other senior management of the Group;
- 10.2 recommending to the Board the remuneration policy for all Non-Executive Directors and the Group's chair;
- 10.3 recommending to the Board the framework for the remuneration of the employees of the Group;
- 10.4 recommending to the Board the Group's remuneration policy, taking into account all factors which it deems necessary including: the Group's risk management strategy and relevant legal and regulatory requirements. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Group successfully and without paying more than is necessary, having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the Group (in particular, the Company and Rothesay Life Plc), the need for sound and effective risk management, and align to the Group's long strategic term goals;
- 10.5 within the terms of the Group's remuneration policy and in consultation with the Chair and/or Chief Executive, as appropriate, determining the total individual remuneration package of each Executive Director, each Independent Non-Executive Director, the Group's chair and other designated senior executives including salary/fees, bonuses, incentive payments, pension rights and share options or other share awards;
- 10.6 referring to reliable, up-to-date information about remuneration in other companies of comparable scale and complexity to the Group including all the data and information necessary to advise on the design and maintenance of an effective remuneration policy. To help it fulfil its obligations, the Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, at the expense of the Group but within any budgetary restraints imposed by the Board;
- 10.7 reviewing the Group's remuneration policy regularly to ensure it remains appropriate during changes to the Group's operation and business environment;

- 10.8 approving the Group's identification process for identifying individuals subject to regulatory remuneration rules (including, but not limited to, the Solvency II regulation) and approving the official list as required;
- 10.9 overseeing communication by the Group with the PRA on the Group's remuneration framework, policy and practices;
- 10.10 being exclusively responsible for establishing the selection criteria and selecting, appointing and settling the terms of reference for any remuneration consultants who advise the Committee;
- 10.11 reviewing the design of all share incentive plans for approval by the Board and shareholders. For any such plans (including existing plans), determining each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to Executive Directors and other designated senior executives and the performance targets to be used and deciding such other matters as may be reserved to the Committee under those plans;
- 10.12 considering any other matters as may be requested by the Board or the Rothesay Life Board;
- 10.13 ensuring that contractual terms on termination, and any payments made, are fair to an individual and the Group, and that failure is not rewarded and that the duty to mitigate loss is fully recognised; and
- 10.14 working and liaising as necessary with other Board and Rothesay Life Board committees.

11. Governance and reporting responsibilities

- 11.1 The Chair shall report formally to the Board on its proceedings after each meeting on all matters which fall within the Committee's remit, and shall make recommendations when requested or deemed appropriate.
- 11.2 If the Committee is not satisfied with any aspect of the Group's remuneration structure or levels of pay, any aspects of the remuneration policy, the identity of key staff subject to specific regulatory rules or any other areas within the Committee's duties or remit above, the Committee shall promptly report its views to the Board.
- 11.3 The chair of the Board should ensure that the Chair maintains contact as required with the Company's principal shareholders about remuneration.
- 11.4 The Committee shall, if appropriate, produce a report on its activities to be included in the Annual Report.

12. Authority

The Board authorises the Committee:

- 12.1 to seek any information it requires from any employee in order to perform its duties;
- 12.2 to obtain, at the Group's expense, external legal, actuarial, risk management or other professional advice on any matter within these Terms of Reference;
- 12.3 to call any employee to be questioned at a meeting of the Committee as and when required; and
- 12.4 to delegate any of its duties, as appropriate, to such person or persons as it sees fit.

13. Annual performance evaluation and Terms of Reference

The Committee should conduct an annual performance evaluation of the Committee regarding its activities and effectiveness, including member participation, and provide the results of the evaluation to the Board. The evaluation should include an assessment of the performance of the Committee against the duties and responsibilities set out in these Terms of Reference and should entail a review of these Terms of Reference. The Committee should recommend any changes it considers necessary to the Terms of Reference to the Board.

14. Other Matters

The Committee shall:

- 14.1 have access to sufficient resources in order to carry out its duties, including access to the Group's company secretariat function for assistance as required;
- 14.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

- 14.3 give due consideration to laws and regulations (including the general duties of directors set out in the Companies Act 2006), shareholder views, the UK Corporate Governance Code, applicable regulations (including, but not limited to, the Solvency II regulation) and any published guidelines or recommendations regarding the remuneration of directors and the formation and operation of share schemes and any other applicable rules, as appropriate; and
- 14.4 oversee any investigation of activities which are within these Terms of Reference.

Approved by the Board on 17 September 2019