

## REMUNERATION COMMITTEE

### TERMS OF REFERENCE

The following are the Terms of Reference of the Remuneration Committee ('the Committee') of esure Group plc and where appropriate its subsidiaries in the esure Group ('the Group').

#### **1. Principal Function**

- 1.1 The principal role of the Committee is to make decisions on behalf of the Board on the remuneration policy in respect of the Chairman, Executive Directors, Group Executive (together 'Executives'), and 'Material Risk Takers' (due to their ability to materially impact the Company's risk profile and comply with the legal and regulatory requirements).

#### **2. Membership and attendance**

- 2.1 The Committee shall be appointed by the Board and shall comprise at least three members.
- 2.2 The majority of members of the Committee shall be independent Non-Executive Directors.
- 2.3 The Board shall appoint the Committee Chair, who shall be an independent Non- Executive Director, who should have served on a remuneration committee for at least 12 months. In the absence of the Committee Chair, the remaining members present shall elect one of their number to chair the meeting who would qualify under these terms of reference to be appointed to that position. The Chair of the Board shall not be the Chair of the committee.
- 2.4 Appointments to the Committee are made by the Board in consultation with the Chair of the Remuneration Committee. Appointments shall be for a period of three years and may be extended for further periods of up to three years, provided the Director still meets the criteria for membership.
- 2.5 Only Committee members have the right to attend Committee meetings. However, the Committee may invite any directors or other executives of the Company, including the Chief Executive Officer and the Chief People Officer, or any external professional advisors to attend all or part of any meetings as and when appropriate. No individual may attend where the Committee is discussing, reviewing or approving any part of their own remuneration.
- 2.6 If not already a member of the Committee, the Chair of the Risk Committee shall be required to attend at least one meeting of the Committee per year.

#### **3. Secretary**

- 3.1 The Company Secretary or his/her duly appointed nominee shall act as the Secretary of the Committee and will circulate the papers to the Committee in a timely manner to enable full and proper consideration to be given to the issues.

#### **4. Quorum**

- 4.1 The quorum necessary for the transaction of business shall be two members of the Committee.
- 4.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise any or all of the authorities, powers and discretions vested in or exercisable by the Committee.

## **5. Frequency of meetings**

- 5.1 The Committee shall meet at least three times a year and at such other times as otherwise required.

## **6. Notice of meetings**

- 6.1 Meetings of the Committee shall be called by the Secretary to the Committee at the request of the Committee Chair or any of its members. Meetings can be convened at any time to deal with matters within the remit of the committee.

- 6.2 Unless otherwise agreed, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee, and to other attendees as appropriate, no later than five working days before the date of the meeting.

- 6.3 Notices, agendas and supporting papers can be sent or made available in electronic form.

- 6.4 Committee meetings may be held either in person or by using technology that allows members to participate remotely or by a mixture of both. The meeting shall be duly constituted and its proceedings valid if the Committee Chair is satisfied that the technology permits each person attending the meeting to communicate with each other

## **7. Minutes of meetings**

- 7.1 The Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance, and retain copies of the papers.

- 7.2 The members of the Committee shall, at the beginning of each meeting, declare the existence of any conflicts of interest arising and the Secretary shall minute them accordingly. Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions to the extent that such engagement in the transaction, arrangement or conflict has not been approved by the Board.

- 7.3 Draft minutes of Committee meetings shall be circulated promptly to the Committee Chair and, once agreed, to all members of the Committee.

- 7.4 Once approved, minutes should be circulated to all other members of the Board unless, exceptionally, in the opinion of the Committee Chair it would be inappropriate to do so.

## **8. Governance**

- 8.1 The Chair of the Committee shall attend the Annual General Meeting prepared to engage with and respond to any shareholder questions on the Committee's activities and responsibilities.

- 8.2 Undertake appropriate discussions as necessary with institutional investors or the regulators on the Directors' Remuneration Policy or any other aspects of Executive remuneration.

- 8.3 Arrange for periodic reviews of its performance to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.

## 9. Responsibilities

9.1 The role of the Remuneration Committee is to approve recommendations for the remuneration of the executives and material risk takers to ensure that they comply with the relevant “legal and regulatory requirements” including but not limited to:

- The Solvency II Directive regulations. esure’s size as a Category 3 Insurer allows some disapplication of certain aspects of the regulations where these are not appropriate for the Company;
- Guidelines published by the Investment Association and the Pensions and Lifetime Savings Association;
- Financial Conduct Authority's Remuneration Code, albeit recognising that esure is not bound by this; and
- Wates Corporate Governance Principles for Large Private Companies which came into force from 1 January 2019 following its publication in December 2018. Including any other applicable rules, as appropriate.

This Remuneration Policy will be kept under review in line with development in best practice, new regulation and legislation and in the best interests of the Company.

The Committee is authorised to investigate any matter within its remit, seek any information from any of the Group’s Directors and/or employees which is necessary to enable it to satisfactorily discharge its duties and make recommendations to the Board where action or improvement is needed.

The Committee may not discuss, or pass resolutions in respect of, the remuneration of, or the terms of any consultancy agreement with, any Non-executive Director of the Company, which is a matter for the Board as a whole.

The Committee will seek advice from the Risk Committee on risk management considerations to be applied to remuneration architecture, performance measures and the determination of pay-outs, to ensure risk management culture and conduct is appropriately reflected in the design and operation of Executive remuneration.

### **The Committee is responsible for:**

The Committee shall carry out the duties detailed below:

#### ***Remuneration policy:***

- The Committee has responsibility for determining and approving the remuneration policy and practice, including pension rights and any compensation payments, relating to Executives and Material Risk Takers and the Chairman.
- No individual shall be involved in any decisions as to their own remuneration.
- The Committee shall also monitor the level and structure of remuneration for senior management as appropriate.
- Agree the policy for authorising expense claims by Executives and Material Risk Takers.

#### ***Policy Objectives:***

- In determining the remuneration policy, the Committee should take into account all factors which it deems necessary including relevant and legal regulatory requirements applicable.
- The objective of such policy shall be to support strategy and promote the long-term sustainable success of the Company.
- The remuneration policy should have regard to the risk appetite of the Company’s strategic long-term goals and shall incorporate measures aimed at avoiding Conflicts of Interest.

- The remuneration policy shall promote a positive risk culture, sound and effective risk management and shall not encourage risk-taking that exceeds the risk tolerance limits of the Company.
- A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term sustainable success of the Company.
- Performance-based components of remuneration should reinforce prudent-risk taking, and be able to be adjusted down, if necessary, using malus and clawback, to protect financial soundness.
- Specific consideration should be given to key functions (Solvency II) including Risk and Compliance, Internal Audit, Actuarial and Finance and whether the remuneration of these could create undue risk for the Company.
- Work and liaise as necessary with all other Board Committees.

***Applicable Laws and Regulations:***

- Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of those within the Committee's remit.
- in the jurisdictions in which those individuals are employed, including but not limited to the Investment Association and the Pensions and Lifetime Savings Association, and under the Solvency II Directive.

***Review policy:***

- Review annually the ongoing appropriateness and relevance of the remuneration policy and when setting the remuneration policy for the Executives and Material Risk Takers, have regard to pay and employment conditions across the Group, especially when determining annual salary increases.
- Review its constitution and terms of reference on an annual basis and recommend any changes it considers necessary to the Board for approval.
- Review other principal Policies for consistency and approve any material changes to those policies, including but not limited to the Diversity and Inclusion Policy and the Code of Conduct Policy, and make recommendations to the Board any changes it considers necessary to the Board for approval.

***Pension arrangements:***

- Determine the policy for, and scope of, pension arrangements for each of the Executives and Material Risk Takers.

***Contractual terms:***

- Determine the policy for, and scope of service agreements, termination payments and compensation commitments for each Executive and Material Risk Takers.
- Ensure that there is a clear policy to link noncontractual payments to performance.
- Ensure that contractual terms on termination (and any payments made) are lawful, fair to the individual and to the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised where it is included in contracts of employment.

***Individual remuneration:***

- Within the terms of the agreed policy and following proposals discussed between the Chairman of the Board and/or the Chief Executive Officer, as appropriate, determine the total individual remuneration package of the Executives and Material Risk Takers, including salary, annual bonuses, exceptional performance bonuses, awards under long-term incentives, car or cash allowance as well as pension and other benefits.
- Annually review and approve the list of staff identified as Executives and Material Risk Takers of the Company.
- For the appointment of directors of the Company (excluding Independent Non-Executive Directors) approve the remuneration arrangement to ensure it is aligned to the policy. Within the terms of the agreed policy, as appropriate, determine any termination payments to be made to Executives and Material Risk Takers including pay in lieu of notice, annual bonus, deferred bonus, long term incentives and ex-gratia payments.

**Short and Long-term incentive plans:**

In relation to any variable pay schemes for the Executives and Material Risk Takers, the Committee shall:

(i) approve the design of and set appropriate performance targets in connection with the schemes, and ensure performance conditions attaching to any incentives granted are fully explained and clearly linked to the long-term business and risk management strategy and to the mitigation of risk (being aligned with prudent risk taking);

(ii) determine policy for the making of awards to the Executives to ensure that they are provided with appropriate incentives consistent with Company policy;

(iii) approve the total annual payments made under such schemes and the rules of the schemes, and any regulatory requirements;

(iv) monitor and determine whether such performance targets have been satisfied;

(v) review the design of, and approve any amendments to, the schemes;

(vi) exercise any discretion specified in the rules of the schemes and generally oversee the administration of schemes offered to the Executives and Material Risk Takers; and

(vii) design and invoke agreed safeguards, for example clawback, to protect against rewards for failure through appropriate risk management of incentive arrangements and adjustments, if necessary, to protect the financial soundness of the Company.

**Non-executive directors:**

- The remuneration of Independent Non-Executive Directors shall be a matter for the Chairman of the Board and the Directors (excluding Independent Non-Executive Directors), subject to the constraints contained in the Company's Articles of Association. No director or manager shall be involved in any decisions as to their own remuneration.
- Agree the policy for authorising claims for expenses from non-executive directors of the Company.

**Employee benefit structures:**

- Oversee any major changes in employee benefit structures throughout the Group.

**Remuneration consultants:**

- Be responsible for establishing the selection criteria for selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee within any budgetary constraints imposed by the Board and for obtaining reliable, up-to-date information about remuneration in other companies of comparable scale and complexity.

**10. Reporting responsibilities**

10.1 The Committee shall also ensure that provisions regarding disclosure of remuneration, including pensions, as set out in the Companies Act 2006, the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, are fulfilled and make available the Committee's terms of reference on request.

10.2 The Committee Chairman shall report formally to the Board, either verbally or in writing, on the nature and content of discussion, recommendations and action to be taken, after each Committee meeting.

10.3 The Committee may make recommendations to the Board it deems appropriate on areas within its remit where it believes action or improvement is needed, and adequate time should be available for Board discussion.

10.4 If the Committee has appointed remuneration consultants, the Annual Report should identify such consultants and state whether they have any other connection with the Company or individual directors.

**11. Support**

The Committee shall:

11.1 Have access to sufficient resources in order to carry out its duties, including access to the Group's Secretariat and other Group functions for assistance as required. Accordingly, the Committee is authorised by the Board to:

11.1.1 Seek any information it reasonably requires from any employee of the Company in order to effectively perform its duties;

11.1.2 Set the terms of reference for any remuneration consultants at the Company's expense;

11.1.3 Select, appoint, retain and terminate any remuneration consultants to be used; and

11.1.4 Obtain, at the Company's expense, independent legal or other professional advice on any matters within its terms of reference.

11.2 Be provided with appropriate and timely training, both in the form of an induction program for new members and on an ongoing basis for all members.

Approved and adopted by the Board of esure Group plc on 1 October 2021