

**Terms of Reference: Group Remuneration Committee****1. Constitution and Purpose**

- a. The Committee is constituted by the Board of Directors to assist the Board in meeting its responsibilities regarding the determination, implementation and operation of the overall remuneration policy for the Group, including the remuneration of the Chairman and Executive Directors, as well as overseeing the remuneration arrangements of other staff within its purview.
- b. The Committee will, where appropriate, consult with the Chairman of the Board and Group Chief Executive.

**2. Membership**

The membership of the Committee is restricted to the independent Non-executive Directors with a minimum of three members. The Chairman of the Board shall not be the Chairman of the Committee.

**3. Meetings**

- a. The Committee will meet at least three times a year.
- b. A quorum is two members of the Committee.
- c. The Chairman of the Committee is responsible for reporting to the Board on the Committee's activities.
- d. The Committee may invite any individual, whether internal or external to attend all or part of any meeting in whatever capacity the Chairman of the Committee deems appropriate. No individual should be present when their own remuneration is being considered.
- e. The Group Chief Risk Officer will be invited to attend meetings where required to report on the Group's risk profile and appetite, and to assist the Committee in considering the implications of remuneration policies for risk and risk management across the Group.
- f. The Chairman or Committee members may convene additional meetings at any time to deal with matters within the remit of the Committee.
- g. The Group Company Secretary, or his nominee, is the Secretary of the Committee and will minute the proceedings and retain copies of the papers.

## 4. Duties

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 is responsible for:

### **A. Remuneration Policy**

#### i) Policy and framework

- a. determining, and recommending to the Board for approval, the framework and policy for the remuneration of:
  - i. the Chairman; and
  - ii. the Executive Directors<sup>1</sup>;
- b. ensuring that the process for establishing the remuneration policy is transparent, is consistent with the Group's risk appetite and encourages strong risk management and solvency management practices, while taking account the remuneration practices across the Group, salaries paid by comparable companies for equivalent roles and all relevant legal and regulatory requirements, as well as any applicable guidance;
- c. agreeing the policy for authorising claims for expenses from the Group Chief Executive and the Chairman;
- d. reviewing and providing confirmation to the Group Audit Committee that, to the best of the Committee's belief, the disclosures made on its activities and in the Directors' Remuneration Report, including the Directors' Remuneration Policy and its implementation, are fair balanced and understandable;
- e. recommending the Directors' Remuneration Policy to the Board for approval by shareholders;

### **B. Remuneration Implementation**

In implementing the Directors' Remuneration Policy approved by shareholders in respect of the Executive Directors and the Chairman, the Committee is responsible for:

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<sup>1</sup> The Executive Directors are defined as the senior management population for the purposes of the Hong Kong Listing Rules.

ii) Chairman

- a. determining the fee level and benefits annually or in line with the frequency set out in the relevant letter of appointment, obtaining independent advice and data, and drawing on internal expertise where appropriate to ensure that remuneration is adequate to attract, retain and motivate high calibre individuals;
- b. consider recommendations from the Senior Independent Director regarding the fees to be paid to the Chairman;

iii) Executive Directors and other management

- a. reviewing and approving individual packages for the Executive Directors at least annually, obtaining independent advice and data, and drawing on internal expertise where appropriate to ensure that remuneration is adequate to attract, retain and motivate high calibre personnel;
- b. approving the remuneration package to be offered to newly recruited Executive Directors, including determining the extent to which and the terms on which awards forfeited on leaving a previous employer will be replaced;
- c. approving the design of any performance related pay schemes operated for the Executive Directors, and determining the targets (in line with approved corporate objectives) and the individual payments under such schemes;
- d. approving the share ownership guidelines for the Chairman and the Executive Directors, and monitoring compliance with these guidelines;
- e. periodically reviewing the terms of service agreements for Executive Directors to ensure that they remain fair and reasonable and are in the interests of the Company and shareholders;
- f. reviewing and approving the structure and quantum of any severance package for an Executive Director and ensuring that it is in line with the Company's remuneration policy;
- g. monitoring the remuneration of and risk management implications of:
  - i. the Group Leadership Team/ Top 100 and other selected individuals;
  - ii. senior staff in the risk, control and governance functions; and
  - iii. those with an opportunity to earn GBP1m or more in a particular year;
- h. overseeing the implementation of the Group remuneration policy for those roles within scope of the specific arrangements referred to in Article 275 of Solvency II.

iv) Share incentives

- a. reviewing the design and development of all share plans requiring approval by the Board and/or shareholders and making recommendations to the Board about adopting any amendments to the terms of the plans;

- b. for any such plans, approving and assessing performance targets where applicable;
- c. approving whether awards will be made to Executive Directors, and if so, the value of shares to be awarded;
- d. exercising all powers under the rules of any Group share plan and approving any proposed actions of any committee, or other body appointed to administer the plans, as they pertain to grants, awards or maturities to the Executive Directors;
- e. reviewing the aggregate dilutive effect of all share awards and option grants made to employees across the Group.

### ***C. Independent Chairs and Non-executive Directors of the Group's material subsidiary boards***

The Committee is responsible for:

- a. recommending and periodically approving the remuneration of independent Chairs of the Group's material subsidiaries;
- b. noting the remuneration of independent Non-executive Directors of material subsidiaries, as determined and reviewed periodically by the relevant material subsidiary boards;

## **5. Governance**

The Committee will:

- a. ensure that the Chairman of the Committee is available to answer shareholder questions at general meetings;
- b. undertake appropriate discussions as necessary with institutional investors on the Group's remuneration policy or any other aspects of Executive remuneration; and
- c. arrange for periodic reviews of its own performance and review its terms of reference, recommending any changes it considers necessary to the Board for approval.

## **6. Support**

The Committee will:

- a. have access to sufficient resources in order to carry out its duties;
- b. at the Company's expense and through the Group Company Secretary's office where applicable, be able to select, appoint and agree the terms of appointment of any advisers deemed appropriate by the Committee to provide advice to the Committee, including those used by management provided no conflict of interest arises, and invite such advisers to attend meetings to assist the Committee;

- c. 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.