utmost
LIFE AND PENSIONS

VERSION 2.0
MARCH 2021

UTMOST LIFE AND PENSIONS LIMITED
Remuneration Committee Terms of Reference

www.utmost.co.uk

1. Constitution

The Remuneration Committee is a sub-committee of Utmost Life and Pensions Limited's ("ULP") Board of Directors and has been delegated responsibility for overseeing the Remuneration Policy, particularly for all executive directors and ULP's Chairman. The Board itself should determine the remuneration of the Independent Non-Executive Directors within the limits set in the Board Terms of Reference and those matters reserved for group company Boards. No director shall be involved in any decisions as to their own remuneration.

2. Purpose and Authority

The Committee is authorised by the Board to:

- **Remuneration Policy** - define the framework in line with regulation, appropriateness and relevance to the business strategy and make recommendations to the Board;
- **Remuneration levels** – set individual remuneration packages for the Chairman, Executive Directors, the Company Secretary and the rest of Senior Management having sought the consent of the UUGH Board where required in the Board Terms of Reference;
- **Incentive plans** - review the design of long-term incentive plans and make recommendations to the Board;
- **Remuneration and risk** - ensure consideration of risk in remuneration;
- investigate any activity within its ToR;
- seek any information that it requires from any employee of the Company or the Group involved in the provision of services to the Company and all such employees are directed to co-operate with any request made by the Committee and seek any information from any employee of an external service provider; and
- obtain outside legal or professional advice, where such advisors may attend meetings as necessary.

3. Membership/Organisation

The Members of the Committee shall be appointed by the Board following consultation with the Chairman. The Committee will be composed of at least three members at all times, of which two should be Independent Non-Executive Directors.

The Chairman shall be appointed by the Board, but shall be an Independent Non-Executive Director. In the absence of the Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chairman of each meeting shall be an Independent Non-Executive Director. The Chairman of the Board shall not be Chairman of the Committee, except where, for a given meeting, the Chairman of the Committee is absent.

In addition to appointed members, the Chairman may invite other persons to attend all or part of any meeting.

The membership and chairmanship of the Committee will be reviewed each year by the Board in consultation with the Chairman to ensure that an appropriate balance is maintained between experience and independence. Changes as required will be recommended to the Board thereafter. The appointment of members to the Committee shall be for a period of up to 3 years, extendable up to 2 further periods of 3 years.

The Committee shall be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members.

The quorum for meetings shall be two members (of whom at least one shall be an Independent Non-Executive Director and at least one shall be a Founding Non-Executive Director). If necessary a Founding Non-Executive Director may grant delegated authority to any individual to represent the Founders at a given meeting, should they be absent, to allow it to be quorate.

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.

Any member of the Committee who has a personal interest in the matters to be considered by the Committee is to declare that interest in advance of such discussions. The member should absent himself/herself from any discussions on these items.

4. Meetings

The Committee shall meet at least half-yearly and at such other times as the Chairman considers necessary or appropriate. In addition, ad-hoc meetings shall be held whenever it is necessary to discuss any significant or critical aspects concerning the Company's remuneration affairs and/or related matters.

Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chairman.

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, standing invitees and any other person required to attend, no later than 5 working days before the date of the meeting. Supporting papers shall be sent to Committee members and to other invitees as appropriate, at the same time.

The Company Secretary or his/her nominee shall be Secretary of the Committee. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

The Chairman shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and the Secretary shall minute them accordingly.

The Committee shall be authorised to seek any information that it requires from any employee of the Company, any employee of a Group company involved in the provision of services to the Company or any employee of an external service provider;

5. Responsibilities

The responsibilities of the Committee are to:

- Oversee the development of, and implementation of the firm's remuneration policies and practices and agree with the Board the framework or broad policy for the remuneration of the Chairman, Chief Executive, the Executive Directors, Company Secretary and the rest of Senior Management. The remuneration of Independent Non-Executive Directors shall be a matter for the Chairman and the executive members of the board, having sought the consent of the UUGH Board where required in the Board Terms of Reference. No Director or manager shall be involved in any decisions as to their own remuneration;

- The objective of the policy shall be to ensure that members of executive management are provided with appropriate incentives to encourage enhanced performance and are rewarded for their individual contributions to the success of the Company in a fair and responsible manner, without promoting the undue taking of risk. The remuneration policy shall have regard to the risk appetite of the Company and alignment to its strategic long-term goals and shall incorporate measures aimed at avoiding conflicts of interest. The remuneration policy shall promote sound and effective risk management and shall not encourage risk-taking that exceeds the risk tolerance limits of the Company. This framework or policy will ensure that remuneration is competitive and at a level which will enable the Company to attract, retain and motivate executives of the appropriate calibre while avoiding paying more than necessary. Notice or contract periods should be set at one year or less;

- Within the terms of the agreed policy and in consultation with the Chairman and/or Chief Executive, as appropriate, determine the total individual remuneration package of the Chairman, each Executive Director, Company Secretary and the rest of Senior Management, including bonuses and incentive payments, having sought the consent of the UUGH Board where required in the Board Terms of Reference;

- Review the design of all short-term and long-term incentive plans for approval by the Board, and the UUGH Board where required. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards and the individual awards to Executive Directors, Company Secretary and the rest of Senior Management;

- Ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised; and

- Be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;

6. Reporting Procedures

The Committee shall operate under delegated authority from the Board and the Chairman shall report formally to the Board on the key aspects of its proceedings after each meeting. Financial control issues will be addressed to the Chairman of the Audit Committee. Operational issues will be addressed to the Chairman of the Risk and Compliance Committee. With-Profits issues will be addressed to the Chairman of the With-Profits Committee. The Committee shall make whatever recommendations to the Board it deems appropriate regarding any matter within its remit where action or improvement is needed.

The Secretary shall circulate the minutes of meetings to all members of the Committee in advance of the next Committee meeting. The Board shall receive a copy of the most recent minutes from the latest Committee for review.

Committee members shall conduct an annual review of their work and these ToR and report to the Board on their activities during the year. As part of the latter there shall be an attestation by the Chair of the Committee as to any areas of the Terms of Reference that have not been met.

7. Appendix: Abbreviations and Definitions

The titles and functions in this document apply to both genders.

Board	Board of Directors
Committee	The Committee to which these Terms of Reference are directed
Company	Utmost Life and Pensions Limited
Director Independence	Independence is defined as the ability to exercise sound judgement and decision making independent of the views of Management, political interests or inappropriate outside interests. In determining Director Independence the following criteria are to be considered: i. Has been an employee of the company or group within the last five years ii. Has, or has had within the last three years, a material business relationship with the Company either directly, or as a partner, shareholder,

director or senior employee of a body that has such a relationship with the Company;

iii. Has received or receives additional remuneration from the Company apart from a director's fee, participates in the Company's share option or a performance related pay scheme, or is a member of the Company's pension scheme;

iv. Whether the individual represents a significant shareholder;

v. Holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;

vi. Has close family ties with any of the Company's advisers, directors or senior employees; and

vii. Has served on the board for more than nine years from the date of their first election.

Independent Non-Executive Director	Non-executive director who satisfies the criteria for director independence
Founding Non-Executive Directors	Paul Thompson and Ian Maidens
Management	Members of the Senior Management team of ULP
Senior Management	Members of the Senior Management team of ULP
ToR	Terms of Reference
ULP	Utmost Life and Pensions Limited
UUGH	Utmost UK Group Holdings Limited