

Terms of Reference

Executive Board (Committee)

1. Membership

- 1.1 The Committee shall be made up of at least three members, all of whom shall be independent non-executive directors of the Board. The Chairman of the Board may also serve on the Committee as an additional member if he or she was considered independent on appointment as Chairman. Members of the Committee shall be appointed by The Exeter's Board, on the recommendation of the Nomination Committee and in consultation with the Chairman of the Remuneration Committee.
- 1.2 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive, the Head of Human Resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate and necessary. All non-executive directors of the Board are invited to attend Committee meetings at which bonus and incentive schemes of The Exeter are being reviewed.
- 1.3 Appointments to the Committee are made by the Board and shall be for a period of up to three years, extendable by no more than two additional three-year periods, so long as members (other than the Chairman of the Board, if he or she is a member of the Committee) continue to be independent.
- 1.4 The Board shall appoint the Committee Chairman who shall be an independent non-executive director. In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these Terms of Reference to be appointed to that position by the Board. The Chairman of the Board shall not be Chairman of the Committee.

2. Secretary

- 2.1 The Company Secretary, or his nominee, shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two.

4. Frequency of Meetings

- 4.1 The Committee shall meet at least twice a year and otherwise as required. Meetings may be held in person, over the telephone or by technology enabled conference.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Committee Chairman.
- 5.2 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, any other person required to attend and all other non-executive directors, 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.

6. Minutes of Meetings

- 6.1 The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including the names of those present and in attendance.
- 6.2 Draft Minutes of Committee meetings shall be circulated promptly to all members of the Committee. Once approved, minutes shall be circulated to all other members of the Board unless in the opinion of the Committee Chairman it would be inappropriate to do so.

7. Annual General Meeting

- 7.1 The Committee Chairman shall attend the Annual General Meeting to answer any member questions on the Committee's activities.

8. Duties

The Committee shall:

- 8.1 have responsibility for setting the remuneration policy for all executive directors and The Exeter's Chairman, including pension rights and any compensation payments. The Board itself shall determine the remuneration of the non-executive directors. No director or senior manager shall be involved in any decisions as to their own remuneration;
- 8.2 recommend and monitor the level and structure of remuneration for senior management;
- 8.3 in determining such remuneration policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run The Exeter successfully without paying more than is necessary, having regard to views of members and other stakeholders. The remuneration policy shall have regard to the risk appetite of The Exeter and alignment to The Exeter's long term strategic goals. A significant proportion of remuneration shall be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of The Exeter;
- 8.4 when setting remuneration policy for directors, review and have regard to pay and employment conditions across The Exeter, especially when determining annual salary increases;
- 8.5 review the on-going appropriateness and relevance of the remuneration policy;
- 8.6 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 each executive director, The Exeter Chairman and other designated senior executives including bonuses and incentive payments;
- 8.7 obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. 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 Exeter but within any budgetary restraints imposed by the Board;
- 8.8 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 8.9 approve the design of, and determine targets for, any performance-related pay schemes operated by The Exeter and approve the total annual payments made under such schemes (in accordance with the provisions in Schedule A of the UK Corporate Governance Code);
- 8.10 determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
- 8.11 ensure that contractual terms on termination, and any payments made, are fair to the individual, and The Exeter, that failure is not rewarded and that the duty to mitigate loss is fully recognised;
- 8.12 oversee any major changes in employee benefits structures throughout The Exeter;
- 8.13 agree the policy for authorising claims for expenses from the directors; and
- 8.14 work and liaise as necessary with all other Board Committees.

9. Reporting Responsibilities

- 9.1 The Committee Chairman shall report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall ensure that a remuneration report equivalent to that described in Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and which draws on current best practice guidelines produced by the Association of Financial Mutuals, is included in The Exeter's Annual Report and is subject to an advisory vote at the Annual General Meeting. If the Committee has appointed remuneration consultants, the annual report of The Exeter's remuneration policy should identify such consultants and state whether they have any other connection with The Exeter.

10. Other Matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretary for assistance as required;
- 10.2 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;
- 10.3 give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors, including the provisions of the UK Corporate Governance Code and guidelines published by the Association of British Insurers and any other applicable rules, as appropriate; and
- 10.4 arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11. Authority

- 11.1 The Committee is authorised by the Board to obtain, at The Exeter's expense, outside legal or other professional advice on any matters within its terms of reference.

Approved by the Board 19 December 2018.