

Manual – Section 3.6

3.6 Remuneration Committee – Terms of Reference

3.6.1 Purpose of the Committee

- The Committee is a committee of the Board of Old Mutual plc (the “Company”). The overall purpose of the Committee is:
 - to determine the Company-wide philosophy and broad policy with respect to remuneration, bonus and incentive arrangements including share and option awards, compensation payments and pension rights;
 - to review and approve principles of incentive schemes to ensure adequacy and effectiveness and that they do not have an adverse risk effect on staff working practises, reporting or environmental, social and governance issues;
 - to consider the impact of performance objectives and remuneration decisions on the risk profile of the group;
 - to consider and decide upon such other matters as the Board may refer to it;
 - to ensure compliance with applicable laws and codes; and
 - to monitor and review any activity falling within its Roles and Responsibilities as set out below and to investigate any matters as may otherwise be requested by the Board from time to time.

- **Scope of the Committee**

The Committee has specific responsibility for the remuneration policies of Old Mutual Group and its wholly owned subsidiaries. Where there is a majority owned subsidiary, it is assumed the Committee has full control unless otherwise specified in the shareholders’ agreement. For non-majority owned subsidiaries, responsibility for remuneration may be specified in the shareholders’ agreement.

- **Operation of the Committee**

- **Members**

All Members are Independent non-executive directors of the Company:

- The Company Secretary or his nominee shall act as the secretary of the Committee.
- The quorum necessary for the transaction of business shall be three members. A duly convened meeting 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.

- Attendees
 - Company Secretary
 - Group Human Resources Director
 - Group Human Resources (Remuneration)
 - External advisor – (currently Strategic Remuneration)
- By invitation:
 - Chairman
 - CEO

The Group Head of Risk may be asked to attend Committee meetings from time to time.

- **Frequency**

- The Committee shall meet at least three times per annum and at such other times as the Committee members shall require, a meeting of the Committee shall be summoned by the Secretary of the Committee at the request of any member thereof¹;
- Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed and any supporting papers, shall be forwarded to each Committee member and relevant papers for any other person required to attend, no later than 5 working days before the date of the meeting.

- **Roles & Responsibilities**

Having due regard to the recommendations of the UK Corporate Governance Code, as well as the Listing Rules and associated guidance, the Walker Review and the FSA Remuneration Code of Practice when it is applicable:

- to review the performance objectives and determine and agree the appropriate levels of compensation, i.e. salary, bonus and incentive arrangements, share or option awards, compensation payments and pension rights, for the Executive Directors of the Company and its principal operating subsidiaries, the Company Secretary, senior executive employees (as identified to the Company by the Board of the Company), those who perform a significant influence function or whose activities have, or could have, a material impact on the risk profile of the Company or as defined for compliance with regulations (collectively “Senior

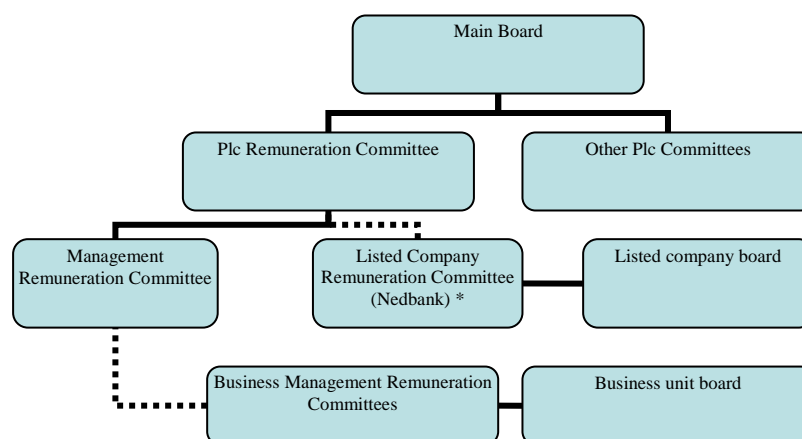
¹ Amended from previous terms of reference which only provided for the Chairman to do so

Employees”) in accordance with the policy (the induction programme for Non-Executive Directors is located with the Nominations Committee Terms of Reference, specifically section 3.7.6);

- to review the design and management of Company-wide salary structures and incentive schemes and ensure proper authorisation for awards made under such schemes and to review, monitor and approve or recommend for approval incentive share arrangements (including option schemes), and in particular:
 - to review the recommendations from time to time of the Group Chief Executive of the Company as to, and approve, the grant of share awards under such arrangements and schemes to employees of the Company and its Subsidiaries; and
 - in consultation with the Board Risk Committee, determine any risk adjusted performance-related targets that may be applicable thereto and to satisfy itself and the Board Risk Committee, as to whether or not such targets have been fulfilled²;
 - to determine the remuneration of the Chairman of the Board;
 - To determine from time to time the terms of any service agreements of the Executive Directors of the Company and, where so requested, of Senior Employees; and specifically, the Committee Chairman shall review the remuneration of Group Risk Director and the Group Internal Audit Director;
 - To agree the policy for authorising claims for expenses by the Group Chief Executive and the Chairman of the Board and to review expenses claimed by them and other Executive Directors from time to time;
 - To advise the Board on the contents of the annual Remuneration Report to shareholders;
 - To establish the selection criteria and to select, appoint and set the terms of reference for any remuneration consultants who advise the Committee.
- **Authority of the Committee**
 - The Committee shall be appointed by the Board and consist of a minimum of three non-executive Directors with relevant experience and a good knowledge of the company and the environment in which it operates to enable it to exercise competent judgement on compensation policies and the incentives for managing risk, capital and liquidity;

² In the event of any difference of view, appropriate risk adjustments should be decided by the Group Chairman and NEDs on the Board

- All members of the Committee shall be non-executive Directors whom the Board considers to be independent for the purposes of the definition of that term in the UK Corporate Governance Code;
 - The Board shall appoint a Chairman of the Committee, this chair shall not be the Board Chairman;
 - No Director or staff member should be present when his or her own salary or fee is discussed;
 - Members will be appointed by the Board for an indefinite period and normally will be expected to serve for a minimum of 3 years;
 - The Board shall have the power at all times to remove any members from the Committee and to fill any vacancies created by such removal;
 - The Committee shall be authorised by the Board to delegate certain of its responsibilities to the Management Remuneration Committee and relevant subsidiary remuneration committees and may attend such;
 - Amendments may be made to the terms of reference as required subject to Board approval;
 - The performance, constitution and terms of reference shall be reviewed on an annual basis to ensure it is operating effectively and recommend any changes it considers necessary to the Board for approval.
- **Reporting**
 - The secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance;
 - Minutes of Committee meetings shall be circulated to all Committee members.
- **Positioning of the Committee**
 - Committee hierarchy and linkage to other committees



* These committees also report to the relevant Business Unit Board

- Management information – inputs and outputs
 - The Committee shall be provided with all the information it needs to make its determinations and recommendations. Consideration shall be given both to external and internal sources of comparative information on remuneration;
 - The Committee shall be provided with external market information to enable comparisons between the reward structures and levels applicable to Directors and Executives of the group and those applicable to their counterparts in organisations of a similar size and complexity in comparable business sectors;
 - The Committee may access any information from any Company employee it needs to fulfill its responsibilities;
 - The Committee may seek independent legal or other professional advice at the Company's expense, to secure the attendance of external advisors at its meetings if it considers necessary, and to obtain reliable, up-to-date information about remuneration in other companies, such advisors having committed to the UK Stewardship Code. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help fulfill its obligations;
 - The Committee shall consult with the Chairman of the Board, Group Finance Director and the Group Human Resources Director;
 - When appropriate, the Committee shall request and consider reports and presentations by the Board Risk Committee;

- Minutes of all Committee meetings shall record the proceedings and decisions taken, the details of which shall remain confidential;
- The names of the members of the Committee shall be published in the Company's annual report;
- Information on the remuneration of non-executive Directors and Executive Directors shall be disclosed in the Annual Report on a basis to be approved by the Board from time to time in accordance with statutory requirements and generally accepted codes of corporate governance.