



Scrip Dividend Scheme TERMS AND CONDITIONS

RSA Insurance Group plc

(Registered in England and
Wales, Company Number:
2339826)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR ATTENTION.

This document can also be downloaded from our website at www.rsagroup.com/scripdividend

The value of shares and the income derived from shares can go down as well as up. Past performance is not a reliable indicator of future results. If you are in any doubt about the action you should take, you should consult your stockbroker, solicitor, accountant or other independent financial adviser regulated by the Financial Conduct Authority pursuant to the Financial Services and Markets Act 2000. If you have sold or otherwise transferred all of your shares in RSA Insurance Group plc, please send this document to the purchaser, transferee or the person who arranged the sale or transfer, so they can pass this document to the person who now holds the shares.

Scrip Dividend Scheme

A glossary of defined terms used in this document can be found on page 6.

1. WHAT IS THE SCRIP DIVIDEND SCHEME?

The Company is permitted to offer eligible Shareholders the opportunity to participate in the Company's Scrip Dividend Scheme (the 'Scheme') which enables Shareholders to receive new Ordinary Shares of £1.00 each (the 'New Shares') instead of cash dividends, at the discretion of the Board of Directors. The Scheme, when offered to Shareholders, may apply to both interim and final ordinary dividends and enables Shareholders to increase their holding in the Company without incurring dealing costs or stamp duty. Should the Directors decide not to offer the Scheme in respect of a particular dividend, a cash dividend will be paid instead.

2. WHO CAN JOIN THE SCHEME?

The Scheme is open to all holders of Ordinary Shares, subject to certain restrictions for Shareholders resident outside the UK. For details regarding overseas Shareholders, please see question 12 below. The right to join the Scheme is not transferable.

3. HOW DO I JOIN THE SCHEME?

Shareholders wishing to participate in the Scheme should complete a scrip dividend Mandate Form, available from Equiniti or at www.rsagroup.com/scripdividend and return it to Equiniti at the address detailed in question 20 below. No acknowledgement of receipt will be issued. The Company and Equiniti reserve the right to treat as invalid any Mandate Form which is incomplete.

Each Mandate will remain in force for all future dividends until cancelled by the Shareholder in writing. For further details see question 17 below.

Completed Mandate Forms must be received by Equiniti at least 15 working days before the dividend payment date (the 'Election Date') to be eligible for that dividend. Mandate Forms received after the Election Date will be applied to the next dividend.

Details of each interim and final dividend date are available on the dividend calendar at www.rsagroup.com/dividendcalendar or contact the Equiniti helpline as detailed in question 20 below.

4. HOW DO I JOIN THE SCHEME IF I HOLD MY SHARES ELECTRONICALLY THROUGH CREST?

Shareholders holding Ordinary Shares through CREST can elect to receive dividends in the form of New Shares by submitting a CREST Dividend Election Input Message no later than 16.30 (UK time) on the Election Date. By doing so, CREST members confirm their election to participate in the Scheme and their acceptance of these Terms and Conditions, as amended from time to time.

The Dividend Election Input Message must contain the number of Ordinary Shares relating to your election if it is made by a CREST Shareholder acting on behalf of more than one beneficial holder, and it is to apply to fewer than the number of Ordinary Shares held at the record date. If the number of elected Ordinary Shares is zero, then the Dividend Election Input Message will be rejected. If the number of elected Ordinary Shares is either (i) greater than the number of Ordinary Shares held at the relevant record date or (ii) the entry is left blank, then the election will be applied to the holding as at the relevant record date.

Other methods of election using a Mandate Form, will not be accepted. For further details on election for CREST holders, please contact Equiniti as detailed in question 20 below.

5. HOW IS THE SCRIP PRICE CALCULATED?

The scrip dividend price is calculated using the average of the middle market quotations of an Ordinary Share, according to the London Stock Exchange Daily Official List, for the five consecutive business days commencing on, and including, the day the Ordinary Shares are first quoted ex-dividend. The results of this calculation will be announced by the Company and will be available at www.rsagroup.com/investornews.

6. HOW MANY NEW SHARES WILL I RECEIVE?

The number of New Shares you will receive for each dividend will depend on:

- (a) the amount of the cash dividend;
- (b) the number of Ordinary Shares registered in your name; and
- (c) the price to be used in calculating your New Share entitlement.

Fractions of New Shares will not be issued and any residual cash balance will be carried forward, without interest, and included in the calculation for the next dividend payment.

Formula:

(number of Ordinary Shares held at the record date
x cash value of relevant dividend per share) + any
residual cash balance

scrip dividend price

Illustrative example of new share entitlement:

- Cash dividend: 2p per Ordinary Share.
- Number of Ordinary Shares Held: 1,000 Ordinary Shares
- Scrip dividend price is £1.05

Value of your cash dividend $1,000 \times 2p = £20.00$

Number of New Shares $£20.00 \div £1.05 = 19.05$

Rounded down to 19 New Shares.

Value of New Shares $19 \times £1.05 = £19.95$

This case illustrates a residual cash balance of £0.05 which would be carried forward to the next dividend payment. (For details regarding cash balances refer to question 8 below.)

7. HOW WILL I KNOW HOW MANY NEW SHARES I HAVE RECEIVED?

Once the New Shares have been issued, Shareholders participating in the Scheme will receive a statement together with a share certificate showing the number of New Shares granted instead of the cash dividend and any residual cash balance carried forward to the next dividend payment. The statement will also contain details of the scrip calculation price and the notional tax credit.

If on any occasion the cash dividend entitlement, together with any cash balance brought forward, is insufficient to acquire at least one New Share, a statement will be sent explaining that no New Shares have been issued and will detail how much residual cash has been carried forward to the next dividend.

8. WHAT WILL YOU DO WITH THE CASH BALANCE?

When working out the New Share entitlement, it is unlikely that the calculation will give rise to an exact number of New Shares. As fractions of New Shares cannot be issued, an entitlement to their cash value (being the cash balance) will be carried forward, without interest, and included in the calculation for the next dividend.

In keeping with common practice followed by other company schemes, if you withdraw from the Scheme or if you sell or transfer your entire holding of Ordinary Shares, or if the Company terminates the Scheme, or if (being the sole Shareholder) you die, are declared bankrupt, go into liquidation or suffer from mental incapacity, any residual cash balance will be paid to ShareGift, unless you (or your attorney if applicable) instructs us otherwise in writing within 90 days of any of these events. For the avoidance of doubt, this clause shall apply to any residue currently held on your behalf at the date of issue of this version of the Scheme Terms and Conditions, which for all Shareholders will be less than the value of one Ordinary Share.

If you instruct us that you wish to receive your residual cash balance, it will be paid to you by cheque or bank transfer, at our discretion.

9. WHEN WILL I RECEIVE MY SHARE CERTIFICATE?

Dealings in the New Shares are expected to begin on the dividend payment date. Subject to the New Shares being admitted to the official list of the UK Listing Authority and to trading on the London Stock Exchange's market for listed securities, share certificates will be posted, at the risk of the Shareholder, on or about the same day as dividend cheques are posted to Shareholders who are taking the dividend in cash.

CREST members will have their CREST accounts credited directly with New Shares on the same day the cash dividend is paid. In the unlikely event that the New Shares are not admitted to listing, the dividend for Shareholders who have chosen to receive New Shares will be paid in cash as soon as reasonably practicable.

When issued, the New Shares will rank equally in all respects with the existing Ordinary Shares and will qualify for all future dividends.

10. DOES THE SCHEME APPLY TO ORDINARY SHARES HELD IN JOINT NAMES?

Yes, but all joint Shareholders must sign the Mandate Form for it to be valid.

11. CAN I COMPLETE A MANDATE FORM FOR PART OF MY HOLDING?

No. Mandate Forms will not be accepted for part of a shareholding. The Mandate Form applies to the full number of Ordinary Shares registered in the Shareholder's name at any time.

Notwithstanding this, the Company may at its discretion permit a Shareholder to complete a Mandate Form in respect of a lesser number of Ordinary Shares than the full shareholding where that Shareholder is acting on behalf of more than one beneficial owner i.e. a nominee Shareholder. Any such completion in respect of part of a shareholding will continue to apply for future dividends to the number of Ordinary Shares specified until it is altered or cancelled. A cash dividend will automatically be paid on any Ordinary Shares which are not specified in a Mandate Form.

12. CAN OVERSEAS SHAREHOLDERS JOIN THE SCHEME?

Yes. However, it is the responsibility of any person outside the United Kingdom wishing to receive New Shares to ensure that an election to receive such New Shares can validly be made without any further obligation on the part of the Company, and to satisfy himself or herself as to the full observance of the laws of the relevant territory, including complying with any regulatory or legal procedures which may be required and observing all other necessary formalities. The Scheme is not available to Shareholders holding Ordinary Shares through the Company's sponsored American Depositary Receipt ('ADRs') Programme.

13. WHAT HAPPENS IF I BUY MORE SHARES AFTER I HAVE COMPLETED A MANDATE FORM?

Any additional Ordinary Shares purchased in the name of the registered Shareholder prior to the record date for any dividend, will be covered by the Mandate Form in place and New Shares will be received instead of cash dividends for the entire holding.

14. WHAT HAPPENS IF I SELL PART OF MY HOLDING?

The Scheme will apply to the remaining holding of Ordinary Shares.

15. WHAT HAPPENS IF I HAVE MORE THAN ONE HOLDING?

If Ordinary Shares are registered as separate holdings Shareholders wishing to receive New Shares instead of cash dividends, must complete a separate Mandate Form for each holding. Upon request, Equiniti will combine multiple shareholdings to amalgamate the holding into one registered holding. A sole shareholding cannot be amalgamated with a joint shareholding.

16. WHAT ARE THE TAX EFFECTS?

The tax effect of taking New Shares will depend on each Shareholder's individual circumstances. The tax guidance provided on page 7 is correct as at February 2015. It is recommended that Shareholders consult a professional adviser before taking any action for full advice.

17. CAN I CANCEL MY INSTRUCTIONS?

Shareholders wishing to leave the Scheme may do so at any time by writing to Equiniti to cancel the Mandate in place. For a cancellation to be effective for a particular dividend, it must be received at least 15 working days before the payment date for that dividend. If a cancellation is received after that date, it will apply to all subsequent dividends.

Instructions will be regarded as cancelled for any Ordinary Shares which a Shareholder sells or otherwise transfers to another person. This will take effect from registration of the share transfer.

Instructions will be cancelled immediately upon notification of death, bankruptcy or mental incapacity of a Shareholder.

Details of the treatment of any cash residue if a Shareholder leaves the Scheme are contained in question 8.

18. CAN THE COMPANY CANCEL THE SCHEME?

The Scrip Dividend Scheme may be amended, suspended or terminated at any time at the discretion of the Directors by notice in writing to Shareholders. In the case of an amendment to the Terms and Conditions, instructions will remain valid under the amended terms unless the Shareholder notifies Equiniti in writing to the contrary.

To protect Shareholders participating in the Scheme, Mandate Forms may be cancelled or suspended by the Directors at their sole discretion if, 15 working days prior to the dividend payment date the price of an Ordinary Share has fallen 15 per cent. or more below the calculation price used to determine Shareholders' entitlements. In the event of the Directors cancelling or suspending Mandates, Shareholders will receive their dividend in cash as soon as possible.

Details of the treatment of any cash residue if the Company cancels the Scheme are contained in question 8.

19. HOW DOES THE SCHEME APPLY IF NO CASH DIVIDEND IS PAID?

The Scheme enables Shareholders who have so elected in accordance with the rules to receive New Shares in lieu of the cash dividend they would otherwise be entitled to. Accordingly, where no cash dividend is paid or payable, no entitlement to New Shares will arise under the Scheme (including, without limitation, where a dividend is declared or approved by shareholders and subsequently cancelled, withdrawn or deferred).

20. WHAT DO I DO IF I HAVE ANY QUESTIONS?

Please write to Equiniti, Share Dividend Operations, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or call Equiniti on 0871 384 2048, (calls to this number are charged at 8p per minute plus network extras), or +44 121 415 7064 if you are calling from a mobile phone or from overseas. Shareholders with a text phone facility should use 0871 384 2255.

Shareholders without a Mandate in place who wish to receive dividends in cash need not take any further action and may disregard this document.

Definitions

'CREST'

the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI/3755)) in respect of which Euroclear UK & Ireland Limited is the operator

'Directors'

the directors of RSA Insurance Group plc

'Election Date'

the date 15 working days before the dividend payment date in respect of any particular dividend

'London Stock Exchange'

the London Stock Exchange plc

'Mandate'

the instructions of a Shareholder as set out in a valid Mandate Form

'Mandate Form'

a mandate in a form provided by the Company from a Shareholder to the Directors to allot under the terms of the Scheme New Shares in lieu of cash dividends to which they may become entitled from time to time

'New Shares'

new Ordinary Shares issued under the Scheme

'Ordinary Shares'

Ordinary Shares of £1.00 each in the capital of the Company

'The Company'

RSA Insurance Group plc

'Scrip Dividend Scheme' or 'Scheme'

the RSA Insurance Group plc Scrip Dividend Scheme comprised in the terms and conditions contained in this document as amended from time to time

'Sharegift'

an organisation that aggregates small shareholdings to sell them and also accepts residual cash balances and donates the proceeds to a wide range of UK charities. Information relating to ShareGift can be found at www.sharegift.org

'Shareholder'

a holder of Ordinary Shares

TAXATION

(Correct as at February 2015)

The Company has been advised that, under current United Kingdom legislation and current HM Revenue & Customs practice, the taxation consequences for Shareholders electing to receive New Shares instead of a cash dividend will, broadly, be as follows. This summary only relates to the position of Shareholders resident in, and only in, the United Kingdom for taxation purposes who hold their shares as an investment (other than under a self invested pension plan, an Individual Savings Account or a New Individual Savings Account) and who are the absolute beneficial owners of the Ordinary Shares to which any relevant election relates. This summary may not apply to certain Shareholders, such as dealers in securities, insurance companies, collective investment schemes, Shareholders who are exempt from tax, and Shareholders who have (or are deemed to have) acquired their Ordinary Shares by virtue of an office or employment. Such Shareholders may be subject to special rules. The precise taxation consequences for a particular Shareholder will depend on that Shareholder's individual circumstances.

This summary of the taxation treatment is not exhaustive. If you are in any doubt as to your tax position, you should consult your professional adviser before taking any action.

Individuals

Where individuals elect to receive New Shares in place of a cash dividend, they will be treated as having received gross income of an amount which, when reduced by income tax at the rate of 10 per cent. is equal to the 'cash equivalent of the New Shares'. The cash equivalent of the New Shares will be the amount of the cash dividend foregone unless the market value of the New Shares on the first day of dealings on the London Stock Exchange (the 'opening value') differs from the cash dividend foregone by 15 per cent. or more either way, in which case the opening value of the New Shares will be treated as the cash equivalent of the New Shares for taxation purposes.

Individuals who (after having taken into account their receipt of New Shares) pay income tax at the basic rate of 20 per cent. will have no further liability to income tax in respect of the New Shares received. Individuals who pay income tax at the higher rate of 40 per cent. will be liable to pay tax at the reduced rate of 32.5 per cent. on the gross income which they are treated as having received. Individuals who pay income tax at the additional rate of 45 per cent. will be liable to pay tax at the reduced rate of 37.5 per cent. on the gross income which they are treated as having received. Subject to what is said above in relation to the determination of the cash equivalent of the New Shares, this is the same treatment as for cash dividends.

For example, if the cash equivalent of the New Shares received is £80, the individual will be treated as having received gross income of £88.88 and as having paid income tax of £8.88 on that gross amount. The higher rate tax payer will be liable to pay additional tax of £20 (the difference between £28.88 and the £8.88 treated as having been paid). The additional rate tax payer will be liable to pay additional tax of £24.45 (the difference between £33.33 and the £8.88 treated as having been paid).

For capital gains tax purposes, the New Shares will be treated as having been acquired for an amount equal to the 'cash equivalent of the New Shares' (as described).

Companies

A corporate Shareholder is (currently) not generally liable to corporation tax on cash dividends and will not be subject to corporation tax on New Shares received instead of a cash dividend. For the purposes of corporation tax on chargeable gains, no consideration should be treated as having been given for the New Shares. The New Shares will be treated as having been acquired when the existing Ordinary Shares in the enlarged holding were acquired.

Pension Funds

Generally where pension funds elect to receive the dividend under the Scheme they will not be subject to tax on receipt of the New Shares nor will they be able to obtain a repayment of any tax credit from HM Revenue & Customs. Pension funds would not be able to claim repayment of the tax credit on the equivalent cash dividend.

Stamp Duty and Stamp Duty Reserve Tax

No stamp duty or stamp duty reserve tax will be payable on the receipt of New Shares under the Scheme.

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