

Group Secretariat

Group Nomination and Governance Committee Terms of Reference

Approved on:
30 January 2019

RSA Insurance Group plc (the “Company”)

Group Nomination and Governance Committee (the “Committee”) Terms of Reference

1. Principal Function

- 1.1 The Board of Directors of the Company (the “Board”) is responsible for directing the affairs of the Company and the Group in a manner that meets both shareholder and regulatory requirements, has regard to the views and interests of its stakeholders and is consistent with current corporate governance best practice standards, and the Company’s Articles of Association.
- 1.2 The Committee is responsible for ensuring there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board and leading the process for Board appointments. The Committee shall advise and make recommendations to the Board on matters relating to the Board’s membership, Committee membership and all related appointments taking into consideration succession planning over the longer term and the Board’s commitment to diversity.
- 1.3 In addition the Committee is responsible for monitoring Group compliance with the UK Corporate Governance Code, the monitoring of Board activities and the evaluation of Board’ performance.

2. Membership

- 2.1 The members shall be appointed by the Board on the recommendation of the Committee.
- 2.2 The Committee shall comprise the Chairman and at least two other members who are independent Non-Executive Directors.
- 2.3 Care shall be taken to minimise the risk of any conflict of interest or coalition of interests that could arise, in particular, cross-directorships.
- 2.4 The Board shall appoint the Committee Chairman and determine the period for which they shall hold office. The Committee Chairman should be either the Chairman of the Board or an independent Non-Executive Director. The Chairman of the Board shall not chair the Committee when it is dealing with the process regarding the appointment of his successor.
- 2.5 In the absence of the Committee Chairman the remaining members present shall elect one of their number to chair the meeting, who may be a member of the Committee or the Senior Independent Director.

3. Attendance

- 3.1 If a member is unable to act due to absence, illness or any other cause, the members may appoint another member of the Board to act as his alternate.

3.2 No one other than the Committee members shall be entitled to attend the Committee meetings. The Committee may invite any directors or other executives of the Group or external professional advisers to attend meetings.

4. Secretary

4.1 The Group Chief Legal Officer and Company Secretary or her duly appointed nominee shall act as Secretary to the Committee.

5. Quorum

5.1 The quorum necessary for the transaction of business shall be two members of the Committee. Attendance by an alternate shall count towards the quorum.

5.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise any or all of the authorities, powers and discretions vested in or exercisable by the Committee.

5.3 The Committee may meet for the despatch of business, adjourn and otherwise regulate meetings as they think fit. Without prejudice to the foregoing, all members of the Committee may participate in a meeting of the Committee by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other. A member of the Committee so participating shall be deemed to be present in person at the meeting and shall be entitled to fully participate and be counted in the quorum accordingly.

6. Frequency of meetings

6.1 Meetings of the Committee shall be held four times a year and at any other such time as the Chairman of the Committee considers necessary or appropriate.

7. Notice of meetings

7.1 Meetings of the Committee shall be convened by the Secretary to the Committee at the request of Committee Chairman or any of its members.

7.2 Unless otherwise agreed, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting papers, shall be forwarded to each member of the Committee and to other attendees as appropriate prior to the date of the meeting.

8. Minutes of meetings

8.1 The Secretary shall minute the proceedings and decisions of all Committee meetings, including recording the names of those present and in attendance. The Secretary shall also minute the proceedings of any meeting between the Non-Executive Directors where executive management are not present at the discretion of the Committee Chairman.

- 8.2 The members of the Committee shall, at the beginning of each meeting, declare the existence of any conflicts of interest arising and the Secretary shall minute them accordingly.
- 8.3 Draft minutes shall be circulated promptly to the Committee Chairman and once agreed to all members of the Committee.
- 8.4 Once approved, minutes of Committee meetings shall be circulated to all members of the Board unless the Committee Chairman determines that it would be inappropriate to do so.

9. Annual General Meeting

- 9.1 The Committee Chairman shall attend the Annual General Meeting and respond to any shareholder questions on the Committee's activities and responsibilities.

10. Responsibilities

10.1 Board composition

The Committee shall:

- (i) keep under review the structure, size and composition of the Board, including the skills, experience, independence, knowledge and diversity and make recommendations to the Board; and
- (ii) review the Board diversity policy as it relates to recruitment and selection and to report to the Board as appropriate.

10.2 Succession planning

The Committee shall:

- (i) keep under review the leadership needs of the organisation both executive and non-executive with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace and attract and retain key people; and
- (ii) satisfy itself with regard to succession planning for the Board that processes and plans are in place for orderly succession for appointments to the Board and nominated senior executives.

10.3 Appointments to the Board

The Committee shall:

- (i) manage the process of identifying potential Board appointees. In identifying suitable candidates the Committee shall either use open advertising or external advisers to facilitate the search, provide a description of the role and capabilities required for each appointment, consider candidates on merit and against objective criteria and with due regard for the benefits of diversity (including gender) on the Board, and ensuring that candidates have sufficient time to dedicate to the position; and

- (ii) recommend candidates for assessment firstly to the Non-Executive Directors and the Group Chief Executive, and then to the Board for assessment and potential appointment.

10.4 Board evaluation

The Committee shall:

- (i) ensure that a comprehensive Board evaluation process occurs annually. The evaluation process may be conducted internally, provided that at least once every three years, in line with the UK Corporate Governance Code, the evaluation is conducted externally by an independent party;
- (ii) assess and ensure the time commitment to adequately fulfil the role of Chairman of the Board, Committee Chairmen, Senior Independent Director or Non-Executive Director is advised and made available; and
- (iii) review the results of the Board performance evaluation process that relate to the performance of the Committee and the composition of the Board and make recommendations to the Board as appropriate.

10.5 Corporate Governance

The Committee shall:

- (i) keep under review the Company's compliance with the UK Corporate Governance Code and to report to the Board regarding any changes to the Company's corporate governance practices that the Committee considers necessary or desirable;
- (ii) consider and if thought appropriate approve, additional commitments of Non-Executive Directors during their tenure especially where such commitment(s) might affect the time the Non-Executive Director is able to devote to their role;
- (iii) consider the rolling agenda for the Board at least twice a year and make recommendations as appropriate; and
- (iv) consider subsidiary board governance, including board composition and the effectiveness of subsidiary boards and board committees.

10.6 Conflicts of interest

The Committee shall ensure that prior to appointment the candidate is required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest.

10.7 Board recommendations

The Committee shall also make recommendations to the Board in relation to:

- (i) the re-appointment of any Non-Executive Director at the conclusion of his or her specified term of office having given due regard to their performance and ability to

continue to contribute to the Board in light of the knowledge, skills and experience required;

- (ii) the election or re-election by shareholders of any Director on an annual basis under the provisions of the UK Corporate Governance Code;
- (iii) the membership of the Group Audit, Board Risk, Group Investment, Remuneration, and any other Board Committees as appropriate in consultation with the chairman of those committees; and
- (iv) in general, any matters concerning the continuation in office of any Director at any time.

11. Reporting Responsibilities

11.1 The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting.

11.2 The Committee shall produce a report as part of the Company's Annual Report and Accounts, describing the activities of the Committee during the year, including the process it has used in relation to Board appointments and a description of the Board's policy on diversity, including gender.

11.3 The Committee shall:

- (i) at least once a year, review its own performance and terms of reference to ensure it is operating effectively, and recommend any changes it considers necessary to the Board; and
- (ii) make available its terms of reference in accordance with the provisions of the Code.

12. Other matters

12.1 The Committee shall:

- (i) have access to sufficient resources in order to carry out its duties, including access to the Group's Secretariat for assistance as required;
- (ii) 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; and
- (iii) give due consideration to the requirements of the UK Listing Authority's Listing Rules, Disclosure and Transparency Rules, Prospectus Rules, the provisions of the Code and any other relevant laws or regulations in force from time to time.

13. Authority

13.1 The Committee is authorised by the Board to:

- (i) seek any information it reasonably requires in order to effectively perform its duties;

- (ii) obtain, at the Company's expense, independent legal or other professional advice on any matters within its terms of reference;
- (iii) recommend to the Board any executive search consultants to be used to select Board candidates, including authority to approve their fees and other retention terms;
and
- (iv) delegate any of its duties as is appropriate to such persons or person as it thinks fit whilst retaining responsibility and oversight for any and all actions taken.