

**This letter is important and requires your immediate attention.**

If you are in any doubt as to the contents of this letter or the action you should take, you are recommended to seek your own financial advice immediately from a stockbroker, bank manager, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, (as amended from time to time), if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

22 December 2020



Dear Participant

**RSA Performance Share Plan 2014 and the recommended cash acquisition of RSA Insurance Group plc by Regent Bidco Limited (a wholly-owned subsidiary of Intact Financial Corporation)**

**What it means for your PSP Awards**

As you know, the boards of Regent Bidco Limited (“**Bidco**”), a wholly-owned subsidiary of Intact Financial Corporation (“**Intact**”), Tryg A/S (“**Tryg**”), and RSA Insurance Group plc (“**RSA**”) announced on 18 November 2020 that they had reached agreement on the terms of a recommended cash offer to be made by Bidco for the entire issued and to be issued share capital of RSA (the “**Acquisition**”).

**1. Why are we writing to you?**

We are writing to explain how the Acquisition will affect your currently outstanding PSP Awards and any further deferred bonus share awards that are granted to you under the PSP.

Please read everything in this letter and its Appendix carefully. **Their contents are very important.**

If you participate in other RSA share plans you will receive separate letters about the effect of the Acquisition on your other options or awards. Please read those letters carefully.

**No action is required to be taken by you as a result of this letter.**

**2. The Acquisition**

The Acquisition will result in RSA and its subsidiaries becoming wholly-owned subsidiaries of Bidco.

The Acquisition will take place through what is called a “scheme of arrangement” (the “**Scheme**”). This is a procedure that is subject to approval by RSA Shareholders and the

Court. In particular, the Court will sanction the Scheme on a date referred to throughout this letter as "**Court Sanction**". This date is not the date on which the Acquisition will be completed. The Acquisition is currently due to complete a few days after Court Sanction on the "**Effective Date**".

Further information on the Scheme is set out in the Scheme Document dated 16 December 2020 which was sent to RSA Shareholders. This letter should be read together with the Scheme Document. Copies of the Scheme Document and this letter are available on the RSA website at <https://www.rsagroup.com/investors/> and on Bidco's parent company website at <https://www.intactfc.com/English/investors/default.aspx>.

A brief explanation of some of the terms used in this letter is given in the Appendix to this letter.

### **3. What are the terms of the Acquisition?**

The terms of the Acquisition are set out in full in the Scheme Document. However, in summary, RSA Shareholders will be entitled to receive £6.85 for each RSA Share they own at the Scheme Record Time.

### **4. When is the Acquisition likely to take place?**

The Acquisition is currently expected to become effective in the second quarter of 2021, subject to RSA Shareholder approval and receipt of the relevant antitrust and regulatory approvals. The date of Court Sanction will be announced by a Regulatory Information Service (with such announcement being made available on RSA's website at <https://www.rsagroup.com/investors/>) and you will be updated when the timing is confirmed. An expected timetable of key events relating to the Acquisition is available in the Scheme Document.

### **5. How does the Acquisition affect your PSP Awards?**

As a result of the Acquisition, your PSP Awards will vest on Court Sanction. The extent to which they vest will depend on (i) the RSA Remuneration Committee's determination as to the extent to which any applicable performance conditions have been satisfied as at that date and (ii) the extent, if any, to which the RSA Remuneration Committee applies a reduction in the number of RSA Shares under award to reflect the time elapsed between the award date and the date of Court Sanction as a proportion of the normal vesting or performance period. Any part of your PSP Awards that does not vest will lapse on Court Sanction.

The RSA Shares you receive in respect of any PSP Awards which vest on Court Sanction will be automatically acquired by Bidco under the Scheme for £6.85 in cash for each RSA Share (less any tax and social security contributions that RSA is required to withhold, set out in more detail in section 9).

If any of your PSP Awards vest before Court Sanction, RSA Shares will be transferred to you and any RSA Shares you own at the Scheme Record Time will also be automatically acquired by Bidco as part of the Scheme.

If your role at RSA is subject to the requirements of the Solvency II regime, and/or the Capital Requirements Directive, regarding deferral and adjustment of variable remuneration (i.e. you are a Material Risk Taker, Key Governance Function Holder or

other identified jobholder), those requirements continue to apply to any PSP Awards which were granted to you at a time when you were subject to those requirements and which vest on Court Sanction. To ensure that you, and RSA, meet those regulatory requirements, part of the cash proceeds that will arise when Bidco acquires under the Scheme your RSA Shares resulting from those PSP Awards will be withheld and paid to you in the first practicable payroll following the earliest date on which Solvency II and/or Capital Requirements Directive rules (as appropriate) allow them to be released to you. Further information in relation to this will be sent to you on or around the time of Court Sanction.

If Court Sanction does not happen for any reason, your PSP Awards will continue as normal, subject to the rules of the PSP.

Section 8 below explains what happens to your PSP Awards if you leave employment with the RSA Group.

## **6. What do you need to do?**

You do not need to do anything for your PSP Awards to vest and your RSA Shares to be acquired by Bidco. On the earlier of the normal vesting date and the date of Court Sanction, your PSP Awards will vest automatically.

If the Acquisition goes ahead, any RSA Shares you hold will be automatically acquired by Bidco and you will receive £6.85 in cash for each RSA Share (less any tax and social security contributions that RSA is required to withhold). Any proceeds due to you that are not subject to a period of continued deferral under Solvency II (as explained in section 5) will be paid to you at the next practicable opportunity after the Effective Date.

Any RSA Shares you hold at the Scheme Record Date from previous PSP vestings will also be bought automatically for £6.85 per RSA Share.

## **7. Can you opt out of the Scheme and retain your existing PSP Awards?**

No. If Court Sanction and the Effective Date occur, your PSP Awards will be automatically treated in the way described above, in accordance with the PSP rules.

## **8. What if you leave employment with the RSA Group?**

### **(A) Leaving the RSA Group before Court Sanction**

The leaver provisions under the PSP will apply to your PSP Awards in the normal way if you leave the RSA Group before Court Sanction. This means that:

- (i) if you hold a deferred bonus share award under the PSP, your PSP Award will continue in effect unless your employment is terminated in circumstances in which it could have been terminated without notice or rule 9 (*Pre-Vesting Adjustment and Clawback*) of the PSP applies, in which case your PSP Award will lapse on the date on which you leave employment (or, if the RSA Remuneration Committee so decides, on the date that you give or receive notice to leave employment);

(ii) if you hold a performance share award or a restricted share award under the PSP:

- (a) if you do not qualify as a “good leaver” under the rules of the PSP, your PSP Award will lapse on the date on which you leave employment (or, if the RSA Remuneration Committee so decides, on the date that you give or receive notice to leave employment); or
- (b) if you do qualify as a “good leaver” under the rules of the PSP (for example, if you leave because of death, ill-health, injury, disability, retirement or redundancy), your PSP Award will continue in effect.

If your PSP Award continues in effect, it will vest on the earlier of the normal vesting date and the date of Court Sanction. Your PSP Award will vest to the extent that any applicable performance condition is achieved and subject to any pro-rating for time that may be applied.

(B) Leaving the RSA Group after Court Sanction

Because your PSP Awards will have vested on Court Sanction, they will not exist after this point and so leaving after Court Sanction will have no effect. Your leaving will not affect when you receive your cash payments.

**9. What are the tax implications?**

As the tax rules for each country are different, the final amount of tax and social security contributions you will have to pay depends upon where you are resident for tax purposes.

Where applicable, a sufficient amount will be deducted from the cash proceeds due to you from Bidco to cover any tax withholding due. Please note that even if tax has been deducted you may still have to report the receipt and sale of RSA Shares on your personal tax return.

If tax and social security contributions have not been deducted by RSA you may have to pay some tax and social security contributions directly to the tax authority yourself or from a subsequent salary payment.

We strongly recommend that if you are unsure how your PSP Award will be taxed you seek advice from an independent financial or tax adviser in your country.

This letter does not constitute tax advice to any individual participant.

Please note that none of RSA, Bidco, Intact or Tryg can provide you with legal, personal tax or financial advice. If you are in any doubt as to the action you should take, you are recommended to seek advice from an independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended from time to time), if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

## **10. What if you have questions?**

If you have any questions that relate to your PSP Awards, please contact the RSA Share Plans helpline on 0800 141 2955 and select Option 2. Please note that calls may be monitored or recorded, and no legal, tax or financial advice on the merits of the Acquisition, the Scheme or its effect on your PSP Awards can be provided.

If you are in any doubt as to the effect the Acquisition will have on your personal tax position, you are strongly recommended to seek your own independent financial and/or tax advice.

## **11. Important notes**

As your PSP Awards will vest automatically on Court Sanction, no Proposals are being made to you in respect of the Acquisition. The RSA Directors, who have been so advised by BofA Securities, Robey Warshaw LLP and Goldman Sachs International consider it fair and reasonable in the context of the Acquisition that no Proposals are being made. In providing their advice to the RSA Directors, BofA Securities, Robey Warshaw LLP and Goldman Sachs International have taken into account the commercial assessments of the RSA Directors. BofA Securities, Robey Warshaw LLP and Goldman Sachs International are providing independent financial advice to the RSA Directors for the purposes of Rule 15(b) of the City Code on Takeovers and Mergers.

Nothing in this letter constitutes financial advice to any holder of shares, share awards or share options in RSA or Bidco, Intact or Tryg.

If you have received this letter electronically, you may request a hard copy of this letter, by contacting the RSA share plans team by email to share.scheme.team@gcc.rsagroup.com stating your name, and the address to which the hard copy should be sent. You may also request that all future letters, documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form.

If there is a conflict between the information in this letter and the Appendix and the rules of the PSP, the Directors' Remuneration Policy (where applicable) or any relevant legislation, the rules, the Directors Remuneration Policy and the legislation will prevail.

Yours faithfully

Yours faithfully

**Karen Caddick**

**Louis Gagnon and Louis Marcotte**

For and on behalf of RSA Insurance Group plc For and on behalf of Regent Bidco Limited

## Appendix

### A brief explanation of some definitions

**“Acquisition”** means the recommended cash offer for the entire issued and to be issued share capital of RSA made by Bidco, a wholly-owned subsidiary of Intact;

**“Bidco”** means Regent Bidco Limited;

**“Bidco Directors”** means the directors of Bidco;

**“Bidco Group”** means Bidco and its subsidiaries and subsidiary undertakings;

**“BofA Securities”** means Merrill Lynch International;

**“Court”** means the High Court of Justice in England and Wales;

**“Court Sanction”** means the date on which the Court sanctions the Scheme under section 899 of the Companies Act 2006;

**“Effective Date”** means the date on which the Scheme becomes effective in accordance with its terms;

**“Intact Directors”** means the directors of Intact;

**“Proposals”** means the proposals by Bidco for the purpose of Rule 15 of the City Code on Takeovers and Mergers;

**“PSP”** means the PSP Performance Share Plan 2014, as amended from time to time;

**“PSP Awards”** means conditional share awards over RSA Shares granted to employees and former employees of the RSA Group under the PSP;

**“RSA”** means RSA Insurance Group plc;

**“RSA Directors”** means the directors of RSA as at the date of this letter;

**“RSA Group”** means RSA and its subsidiaries and subsidiary undertakings from time to time;

**“RSA Shareholders”** means holders of RSA Shares;

**“RSA Shares”** means ordinary shares of 100 pence each in the capital of RSA;

**“Scheme”** means the procedure by which Bidco will become the holder of the entire issued and to be issued ordinary share capital of RSA;

**“Scheme Document”** means the document setting out the terms of the Scheme dated 16 December 2020 sent to RSA Shareholders;

**“Scheme Record Time”** means 6.30 p.m. on the business day immediately prior to the Effective Date; and

**“Tryg Directors”** means the directors of Tryg.

## Notes

The distribution of this letter (in whole or in part) in or into jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this letter comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Merrill Lynch International ("**BofA Securities**"), which is authorised by the Prudential Regulation Authority ("PRA") and regulated in the United Kingdom by the Financial Conduct Authority ("FCA") and the PRA, is acting as financial adviser and corporate broker exclusively for RSA and no one else in connection with the Acquisition and will not be responsible to anyone other than RSA for providing the protections afforded to clients of BofA Securities nor for providing advice in relation to the Acquisition or any matter referred to herein.

BofA Securities has given and not withdrawn its written consent to the issue of this letter with the inclusion of references to its name in the form and context in which they are included.

Robey Warshaw LLP, which is authorised and regulated in the United Kingdom by the FCA, is acting as financial adviser exclusively for RSA and no one else in connection with the Acquisition and will not regard any other person as its client in relation to the matters referred to in this letter and will not be responsible to anyone other than RSA for providing the protections afforded to clients of Robey Warshaw LLP, nor for providing advice in relation to the Acquisition or the matters referred to in this letter.

Robey Warshaw LLP has given and not withdrawn its written consent to the issue of this letter with the inclusion of references to its name in the form and context in which they are included.

Goldman Sachs International, which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting exclusively for RSA and no one else in connection with the Acquisition and will not be responsible to anyone other than RSA for providing the protections afforded to clients of Goldman Sachs International, or for providing advice in relation to the Acquisition or the matters referred to in this letter.

Goldman Sachs International has given and not withdrawn its written consent to the issue of this letter with the inclusion of references to its name in the form and context in which they are included.

This letter does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for shares in any jurisdiction in which such offer or solicitor is unlawful.

The RSA Directors, whose names are set out in section 2.1 of the Scheme Document, accept responsibility for the information contained in this letter, including expressions of opinion, other than information for which responsibility is taken by the Bidco Directors, the Intact Directors and the Tryg Directors. To the best of the knowledge and belief of the RSA Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Bidco Directors, whose names are set out in section 2.2 of the Scheme Document, accept responsibility for the information contained in this letter, including any expressions of opinion, relating to the Bidco Group, the Bidco Directors and their respective immediate families and the related trusts of and persons connected with the Bidco Directors, and persons acting in concert with Bidco (as such term is defined in the City Code on Takeovers and Mergers). To the best of

the knowledge and belief of the Bidco Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Intact Directors, whose names are set out in section 2.3 of the Scheme Document, each accept responsibility for the information contained in this letter relating to them (and their close relatives, related trusts and other persons connected with them), Intact, Bidco, and the directors of Bidco. To the best of the knowledge and belief of the Intact Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter (including any expressions of opinion) for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Tryg Directors, whose names are set out in section 2.4 of the Scheme Document, each accept responsibility for the information contained in this letter relating to them (and their close relatives, related trusts and other persons connected with them) and Tryg. To the best of the knowledge and belief of the Tryg Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this letter (including any expressions of opinion) for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.