

Group Remuneration Committee

TERMS OF REFERENCE



Approved: November 2023

In these Terms of Reference, the following terms shall have the following meanings:

Board	The Board of Directors of the Company
Committee	The Group Remuneration Committee
Company	Admiral Group plc
Executive Directors	The Group Chief Executive Officer (“CEO”) and Group Chief Financial Officer (“CFO”)
Group	The Company and the Group Subsidiary Companies (as defined below)
Group Subsidiary Company	EUI Limited (“EUI”), Admiral Insurance Company Limited (“AICL”), Admiral Insurance (Gibraltar) Limited (“AIGL”), Admiral Financial Services Limited (“AFSL”), Able Insurance Services Limited (“Pioneer”), Admiral Law Limited, Admiral Europe Compañía de Seguros S.A.U. (“AECS”), Inspop USA LLC and Elephant Holding Company LLC
Group Weekly	A group of the Group CEO’s most senior reports which meets on a weekly basis to discuss key issues of the day
Senior Managers	All Group entity CEOs, the heads of Group functions and any other managers that report to any one of the Executive Directors, providing they attend the Group Weekly and excluding any temporary project-related reporting lines
Solvency II Staff	Staff who may have a material impact on the Company’s risk profile as well as approved persons and key function holders

1. Membership

- 1.1** The Committee Chair shall be appointed by the Board on the recommendation of the Group Nomination and Governance Committee and shall be an independent Non-Executive Director who will have served on a remuneration committee for at least 12 months before taking on the role of Committee Chair.
- 1.2** Members of the Committee shall be appointed by the Board, on the recommendation of the Group Nomination and Governance Committee, in consultation with the Committee Chair. Appointments to the Committee shall be for a period of up to three years, extendable by no more than two additional three-year periods, provided the Director still meets the criteria for membership of the Committee. One member shall generally be a member of the Group Audit Committee or Group Risk Committee.
- 1.3** The Committee shall comprise at least three members, who shall be selected to enable the Committee to exercise competent and independent judgement on remuneration policy and its oversight, all of whom shall be independent Non-Executive Directors.
- 1.4** The Board Chair may also serve on the Committee as an additional member if they were considered independent upon appointment as Board Chair. The Board Chair shall not chair the Committee.

- 1.5** Only members of the Committee have the right to attend Committee meetings; however, other Board members are also welcome to attend. Other individuals such as the Board Chair, the Group CEO, the Group Head of Talent and Reward, the Group Head of Reward, the Share Plan Manager, the Group Chief Risk Officer, and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- 1.6** In the absence of the Committee Chair and/or appointed deputy, the remaining members present shall elect one of themselves to chair the meeting, providing they qualify under these Terms of Reference to be appointed to that position by the Board.
- 1.7** The Committee Chair shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 1.8** The Group Company Secretary or their nominee shall act as secretary to the Committee and provide all necessary support to the Committee, including the recording of Committee minutes and ensuring that the Committee receives information and papers in a timely manner to enable full and proper consideration of the relevant issues.

2. Quorum

- 2.1** The quorum necessary for the transaction of business shall be two members, present in person or by audio or video conference.
- 2.2** A duly convened meeting of the Committee 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. The Committee Chair does not have a casting vote.

3. Authority and Frequency of Meetings

- 3.1** The Committee is authorised by the Board to investigate any matter within its Terms of Reference. It is authorised to seek any information it requires from any employee in order to perform its duties. All employees are directed to co-operate with any requests made by the Committee.
- 3.2** The Committee is authorised by the Board to obtain outside professional advice and to secure the attendance of outsiders with relevant experience and expertise whenever necessary.
- 3.3** The Committee shall meet not less than twice a year and at such other times as the Committee Chair shall require.
- 3.4** No person (including Executive Directors and the Committee Chair) shall participate at a meeting of the Committee (or during a relevant part) at which any part of their remuneration is being directly discussed

or participate in any recommendation or decision specifically concerning their remuneration.

3.5 If required, matters may be approved by written resolution and approved electronically.

4. Notice of Meetings

4.1 Meetings of the Committee shall be called by the Group Company Secretary (or their nominee) at the request of any of its members.

4.2 Unless otherwise agreed, each member of the Committee and any other person required to attend should be provided with notice of the meeting confirming the time, date and venue for the meeting along with the meeting agenda, no later than five working days before the date of the meeting. Any relevant papers should be sent to the Committee members, and any other attendees where appropriate, at the same time but Committee papers may be forwarded at shorter notice with the approval of the Committee Chair.

5. Minutes of Meetings

5.1 The Group Company Secretary (or their nominee) shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

5.2 Following review by the Committee Chair, draft minutes of each meeting should be circulated to each member of the Committee and, once approved, to all members of the Board unless it would be inappropriate to do so.

6. Annual General Meeting (“AGM”)

6.1 The Committee Chair should attend the AGM to respond to any shareholder questions on the Committee’s activities and responsibilities.

7. Duties

The Remuneration Committee shall carry out the following duties on behalf of the Group:

7.1 Remuneration Policy

The Committee shall:

7.1.1 In consultation with the Board Chair and/or Group CEO, as appropriate, determine and agree with the Board the policy for the total remuneration package (including basic salary, bonus and incentive

payments, share-based rewards, and any other measurable financial benefits (such as pension, accommodation and travel benefits) and payments made each year, of:

- i) The Board Chair;
- ii) The Executive Directors;
- iii) Senior Managers; and
- iv) Any other individual whose total remuneration package exceeds £500,000 and share awards over 7,500.

7.1.2 In determining the remuneration policy and payments made under the policy for the year, the Committee shall take into account all factors which it deems necessary, including:

- i) All legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code and associated guidance are considered, including:
 - (1) The requirements of the PRA and FCA Remuneration Codes and other relevant remuneration regulations;
 - (2) The requirements of the Solvency II Directive when applicable;
- ii) The business strategy and culture of the Group and how the policy reflects and supports the business strategy, culture and customer outcomes;
- iii) The Company's risk appetite and risk management strategy ensuring that the remuneration policy is aligned to the Company's risk policies and systems, its risk tolerance and long-term strategic goals and promotes sound and effective risk management;
- iv) Remuneration trends and pay and employment conditions and policies across the Group including the total Group expenditure on employee remuneration and pay ratios and gaps;
- v) Whether there is an appropriate balance between fixed and performance related remuneration, immediate and deferred remuneration and if existing schemes appropriately support long-term shareholdings;
- vi) The transparency of the performance-related elements, ensuring that they are stretching and rigorously applied;
- vii) Ensuring that a methodology is adopted for identifying Solvency II Staff in the Group;
- viii) Taking care to recognise and manage conflicts of interest when receiving views from Executive Directors, Solvency II Staff or Senior Managers, or consulting the CEO about its proposals.
- ix) In setting and changing basic salaries, the Committee will have regard to the impact on other forms of remuneration which are linked to basic salary

7.1.3 The Committee shall approve and make recommendations to the Board, appropriate remuneration packages for any new Executive Director appointments and termination packages including contractual

terms and pension benefit entitlements, ensuring where relevant that any packages and component thereof are permitted under the latest shareholder-approved Directors' Remuneration Policy and if not, that either a revised Directors' Remuneration Policy or the proposed payment are submitted for shareholder approval.

- 7.1.4** The remuneration of Non-Executive Directors shall be a matter for recommendation to the Board by the Board Chair and the Executive Directors and should be determined within the limits set in the Company's Articles of Association and should also reflect time commitment and responsibility of the roles. No individual shall be involved in any decisions as to their own remuneration.
- 7.1.5** The remuneration of Group Subsidiary Company Chairs shall be determined as outlined below:
- 7.1.5.1** A recommendation shall be proposed by the Group CEO, with input from the relevant Group Subsidiary Company CEO; to the Board Chair for their consideration;
 - 7.1.5.2** If the proposal is agreed, a recommendation shall be made by the Group CEO for consideration and approval by the Committee; and
 - 7.1.5.3** In the event of disagreement regarding the decision made by the Committee, the Group CEO shall meet with the Committee Chair to seek to resolve such disagreement. If such disagreement cannot be resolved, the final decision shall rest with the Committee.
- 7.1.6** The remuneration of Group Subsidiary Company Non-Executive Directors shall be determined as outlined below:
- 7.1.6.1** A recommendation shall be proposed by the relevant Group Subsidiary Company CEO and Chair to the Group CEO and Board Chair for their consideration;
 - 7.1.6.2** If the proposal is agreed, a recommendation shall be made by the relevant Group Subsidiary Company Chair for consideration and approval by the Committee;
 - 7.1.6.3** In the event of disagreement regarding the decision made by the Committee, the relevant Group Subsidiary Company Chair shall meet with the Committee Chair to seek to resolve such disagreement. If such disagreement cannot be resolved, the final decision shall rest with the Committee.
- 7.1.7** The Committee shall also approve the total remuneration packages for any new appointments for roles exceeding £500,000 and share awards over 7,500, and buyouts of share awards beyond £100,000, but not future remuneration payments (unless captured within the scope of the Committee, as defined at 7.1.1)
- 7.1.8** The Committee's responsibilities for Solvency II staff not captured within the Committee remit (as defined at 7.1.1) are to:

- 7.1.8.1** Approve the overall design and implementation of remuneration policies and procedures on an annual basis;
- 7.1.8.2** Oversee remuneration decisions, including termination agreements, to ensure that they are designed and operated in a way that does not reward failure;
- 7.1.8.3** Assess aggregate awards on an annual basis and monitor remuneration on an individual basis; and
- 7.1.8.4** Approve the list of Solvency II staff on a six monthly basis, ensuring that a full record of the assessment criteria and the list is retained for each performance year.

7.1.9 Regarding the role of Group Subsidiary Company Boards:

- 7.1.9.1** Group Subsidiary Company Boards will retain responsibility for determining the structure and principles of reward for their respective employees, unless captured within the Committee's remit (as defined in 7.1.1).
- 7.1.9.2** Group Subsidiary Company Boards shall be consulted on the remuneration of their respective CEOs and their respective chairs shall make any representations to the Group CEO for consideration, who will in turn make a recommendation to the Committee for approval.
- 7.1.9.3** Group Subsidiary Company Boards may escalate matters to the Committee for input as required.

7.1.10 The Committee shall agree the policy for authorising claims for business expenses from the Executive and Non-Executive Directors.

7.2 Shareholder Approval

The Committee shall:

- 7.2.1** Submit for approval by the Board and shareholders a Directors' Remuneration Policy (on a binding basis) (to be included in the Directors' Remuneration Report as appropriate):
 - every three years;
 - in any year in which there is a significant change relative to the prior year; and
 - if majority shareholder approval was not obtained when last submitted for their approval; and
 - if majority shareholder approval was not achieved on the last submitted Annual Director's Remuneration Report.
- 7.2.2** The objective of the Directors' Remuneration Policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully and to encourage enhanced performance without, in the view of the Committee, paying more than is necessary, having due regard to views of shareholders and other stakeholders.

- 7.2.3** The Directors' Remuneration Policy should have regard to the risk appetite of the Company and alignment to the Company's long-term strategic goals and workforce remuneration and be designed to promote the long-term success of the Company.
- 7.2.4** Submit annually the Directors' Remuneration Report for approval by the Board and shareholders (on an advisory basis) at the AGM each year.
- 7.2.5** Ensure that the Directors' Remuneration Report includes the information on Directors' remuneration required to be disclosed by the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and subsequent amendments, Companies Act 2006 (including regulations made thereunder), the UK Corporate Governance Code, the UK Listing Authority's Listing Rules (as published by the Financial Conduct Authority) and any other relevant statutory, regulatory or governance codes, as well as, when relevant, guidelines published by the Investment Association, Institutional Shareholder Services and the Pensions and Lifetime Savings Association.

7.3 Share Based Remuneration and Bonus Arrangements

The Committee shall:

- 7.3.1** Approve the design of, and determine the targets for, any performance-related pay schemes operated by the Company to ensure that such performance-related schemes are designed to promote the long-term success of the Company and the business unit as appropriate, including effective risk management and compliance.
- 7.3.2** Monitor and assess any performance condition applicable to any bonuses, short-term and long-term incentive awards granted under any schemes or plans adopted by the Company and ensure that performance conditions within such schemes are fully explained and clearly linked to the enhancement of shareholder value.
- 7.3.3** Ensure that performance related elements for individuals within the Committee's remit (as defined at 7.1.1) include an overall assessment of individual performance (not just the performance of a particular business unit or entity) and should be transparent, stretching and rigorously applied, and include the ability for the Committee to apply discretion to override formulaic outcomes.
- 7.3.4** Ensure that schemes include provisions that would enable the Company to recover sums paid or withhold the payment of any sum (malus and clawback), and the Committee shall agree a policy that specifies the circumstances in which it would be appropriate to do so.
- 7.3.5** Consider the eligibility of individuals within the Committee's remit (as defined at 7.1.1) for annual bonuses and benefits and approve the total annual payments made under these schemes.
- 7.3.6** Review annually any Executive Share Scheme or other Long Term Incentive Plan operated, by or to be

established by, the Company. Each year it must be determined whether awards should be made, to whom they should be made, the overall amount that should be awarded taking due regard to the Group's financial position and share price, the time of the award, the objective performance and other vesting criteria that are to be used, and the risk adjustments to apply, including malus and/or clawback.

7.3.7 Consider whether an Executive Director should be required to hold a minimum number of shares for a further period after vesting or exercise, including a period after leaving the Company.

7.3.8 Ensure that introduction of new share incentive plans or major changes to existing plans shall be approved by the Board and be subject, where appropriate, to shareholder approval.

7.3.9 Make recommendation to the Board for approval in the event that a proposed allocation of awards under share plans is in excess of an agreed level and ensure the total to be allocated is within limits approved by shareholders.

7.4 Remuneration Consultants

The Committee shall:

7.4.1 Be responsible, on behalf of the Board, for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee, within any budgetary constraints imposed by the Board. However, the Committee will avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.

7.4.2 Where remuneration consultants are appointed, a statement should be made available in the Directors' Remuneration Report, which details any other involvements that they have with the company or individual directors in other capacities.

7.5 Service Contracts and Severance

The Committee shall:

7.5.1 Approve the terms of service contracts for Executive Directors, the duration of which shall not normally exceed one year's notice period, and any material amendments to those contracts.

7.5.2 Ensure that contractual terms on termination for Executive Directors, and any payments made, are fair to the individual and the Company and in accordance with legal and regulatory requirements, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

8. Risk Management

8.1 The Risk Management function should validate and assess the risk adjustment techniques applied by the Committee to remuneration, and the Group Chief Risk Officer should attend Committee meetings at least

annually to report on risk management within the Company.

- 8.2** With input from the Group Risk Committee, ensure that risk is properly considered in setting the overall remuneration policy of the Group and the remuneration of any individuals within the Committee's remit (as defined at 7.1.1), in order that conflicts are not generated and that remuneration arrangements promote ethical behaviour of all employees of the Group and do not encourage risk taking that exceeds the Group's risk appetite. The Group Risk Committee shall also provide input on risk events and culpability which the Committee shall consider when determining adjustments to be applied to performance objectives and remuneration arrangements.
- 8.3** Review annually the risk and customer outcome performance and whether remuneration outcomes appropriately reflect these.
- 8.4** Review a half-yearly Risk Report on Remuneration from the Group Risk Committee confirming its view of which risk events should be considered under malus and/or clawback and/or application of the risk multiplier and confirming that it has reviewed customer facing staff incentive arrangements. The Committee will review and approve any recommendations from the Group Risk Committee regarding any proposed adjustments to the remuneration of affected individuals.
- 8.5** Preclude the use of personal hedging strategies or remuneration liability related insurance that would undermine the risk alignment embedded in the remuneration structures.
- 8.6** Review and approve annually, for submission to the PRA, the Group's Remuneration Policy Statement as required under Solvency II.

9. Reporting Procedures

- 9.1** The Committee Chair should report to the Board after each meeting on all matters that have been discussed which are within its duties and responsibilities. The minutes of all meetings shall be included in the Board papers for a subsequent Board meeting available upon request.
- 9.2** The Committee shall make whatever recommendations to the Board it deems appropriate on any area that is within its remit where action or improvement is needed.
- 9.3** Make available to shareholders these Terms of Reference by placing them on the Company's website.

10. Committee Performance

- 10.1** The Committee shall have access to sufficient resources in order to carry out its duties, including access to the Group Company Secretary for assistance as required.
- 10.2** The Committee shall 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. Any individual training to be discussed and agreed with the Group Company Secretary.

- 10.3** The Committee shall review, at least annually, its own performance, constitution and Terms of Reference in order to ensure that it continues to operate at maximum effectiveness. Any changes that it considers necessary should be put before the Board for approval.

11. Other Matters

The Committee shall:

- 11.1** Keep abreast of external remuneration trends and market conditions including receiving an annual presentation from its external recruitment consultants.
- 11.2** Consider annually the Group's compliance with Gender and Ethnicity Pay Gap reporting requirements and consider any actions to ensure that the Group is compliant with their requirements.
- 11.3** Through the Board Chair, ensure that the company maintains contact as required with its principal shareholders on remuneration. Where there is a significant vote (of 20% or more) against the Directors' Remuneration Policy or Directors' Remuneration Report, the Committee will take any necessary actions to understand the reasons for the vote and publish an explanation of the reasons. The Committee will publish within 6 months of the vote, update on its actions undertaken and shareholders views heard and also outline the impact of shareholders' feedback on decisions and actions made by the Committee and Board in the next Director's Remuneration Policy.
- 11.4** Give due consideration to all; relevant laws and regulations, the provisions of the Code and published guidelines or recommendations regarding the remuneration of Company Directors and the formation and operation of share incentive plans, the requirements of the FCA's Listing Rules, Prospectus Rules, Disclosure Guidance and Transparency Rules sourcebook, and any other applicable rules, as appropriate.
- 11.5** Consider such other matters as are referred to the Committee by the Board.
- 11.6** Work and liaise as necessary with all other Board Committees, ensuring the interaction between committees and with the Board is reviewed regularly.

Evelyn Bourke
Group Remuneration Committee Chair