



CONDUIT RE

DATED 18 NOVEMBER 2020

CONDUIT HOLDINGS LIMITED

REMUNERATION COMMITTEE – TERMS OF REFERENCE

CONDUIT HOLDINGS LIMITED (THE "COMPANY")

REMUNERATION COMMITTEE – TERMS OF REFERENCE

1. MEMBERSHIP

1.1 The members of the Remuneration Committee (the "**Committee**") for the time being shall be:

Brian Williamson (Chair)
Ken Randall
Malcolm Furbert
Richard Sandor

1.2 The Committee shall consist of a minimum of two members appointed by the Board of the Company (the "**Board**"), on the recommendation of the nomination committee and in consultation with the Chair of the Committee. All members shall be independent non-executive directors.

1.3 The Chair of the Committee shall be appointed by the Board on the recommendation of the nomination committee, which shall determine the period for which they shall hold office, and in consultation with the Committee. The Chair of the Committee shall be a non-executive director who has served on a remuneration committee for at least 12 months. The Chair of the Committee should be an independent director and shall make appropriate disclosures to the Board of conflicts of interests/matters that might compromise that independence.

1.4 In the absence of the Chair of the Committee and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board.

1.5 Appointments to the Committee shall be for a period of up to three years, which may be extended for up to two additional three-year periods, provided the members continue to be independent.

1.6 Any Committee member, by notice to the Chairman, is authorised to appoint any person to act as his authorized representative at an upcoming Committee meeting.

1.7 Only Members of the Committee have the right to attend Committee Meetings. However, other individuals such as the Company's Executive Chair and/or Chief Financial Officer and/or Head of Human Resources may be invited to attend and speak at meetings (or parts thereof) of the Committee. Other persons may be called upon or shall be able to speak by prior arrangement with the Chair of the Committee.

2. SECRETARY

The Company Secretary or their nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

3. QUORUM

The quorum for decisions of the Committee shall be any two members present in person or by duly authorized representative and a resolution put to the vote at a Committee meeting shall be carried by the affirmative votes of majority of the votes cast and in the case of an equality of votes the Chair shall have a casting vote. Members may participate in any meeting by such telephonic, electronic or other communication facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

4. FREQUENCY OF MEETINGS

The Committee shall meet not less than twice each year or otherwise as required.

5. NOTICE OF MEETINGS

5.1 Meetings may also be called by the Secretary of the Committee at the request of any member of the Committee.

5.2 Notice of any meeting of the Committee shall be given to each member of the Committee and notice of a Committee meeting shall be deemed to be duly given to a member if it is given to such member verbally (including in person or by telephone) or otherwise communicated or sent to such member by post, electronic means or other mode of representing words in a visible form at such member's last known address or in accordance with any other instructions given by such member to the Company for this purpose. Notice of the meeting should confirm the venue, time and date together with an agenda of items to be discussed. Notice shall be sent to each member of the Committee, any other person required to attend and all other non-executive directors. Supporting papers shall be sent to Committee members and to other attendees, as appropriate, at the same time.

6. MINUTES OF MEETINGS

6.1 The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance and the existence of any conflicts of interest.

6.2 The draft minutes of the meetings of the Committee shall be circulated to all members of the Committee and, once agreed, to all members of the Board unless a conflict of interest exists or exceptionally, in the opinion of the Chair of the Committee, it would be inappropriate to do so.

7. ENGAGEMENT WITH SHAREHOLDERS

The Chair of the Committee shall be available at the Annual General Meeting of the Company to answer questions arising from the Committee's annual report of the Company's remuneration policy and practices, which will form part of the Company's annual report to shareholders, and generally on the Committee's activities and achievements. The Chair of the Committee should also seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

8. DUTIES

The Committee shall, on behalf of the Board and the shareholders of the Company:

- 8.1** be responsible for determining, in accordance with the principles and provisions of the UK Corporate Governance Code (the "**Code**"), the policy for directors' remuneration and setting remuneration for the Executive Chair of the Board, executive directors and senior management including the company secretary (the "**Executive Group**"). No director or senior manager shall be involved in any decisions as to their own remuneration. The Board itself, or, where required by the Bye-laws, the shareholders should determine the remuneration of the non-executive directors, within the limits set in the Bye-laws;
- 8.2** in determining the remuneration policy, take into account relevant legal and regulatory requirements, the provisions and recommendations of the Code, associated guidance and any other factors which it deems necessary. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of shareholders and other stakeholders;
- 8.3** in determining executive director remuneration policy and practices (including for the Executive Chair), address the following:
 - 8.3.1** clarity: remuneration arrangements should be transparent and promote effective management with shareholders and the workforce;
 - 8.3.2** simplicity: remuneration structures should avoid complexity and their rationale and operation should be easy to understand;
 - 8.3.3** risk: remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target based incentive plans, are identified and mitigated;
 - 8.3.4** predictability: the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy;
 - 8.3.5** proportionality: the link between individual rewards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance; and

termination of that person's employment (once the decision to dismiss or reach agreement to terminate employment has been taken by the Board);

- 8.11** approve the design of, and determine targets for, any performance related pay schemes operated by the Company for the Executive Group and consider setting a limit in monetary terms for what it considers is a reasonable reward for individual executives;
- 8.12** establish and review, as the Committee considers necessary, key performance indicators, gender and other pay reporting metrics
- 8.13** in relation to any incentive plan for the Executive Group, including cash bonus plans and any share-based plans:
 - 8.13.1** determine policy for the grant of awards/options to ensure that they are provided with appropriate incentives consistent with the Company's policy;
 - 8.13.2** approve all and any awards/options to the Executive Group, including consideration of the quantum of grants and vesting schedules;
 - 8.13.3** set appropriate performance targets in connection with the awards and options;
 - 8.13.4** determine, in conjunction with the Company's advisers, whether such performance targets have been satisfied;
 - 8.13.5** approve any amendments to the plans prior to obtaining any necessary shareholder approval;
 - 8.13.6** exercise any discretion specified in the rules of the plans and generally oversee the administration of plans offered to the Executive Group;
 - 8.13.7** ensure the plans include provisions that would enable the Company to recover sums paid or withhold the payment of any sum, and specify the circumstances in which it would be appropriate to do so; and
 - 8.13.8** determine each year whether any awards will be made under the plans and, if so, the overall amount of such awards, the individual awards to the Executive Group and the performance targets to be used;
- 8.14** consider and review the terms of any new equity plans for the Executive Group;
- 8.15** administer all aspects of any all-employee share scheme operated by or to be established by the Company in accordance with the rules of that scheme and any applicable legal and stock exchange requirements and with any requirements of the relevant tax authority;
- 8.16** consider and make recommendations to the Board concerning disclosure of details of remuneration packages and structures in addition to those required by law or by the FCA or the London Stock Exchange;

- 8.17** obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity. The Committee shall have full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations. The Committee will be at liberty (at the cost of the Company) to obtain outside legal or other independent professional advice in carrying out its tasks and such persons shall be permitted to attend meetings of the Committee but shall not be members of it;
- 8.18** be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company. However, the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants;
- 8.19** determine the policy for, and scope of, pension arrangements for each executive director and other senior executives including ensuring that only basic salary is pensionable and that the pension contribution rates for the Executive Chair and the executive directors, or payments in lieu, are aligned with those available to the workforce;
- 8.20** oversee any major changes in employee benefits structures throughout the Company or Group;
- 8.21** ensure that remuneration schemes promote long term shareholdings by the Executive Chair, the executive directors and the wider management team that support alignment with long-term shareholder interests, with share awards subject to staggered vesting over a total period of at least five years, and a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares;
- 8.22** design remuneration schemes and policies and practices to support strategy and promote long term sustainable success, with executive remuneration aligned to company purpose and values, clearly linked to the successful delivery of the Company's long term strategy, and that enable the use of discretion to override formulaic outcomes, include provisions that would enable the Company to recover and/or withhold sums or share awards and specify the circumstances in which it would be appropriate to do so;
- 8.23** agree the policy for authorising claims for expenses from members of the Board;
- 8.24** consider whether or not and to what extent the views of employees and shareholders should be obtained in relation to the formulation of the Executive Chair and executive directors' remuneration policy; and
- 8.25** work and liaise as necessary with all other Board committees, ensuring the interaction between committees and with the Board is reviewed regularly.

9. REPORTING RESPONSIBILITIES

- 9.1** All decisions of the Committee shall be reported formally to the Board by the Chair of the Committee.

- 9.2** The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and adequate time should be available for Board discussion where necessary. All decisions on recommendations referred to the Board shall take effect only upon approval thereof by resolution of the Board, at a meeting which is properly convened and constituted and in accordance with the Company's Bye-laws.
- 9.3** The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.4** The Committee shall provide a description of its work in the annual report in line with the requirements of the Code.
- 9.5** The Committee shall ensure that provisions regarding disclosure of information, relating to directors' remuneration including, where required by law or regulation are fulfilled.
- 9.6** Where required, the Committee shall produce reports relating to directors' remuneration including an annual statement by the Committee's Chair, the directors' remuneration policy and an annual report on directors' remuneration, which shall form part of the Company's annual report and ensure such report(s) are put to shareholders for approval as required by relevant law or regulation.
- 9.7** Through the Senior Independent Director, the Committee shall ensure that the Company maintains contact as required with its principal shareholders about remuneration.
- 9.8** If the Committee has appointed a remuneration consultant, the consultant should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.

10. PROCEDURE

- 10.1** Notwithstanding the quorum requirements for the Committee, all members of the Committee should endeavour to attend all meetings of the Committee at which matters of general remuneration policy or the contents of the Committee's annual report to shareholders are discussed.
- 10.2** The Committee shall conduct an annual review of its work and these terms of reference to ensure it is operating at maximum effectiveness and shall make recommendations about any changes it considers necessary to the Board.
- 10.3** The Chair of the Committee shall review membership of the Committee annually, as part of the annual performance evaluation of the Committee.
- 10.4** The Committee shall make available its terms of reference on the Company's website explaining clearly its role and authority delegated to it by the Board.
- 10.5** References in these terms of reference to the "**Group**" mean the Company, its subsidiaries and its subsidiary undertakings.

11. OTHER MATTERS

The Committee shall:

- 11.1** have access to sufficient resources in order to carry out its duties, including access to the company secretariat for advice and assistance as required;
- 11.2** 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;
- 11.3** give due consideration to laws, regulation, guidelines and recommendations including the general duties of directors (such as the UK Corporate Governance Code, the Listing Rules and duties under Bermuda law);
- 11.4** oversee any investigation of activities which are within its terms of reference; and
- 11.5** work and liaise as necessary with all other Board committees, ensuring interaction between committees and with the Board is reviewed regularly.

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