

**DATE: 2019**

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**REMUNERATION COMMITTEE  
TERMS OF REFERENCE**

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**CLARA-PENSIONS GROUP LIMITED**

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## 1. INTERPRETATION

1.1 In these terms of reference, the following words and expressions shall have the following meanings unless otherwise stated:

“**Articles**” means the articles of association of the Company from time to time;

“**Board**” means the board of directors of the Company from time to time;

“**Business Day**” means a day (excluding Saturdays and Sundays) on which banks are generally open in London and Luxembourg for the transaction of normal banking business;

“**CEO**” and “**COO**” have the meanings given to those terms in the Shareholders’ Agreement;

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“**Clara Pension Trust**” means the retirement benefits scheme ~~to be~~ known as the “Clara Pension Trust” established by the Company and to be operated as a Registered Scheme pursuant to section 153 of the Finance Act 2004;

“**Committee**” means the Remuneration Committee of the Company, constituted pursuant to the Shareholders’ Agreement and Articles;

“**Company**” means Clara-Pensions Group Limited, a company registered in England and Wales with company no. 11709403 and having its registered office at 1st Floor Healthaid House, Marlborough Hill, Harrow, United Kingdom, HA1 1UD;

“**Director**” has the meaning given to it in the Shareholders’ Agreement and “**Directors**” shall be construed accordingly;

“**EBT**” has the meaning given to it in the Shareholders’ Agreement;

“**General Counsel**” means any person appointed to the position of general legal counsel of Clara-Pensions Limited ~~the Company~~ from time to time;

“**I Director**” has the meaning given to it in the Shareholders’ Agreement;

“**Institutional Committee Members**” has the meaning given to it in the Shareholders’ Agreement;

“**Institutional Directors**” has the meaning given to it in the Shareholders’ Agreement;

“**LHS Group Companies**” has the meaning given to it in the Shareholders’ Agreement and “**LHS Group Company**” and “**LHS Group**” shall be construed accordingly;

“**Remuneration**” has the meaning given to it in the Shareholders’ Agreement;

“**Senior Manager**” has the meaning given to it in the Shareholders’ Agreement;

“**Shareholders’ Agreement**” means the shareholders’ agreement in respect of the Company dated 14 December 2018 between (1) the Investor, (2) the Managers, (3) the Pre-Closing Investors (each of (1), (2) and (3) as defined therein), (4) the Company, (5) Clara-Pensions Limited and (6) Clara-Pensions Holdings Limited as amended from time to time;

“**Shares**” has the meaning given to it in the Shareholders’ Agreement; and

“**Trusteeco**” means Clara Trustees Limited (incorporated under the laws of England and Wales under registered number 11720767, whose registered office is at 1st Floor Healthaid House,

Marlborough Hill, Harrow, United Kingdom, HA1 1UD), being a subsidiary of the Company and the trustee of the Clara Pension Trust.

## 2. CONSTITUTION

- 2.1 The Committee was constituted by a resolution of the sole Director dated 14 December 2018 in accordance with the Articles and the Shareholders' Agreement.

## 3. DUTIES AND TERMS OF REFERENCE

- 3.1 The Committee shall determine and agree with the Board the framework or broad policy [\(and make recommendations to the Board\)](#) for:

- 3.1.1 the Remuneration of all Directors (other than any Institutional Directors) and Senior Managers;
- 3.1.2 the bonus arrangements for Senior Managers, which shall be proposed [by](#) and discussed with the [CEO/Chief executive officer](#);
- 3.1.3 the bonus arrangements for any employee, officer, consultant or directors of any LHS Group Company (excluding Trusteeco); and
- 3.1.4 the participation in employee share based remuneration schemes (including any such schemes structured as option schemes), including the employees invited to hold Shares directly or through the EBT, or any other employee benefit trust established for the benefit of proposed, new, existing and/or former employees and/or non-executive directors of the Company.

No Director or Senior Manager shall be involved in any decisions as to their own Remuneration [and a committee member shall withdraw from any meeting while his or her own Remuneration or personal interest in Shares is being considered.](#)

- 3.2 In determining such policy, the Committee shall consider:

- 3.2.1 all relevant legal and regulatory requirements and the provisions and recommendations of relevant guidance; and
- 3.2.2 the need to promote the long-term sustainable success of the Company [\(and the other LHS Group Companies\)](#) and the alignment to the Company's purpose and values, without paying more than is necessary, having regard to the views of Shareholders and other stakeholders, and ensuring that Directors (other than any Institutional Directors) and Senior Managers are rewarded in a fair and responsible manner, provided with appropriate incentives to encourage enhanced performance and are rewarded for their individual contribution and are not rewarded for any failure.

- 3.3 When setting the remuneration policy for Directors and Senior Managers, the Committee shall review and have regard to the pay and employment conditions across the LHS Group [\(excluding Trusteeco\)](#), especially when determining salary increases.

- 3.4 The Committee shall review the ongoing appropriateness and relevance of the remuneration policy.

- 3.5 The Committee shall:

- 3.5.1 approve the terms of the service contracts for executive Directors and Senior Managers and any material amendments to those contracts;

- 3.5.2 determine the policy for, and scope of, termination payments and compensation commitments for each executive Director and Senior Manager and ensure that poor performance is not rewarded and that there is a clear policy to link non-contractual payments to performance; and
  - 3.5.3 ensure that contractual terms on termination and any payments made are fair to the individual and the Company [\(and the other LHS Group Companies, as applicable\)](#); that failure is not rewarded and the duty to mitigate loss is fully recognised.
- 3.6 The Committee shall:
- 3.6.1 to help it to fulfil its obligations and enable it to judge where to position the Company relative to other companies, have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary, at the expense of the Company but within any budgetary restraints imposed by the Board; and
  - 3.6.2 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 3.7 The Committee shall consider such other matters as may be requested by the Board and work and liaise as necessary with all other committees of the Board.

#### **4. REPORTING**

- 4.1 The Committee shall:
- 4.1.1 report to the Board on its proceedings after each meeting on all matters within its duties and responsibilities; and
  - 4.1.2 make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

#### **5. MEMBERSHIP**

- 5.1 The members of the Committee shall be appointed by the Board (subject to the provisions of the Shareholders' Agreement and Articles) and the composition of the Committee shall be as provided for in the Shareholders' Agreement from time to time.
- 5.2 The Board shall appoint a Committee chair. In the absence of a Committee chair, the remaining Committee members present shall elect one of themselves as chair.
- 5.3 Schedule 1 contains a list of the current Committee members and details of the Committee chair.

#### **6. QUORUM**

- 6.1 A quorum shall be two members of the Committee comprising one Institutional Committee Member and one non-Institutional Committee Member.
- 6.2 If the relevant quorum is not present within 30 minutes from the time when the meeting should have begun or if during the meeting there is no longer a quorum the meeting shall be adjourned for one Business Day to the same place and time and at that adjourned meeting the quorum shall remain the same.

- 6.3 If two consecutive meetings of the relevant Committee are adjourned because no non-Institutional Committee Member was present at such meetings, the quorum for the third meeting shall be two members (at least one of which shall be an Institutional Committee Member) and the attendance of a non-Institutional Committee Member shall not be required for such third meeting to be quorate. At least one Business Day's notice of each adjourned meeting will be given to each of the members of the Committee, and any such notice will be given in the same manner, and specifying the same agenda, as for the original meeting. For the avoidance of doubt, under no circumstances shall a meeting of the Committee be quorate unless at least one Institutional Committee Member is present.

## **7. VOTING ARRANGEMENTS**

- 7.1 Any decision of the Committee shall, subject to clause 7.2, be decided by a simple majority vote of those present (in person or by such other means as permitted under the Shareholders' Agreement or the Articles).
- 7.2 Each member of the Committee shall have one vote which may be cast on matters considered at the meeting provided that the Institutional Committee Members shall, collectively, have such number of votes as is required for the Institutional Committee Members present and voting to have, in aggregate, one more vote than the aggregate number of votes being exercised by the members of such Committee that are not Institutional Committee Members. Votes can only be cast by members attending a meeting of the Committee.

## **8. ATTENDANCE AT MEETINGS**

- 8.1 The Committee will meet annually. The Committee may meet at other times during the year as agreed between the members of the Committee or as required.
- 8.2 Outside of the formal meeting programme, the Committee chair and, so far as practicable, the other Committee members, will maintain a dialogue with key individuals involved in the LHS Group's governance, including ~~the chair of Trustees and~~ the Company's ~~CEO chief executive officer, COO chief operating officer,~~ chief actuarial officer, chief financial officer, chief investment officer and General Counsel (as applicable), to the extent that any of the foregoing are not, from time to time, a member of the Committee.
- 8.3 Only members of the Committee have the right to attend Committee meetings. However, non-members may be invited to attend all or part of any meeting as and when appropriate, to the extent that any of the foregoing are not, from time to time, a member of the Committee.
- 8.4 Meetings of the Committee may be conducted when the members are physically present or in the form of either a video or audio conference.

## **9. NOTICE OF MEETINGS**

- 9.1 Meetings of the Committee shall be called in accordance with the Articles or at the request of any of its members if they consider it necessary.
- 9.2 Unless otherwise agreed by the I Director, notice of each meeting confirming the venue, time and date together with an agenda of the matters to be discussed at the meeting shall be forwarded to each member and any other person required to attend no later than three (3) days (in the ordinary course) or 48 hours (in emergencies) before the date of the meeting (save in respect of any adjourned meeting in which case the provisions of clause 6.3 shall prevail in

respect of notice of such adjourned meeting). Any supporting papers shall be sent to each member of the Committee and to other attendees (as appropriate) at the same time.

## **10. AUTHORITY**

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 is authorised by the Board to examine any activity within its terms of reference and to obtain, at the Company's expense, professional advice on any matter within its terms of reference. The Committee is authorised to seek any information it requires from any employee or director of the LHS Group (excluding Trusteeco), and all such employees or directors will be directed to co-operate with any request made by the Committee.

## **11. RECORD OF PROCEEDINGS**

The proceedings and resolutions of meetings of the Committee, including the names of those present and in attendance, shall be minuted. Draft minutes of each meeting will be circulated promptly to all members of the Committee, the Board and the Investor's Representative as soon as practicable for approval.

## **12. GENERAL MATTERS**

12.1 The Committee and these terms of reference shall at all times remain subject to the terms of the Shareholders' Agreement and the Articles and in the event of any conflict between these terms of reference and the Shareholders' Agreement and the Articles the provisions of the Shareholders' Agreement and the Articles (as applicable) shall prevail.

12.2 The Committee shall:

- 12.2.1 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;
- 12.2.2 give due consideration to applicable laws and regulations, in particular the directors duties contained in the Companies Act 2006;
- 12.2.3 have access to sufficient resources in order to carry out its duties;
- 12.2.4 work and liaise as necessary with all other committees of the Board;
- 12.2.5 oversee any investigation of activities which are within its terms of reference;
- 12.2.6 arrange for periodic reviews of its own performance and, at least annually review its terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;
- 12.2.7 consider such other matters as may be requested by the Board from time to time; and
- 12.2.8 maintain a record of review and changes to these terms of reference as well as a record of changes to the Committee's membership. This record is contained in Schedule 2.

## **SCHEDULE 1**

### **Committee Members and Chair**

#### **1. COMMITTEE MEMBERS**

- 1.1 Gill Tait
- 1.2 Lawrence Churchill
- 1.3 Nils Albert

#### **2. CHAIR**

- 2.1 Gill Tait



## **SCHEDULE 2**

### **Review and Changes Record**

1. *[INSERT DATE OF CHANGE/REVIEW AND LIST BELOW]*
- 1.1 [•]