

**Liverpool Victoria Financial Services Limited (“LVFS”)
Remuneration and Nomination Committee
Terms of Reference**

Status and Source of Authority	<p>Sub-Committee of the board of directors of LVFS (the Board).</p> <p>Authority is derived from the Board’s establishment of the Remuneration and Nomination Committee (the Committee) and the approval by the Board of these Terms of Reference on 30th January 2026.</p> <p>These Terms of Reference replace in their entirety those last adopted on 23rd January 2025.</p>
Main purpose	<p>To meet its obligations to ensure it complies with the provisions set out in the PRA & FCA’s Remuneration rulebooks, LVFS has established the Committee to provide clear, transparent and effective governance of remuneration and board composition matters, specifically to:</p> <ul style="list-style-type: none"> • Determine and oversee the design and implementation of the Remuneration Policy and associated remuneration practices for LVFS’ Executive Directors and Senior Management in line with all relevant legal, regulatory and governance requirements. • Determine specific remuneration packages for the LVFS’s Executive Directors and certain Senior Management. • Oversee the policy, design and governance of variable remuneration schemes across the Group including sales incentive schemes. • Determine a list of Solvency II (SII) staff employed or contracted by the Group on an annual basis and have oversight of their remuneration arrangements. • Review and have consideration to the wider workforce remuneration and related policies and the alignment of incentives and rewards with culture, values, and long-term success, taking these into account when setting the policy for executive director remuneration. • Ensure effective engagement with the workforce in relation to remuneration and related policies and practices, ensuring their views are understood and considered as appropriate by the Committee and the Board. • Regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) of the board and make recommendations to the Board with regard to any changes. • Ensure succession plans are in place for the Board, the Executive Team, Senior Management and the Company Secretary. • Oversee the recruitment, selection and nomination process for the appointment of members to the Board. • Oversee LV’s DEI strategies, including the objectives, goals and external reporting.
Membership	<p>Members:</p> <ul style="list-style-type: none"> • At least three members, all of whom shall be independent Non-Executive Directors (NEDs) of LVFS. One of which must be the Senior Independent Director (SID). • Appointments to the Committee are made by the Board on the recommendation of this Committee. • It is recommended that the Chair of the Committee should have served on a remuneration committee for at least 12 months prior to being appointed as Chair. • The Chair of the Board shall not be chair of the Committee. • In the absence of the Committee Chair 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.

In attendance	<ul style="list-style-type: none"> • Regular attendees: <ul style="list-style-type: none"> • Chair of the Board • Chief Executive Officer (CEO) • Chief People Officer (CPO) • Head of Reward & Benefits • External Remuneration Advisor (FIT) • The Committee may also invite such other persons (e.g. Chief Finance Officer, Chief Risk Officer, Chief Internal Auditor, Audit Committee Chair, Risk Committee Chair and external advisers) to its meetings to observe, report, answer questions or make presentations, as it deems necessary. • No person may attend where the Committee is discussing, reviewing or approving any part of that person’s remuneration.
Secretary	The Company Secretary (or their delegate) shall act as Secretary 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.
Quorum	Two members.
Meeting frequency	<ul style="list-style-type: none"> • Meetings shall be held at least four times per annum corresponding with the reward planning and approval cycle.
Notice of Meetings	<ul style="list-style-type: none"> • Meetings may be convened, by the Secretary, at the request of the Board Chair, the Committee Chair or any of its members. • In circumstances where a decision is required to be made in a timely fashion, an interim meeting may take place by email and shall be valid if the email has been circulated to all members of the Committee and the decision is approved by a quorum. • Notice of any Committee meeting must indicate: a) its proposed date and time; b) where it is to take place; and c) if the members will not be in the same place, how they should communicate with each other during the meeting. • The Secretary shall circulate the agenda and supporting documentation to the Committee members a reasonable period in advance of each meeting.
Minutes and Reporting	<ul style="list-style-type: none"> • The Secretary shall minute an accurate record of the proceedings and decisions of the Committee. • The draft of the minutes, as approved for issue by the Chair, shall be presented to the next meeting of the Committee for formal adoption. • Where meetings take place by exchange of email, copies of the emails shall be included in the minute book as the minutes of the email meeting. • The Committee Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
Conflicts of Interest	<ul style="list-style-type: none"> • The Secretary shall ascertain any conflicts of interest of members of the Committee at the start of each meeting in relation to the matters to be discussed and record accordingly in the minutes. • The Chair may require any such conflicted member to withdraw from the meeting whilst the matter is considered by the Committee.
Engagement with Members	The Committee Chair should attend the Annual General Meeting to answer any Member questions on the Committee’s activities. In addition, the Committee should seek engagement with Members on significant matters related to the Committee’s areas of responsibility.
Decide	<u>Remuneration</u> 1. The Remuneration Policy and practices, ensuring they promote sound and effective risk management and are aligned to the business strategy and risk profile.

	<ol style="list-style-type: none"> 2. The remuneration of the Company's Chair, Executive Directors and Senior Management including the Company Secretary. 3. The service contracts and remuneration packages including benefits such as pension and participation in variable incentive schemes for the CEO and Senior Management (based on the CEO or Chief People Officer's recommendations, or as defined by legislation, for example as required under Solvency II). Including, but not limited to, level of remuneration on joining (including any other payments on joining such as buy-out awards), base pay arrangements and short-term incentives, pension rights, bonus and long-term incentive plan (LTIP) awards. 4. Any compensation payments for loss of office and any other payments in connection with termination of employment for the CEO and Senior Management. 5. The pension contribution rates for Executive Directors in the context of the wider workforce. 6. The variable remuneration reward for Executive Directors of LVFS and Executive Team members taking into account the year-end performance ratings for annual bonus purposes. <p><u>Variable Remuneration</u></p> <ol style="list-style-type: none"> 7. The policy, design and governance of all variable remuneration schemes, ensuring they are appropriately aligned to LVFS's purpose, strategy and long-term sustainable success including reflecting tolerance of risk and avoidance of conflicts of interest. Remuneration schemes and policies must enable the use of discretion to override formulaic outturns. Independent judgement and discretion may be exercised when authorising remuneration outcomes, taking into account the performance of the individual, the LV= Group, and wider circumstances. 8. The targets or benchmarks to be used within incentive plans, including risk weightings applied to performance objectives for Senior Management. <p><u>Solvency II</u></p> <ol style="list-style-type: none"> 9. The Remuneration Policy Statement, ensuring that it is in line with applicable regulations. <p><u>Reporting</u></p> <ol style="list-style-type: none"> 10. The content of the Directors Remuneration Report (including the Annual Report on Remuneration and the Remuneration Policy where appropriate) for inclusion in the Annual Report and Accounts. <p><u>Nomination</u></p> <ol style="list-style-type: none"> 11. The selection process for NEDS and Executive Board Directors. 12. Following any changes, the fitness and propriety of Board Directors and Senior Management. <p><u>Other</u></p> <ol style="list-style-type: none"> 13. The selection criteria, appointment of and terms of reference for any remuneration consultants who advise the Committee. 14. The process for the annual Board and Board Committee effectiveness evaluations.
Recommend to the Board	<ol style="list-style-type: none"> 1. All proposed appointments to the Board, whether NED or executive, including the position of SID and Company Secretary. 2. The re-election of NEDs at the conclusion of their specified term of office, in accordance with the provisions of the Company's Articles of Association, and having given due regard to their performance and ability to continue to contribute effectively to the Board. 3. Any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the company subject to the provisions of the law and their service contract.

	<ol style="list-style-type: none"> 4. Changes to the membership of this Committee and the Audit, Investment, and Risk Committees and any other Board Committees as appropriate, after consultation with the Chair of the relevant Committees to ensure that each Committee possesses the appropriate balance of skills, knowledge and experience. 5. The content of the Governance Report for LVFS' Annual Report and Accounts. 6. The objectives and goals underpinning LV's DEI strategies developed in accordance with the FCA and PRA's rules and guidance. 7. Changes to modus operandi of the Committee resulting from the annual effectiveness evaluations and any changes to its Terms of Reference.
Oversight	<p><u>Remuneration</u></p> <ol style="list-style-type: none"> 1. Any significant projects which have a potential impact on employee remuneration and benefit structures throughout the Group. 2. Monitoring and reporting of gender pay gap analysis and any other pay gap or pay ratio disclosures that are required under relevant legislation. 3. The composition of SII staff and their remuneration arrangements, including variable pay awards, ensuring appropriate risk adjustments are considered. 4. Consideration of workforce remuneration and related policies and the alignment of incentives/awards with culture when setting the policy for executive remuneration. 5. Ensure effective engagement with the workforce in relation to remuneration and related policies and practices, ensuring their views are understood and considered as appropriate by the Committee and the Board. 6. The performance targets for the CEO, as set by the Chair, and the CFO, as set by the CEO. The Chair may consult with the Committee prior to confirming the CEO's targets. <p><u>Appointments and Succession Planning:</u></p> <ol style="list-style-type: none"> 7. Regularly review the structure, size and composition of the Board and its Committees (including the skills, knowledge, experience and diversity) and make recommendations to the Board with regard to any changes. 8. Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment and the time commitment expected. 9. Oversee the Regulatory process and applications for approved persons, including the Board, Executive and Senior Management, which have been escalated to the Committee. 10. Ensure that there is an appropriate succession plan and a diverse pipeline in place for the Board, its Committees, the Executive Team, Senior Management and the Company Secretary taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future. 11. Keep under review the leadership needs of the organisation, both Executive and NED, with a view to ensuring the continued ability and succession of the organisation. 12. Oversight of proposed permanent and interim appointments to the Executive team. <p><u>Non-Executive Directors:</u></p> <ol style="list-style-type: none"> 13. Ensure that on appointment, each NED receives a formal letter of appointment clearly outlining what is expected of them in terms of time commitment, Committee service and involvement outside of Board meetings. 14. Monitor the continuing professional development of the Board to ensure the Board members possess sufficient current and relevant knowledge and experience to understand the key activities and risks in the business model. 15. Annually review the independence and time required of a NED to ensure effective fulfilment of the role, including reviewing the number of external directorships and commitments held, and mitigation for any conflicts of interest.

	<p>16. Oversee the Group’s continued governance framework and the division of responsibilities of the Chair and CEO.</p> <p><u>Governance:</u></p> <p>17. Annually receive and review an assessment of the continued fitness and propriety of Senior Managers (Approved Persons), including notified NEDs.</p> <p>18. Regularly receive reports on people targets, such as Diversity, Equity and Inclusion set in support of the wider Sustainability Strategy and DEI strategies. Monitor the progress against the targets and ensure that appropriate actions are taken towards improvements of the firm’s diversity profile.</p>
Consult (With Profits Committees)	Right of consultation on any matters that impact the With-Profits Fund.
Notify (With Profits Committees)	Not applicable.
Delegated Authorities	<p><u>Delegation onwards (for a recommendation back)</u></p> <p>Not applicable.</p> <p><u>Delegation onwards (unconditional)</u></p> <p>Delegated responsibility to the Chair of the Distribution Performance Reward Scheme Committee.</p>
Escalation	<p><u>The Committee may escalate to:</u></p> <p>The Board.</p> <p>Any other Board Committee, as appropriate.</p> <p><u>The Committee may receive escalations relating to remuneration and nomination matters from:</u></p> <p>The CEO or Chair of the Risk Committee (without restricting the ability to escalate directly to the Board).</p>
Guidance Notes	<p><u>Remuneration</u></p> <ol style="list-style-type: none"> 1. Senior Management is defined as an Executive or any employee with the potential to earn more than the Band E Executive Team member receiving the lowest remuneration package or who is to be appointed to an Approved SIMF/SIF/KFH role. 2. For the avoidance of doubt, the remuneration of NEDs is outside the Committee’s scope, which shall remain a matter for the Chair of the Board and the executive members of the Board. 3. Remuneration schemes should: <ul style="list-style-type: none"> ○ be transparent and promote effective engagement with members and the workforce; ○ avoid complexity and their rationale and operation should be easy to understand; ○ ensure reputational and other risks from excessive rewards and behavioural risks that can arise from target-based incentive plans are identified and mitigated. The decision/outcome should be aligned with the risk appetite and risk strategy of the Group; ○ identify and explain the range of possible values of rewards to individual directors and any other limits or discretions at the time of approving the policy; ○ be proportionate - the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. The outcomes should not reward poor performance; and ○ align to the company’s culture - incentive schemes should drive behaviours consistent with company purpose, value and strategy. <p><u>Decision Making</u></p>

4. When making any decision or recommendation, the Committee will have regard to the:
 - AFM's Corporate Governance Code adopted by the Board;
 - the PRA and FCA's Principles and Rules;
 - the remuneration requirements of any relevant legislation, such as Solvency II; and
 - the material risks impacted by any decision/recommendation.
5. The Committee must exercise independent judgement, discretion, malus and clawback where necessary when authorising remuneration outcomes.
6. The Committee is authorised to:
 - investigate or cause to be investigated any activity within its Terms of Reference (in consultation with the CEO or Chief People Officer as appropriate); and
 - to obtain independent legal or other professional advice on any matters within the Terms of Reference, at the Company's expense.
7. When reviewing remuneration packages the Committee will ensure consistency is maintained, current best practice is observed and appropriate duty to mitigate loss on termination is included.
8. 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 made available for Board discussion when necessary.

Nomination Matters

9. The Committee is responsible for recommending all Non-Executive and Executive Board appointments to the Board for approval. Appointments to the With-Profits Committee shall be made by the Board in consultation with the With-Profits Actuary (COBS 20.5.5(4)) and the With-Profits Chair (if applicable).
10. The decision to re-elect a director should have due regard to their performance and ability, and why their contribution is important to the Company's long-term sustainable success in the light of the skills, experience and knowledge required and the need for progressive refreshing of the Board. This should also take into account the length of service of individual directors, the Chair and the Board as whole.
11. In identifying suitable candidates the Committee shall:
 - use open advertising or the services of external advisers to facilitate the search;
 - consider candidates on merit and against objective criteria, having due regard to the benefits of diversity on the Board and taking care that appointees have enough time available to devote to the position; and
 - refer to the Board Diversity Policy and the process outlined therein.

Reporting

12. The Committee shall produce a report to be included in the Company's Annual Report describing the work of the Nomination Committee, including;
 - the process used in relation to appointments, its approach to succession planning and how both support the development of a diverse pipeline;
 - how Board Performance Reviews have been conducted, the nature and extent of an external evaluator's contact with the Board and individual directors, the outcomes and actions taken, and how it has influenced or will influence board composition;
 - the policy and any initiatives on diversity and inclusion, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives; and
 - the gender balance of those in the senior management team and their direct reports.

	<p>13. If an external search consultancy has been engaged, it should be identified in the annual report alongside a statement about any other connection it has with the company or individual directors.</p> <p>14. The Committee shall provide a description of remuneration related matters in the Annual Report and ensure that provisions regarding disclosure of information as set out in The Companies (Directors' Remuneration Policy and Directors' Remuneration Report) Regulations 2019 and the Disclosure and Transparency Rules are fulfilled, and that a report on the directors' remuneration policy and practices is included in the Company's Annual Report and put to members for approval at the AGM as necessary.</p> <p><u>Effectiveness</u></p> <p>15. To perform his or her role effectively, each Committee member will need to develop and maintain his or her skills and knowledge, including an understanding of the Committee's responsibilities and of LV's business, operations and risks.</p> <p>16. The Committee shall have access to sufficient resources required to carry out its duties, including access to the Company Secretary and Secretariat for advice and assistance.</p> <p>17. The Committee will monitor developing trends and changes in legislation to assess the impact (if any) to LVFS in so far as they relate to matters relevant to the Committee.</p> <p>18. An annual appraisal of the performance of the NEDs must be undertaken by the Chair. The SID, with assistance from the NEDs, is responsible for reviewing the performance of the Chair. Performance evaluations should be used to assess whether the NEDs are committing enough time to fulfil their duties</p> <p>19. On an annual basis, the Committee will conduct a review of its performance having regard both to the discharge of its requirements under the terms of reference and the areas of priority set. The evaluations should also consider composition, diversity and how effectively members work together to achieve objectives. The Committee will report accordingly to the Board with any recommendations from the review. The Committee will consider every three years, and more frequently if the Chair deems appropriate, whether external assistance with the review should be obtained in order to comply with best practice.</p> <p>20. The Committee will keep its terms of reference under review and will propose to the Board amendments to the Terms of Reference as necessary to ensure that they continue to be appropriate and reflect any issues which arise from the effectiveness review.</p> <p>21. At the end of each meeting, the Committee will briefly consider the effectiveness of the meeting, taking into account the quality of the papers and debate, the sufficiency of time and its appropriate allocation across matters relative to their respective importance.</p>
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