

Remuneration Committee

Constitution and Terms of Reference

1. Membership

- 1.1 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination and Governance Committee in consultation with the Chairman. The Committee shall be made up of at least three Non-Executive Directors, all of whom are determined by the Board to be independent.
- 1.2 Only members of the Committee and the Secretary have the right to attend Committee meetings. However, other individuals may be invited to attend all or part of any meeting as and when appropriate. No person invited by the Committee to attend any of its meetings shall remain present when his or her own remuneration is being considered. The Committee may co-opt any Non-Executive Director satisfying the requirements for membership to join the Committee for a meeting or any longer period. The Secretary shall inform the Board when any such co-option has taken place.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided that the Non-Executive Director remains independent, as determined by the Board.
- 1.4 The Board shall appoint the Chairman who shall be a Non-Executive Director, determined by the Board to be independent. In the absence of the Chairman, the remaining members of the Committee present shall elect one of themselves to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee.

2. Secretary

- 2.1 The Committee will appoint a Secretary who is a remuneration specialist, in agreement with the Group Company Secretary and General Counsel.

3. Quorum

- 3.1 The quorum necessary for the transaction of business shall be two members, both of whom must be Non-Executive Directors, determined by the Board to be independent.

4. Frequency of Meetings

- 4.1 The Committee shall meet at least two times a year and otherwise as required.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be summoned by the Secretary at the request of any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee and any other person required to attend. 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 meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 Minutes of Committee meetings shall be circulated as soon as practicable to all members of the Committee and to all members of the Board, unless a conflict of interest arises.

7. Annual General Meeting

- 7.1 The Chairman shall attend the Annual General Meeting of the Company and will answer any questions on the Committee's activities.

8. Duties

The Committee shall:

- 8.1 keep under review, and make recommendations to the Board in respect of the over-arching Group-wide remuneration principles and policy, and changes to them, as contained in the People Policy;
- 8.2 approve the design of, and targets for, and any material changes to, any employee share plan (or equivalent cash-based scheme) operated by any Group Company, as well as determining the final level of vesting of all awards granted under such schemes;
- 8.3 approve the design of, and targets for, and any material changes to all annual cash bonus plans in which the Group's Executive Job Family participates, as well as determining (with appropriate input from the Risk & Capital Committee) the level of payments to be made;
- 8.4 review any major changes in employee incentive structures below the Executive Job Family level and agree the guidelines to which all incentive plans should operate;
- 8.5 oversee remuneration trends and any major changes in employee benefits structures (including pensions) throughout the Group and recommend any changes to the Board;

- 8.6 determine and agree the general terms and conditions of service contracts (including pension terms and employee share and cash bonus plans) for the Executive Directors, other members of the Executive Team and any other high-end employees and be made aware of any material divergence from the remuneration principles and policy which could lead to a higher payment being made to any other Group employee;
- 8.7 approve all termination packages payable to Executive Directors and other members of the Executive Team, and be made aware of any payment to any other Group employee which may be required to be made outwith of normal policy;
- 8.8 in consultation with the Chairman and/or the Chief Executive as appropriate, determine and recommend to the Board the Chairman's fee, and approve the total individual remuneration packages of the Executive Directors, other members of the Executive Team, the Group Company Secretary and General Counsel, the Group Chief Risk Officer and the Secretary, and be made aware of the salaries and total remuneration of the other members of the Group's Executive Job Family;
- 8.9 agree the policy for authorising claims for expenses from the Chairman, the Executive Directors and the Non-Executive Directors, and monitor the levels of such expenses;
- 8.10 be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee;
- 8.11 determine the shareholding guidelines for the Chairman of the Company, the Executive Directors and other members of the Executive Team and monitor compliance with them annually.

9. Reporting Responsibilities

- 9.1 The Chairman shall report formally to the Board on all matters which fall within the Committee's remit.
- 9.2 The Committee shall compile and approve on behalf of the Board a report to members of the Company on its activities and on the Company's remuneration policy and practices, to be included in the Company's Annual Report & Accounts.

10. Other Matters

The Committee shall:

- 10.1 be provided by the Company with sufficient resources in order to carry out its duties;
- 10.2 be provided by the Company with appropriate and timely training;
- 10.3 at least once a year, review its own performance, constitution and terms of reference to ensure it operates effectively and recommend any changes it considers necessary to the Board for approval;

- 10.4 ensure that any external professional advisors comply with the voluntary code of the Remuneration Consultants Group; and
- 10.5 obtain, and take into account in the performance of its duties, reliable, up to date information about remuneration in other companies.

11. Authority

The Committee is authorised by the Board:

- 11.1 to seek any information it requires from any Board Committee, employee or director of the Group in order to perform its duties; in particular, to seek advice from the Risk and Capital Committee on specific risk adjustments to be applied to performance objectives set in the context of incentive packages;
- 11.2 to obtain, at the Group's expense, external legal or other professional advice on any matter falling within its terms of reference; and
- 11.3 to call on any employee to attend a meeting of the Committee as and when required.

12. Relationship with the Remuneration Committees of the Principal Subsidiaries

- 12.1 The Committee shall:
 - 12.1.1 approve the terms of reference of the remuneration committees of the Principal Subsidiaries;
 - 12.1.2 receive and review the minutes of the meetings of the remuneration committees of the Principal Subsidiaries;
 - 12.1.3 receive and review reports on any other matters the chairmen of the remuneration committees of the Principal Subsidiaries wish to bring to the attention of the Committee.
- 12.2 The Chairman is authorised to attend any meetings of the remuneration committees of the Principal Subsidiaries.

Definitions

“Board”	The Board of Directors of the Company
“Chairman”	The Chairman of the Committee
“Committee” Company	The Remuneration Committee of the
“Company”	Standard Life plc
“Group Company Secretary and General Counsel”	The Group Company Secretary and General Counsel of the Company
“Group”	The Company and its subsidiaries
“Group Company”	Any company within the Group
“Non-Executive Director”	A Non-Executive Director of the Company
“Principal Subsidiaries”	Standard Life Assurance Limited, Standard Life Investments Limited, Standard Life Assurance Company of Canada, Standard Life Employee Services Limited, Standard Life Wealth Limited
“Secretary”	The Secretary of the Committee

The definition of “high-end” employee will follow once the FSA has completed its consultation process.