

**Direct Line Insurance Group plc (the "Company")  
Sustainability Committee (the "Committee") Terms of Reference**

- Chair** An Independent Non-Executive Director.
- In the absence of the Chair of the Committee the remaining members present shall elect one of themselves to chair the meeting.
- Members** At least two independent Non-Executive Directors, the Chief Executive Officer and at the option of the Chair, such other member(s) as they see fit.
- The Chair of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee.
- Members of the Committee shall be appointed by the Board on the recommendation of the Nomination Committee in consultation with the Chair of the Committee.
- In Attendance** Directors of the Company who are not Committee Members may attend meetings at their request. The Committee may at its discretion invite other individuals to attend meetings. In particular, the following are usually invited to attend:
- Managing Director of Marketing & Design - Sustainability strategy pillar lead (Society);
  - Chief Risk Officer - Sustainability strategy pillar lead (Planet);
  - Managing Director, Household, Partnerships & Data - Sustainability strategy pillar lead (Customer);
  - Chief People Officer - Sustainability strategy pillar lead (People);
  - Director, HR Centres of Expertise;
  - Head of Sustainability; and
  - Group Corporate Affairs and Sustainability Director.
- Quorum** Any two members, provided that the majority of the members present are Directors of the Company.
- 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.
- Meeting Frequency** The Committee shall meet at least four times a year, and otherwise as required.
- Secretary** The Company Secretary, or his or her nominee, shall act as Secretary of the Committee unless the Committee determines otherwise and shall attend each meeting.
- 1. Main Responsibilities** The Committee will be responsible for:
- 1.1 ensuring that the group of companies of which the Company is the holding company (the "Group") conducts its business in a responsible and sustainable manner that reflects the Group's vision and purpose;
  - 1.2 assisting on such other matters as may be referred to it by the Board or relevant Board Committee; and
  - 1.3 reporting to the Board or relevant Board Committee, identifying any matters within its remit which it considers that action or improvement would promote ethical, responsible and sustainable business conduct and making recommendations as to the steps to be taken.

The Committee operates under delegated authority from the Board and has full power to make decisions concerning matters referred to in these terms of reference,

whilst any matters included in the Schedule of Board Matters Reserved must be referred to the Board and any matters specifically within the terms of reference of other Committees of the Board will be dealt with by such Committees.

All other matters are dealt with by the Chief Executive Officer, or his or her delegates, under the general management authority delegated by the Board.

## **2. Detailed Responsibilities**

The Committee will be responsible for:

- 2.1 reviewing and approving the content of and approach to the Customer, People, Planet and Society pillars of the Group's sustainability strategy taking into account the Group's vision, purpose, culture, and Code of Business Conduct;
- 2.2 periodically reviewing progress against annual priorities and objectives across the Customer, People, Planet and Society pillars of the Group's sustainability strategy;
- 2.3 oversight of the Group's plan to set, disclose and achieve science-based targets in relation to the reduction and offsetting of carbon emissions including approving and monitoring the offsetting plan and any non-material revisions to the plan subject to prior Board approval;
- 2.4 assessing the role of the Group in society, regarding, equality issues including but not limited to human rights, social mobility, social exclusion and charity partner engagement;
- 2.5 periodically, at intervals to be determined by the Committee, reviewing the Group's Code of Business Conduct;
- 2.6 periodically, at intervals to be determined by the Committee, challenging the effectiveness of the following areas/policies:
  - 2.6.1 customer experience metrics, including the end to end customer journey;
  - 2.6.2 diversity and inclusion in the workplace including but not limited to employee engagement survey and diversity and inclusion survey feedback;
  - 2.6.3 relevant discussions held at the Employee Representative Body;
  - 2.6.4 community engagement activities;
  - 2.6.5 environmental matters and initiatives including but not limited to recycling and waste management initiatives; and
  - 2.6.6 human rights-related matters including but not limited to the Group's annual modern slavery statement and the Group's ethical code for suppliers;
- 2.7 on an annual basis, reviewing and recommending for approval the relevant sustainability sections of the Annual Report & Accounts, and disclosures for inclusion in the Group's Sustainability report;
- 2.8 where relevant, reviewing reports from working groups and committees relating to sustainability matters;
- 2.9 keeping under review the extent and effectiveness of the Group's external reporting of relevant sustainability performance including any relevant assessment of the Group's performance by external rating agencies;
- 2.10 considering the Group's position on relevant emerging sustainability issues, and when appropriate, recommending Group targets and/or subscription to public voluntary sustainability-related commitments; and
- 2.11 reviewing compliance with material legislation on sustainability issues, and any public sustainability-related commitments voluntarily subscribed to by the Group.

### **3. Governance and Resources**

The Committee shall:

- 3.1 receive reports from, and where appropriate work closely with, other Board Committees to ensure that there is a co-ordinated and aligned approach to the management of sustainability issues that are outside of the remit of the Committee;
- 3.2 have access to sufficient resources in order to carry out its duties, including access to Company Secretariat for assistance as required;
- 3.3 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;
- 3.4 give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code, the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules, the Market Abuse Regulation, the Senior Managers and Certification Regime and any other applicable rules, as appropriate;
- 3.5 oversee any investigation of activities which are within its terms of reference; and
- 3.6 arrange for periodic reviews of its:
  - 3.6.1 own performance to ensure it is operating effectively; and
  - 3.6.2 terms of reference and recommend any changes it considers necessary to the Board for approval.

The Committee is authorised to:

- 3.7 seek any information it requires from any employee or contractor of the Group in order to perform its duties;
- 3.8 call any employee or request any contractor to be questioned at a meeting of the Committee as and when required; and
- 3.9 obtain, at the Group's expense, external legal or other professional advice on any matter within its terms of reference.

### **4. Reporting**

- 4.1 The Committee's duties and activities during the year shall be disclosed in the Company's Annual Report and Accounts.
- 4.2 The Chair of the Committee shall attend the Annual General Meeting to answer shareholder questions on the Committee's activities.
- 4.3 The Chair of the Committee shall report formally to the Board on its proceedings after each meeting, including making any recommendations deemed appropriate.