

Management Development and Compensation Committee Charter for XL Group Ltd

Purpose

The Management Development and Compensation Committee (the “MDCC”) is appointed by the Board to oversee the Board's responsibilities relating to (i) compensation and significant benefit plans, policies and programs of the Company, (ii) compensation of the Company's executive officers and (iii) executive management development and succession planning.

Committee Membership

The MDCC shall consist of no fewer than three members. The members of the MDCC shall meet the independence requirements of the New York Stock Exchange and any other requirements set forth in applicable laws, rules and regulations.

The members of the MDCC shall be appointed annually by the Board on the recommendation of the Nominating, Governance and External Affairs Committee (the "Nominating & Governance Committee"). MDCC members may be removed by the Board at any time if necessary or appropriate.

Committee Authority and Responsibilities

1. The MDCC shall have the sole discretion and authority to retain, terminate or obtain the advice of any compensation consultant, independent legal counsel or other adviser (collectively “Advisers”) it chooses. It shall have the direct responsibility for the appointment, compensation and oversight of the work of any Adviser it retains. The Company must provide appropriate funding, as determined by the MDCC, for the payment of reasonable compensation to any such Adviser. As required by the New York Stock Exchange Listing Standards, prior to selecting or receiving advice from an Adviser, and on a periodic basis thereafter, the MDCC will evaluate the independence of such Adviser in accordance with the criteria established by the New York Stock Exchange. The MDCC shall also have authority to obtain advice and assistance from internal legal, accounting or other advisors.
2. The MDCC shall review the overall compensation structure of the Company (which may include review of compensation plans, programs or policies of individual business units within the Company), as well as review the compensation structure for Executive Officers. In addition, it shall review all compensation plans where the maximum amount payable to any participant in such plans could equal or exceed twice the individual's base salary in effect at the time of payment or grant.
3. The MDCC shall annually receive reports with respect to the appropriateness of the Company's significant employee benefit plans and related programs and policies.
4. The MDCC shall oversee the development and evaluation of potential candidates for Chief Executive Officer and, as appropriate, other executive management positions.
5. The MDCC shall review and assess the management succession plan for the Chief Executive Officer position and other executive officers and annually review its assessment of those plans with the Board.

6. The MDCC shall annually review and approve corporate and other goals and objectives relevant to Chief Executive Officer compensation, and evaluate the Chief Executive Officer's performance in light of those goals and objectives.
7. The MDCC shall annually review and approve the compensation of all executive officers and other key executives, including (a) the annual base salary level, (b) the annual incentive compensation opportunity level, (c) the long-term incentive compensation opportunity level, (d) employment agreements, severance arrangements, and change in control agreements/provisions, in each case as, when and if appropriate, and (e) any special or supplemental benefits or other compensation. With respect to the Chief Executive Officer, the MDCC shall approve and recommend the CEO's compensation to the independent directors of the Board for review and ratification. In determining the long-term incentive component of the Chief Executive Officer's compensation, the Committee will consider primarily the Company's performance and relative shareholder return, the value of similar incentive awards to the Chief Executive Officer at comparable companies, and the awards given to the Chief Executive Officer in past years.
8. The MDCC shall oversee and annually assess whether the Company's compensation programs create unnecessary or inappropriate risks that are reasonably likely to have a material adverse effect on the Company. This assessment will include consideration of whether the Company's compensation programs encourage appropriate risk taking, and do not otherwise misalign executive interests with those of shareholders. In carrying out the foregoing, the Committee shall confer with the Risk and Finance Committee to the extent necessary or appropriate.
9. The MDCC shall periodically review the Company's Clawback Policy, approve changes to the Policy as appropriate, and oversee the application of the Policy.
10. The MDCC shall review and discuss with management the Company's Compensation Discussion and Analysis ("CD&A") and recommend to the Board the inclusion of the CD&A in the Company's proxy statement or Annual Report on Form 10-K. The MDCC shall annually provide the Compensation Committee Report on executive compensation as required to be included in the proxy statement.
11. The MDCC shall be responsible, in the case of a search for a replacement CEO, for conducting such search and making recommendations to the Board provided that the Board has not formed a Special Committee to carry out such mandate.
12. The MDCC may form and delegate authority to subcommittees when appropriate.
13. The MDCC shall report its actions and any recommendations to the Board after each Committee meeting.
14. The MDCC shall annually review its own performance.
15. The MDCC shall review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Nominating & Governance Committee and ultimately to the Board for approval.