

**HISCOX LTD**  
**TERMS OF REFERENCE AND**  
**SCHEDULE OF MATTERS RESERVED FOR BOARD DECISION**

**1. Interpretation**

In these terms of reference:

“**Board**” means, the board of directors of the Company or the directors present or deemed to be present at a duly convened meeting of the directors at which a quorum is present, as the context requires;

“**Board Pack**” means, the meeting agenda, together with such other documents as the Chairman may from time to time determine;

“**Business Day**” means, Monday to Friday, not including any day which is a Bank Holiday in Bermuda;

“**Company**” means, Hiscox Ltd;

“**Group**” means, the Company and its direct and indirect subsidiaries;

“**Secretary**” means, the Company Secretary and includes any Assistant or Deputy Secretary.

**2. Matters reserved for Board decision**

**2.1 Corporate Strategy**

The Board shall determine the Group’s overall strategic direction, business plans and budgets for the Group. The Board shall approve any major new business areas proposed by Group companies or business divisions. The Board shall also consider any matter referred to it by the Group Chief Executive or the Executive Committee, including issues of significant expenditure and major projects. The UK, European and International Business Divisions shall have authority to spend up to £2 million per project without prior Board approval.

**2.2 Mergers and Acquisitions**

The Board shall approve any significant mergers and acquisitions within the Group. The UK, European and International Business Divisions shall between them have a £5 million aggregate limit per annum for any mergers and acquisitions within those business areas, such transactions to be approved by the relevant local board. All transactions approved by the local boards will be reported to the Board.

**2.3 Capital and debt**

The Board shall approve any changes to the capital and debt structure, including any capital raising, as well as any bonus issues or rights issues. The Board shall determine the sufficiency of capital in light of the Group’s risk profile and business plans.

**2.4 Investments**

The Board shall determine the investment strategy for Group funds.

**2.5 Dividend Policy**

The Board shall determine the dividend policy and shall recommend, approve or declare as appropriate any dividend.

**2.6 Share Schemes**

The Board shall, upon the recommendation of the Remuneration Committee, approve the granting of any awards under the Group share schemes, including option plans,

Performance Share Plans and share save schemes. The Board shall also approve the allotment of any shares under the schemes.

## **2.7 Financial Reporting**

The Board shall approve the consolidated financial statements of the Company including the annual report and accounts and interim accounts. The Board shall also approve the directors' report, statement on internal control, corporate governance statement and directors' remuneration report.

## **2.8 Internal Control**

The Board shall ensure that the Group has adequate systems of internal control and reporting, and at least annually shall review the systems and controls in place.

## **2.9 Communications**

The Board shall consider and approve any circular, listing particulars or prospectus issued by the Company. The Board shall also approve any announcement relating to the interim and final results, as well as any trading update or any other significant announcement to be made on behalf of the Group.

## **2.10 Board Membership and other appointments**

The Board shall approve changes to the size, structure and composition of the Board following recommendations from the Nominations Committee. The Board shall ensure adequate succession planning.

## **2.11 Corporate Governance arrangements**

The Board shall review the Group's overall corporate governance arrangements.

The Board has delegated day to day management of the Company's businesses to the Group Chief Executive, together with certain senior executives. The Board has also delegated responsibility for certain other matters to sub-committees of the Board, all of which operate within pre-defined terms of reference.

## **3. Frequency and timing of meetings**

The Board shall meet on a Business Day at least four times each calendar year.

## **4. Location of meetings**

Meetings shall typically be held in Bermuda or another location subject to the discretion of the Group CFO. Meetings will not be held in the UK or the USA.

## **5. Authority to set the agenda**

The Chairman shall from time to time set the agenda for meetings of the Board.

## **6. Board Packs**

- 6.1 The Secretary shall ensure that the Board receives information and papers in a timely manner to enable full and proper consideration to be given to issues;
- 6.2 The Secretary shall ensure one copy of each Board Pack is retained.

## **7. Meetings held by electronic means**

- 7.1 Any director may participate in a meeting by way of telephone, computer or any other electronic means of communication provided that each director is able to hear

and speak. A person participating in this way is deemed to be present in person although their actual location shall be noted in the minutes and is counted in a quorum and entitled to vote. However, no member shall participate in any meeting while located in the UK or USA. The meeting is deemed to take place where the largest group of those participating is assembled, or if there is no such group, where the Chairman of the meeting is located.

## **8. Minutes of meetings**

- 8.1 Minutes of meetings of the Board shall be produced by the Secretary;
- 8.2 The Minutes shall detail the proceedings and decisions of the meeting setting out the date, time, and place of the meeting, together with a list of those present and in attendance;
- 8.3 The Minutes of the meeting shall be circulated to each director of the Company by the Secretary within ten Business Days of each meeting, subject to the prior approval of the Chairman.

## **9. Authority to inspect the minutes of meetings**

- 9.1. The following individuals are entitled to inspect the minutes of meetings:
  - All officers of Hiscox Ltd;
  - External Auditors;
  - Internal Auditors;
  - Bermuda Monetary Authority;
  - Company Secretary; and
  - Any other person the Chairman may from time to time permit.

## **10. Amendment of Matters Reserved for the Board and Terms of Reference**

The Matters Reserved for the Board and Terms of Reference may be amended by the Board.

These Terms of Reference are subject to Bye-Law 77 of the Company's Bye-Laws.