

**HISCOX LTD  
REMUNERATION COMMITTEE  
TERMS OF REFERENCE**

**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;

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

“**UK Corporate Governance Code**” means the Code on Corporate Governance published from time to time by the Financial Reporting Council and as adopted by the UK Listing Authority into the Listing Rules;

“**Committee**” means the Remuneration Committee;

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

“**Company**” means Hiscox Ltd;

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

“**Secretary**” means the Secretary of the Committee and includes any Assistant or Deputy Secretary or a person appointed by the Committee to perform the duties of the Secretary, who shall not be a member of the Committee.

**2 Purpose**

The Committee shall:

- 2.1 Ensure that the remuneration policy of the Company encourages enhanced performance and in a fair and responsible manner rewards individuals for their contribution to the success of the Company.
- 2.2 Monitor compliance with the UK Listing Authority Listing, Prospectus and Disclosure Rules, Bermudian company law and any other applicable Rules as appropriate.

**3 Amendment of Terms of Reference**

- 3.1 These Terms of Reference may only be amended by the Board.

**4 Membership**

- 4.1 Only independent non executive directors of the Company are eligible to be appointed to the Committee.
- 4.2 The Committee shall comprise at least three members.
- 4.3 The Chairman of the Committee shall be appointed by the Board.
- 4.4 The Chairman may arrange for another member to chair a future meeting if he or she will be absent from that meeting. If neither the Chairman nor a Deputy Chairman is present within five minutes of the time fixed for the start of the meeting and no alternative member has been appointed to chair the meeting by the Chairman, the

members present shall choose one of their number to act as Chairman for that meeting.

- 4.5 In the absence of the appointed Secretary the Chairman of the meeting shall require some other person to perform the role of Secretary for that meeting.

## **5 Power to appoint members**

- 5.1 The Board may appoint an eligible person who is willing to be appointed as a member of the Committee.

## **6 Power to remove members**

- 6.1 The Board may remove a member of the Committee.

## **7 Frequency and timing of meetings**

- 7.1 The Committee shall meet on a Business Day at least three times in each calendar year.

## **8 Quorum**

- 8.1 The quorum for the meetings shall be two.

## **9 Attendance at meetings**

- 9.1 The Chairman of the Company, Chief Executive Officer, Finance Director, HR Director and any other relevant senior management of the Group may attend all or part of any meeting of the Committee at the invitation of the Chairman. Such invitees have no right of attendance and the Committee may retract any such invitation at any time. Executive Directors may not attend any part of a meeting where their remuneration is being discussed.
- 9.2 The Committee may invite any external advisers to attend the meeting.

## **10 Location of meetings**

- 10.1 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.

## **11 Authority to set the agenda**

- 11.1 The Chairman shall set the agenda for meetings of the Committee.

## **12 Committee Packs**

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

## **13 Notice of meetings**

- 13.1 A member may, and the Secretary at the request of a member shall, summon a Committee meeting at any time.
- 13.2 All members are entitled to receive notice of meetings which shall state the date, time and location of each meeting. Notice may be given in writing, verbally or by any

electronic means. All members are entitled to attend and vote at meetings of the Committee.

- 13.3 A Committee Pack specifying the date, time and location of a meeting shall be deemed to be notice.
- 13.4 A member may waive the requirement that notice be given to him of any Committee meeting, either prospectively or retrospectively.

#### **14 Voting**

- 14.1 Decisions of the Committee shall be made by majority vote. In the case of an equality of votes the Chairman has a second casting vote.

#### **15 Meetings held by electronic means**

- 15.1 Any member may participate in a meeting of the Committee by way of telephone, computer or any other electronic means of communication provided that each person participating in the meeting 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.

#### **16 Minutes of meetings**

- 16.1 Minutes of meetings of the Committee shall be produced by the Secretary.
- 16.2 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.
- 16.3 The Secretary shall produce the minutes within 10 Business Days of each meeting and shall submit them to the Chairman for approval.
- 16.4 Minutes of the preceding meeting shall be approved by the Committee at each meeting.
- 16.5 The Secretary shall ensure the minutes are filed in a book of minutes within 5 Business Days of their being signed.

#### **17 Authority to inspect the minutes of meetings**

The following individuals are entitled to inspect the minutes of meetings:

- all directors of Hiscox Ltd;
- all members;
- external Auditors;
- employees of the Bermuda Monetary Authority;
- Committee Secretary; and
- any other person the Chairman of the Committee may from time to time permit.

#### **18 Duties**

The Committee shall:

- 18.1 determine and agree with the Board the remuneration policy, set and monitor the remuneration of the Chairman and Executive Directors of the Company, and of the internal auditors and members of the Company's senior management group as agreed

- from time to time, and recommend to the Board a remuneration framework for the Group;
- 18.2 approve the structure of, and determine targets for performance related pay schemes provided by the Company, and approve total annual payments under those schemes;
  - 18.3 review and make recommendations on the structure of any share incentive schemes for approval by the Board and Shareholders. For such plans, determine whether awards will be made, the overall amount of such awards, individual awards to Executive Directors and such members of the senior management group as agreed with the board, and determine performance targets for such awards;
  - 18.4 determine the pension arrangements for Executive Directors;
  - 18.5 ensure that contractual terms on resignation are appropriate, and while fair to the individual, will not reward bad performance and retain the duty to mitigate loss;
  - 18.6 within the terms of the agreed policy, determine the individual remuneration package of each Executive Director, including bonuses, share incentives and pension payments;
  - 18.7 review the ongoing appropriateness of the remuneration policy taking into consideration the provisions and recommendations of the UK Corporate Governance Code, Listing Rules, ABI Guidelines on remuneration and share incentive schemes and any other applicable Rule or Regulation where appropriate;
  - 18.8 when setting the remuneration of the Executive Directors and the Company's senior management, review and have regard to the remuneration trends across the Group; and
  - 18.9 be exclusively responsible for establishing the selection criteria, selecting and appointing, and setting terms of reference for any external remuneration consultants.

## **19 Reporting**

- 19.1 The Chairman of the Committee shall make a verbal summary report at each Board meeting immediately following each Committee meeting; and
- 19.2 The Committee shall produce an annual remuneration report for the Company's annual report and accounts.

## **20 Authorities**

Subject to these terms of reference taking precedence, the Committee is authorised by the Board to:

- 20.1 seek any information it requires from any employee of the Group in order to perform its duties;
- 20.2 obtain at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
- 20.3 set the remuneration including pension rights and any compensation payments, of the Chairman, Executive Directors, and if there is a person so appointed, the Company Secretary;
- 20.4 prevent Executive Directors from attending all or part of any meeting; and
- 20.5 call any director or employee of the Group to a meeting of the Committee as and when required, provided at least two weeks notice is given to that employee.

The Committee is not authorised to establish sub-committees or amend its own terms of reference. These Terms of Reference are subject to Bye-Law 77 of the Company's Bye-Laws.