



**HISCOX LTD  
NOMINATIONS AND GOVERNANCE COMMITTEE  
TERMS OF REFERENCE**

**1 Purpose**

The purpose of the Hiscox Ltd Nominations and Governance Committee (the “Committee”) is to perform the following:

- a. Ensure that the Board remains balanced both in terms of skills, experience and knowledge, and between Executive and Non-Executive Directors;
- b. Lead the process for appointments to the Board, and make recommendations to the Board, ensuring there is a formal, rigorous and transparent procedure;
- c. Monitor compliance with Bermuda company law, the UK Listing Authority Listing, Prospectus and Disclosure Rules, and any other applicable Rules as appropriate.
- d. Pursuant to its governance function, to act as arbitrator in situations of apparent conflicts of interest between the Group’s interests and those of third parties and ensure the Directors are free from conflicts of interest.

**2 Membership**

- a. A majority of the Committee members shall be independent Non-Executive Directors.
- b. The Committee shall comprise at least three members. The quorum for meetings shall be two directors.
- c. The Chairman and other members of the Committee shall be appointed by the Board, on the recommendation of the Committee.

**3. Constitution and meetings of the Committee**

- a. *Chairman* – The Chairman should attend the AGM to answer any shareholder questions on the Committee’s activities. The Chairman shall set the agenda for meetings of the Committee. The Chairman may arrange for another member to chair a future meeting if he or she will be absent from that meeting. In the absence of the appointed Secretary<sup>1</sup> the Chairman of the meeting shall require some other person to perform the role of Secretary for that meeting.
- b. *Power to appoint members* - On the recommendation of the Nominations & Governance Committee, the Board may appoint any eligible person who is willing to be appointed as a member of the Committee.
- c. *Power to remove members* - The Board may remove any member of the Committee.
- d. *Frequency and timing of meetings* - The Committee shall meet at least three times each calendar year. Outside of the formal meeting programme, the Chairman and other committee members,

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<sup>1</sup> Means 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



where relevant, will maintain a dialogue with key individuals involved in the Company's governance, including the Executive Directors, the external auditor's lead partner and the Head of Internal Audit.

- e. *Location of meetings* - Meetings shall typically be held in Bermuda or another location subject to the discretion of the Chief Financial Officer. Meetings shall not be held in the UK or the USA.
- f. *Committee Packs*<sup>2</sup> - 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 the issues.
- g. *Voting* - 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.
- h. *Notice of meetings* - 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. A member at any time may, and the Secretary at the request of a member shall, summon a Committee meeting. A member may waive the requirement that notice be given to him of any Committee meeting, either prospectively or retrospectively.
- i. *Minutes of meetings* - Minutes of meetings of the Committee shall be produced by the Secretary. 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. Minutes of the preceding meeting shall be approved by the Committee at each meeting.
- j. *Meetings held by electronic means* - 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.
- k. *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 may from time to time, permit.
- l. *Attendance at meetings* - Only the members of the Committee have the right to attend Committee meetings. Any other relevant member of senior management of the Group or any external advisors may attend any meeting of the Committee at the invitation of the Chairman.

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<sup>2</sup> Means the meeting agenda, together with such other documents as the Chairman may from time to time determine



#### 4. Duties

The Committee shall carry out the duties below for the Company and the Group as appropriate.

- a. regularly review and monitor the structure, size and composition of the Board and make appropriate recommendations to the Board regarding any changes;
- b. before any appointment is made to the Board, evaluate the balance of skills, knowledge, independence and experience, and prepare a description of the role and capabilities required;
- c. identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise using the following processes:
- d. use open advertising or the services of external advisers to facilitate the search to fill Board vacancies and consider candidates from a wide range of backgrounds. Candidates will be selected on merit and against objective criteria, and with due regard for the benefits of diversity on the Board, taking care that appointees have enough time available for the position;
- e. review annually the time required from Non Executive Directors, referring to the results of the performance evaluation of the Board to ensure sufficient time is being spent to fulfil their duties;
- f. review the results of the board performance evaluation process that relates to the composition of the Board and review annually the time required from Non-Executive Directors;
- g. for the appointment of the Chairman, the Committee should prepare a job specification, including the time commitment which should be disclosed to the Board before appointment and any changes to the Chairman's commitments should be reported to the Board as they arise;
- h. prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;
- i. consider succession planning for directors and other members of the senior management group, taking into account the challenges and opportunities facing the Company and make recommendations to the Board regarding succession planning, especially for the Chairman and Chief Executive;
- j. keep under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace;
- k. make recommendations to the Board regarding candidates for the role of senior independent director if vacant;
- l. make recommendations to the Board regarding the Chair and membership of committees of the Board;
- m. make recommendations to the Board regarding the re-election by shareholders of directors under the annual re-election provisions of the UK Corporate Governance Code, having due regard to their performance and the composition of the Board;
- n. make recommendations to the Board on the re-appointment of any Non Executive Director and the end of any specified term of office, having due regard to their performance, time constraints and the composition of the Board and to their ability to continue to contribute to the Board in the



light of the knowledge, skills and experience required and the need for progressive refreshing of the Board;

- o. make recommendations to the Board on any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an Executive Director as an employee of the Company, subject to the provisions of law and their service contract; and
- p. to arbitrate and determine any conflicts of interest arising between the Group's interests and those of third parties.

## 5. Reporting

- a. The Chairman of the Committee shall make a verbal summary report at each Board meeting immediately following each Committee meeting;
- b. The Committee shall produce a report to be included in the Company's annual report about the work of the Committee (including in relation to the relevant matters identified in the UK Corporate Governance Code) and its activities, the process used to make appointments and explain if external advice or open advertising has not been used. Where an external search agency has been used, it shall be identified in the annual report and a statement made as to whether it has any connection with the Company. The report referred should include:
  - i. a statement as to how the Board's evaluation has been conducted, the nature and extent of external evaluator's contact with the Board, the outcomes and actions taken and how it has or will influence Board composition;
  - ii. the Board's policy on diversity and inclusion, including gender, its objectives and linkage to the strategy of the Company, how it has been implemented and progress on achieving the objectives; and
  - iii. the gender balance of those in senior management and their direct reports.

## 6. Other matters

The Committee shall:

- a. have access to sufficient resources in order to carry out its duties, including access to the company secretariat for assistance as required
- b. 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
- c. give due consideration to laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable rules, as appropriate
- d. arrange for periodic reviews of its own performance and, at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.



## **7. Authorities**

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

- a. prevent Executive Directors from attending all or part of any meeting;
- b. obtain at the Company's expense, outside legal or other professional advice on any matter within its terms of reference;
- c. seek any information it requires from or call any employee of the Group to a meeting of the Committee as and when required, provided reasonable notice is given to that employee.

## **8. Amendment of Terms of Reference**

These Terms of Reference are subject to Bye-Law 77 of the Company's Bye-Laws may only be amended by the Board.