



**HISCOX LTD (the "Company")
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 Board¹ has appropriate skills, experience and knowledge, and there is an appropriate balance between Executive and Non-Executive Directors, and ensure a diverse pipeline for both Board and senior management² positions;
- 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) review how the Board evaluation has been conducted, the nature and extent of an external evaluator's contact with the Board and individual Directors, the outcomes and actions taken, and how it has or will influence Board composition; and
- d) pursuant to its governance function, act as arbitrator in situations of apparent conflicts of interest between the Group's³ 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 Chair and other members of the Committee shall be appointed by the Board, on the recommendation of the Committee.
- d) The Board may remove any member of the Committee.

3. Constitution and meetings of the Committee

- a) *Chair* – The Chair shall set the agenda for meetings of the Committee. The Chair may arrange for another member to chair a future meeting if he or she will be absent from that meeting. In the absence of any such prior arrangement by the Chair, the remaining members present shall elect one of themselves to chair the meeting. The Chair of the Board should not chair the Committee when it is dealing with the appointment of their successor; the Senior Independent Director should lead on matters relating to the Chair. In the absence of the appointed Secretary,⁴ the chair of the meeting shall require some other person to perform the role of Secretary for that meeting.

¹ Means the board of directors of the Company as defined in the Bye-Laws of the Company.

² The definition of 'senior management' for this purpose should be the executive committee or the first layer of management below Board level, including the Company Secretary.

³ Means the Company and its direct and indirect subsidiaries.

⁴ 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.

- b) *Frequency and timing of meetings* - The Committee shall meet at least three times each calendar year. Outside of the formal meeting programme, the Chair and other Committee members, where relevant, will maintain a dialogue with key individuals involved in the Company's governance, including the Executive Directors.
- c) *Location of meetings* - Meetings shall typically be held in Bermuda or another location subject to the discretion of the Group Company Secretary. Meetings shall not be held in the UK or the USA.
- d) *Committee Packs*⁵ - 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.
- e) *Voting* - Decisions of the Committee shall be made by majority vote. In the case of an equality of votes the chair of the meeting has a second casting vote.
- f) *Notice of meetings* - All members are entitled to receive notice of meetings no later than five working days before the date of the meeting, unless otherwise agreed, 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/her of any Committee meeting, either prospectively or retrospectively.
- g) *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.
- h) *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 chair of the meeting is located.
- i) *Authority to inspect the minutes of meetings* - The following individuals are entitled to inspect the minutes of meetings:
 - all Directors of the Company;
 - all members of the Committee;
 - external auditors;
 - employees of the Bermuda Monetary Authority;
 - Committee Secretary; and
 - any other person the Chair may from time to time permit.
- j) *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 all or part of any meeting of the Committee at the invitation of the Chair.

4. Duties

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

⁵ Means the meeting agenda, together with such other documents as the Chair may from time to time determine.

- 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 beginning to search for candidates for a particular role, evaluate the balance of skills, knowledge and experience of the Board, and future challenges facing the business, and in light of this evaluation prepare a description of the role and capabilities required and the time commitment expected;
- c) identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise using the following processes:
 - (i) use open advertising or the services of external advisers (or both), if appropriate, to facilitate the search to fill Board vacancies;
 - (ii) consider candidates from a wide range of backgrounds. Candidates should be selected on merit and against objective criteria, and with due regard for the benefits of diversity of gender, social and ethnic backgrounds, cognitive and personal strengths on the Board;
 - (iii) review a candidate's other commitments to ensure that, on appointment, a candidate will have sufficient time to undertake the role effectively. Any additional future commitments should not be undertaken without prior approval of the Board;
- d) review annually the time required to fulfil the role of Chair, Senior Independent Director and each Non-Executive Director (taking into account Committee memberships) and, referring to the results of the performance evaluation of the Board, review whether all members of the Board have devoted sufficient time to fulfil their duties;
- e) 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 as they arise, for approval by the Board;
- f) ensure that on appointment all Non-Executive Directors receive formal written terms of appointment setting out clearly what is expected of them in terms of time commitment and indicating the possibility of additional commitment when the Company is in a period of increased activity;
- g) oversee succession planning for Directors and members of senior management to ensure a diverse pipeline for orderly succession, taking into account the challenges and opportunities facing the Group and the results of the performance evaluation that relate to composition of the Board and succession planning, and make recommendations to the Board regarding succession planning and processes, especially for the Chair of the Board and Chief Executive;
- h) 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;
- i) make recommendations to the Board regarding candidates for the role of Senior Independent Director if vacant;
- j) make recommendations to the Board regarding the membership and chairing of committees of the Board;

- k) make recommendations to the Board regarding the re-election by shareholders of Directors under the annual re-election provisions of the UK Corporate Governance Code⁶, having due regard to their performance and the reasons their contribution is, and continues to be, important to the long-term sustainable success of the Group;
- l) make recommendations to the Board on the re-appointment of any Non-Executive Director at the end of their 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;
- m) 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;
- n) put in place appropriate procedures for authorisation of Directors' conflict matters and authorise any such conflict matter that arises (including determining whether any terms and conditions should attach to such authorisation);
- o) determine and arbitrate any conflicts of interest arising between the Group's interests and those of third parties; and
- p) make recommendations to the Board regarding the Board Diversity, Equity & Inclusion Policy, its objectives and linkage to company strategy, how it has been implemented and progress on achieving the objectives.

5. Reporting

- a) The Chair of the Committee shall make a verbal summary report on the nature and content of the Committee's discussion 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 report should include:
 - (i) the process used to make appointments, the approach to succession planning and how both support developing a diverse pipeline;
 - (ii) an explanation if external advice or open advertising has not been used for appointments. 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 or individual Directors;
 - (iii) a statement as to how the Board's evaluation has been conducted, the nature and extent of an external evaluator's contact with the Board, the outcomes and actions taken and how it has or will influence Board composition;
 - (iv) the Board's policy on diversity and inclusion, its objectives and linkage to the strategy of the Company, how it has been implemented and progress on achieving the objectives; and
 - (v) the gender balance of those in senior management and their direct reports.

⁶ Means the UK Corporate Governance Code published from time to time by the Financial Reporting Council and as adopted by the FCA into the Listing Rules.



6. Engagement with shareholders

The Chair of the Committee shall be available at the Annual General Meeting to answer questions on the Committee's activities and procedures. In addition, the Chair should seek engagement with shareholders on significant matters related to the Committee's areas of responsibility.

7. 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 Financial Conduct Authority's Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate; and
- d) arrange for periodic evaluations 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; and
- c) seek any information it requires from, or call to a meeting of the Committee, any employee of the Group 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 and may only be amended by the Board.