

HISCOX LTD (the "Company") REMUNERATION COMMITTEE TERMS OF REFERENCE

1. Purpose

The purpose of the Hiscox Ltd Remuneration Committee (the "Committee") is to perform the following:

- a) ensure that the remuneration policy for the Executive Directors and the remuneration of the Chair of the Board,¹ Executive Directors and senior management² encourages enhanced performance and in a fair and responsible manner rewards individuals for their contribution to the success of the Company, having regard to statutory and regulatory requirements;
- b) assist the Board to fulfil its responsibility to shareholders to ensure the remuneration policy and practices of the Company meet these requirements; and
- c) monitor compliance with the UK Financial Conduct Authority ("FCA") Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules, Bermuda company law and any other applicable rules and regulations as appropriate.

2. Membership

- a) Only independent Non-Executive Directors are eligible to be appointed to the Committee.
- b) The Committee shall comprise at least three members. The quorum for the 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 Nominations & Governance Committee. The Chair of the Committee should have served on the Committee for at least 12 months prior to appointment.
- 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. In the absence of the appointed Secretary³, the chair of the meeting shall require some other person to perform the role of Secretary for that meeting.
- 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 or deemed necessary by the Chair, will maintain a dialogue with key individuals involved in the Company's governance, including the Executive Directors, the Group Chief Executive Officer and Group HR Director.
- 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*⁴ - 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

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 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.

⁴ Means the meeting agenda, together with such other documents as the Chair may from time to time determine.

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. However, the following will be expected to attend Committee meetings on a regular basis:
 - Chief Executive Officer
 - Chief People Officer

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. Executive Directors may not attend any part of a meeting where their remuneration is being discussed.

4. Duties

The Committee shall:

- a) have responsibility for determining the remuneration policy for the Executive Directors, and setting remuneration for the Chair of the Board, Executive Directors (within the terms of the agreed remuneration policy) and senior management, including benefits, pension rights and any compensation payments, and in doing so shall address the requirements of the UK Corporate Governance Code⁵ as to clarity, simplicity, risk, predictability, proportionality and alignment to culture;
- b) approve and monitor the level and structure of remuneration for and of the internal auditors;

⁵ 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.

- c) determine the remuneration of the Non-Executive Directors within the limits of the Bye-Laws of the Company. Such remuneration should reflect the time commitment and responsibilities of the role and should not include share options or other performance-related options;
- d) recognise that the objective of the remuneration policy shall be to support strategy, promote the long-term sustainable success of the Company and to attract, retain and motivate executive management of the quality required to run the Company successfully, having regard to views of shareholders and other stakeholders, the risk appetite of the Company and alignment to the Company's strategic long-term goals;
- e) ensure that potential conflicts of interest are managed and that no director or senior manager is involved in any decisions as to their own remuneration;
- f) review and make recommendations on the structure of any share incentive schemes and performance-related pay schemes for approval by the Board and, when required, shareholders. For such schemes, the Committee shall determine each year whether awards will be made, the overall amount of such awards, individual awards to Executive Directors and such members of senior management as agreed with the Board, and determine performance targets for such awards. Such schemes should promote long-term shareholdings by Executive Directors that support alignment with long-term shareholder interests, and share awards granted for this purpose should be released for sale on a phased basis and be subject to a total vesting and holding period of five years or more;
- g) ensure that remuneration policies and schemes enable the use of discretion to override formulaic outcomes and include provisions to enable the Company to recover and/or withhold sums or share awards under appropriate specified circumstances. Any exercise of discretion should be clearly disclosed and explained;
- h) determine a formal policy for post-employment shareholding requirements encompassing both unvested and vested shares;
- i) determine the policy for and scope of pension arrangements for Executive Directors, considering those arrangements as compared to workforce arrangements and aligning Executive Director contribution rates to those available to the workforce;
- j) ensure that contractual terms on termination and any payments made are appropriate, and while fair to the individual and the Company, will not reward poor performance or failure and reflect the departing individual's conduct and performance and duty to mitigate loss;
- k) review the ongoing appropriateness and relevance of the remuneration policy taking into consideration the provisions and recommendations of the UK Corporate Governance Code, Listing Rules, Association of British Insurers ("ABI") Guidelines on remuneration and share incentive schemes and any other applicable legal and regulatory requirements;
- l) when setting the remuneration of the Executive Directors and the Company's senior management, review and have regard to pay, employment conditions and remuneration trends across the Group and the alignment of incentives and rewards with culture, especially in determining annual salary increases;
- m) obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity and be exclusively responsible for establishing the selection criteria, selecting and appointing, and setting terms of reference for any external remuneration consultants and to commission any reports, survey or information which it deems necessary at the reasonable expense of the Company; and
- n) exercise independent judgement when evaluating the advice of external third parties and when receiving views from Executive Directors and senior management. In particular, the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.

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 make whatever recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed.
- c) The Committee shall, taking into consideration applicable legal and regulatory requirements, produce an annual report on the directors' remuneration policy and practices for the Company's annual report and accounts to be put to shareholders for approval at the Annual General Meeting and shall ensure that provisions regarding disclosure of information as required by law, regulation and the UK Corporate Governance Code are fulfilled, including an explanation of what workforce engagement has taken place and how executive remuneration aligns with wider company pay policy.
- d) If remuneration consultants have been appointed, the annual report should identify them and state whether they have any other connection with the Company or individual directors.

6. Engagement with Shareholders

The Chair shall be available at the Annual General Meeting to answer questions arising from the directors' remuneration report and generally on remuneration principles and practices and the Committee's activities. 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 on-going basis for all members;
- c) give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of directors of listed / non listed companies and formation and operation of share schemes including but not limited to the provisions of the UK Corporate Governance Code, the requirements of the FCA's Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules as well as guidelines published by the ABI and the National Association of Pension Funds and any other applicable rules, as appropriate;
- 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; and
- e) work and liaise as necessary with all other Board Committees.

8. 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) set the remuneration including pension rights and any compensation payments of the Executive Directors and senior management; and
- d) 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.



9. 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.