

HISCOX LTD
REMUNERATION & NOMINATIONS 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;

“**Combined Code**” means the Combined 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 & Nominations 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;

“**Listing Rules**” means the rules and regulations made by the Financial Services Authority in its capacity as the UK Listing Authority, and contained in the UK Listing Authority’s publication of the same name.

“**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 The Committee shall 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 The Committee should ensure that the Board remains balanced both in terms of skills and experience, and between executive and non executive directors;
- 2.3 The Committee should lead the process for appointments to the board, and make recommendations to the Board, ensuring there is a formal, rigorous and transparent procedure.

3. Amendment of Terms of Reference

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

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

6. Power to remove members

The Board may remove a member of the Committee.

7. Frequency and timing of meetings

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

8. Quorum

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

Meetings shall be held at the Company's head office in Bermuda. In exceptional circumstances meetings may be held in Guernsey or Switzerland.

11. Authority to set the agenda

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

12. Committee Packs

- 12.1 Committee Packs shall be collated and circulated to members at least five Business Days prior to each meeting of the Committee, by the Secretary.
- 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

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

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 United States of America or United Kingdom of Great Britain. 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.

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 ratified 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:

- 17.1 all directors of Hiscox Ltd;
- 17.2 all members;
- 17.3 external Auditors;

- 17.4 employees of the Bermuda Monetary Authority;
- 17.5 Committee Secretary; and
- 17.6 any other person the Chairman of the Committee may from time to time, permit.

18. Duties

18.1 Remuneration duties

The Committee shall:

- 18.1.1 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 shall recommend to the Board a remuneration framework for the Group.
- 18.1.2 approve the structure of, and determine targets for performance related pay schemes provided by the Company, and approve total annual payments under those schemes;
- 18.1.3 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;
- 18.1.4 determine the pension arrangements for executive directors;
- 18.1.5 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;
- 18.1.6 within the terms of the agreed policy, determine the individual remuneration package of each executive director, including bonuses, share incentives and pension payments
- 18.1.7 review the ongoing appropriateness of the remuneration policy taking into consideration the provisions and recommendations of the Combined Code, Listing Rules and ABI Guidelines on remuneration and share incentive schemes where appropriate.
- 18.1.8 be exclusively responsible for establishing the selection criteria, selecting and appointing, and setting terms of reference for any external remuneration consultants.

18.2 Nominations duties

The Committee shall:

- 18.2.1 monitor the structure, size and composition of the Board and make appropriate recommendations to the Board regarding any changes;
- 18.2.2 before any appointment is made to the Board, evaluate the balance of skills, knowledge and experience, and prepare a description of the role and capabilities required.
- 18.2.3 identify and nominate for the approval of the Board, candidates to fill board vacancies as and when they arise using the following processes:
 - a) consider candidates from a wide range of backgrounds;
 - b) consider candidates on merit and against objective criteria, taking care that appointees have enough time available for the position;
- 18.2.4 ensure that on appointment to the board, non executive directors receive a formal letter of appointment setting out expectations in terms of time commitment. Also 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.
- 18.2.5 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.
 - 18.2.6 make recommendations to the Board regarding candidates for the role of senior independent director if vacant;
 - 18.2.7 make recommendations to the Board regarding the Chair and membership of the Audit Committee and other sub-committees of the Company;
 - 18.2.8 make recommendations to the Board regarding the re-election of directors following retirement by rotation under the Company's Bye-Laws, having due regard to their performance and the composition of the Board;
 - 18.2.9 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;
 - 18.2.10 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;

19. Reporting

- 19.1 The Chairman of the Committee shall make a verbal summary report at each Board meeting immediately following each Committee meeting;
- 19.2 The Committee shall produce an annual remuneration report for the company's annual report and accounts;
- 19.3 The Committee shall make a statement in the annual report and accounts as to its activities in relation to nominations duties and explain if external advice has been used and if external advisers provide other services to the Company.

20. Authorities

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

- 19.1 meet and regulate its proceedings as it thinks fit;
- 19.2 seek any information it requires from any employee of the Group in order to perform its duties;
- 19.3 obtain at the Company's expense, outside legal or other professional advice on any matter within its terms of reference.
- 19.4 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;
- 19.5 prevent executive directors from attending all or part of any meeting;
- 19.6 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