

# **The Britannia Steam Ship Insurance Association Holdings Limited**

## **Nomination Sub-Committee**

### **Terms of Reference**

#### **Purpose**

1. The Nomination Sub-Committee (the "Sub-Committee") is a sub-committee of the Board of The Britannia Steam Ship Insurance Association Holdings Limited ("Britannia Holdings") (the "Board"), which is the primary decision-making body of Britannia Holdings. The Board and all of its sub-committees are established pursuant to Britannia Holdings' Articles of Association (the "Articles") and, unless specifically stated otherwise, the terminology, words or expressions used in these Terms of Reference have the same meaning as in the Articles. Britannia Holdings controls The Britannia Steam Ship Insurance Association Limited and The Britannia Steam Ship Insurance Association Europe (together "the Insurers"); the three companies together are referred to as "Britannia".
2. The Sub-Committee's purpose is to ensure that the Board's Directors and those of Insurers are suitability qualified individuals who are fit, proper and of good standing in either the insurance, maritime or investment industries and who, collectively (excluding the Chairman, Manager Directors and Expert Directors), are broadly representative of Britannia's membership by geographical location, ship type and size of fleet.

#### **Membership**

3. The Sub-Committee shall consist of its Chairman, the Chairman of the Board, two further non-executive Directors of the Board together with ex officio, the directors appointed by the Managers ("Manager Directors").
4. The Board shall appoint one of its non-executive Director members (but excluding the Chairman of the Board, or the Expert Directors) as Chairman of the Sub-Committee.
5. With the exception of the Manager Directors, members of the Sub-Committee shall be appointed for a four year term and will normally be eligible for re-election only once.
6. Only members of the Sub-Committee shall have the right to attend meetings. The Manager Directors will normally attend in an advisory capacity and will not have any right to vote on any issue being considered by the Sub-Committee.

#### **Role of the Sub-Committee**

7. The Sub-Committee has responsibility for advising the Board on the following matters:
  - (a) proposing suitable candidates for appointment to Senior Management Functions (SMF), and other regulated positions in the Insurers (collectively known as "regulatory roles");
  - (b) assessing the performance of non-executive Directors retiring by rotation and, where appropriate, recommending their re-election to or dismissal from the Board;
  - (c) formulating plans for succession of both executive and non-executive Directors and in particular the key roles defined in the Senior Managers & Certification Regime (SMCR);
  - (d) reviewing Britannia's SMCR Policy and recommending such SMCR Policy (together with any relevant amendments) to the Board for approval.

- (e) reviewing membership of the Board's other sub-committees, including the Chairman of those sub-committees; and
  - (f) identifying and recommending suitable candidates for appointment to the Board's sub-committees.
8. Mindful of the requirements for any Director who will be performing a regulatory role, the Sub-Committee shall select and propose candidates having due regard to:
- (a) specific requirements identified from the Skills Matrix for individuals with particular skills or experience;
  - (b) recommendations made by the Members' Representative Committee;
  - (c) a candidate's fitness, propriety and ongoing business conduct, based on the results of the checks, including DBS checks, carried out under the SMCR Policy;
  - (d) the size of fleet, type of ship and geographical location associated with the relevant shipowner Director;
  - (e) the Rules on the Appointment, Removal and Retirement of non-executive Directors as set out in Appendix I;
  - (f) a candidate's business interests that could result in a conflict of interest;
  - (g) if applicable, the candidate's past performance (including performance evaluations);
  - (h) the amount of time required for the role and the candidate's ability to commit sufficient time; and
  - (i) any references that have been obtained in respect of the proposed appointment.
9. The Sub-Committee shall:
- (a) ensure that on appointment to the Board, or any of the Board's sub-committees, a non-executive Director receives (i) a formal letter of appointment setting out what is expected of him/her in terms of time, commitment, service and involvement and (ii) induction training and a training plan;
  - (b) annually review the attendance record, training and development plan, performance evaluations and contribution made by non-executive Directors who, retiring by rotation, have indicated a wish to be re-elected having regard to the Rules on the Appointment, Removal and Retirement of Directors (Appendix I);
  - (c) review at each meeting Britannia's Governance Map to ensure it accurately reflects Britannia's corporate governance structure;
  - (d) instruct an independent third party to complete a board effectiveness review, no less than every three years, and review and track any findings to their satisfactory conclusion;
  - (e) undertake and complete DBS checks for every Director no less than every three years;

- (f) review annually the time required from non-executive Directors (performance evaluation should be used to assess whether the non-executive Directors are spending enough time to fulfill their duties); and
- (g) liaise and interact as necessary with the Board's other sub-committees.

## **Meetings**

- 10. The quorum for the Sub-Committee meeting shall be two members (excluding the Manager Directors).
- 11. The Sub-Committee shall meet at least twice per annum, with scheduled meetings being held in May and September. If necessary, the Sub-Committee shall hold further meetings from time to time, as may be called by the Company Secretary or by any member of the Sub-Committee. All meetings shall be conducted in accordance with these Terms of Reference and the Articles.
- 12. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, with all available supporting papers, shall be forwarded to each member of the Sub-Committee and any person required or invited to attend, no later than five working days before the date of the meeting.
- 13. Appendix II details the schedule of regular agenda items for the Sub-Committee.
- 14. The Chairman shall chair each meeting of the Sub-Committee. If the Chairman is absent the other Directors present shall choose one of their number (excluding the Directors appointed from TRB) as Chairman for that meeting.
- 15. The Managers shall minute the proceedings of each meeting of the Sub-Committee, including recording the names of those present and in attendance. The Sub-Committee will report its recommendations to the Board at the next meeting following the Sub-Committee's meeting.

## **Authority**

- 16. The Sub-Committee is authorised by the Board to:
  - (a) investigate any activity within its terms of reference;
  - (b) seek any information that it may require from internal and external sources to carry out its role; and
  - (c) obtain independent external professional and/or legal advice at Britannia's expense as necessary.

## **Reporting Procedures**

- 17. The Chairman of the Sub-Committee will report on the deliberations of the Sub-Committee to the Board and provide copies of the minutes of any meetings.
- 18. The Sub-Committee shall make whatever recommendations to the Board it deems appropriate on any area within its terms of reference.

## **Miscellaneous**

- 19. At least once a year, the Sub-Committee shall:
  - (a) review its own constitution and terms of reference to ensure that it is operating effectively;

- (b) recommend to the Board, for approval, the changes that it considers appropriate; and
- (c) review its own performance and report any recommendations to the Board.

Adopted by the Board's Restructuring Committee on 27 March 2019

## **Appendix I**

### **RULES IN RELATION TO THE APPOINTMENT, REMOVAL AND RETIREMENT OF DIRECTORS**

The following rules supplement provisions in the Articles and the articles of association of the Insurers that set out the requirements for Directors to be eligible for appointment and for their retirement by way of rotation. Although the rules do not form part of any articles of association, the Board and its sub-committees are expected to observe and respect them.

#### **A. Appointment of New Directors**

1. A Director, the Managers and the Members' Representative Committee (the "Committee") shall be entitled to recommend the appointment of a new Director.
2. Prospective Directors (other than Expert Directors) should have a broad understanding of insurance and the insurance and maritime industries. An understanding of P&I insurance would be an advantage. Consideration should also be given to his/her seniority within their own company, their ability to make independent decisions and their potential contribution to decision-making at Board meetings. Their command of English should be sufficient to enable them to take a full part in all Board discussions.
3. Expert Directors may be chosen with regard to their expertise in specific areas of business which would be of benefit to the Board and to Britannia (e.g. insurance, investments, regulatory and/or corporate governance).
4. The Sub-Committee will review any nominations of prospective Directors. The Managers and, if possible, the Chairman (or another member of the Sub-Committee) should meet the candidate before they are put forward for election.
5. The Managers shall provide new Directors with full details regarding the structure and operations of Britannia, the respective responsibilities of the boards of directors and the Managers, its sub-committees and regulatory framework, together with their legal and regulatory obligations as Directors. The Managers should also ensure that prospective Directors are aware of the basis on which they will be remunerated.

#### **B. Re-election and Retirement of Directors**

1. The Sub-Committee shall, each year, review and where necessary make recommendations regarding the re-election of Directors retiring by way of rotation. This may involve a recommendation that a Director is not re-elected.
2. Although non-executive Directors are appointed as individuals, unless the circumstances set out in B3 below apply (or they are the Chairman, Deputy Chairman, an Expert Director or a Manager Director), they should have a close connection with a Member of Britannia. If the relationship between a Director and the Member changes, or the Member ceases to be a Member of Britannia, the Director will be expected to resign as a Director. If, however, in the opinion of the Sub-Committee, their services as a Director continue to warrant it, they may continue as a Director until the end of their elected term. At that time, they should not stand for re-election unless the Sub-Committee endorses re-election for another term.
3. A Director may be appointed, or invited to continue as a Director, for reasons other than a connection with a Member of Britannia. In such circumstances, the Director should be elected for a specific term and specific reasons and if such specific reasons cease to apply, he/she

should resign. The Sub-Committee should monitor the situation and report to the Board as appropriate.

4. Directors should attend as many Board meetings as possible. They should in any event attend or participate in at least four out of the five Board Meetings per annum. Failure to attend or participate in at least four out of the five meetings per annum will result in a recommendation to the Board that the Director is removed or not re-elected.

**C. Appointment of Chairman, Deputy Chairman and Expert Directors**

The Sub-Committee will be responsible for making a recommendation to the Board regarding the appointment or re-appointment of the Board's Chairman, Deputy Chairman and any Expert Director after consulting the Committee.

**D. Conflicts of Interest**

1. Directors employed by a Member, or otherwise connected with a Member, will inevitably have potential conflicts between the interests of Britannia and those of the Member concerned. In fulfilling their duties as Directors of Britannia, Directors will be expected to act solely in the best interests of Britannia and the membership as a whole, even if this is not always in the best interests of the Member to which they are linked.
2. If any Director finds themselves in personal or professional circumstances which give rise to a potential or actual conflict of interest with Britannia, they must disclose the same to the Chairman immediately. If the conflict is sufficiently serious to impede the proper discharge of his/her duties as a Director of Britannia, they should resign forthwith, either on their own initiative or, if applicable, at the request of the Board.
3. If a Director has a conflict of interest in respect of any matter or claim either being or to be discussed by the Board or Sub-Committee, he/she shall declare such conflict and retire from the meeting (except to provide information, on request) and he/she shall not be entitled to vote on any such matter or claim.

## **Appendix II**

### **Schedule of regular agenda items for the Nomination Sub-Committee**

#### **For each regular meeting**

Apologies  
Declaration of any conflicts of interest  
Minutes of the previous meeting  
Matters arising from the previous meeting  
Dates and venues of future meetings of the Sub-Committee  
Governance Map  
Skills Matrix  
Any other business

#### **At each July meeting**

Training and Development Plan for Board members  
Representation by ship type  
Reviewing potential candidates  
Performance of Directors retiring by rotation  
Annual review and appointment, re-appointment, of the Sub-Committee members  
Review attendance record  
Review of the SMCR Policy

#### **At each September meeting**

Review of the performance evaluation process, including attestation  
Succession Planning  
Review of Sub-Committee's performance  
Review of the Nomination Sub-Committee Terms of Reference

#### **Every three years**

Board effectiveness review  
Undertake and complete DBS Checks